

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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November 17, 2008

Start: 10:21am

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HELD AT: Council Chambers  
City Hall

B E F O R E:

DAVID I. WEPRIN  
Chairperson

COUNCIL MEMBERS:

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## A P P E A R A N C E S

## COUNCIL MEMBERS:

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Letitia James  
Simcha Felder  
John C. Liu  
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Melissa Mark-Viverito  
Christine C. Quinn  
Inez. E Dickens

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

Mark Page

Director

Office of Management and Budget

Stuart Klein

Deputy Director

Office of Management and Budget

CHAIRPERSON WEPRIN: Good morning and welcome to today's hearing, which is the first of several City Council hearings to review the Mayor's November Financial Plan. I did not expect to be back here this soon. Normally we do regular budget hearings in March, in April, in May and June, through May and June. But obviously the dire financial situation and the Mayor's presentation of major modification requires a full analysis by this City Council. Before I start, let me introduce my colleagues that are here, starting with our Speaker, Christine Quinn. On my immediate left we have our Majority Leader, Joel Rivera, from the Bronx; Councilman Eric Gioia, from Queens; Councilman Simcha Felder, from Brooklyn; Council Member Albert Vann, from Brooklyn; Councilman John Liu, from Queens; Council Member Tish James, from Brooklyn; and Council Member Lou Fidler, from Brooklyn. Brooklyn is in the house, yes. This is the first time the Council has held such hearings at this point in the budget cycle, which obviously as I pointed out, shows that we are in extraordinary circumstances. The Council recognizes the

1 severity of the economic downturn and its  
2 consequences for the City's fiscal situation.  
3 Thankfully the Mayor and this Council have worked  
4 together to prepare for the day that we knew would  
5 eventually come. The last several years have seen  
6 extraordinary growth in City tax revenues. We  
7 knew that these levels and growth rates would not  
8 be sustained forever, and we prepared accordingly.  
9 We have held spending growth steady wherever  
10 possible. We have set aside surplus funds for the  
11 rainy day that has finally come. By pre-paying  
12 expenses due in the subsequent fiscal year, by  
13 retiring future debt and by accumulating a \$2.6  
14 billion balance in the retiree health benefit  
15 trust fund. Without these actions we would be  
16 faced today with a much more daunting challenge.  
17 Unfortunately, we may yet face even bigger  
18 challenges in the next two or three years. The  
19 revenue forecast included in the November  
20 financial plan foresees a steeper decline in tax  
21 and other revenues than anticipated even this past  
22 June. Tax revenues are now projected by the  
23 Office of Management and Budget to fall by 6.9% in  
24 2009 compared to 2008 and again by 1.6% in 2010.  
25

The City Council Finance Division's own forecasts largely concur with the Office of Management and Budget's estimates. No one could have anticipated this past June the swiftness and severity of the collapse in the global financial markets. Despite the federal government's attempts to unfreeze credit markets and stimulate the economy, we are clearly well in to the largest recession, at least since 1982, if not since World War II. The Office of Management and Budget expects the City to lose 127,000 jobs. Just off the press just this morning you may have heard that Citibank announced that they're going to be laying off over 50,000 employees. Due to this sharp reversal of fortunes since the Fiscal Year 09 budget was adopted in June, the gap projected by the Mayor over the remainder of 2009 and 2010 has grown from \$2.3 billion to \$4 billion. The Mayor's response to the dramatic declines in City revenues was outlined in the November plan that is the subject of these hearing. The plan includes three elements: the first, a PEG program to cut spending by 5% at an annual rate beginning this current fiscal year; two, early repeal of the 7% property

1 tax rate cut enacted last year; and three, a  
2 repeal of the \$400 property tax rebate which was  
3 scheduled to be mailed October 1st. While these  
4 broad actions, which total \$2.7 billion decreases  
5 the gap in 2010, unfortunately a gap still  
6 remains. In today's hearing we will examine, with  
7 Budget Director Mark Page, the main assumptions in  
8 the financial plan and the Mayor's proposal for  
9 closing the gaps. We recognize that decisions  
10 must start to be made now if we are to avoid even  
11 more drastic measures later. But we wish to  
12 review the key decisions and assumptions the Mayor  
13 has made in this plan, and to begin to explore  
14 other options with the administration. We will  
15 be not looking in detail at the agency PEG  
16 programs in today's hearing, although we may have  
17 some broader questions about the approach taken  
18 and the priorities reflected in the Mayor's  
19 proposal. A number of people from the public have  
20 asked me will there be an opportunity for the  
21 public to testify. The answer is yes, but not  
22 today. We have set aside time next Monday  
23 afternoon for the public to testify, and we will  
24 go as long as it takes for anybody to testify on  
25

any aspect of the budget hearings. Of particular interest will be the proposal to rescind the \$400 rebate to homeowners. While we understand that there are difficult choices in front of us, there would appear to be broad consensus among Council Members, including from the Speaker, that we should not be rescinding the \$400 rebate at this time. Many struggling working families were counting on that rebate. And in tough times, every little bit helps. We will urge the Mayor to put the rebate checks in the mail today, without delay. We will also take our first look at the adopted Capital Commitment Plan, which was released at the same time as the financial plan. The Council approved the Capital Budget in June, without having seen details of the Mayor's proposal for 20% annual reduction in Capital Commitments. The adopted Capital Commitment plan now provides that detail, and we will be asking Mr. Page questions about the approach taken in implementing the so-called stretch out. We look forward to working with the administration in a cooperative and constructive way over the next several months to address the enormous challenges



1  
2 we face, and I stress enormous. And on that note,  
3 before I turn it over to Director Page, we've been  
4 joined by Council Member Diana Reyna from Brooklyn  
5 and Queens; and Council Member Inez Dickens, from  
6 Manhattan; Council Member and Minority Leader Jim  
7 Oddo, from Staten Island. And I'm now going to  
8 call upon the Speaker for a statement.

9 SPEAKER QUINN: Thank you. Thank  
10 you very much, Chairperson Weprin and Director  
11 Page and Mr. Klein. Thank you very much for being  
12 with us today, and also thank you for  
13 participating in the, I believe it is nine or ten  
14 other hearings that we will be having in the weeks  
15 ahead on the November plan. And as Chairperson  
16 Weprin has said, the financial crisis has forced  
17 all of us in government and in the private sector  
18 to assess our priorities, so that going forward we  
19 can minimize the impact that pending cuts and  
20 perhaps revenue increases will have on New Yorkers  
21 and on essential services. More than any moment  
22 in recent history, right now the budget requires  
23 constant monitoring and perhaps ongoing  
24 modifications. In beginning the budget process  
25 this early in the fiscal year, we're demonstrating

both how serious the circumstances are and how committed the Council is to helping shape the important decisions that will be made over the upcoming months. Today's hearing presents the opportunity for the Council and the administration to lay out our budget priorities. Of particular interest, as Chairperson Weprin said, will be the proposal to rescind the \$400 rebate to homeowners this year. While we understand that there is no way around making difficult choices in the weeks and months ahead, I believe it is not right to rescind this year's \$400 rebate. Many working families are struggling. We're all going to have to make tough choices and cut back, but the truth is New Yorkers expected this check to come in the mail about six weeks ago. We need to do everything we can to make sure that those checks, as David said, get out into the mail. Today we will also begin to examine the Mayor's proposals to reduce spending. We'll begin to look at the possible early repeal of the 7% property tax reduction as well as other revenue generating ideas. We'll ask questions today that have to be answered. Do all the proposed spending cuts go

far enough? Do some reductions go too far? If tax increases are necessary, what is the best mix to ensure an equitable distribution of the burden and still promote rapid and balanced growth of the City's economy when the downturn ends? As we have done over the past three years, the Council will continue to propose options for savings, alternative cuts and new revenues that we know the administration will consider. I want to thank also the administration for looking at some of the ideas that we sent over. I just want to note that this year's November plan includes a vehicle fleet reduction initiative, which could save \$20 million in FY 10. That was an idea that the Council had submitted to OMB. It also includes the idea of selling advertisement on sanitation department vehicles and street baskets, which could raise as much as \$2 million. These are some ideas we've sent over. We'll continue to make other suggestions about cutting back on this \$20 million scoping project that's now in the budget and cutting back funding to the Data Inquiry Teams. We know that there's no way to keep the '09 budget intact without making cuts. We know that the '10

1  
2 budget will be even worse. But what we're here to  
3 do today is to try to find the cuts that will have  
4 the least negative impact on New Yorkers and still  
5 keep the City poised to deliver the services that  
6 we need and be most able to catch on to the  
7 economic recovery as soon as it occurs. I want to  
8 thank so many of my colleagues for being here for  
9 this hearing today, again thank the folks from OMB  
10 and thank you, Chairperson Weprin.

11 CHAIRPERSON WEPRIN: We've also  
12 been joined by Council Member Helen Sears, from  
13 Queens; and Council Member Leroy Comrie, from  
14 Queens. Mr. Page, do you have a statement?

15 MARK PAGE: Yes.

16 CHAIRPERSON WEPRIN: Proceed. Do  
17 we have copies?

18 MARK PAGE: It's not written.

19 CHAIRPERSON WEPRIN: Okay.

20 MARK PAGE: I think that it's worth  
21 thinking about where we thought we were when we  
22 adopted the budget and the financial plan for this  
23 year and the next three years last June, when we  
24 were last together intensively looking at what the  
25 financial outlook for New York City was and what

1 we could pay for in terms of the services that  
2 we're all concerned about. At that time, we  
3 adopted a plan that provided for balance in the  
4 current fiscal year, as is required, that is '09.  
5 But we were looking at a plan, which then showed a  
6 forecast gap in 10 of \$2.3 billion. And last June  
7 we did have discussions in terms of how we thought  
8 that 2.3 might go. Our experience of the boom  
9 times of the last several years has been that as  
10 we went along, the economy performed even better  
11 than we had expected it to, and the out year gap  
12 has pretty much self-cured as time went on. And  
13 that \$2.3 billion as an amount of money to  
14 actually close was somewhat daunting. On the  
15 other hand, if the actual revenues move up over  
16 time, it could cure itself, and that would be just  
17 great. Our experience since June is that the  
18 economy has not been doing that. As a practical  
19 matter, it's gotten worse than we expected. The  
20 primary difference between the \$2.3 billion gap in  
21 10 that we had in June and the \$4 billion that was  
22 mentioned this morning, is the deterioration of  
23 the performance of the New York City, US National,  
24 probably world economy as a matter of fact, that  
25

1 we've experienced up to now. I think that as of  
2 last June we all expected a slow down. I don't  
3 think any of us expected the kind of credit market  
4 meltdown that we have experienced in the last  
5 couple of months. And certainly the-- even  
6 forecasting the futures is challenging. So here  
7 we are and our status quo when going into this  
8 plan showed a forecast of a \$4 billion gap through  
9 the end of 10. We have, as you are aware,  
10 proposed a PEG program that's worth about a  
11 billion and a half. We have proposed a revenue  
12 program; to end the rebate program, which has  
13 obviously been referred to earlier this morning;  
14 and to end the discount on the property tax at the  
15 mid-year point, rather than waiting to next June  
16 to take that action. That one is worth about \$600  
17 million, a little less than that, to us. \$600  
18 million is a little bit more than the 2.5%  
19 reduction in controllable expenses that we're  
20 hoping to achieve in this year. To put that into  
21 some context, the rebate is about \$256 million.  
22 That actually can, just to sort of put it in some  
23 kind of context, would compare to the Police  
24 reduction that we're proposing in this plan; we're

proposing a reduction of 1,000 uniformed officers going forward. The rebate is a little more than 250. Those 1,000 Police Officers on an annual basis save 80. So just when you're balancing what we're looking at in terms of resources spent versus revenue actions, there's obviously a difficult tradeoff that we're going into. Even with the revenue actions proposed in this iteration of the financial plan and the cuts proposed in this iteration of the financial plan, we still show a forecast gap through Fiscal Year 10 of about \$1.3. And I think it's worth noting that in 11, we're forecasting a gap of \$5 billion, give or take. One thing to keep in mind is that as has been noted, we did take a number of actions in the last few years, when we had considerable resources from a booming local economy, which have benefited this year's City operation and next year's City operation. But for those actions, we would have \$3.5 billion less to spend this year than we have built into this budget right now that we're living with. And as a matter of fact, with our proposals to work towards balance in 10, in 10 we have about \$4 billion. Even with that \$1.3

1 billion gap, we're proposing to spend in 10 about  
2 \$4 billion from prior periods. The reason that  
3 gap in 11 is so large, the \$5 billion, we  
4 basically don't have carry forward of resources to  
5 cushion our operation in 11. And that's obviously  
6 a very serious issue that faces us. What changes  
7 have occurred since we published this  
8 modification? I mean obviously our financial  
9 circumstances change all the time. It's one of  
10 the things that we keep track of as carefully as  
11 we can so that we minimize surprises and are able  
12 to take action early. And early actions spread  
13 over time give you more benefit, hopefully with  
14 less pain, than what you have to do if you have  
15 less time. Well what's happened? We've all been  
16 aware that the State of New York's revenue  
17 situation, along with ours, has been  
18 deteriorating. It's not a big surprise to us.  
19 About have the State of New York's tax revenue  
20 actually derives from this area of the state.  
21 They have announced a problem of approximately \$2  
22 billion in their year, ending the end of this  
23 March, and the next year something over \$10  
24 billion. I think the current number is 12, but it  
25



1 moves around a bit. State Budget has proposed to  
2 the legislature reductions to address this year's  
3 problem and only to very marginally begin to  
4 address next year's problem. That proposal over  
5 the two-year period, which carries through our  
6 Fiscal Year 10 fiscal year, that's that \$1.3 open  
7 gap that we're already concerned about, costs us  
8 on the face of State Budget's current proposal,  
9 about \$600 million against that gap right now.  
10 And that's within the City's budget. If you look  
11 at the Medicaid impact on HHC over that period,  
12 it's about another 150. And then you look at  
13 that, and it's sort of a daunting prospect, but  
14 the scope of that proposal, I mean, it's not clear  
15 that the proposal is going to get through the  
16 State Legislature with any speed, the scope of the  
17 proposal in the State's next fiscal year is way  
18 short of what they will need to do to balance  
19 their fiscal situation for their next fiscal year.  
20 And when you look at what they spend money on, the  
21 fact of the matter is that it's very heavily local  
22 aid. It tends to be school aid and Medicaid. And  
23 we, given our population, and you know, just our  
24 sheer size in the State of New York, are a very  
25

large recipient of payments of those kinds from the State of New York. Just to speak to the Capital Program for a minute, as we're all aware, the Mayor made a commitment last spring to spread four years into five. One of our long-term budget burdens is debt service on the financing for our Capital Program. We have published with this modification the detail of how that rescheduling of the Capital Program works through. I think that it is worth noting that even with this rescheduling, New York City's current year Capital Program is larger than it ever has been before. We are spending each month something in the neighborhood of \$1 billion in cash to carry out our Capital Program. Ultimately, although we finance those costs, that is obviously a significant amount of money. And whether you pay it early or late, you do have to pay for the Capital investments that we make in New York City. I mean there have been moments this fall when that arrangement, well that circumstance was the subject of some concern given the credit markets really not functioning for at least several weeks and marginally functioning since then. That's a

1  
2 very large amount of money to have going out the  
3 door. You need to be able to cover it with the  
4 proceeds of current borrowing, which is just  
5 another dimension of that problem. We are, I  
6 guess to sum up, not in particularly good  
7 financial straits. And I think that the prospects  
8 at the moment, particularly given the unaddressed  
9 State deficit going forward, are that I think our  
10 circumstances are likely to get more difficult  
11 over the next year or so, rather than less. And I  
12 look forward to your questions.

13 CHAIRPERSON WEPRIN: Thank you, Mr.  
14 Page. You heard my comments and the Speaker's  
15 comments on the \$400 tax rebate. And I know we  
16 have a difference of opinion on the legal issues  
17 about whether the administration can even legally  
18 retroactively revoke a \$400 rebate that we were  
19 under the impression was signed, sealed, delivered  
20 with last year's budget, without City Council  
21 action. Have you taken those comments into  
22 consideration and would the administration like to  
23 make a statement as to whether they're  
24 reconsidering that aspect of revoking the \$400  
25 rebate retroactively? Not going forward; we

1  
2 understand we have a fiscal situation and there's  
3 no question that eliminating the rebate for future  
4 years is something that is a legitimate issue and  
5 something that we understand. But the issue of  
6 the retroactive revocation of a rebate that we  
7 thought was already in the mail, so to speak.

8 MARK PAGE: We've put forward a  
9 fiscal plan that on its face already has a gap of  
10 \$1.3 billion next year. And when you look through  
11 the details of the PEG program that we are  
12 proposing for this year and next, I think it's  
13 been done with as much care as we were able, to  
14 minimize the impact on essential City services.  
15 But this kind of program isn't easy, and it does  
16 come on top of a number of similar programs that  
17 we have had before. And I think that even with  
18 the revenue actions, including ending that rebate  
19 this year as well as in the future, we are  
20 probably facing significant further spending  
21 reductions. And I think that the revenue items,  
22 including the rebate question, need to be  
23 considered along with the rest of this picture.  
24 And, you know, if you don't do one thing that  
25 contributes towards balance, what other thing are

1 we going to do to enable us to achieve ongoing  
2 budget balance, as we're required to do. I mean  
3 the fact is the state just came through with State  
4 Budget's proposal at least, would take another  
5 \$255 million a year out of what we have available  
6 to spend for education in New York City. I mean  
7 how do we deal with that? I think that at this  
8 point we're obviously-- I'm here today as part of  
9 an ongoing dialogue with you as to how best to  
10 manage our ongoing circumstances. But I think  
11 that at least at this moment, this is our proposed  
12 package. It doesn't actually get all the way it  
13 has to, and we look forward to talking to you  
14 about how best to get this done.

15  
16 CHAIRPERSON WEPRIN: I'm going to  
17 interpret your response as a maybe. Is that an  
18 accurate answer?

19 MARK PAGE: Probably.

20 CHAIRPERSON WEPRIN: Okay.

21 [Laughter]

22 CHAIRPERSON WEPRIN: You touched on  
23 some of the State issues, and obviously we're all  
24 very concerned about the potential cut backs from  
25 the State. Let me bring up an issue that I know

1  
2 the Speaker has brought up; I've brought up, even  
3 the Mayor--

4 SPEAKER QUINN: [Interposing] Get  
5 your own material, David. Please--

6 [Off Mic]

7 CHAIRPERSON WEPRIN: Even the Mayor  
8 has brought up, and that is the return of the  
9 Commuter Tax. You know, when we had the non-  
10 resident income tax, it was less than half a  
11 percent. The projections that the Independent  
12 Budget Office gave actually in 09 would have risen  
13 to about \$700 million and change, and about \$800  
14 million in 10 or 11. Clearly that's a tremendous  
15 revenue stream that should directly go to the City  
16 of New York. You may recall that one of the  
17 reasons it was revoked was because Speaker Silver  
18 at the time supported that, and his house. He has  
19 since reversed that position. He has said that we  
20 have tough fiscal times now, and now is the time  
21 to bring back the Commuter Tax. Will you actively  
22 work along with the Mayor or will the Mayor  
23 actively work along with you to lobby in Albany,  
24 especially with some changes, with the Democrats  
25 taking over the State Senate, which are probably

1  
2 less represented by suburban legislators, to  
3 really make an active effort this year, starting  
4 in January to bring back the commuter tax?

5 MARK PAGE: As New York City's  
6 Budget Director, I'm always eager for money that  
7 we don't have to pay for that we can spend. And  
8 the commuter tax, if we could get it back, fits  
9 that; somebody who doesn't now pay in our tax  
10 based and lives outside it would be giving us  
11 money that we could spend on services in the City.  
12 I'm all in favor of it. I am also concerned about  
13 the reality of our expectations. And I think  
14 certainly we would be ready, willing and eager to  
15 pursue a renewal of the commuter tax. I don't  
16 know what odds I'd give the success at this  
17 moment.

18 CHAIRPERSON WEPRIN: Well you know,  
19 I would say that now is the opportune time. If  
20 ever there was a time, you know, there's no  
21 question that fiscally the State is taking away  
22 money from the City. We've made the argument; the  
23 Mayor has made the argument that we contribute \$11  
24 billion more to the state than we get back in  
25 services. You know, if ever there was a time to

1  
2 make that case, wouldn't that time be now?

3 MARK PAGE: I think the case is  
4 compelling and always has been. Whether that's  
5 enough for us to get it through the New York State  
6 Legislature, we'll see.

7 CHAIRPERSON WEPRIN: I'll take that  
8 as a yes.

9 [Pause]

10 CHAIRPERSON WEPRIN: Sure. Speaker  
11 Quinn. Let me just introduce some colleagues if I  
12 could, who have arrived since the last round of  
13 introductions. We have Council Member Miguel  
14 Martinez from Manhattan, Council Member Peter  
15 Vallone, Jr. from Queens, Council Member David  
16 Yassky from Brooklyn and Council Member Gale  
17 Brewer from Manhattan. Speaker Quinn?

18 SPEAKER QUINN: Thank you.  
19 Director Page, I want to talk a little bit about  
20 the gap and what it looks like for this year and  
21 what it looks like for next year, because there  
22 have been some debate, discussions or those who  
23 would indicate that things might be financially  
24 better than OMB or the Mayor have predicted that  
25 they are. Our Finance Staff finished their



1 forecast, just for the members-- I think you're  
2 all getting copies of it today, and a lot got  
3 emailed over the weekend in preparation for today.  
4 Our forecast, as you well know, usually forecasts  
5 a significant amount of money more than OMB does.  
6 Not that it's a competition, but we're usually  
7 right, and you guys usually recognize the money  
8 and it all self-corrects, as you described earlier  
9 with the equally happy face on. But interestingly  
10 in this forecast, we come out about the same. I  
11 mean we see less, I think, than 1% of a  
12 difference, which as I understand it, in  
13 forecaster language, is basically equal. And we,  
14 I have to admit, I think were somewhat surprised  
15 by that. We thought we would see, not hugely  
16 different, but a little more revenue than we ended  
17 up seeing in that very insignificant difference.  
18 So if you could just talk a little bit more about  
19 where you see the gaps going, and what you see the  
20 significance of being able to have a roll this  
21 year is?

23 MARK PAGE: The plan that we are  
24 proposing at this moment is actually moving about  
25 \$1.8 into next. And that's a big part of that \$4

1 billion I mentioned in 10, that's the benefit  
2 we've managed to scrape up along the way and dump  
3 into that year's budget. And as I've mentioned,  
4 it's already got-- it's still got that \$1.3  
5 billion gap in it. With the 5% spending  
6 reductions from the PEG program that we put in and  
7 before the State has really zinged us--

8  
9 SPEAKER QUINN: [Interposing] Can I  
10 just so I understand, if we weren't able to find  
11 resources this year to deal with next year's gap,  
12 then the 1.3 could be as much as 3.1?

13 MARK PAGE: Sure.

14 SPEAKER QUINN: So it's a direct  
15 correlation. Having \$1.8 billion found this year,  
16 or not found, created this year, to prepay next  
17 year prevents the \$1.3 billion gap from being a  
18 \$3.1 billion gap.

19 MARK PAGE: Yes.

20 SPEAKER QUINN: So it's an exact  
21 dollar for dollar.

22 MARK PAGE: Yes.

23 SPEAKER QUINN: Okay.

24 MARK PAGE: Yeah.

25 SPEAKER QUINN: And that's before

1  
2 the State?

3 MARK PAGE: And that-- yes, that's  
4 before the State's recent proposal of 300 a year  
5 against us, which I mean at the State level is  
6 addressing maybe a couple of billion dollars a  
7 year of a problem that next year looks like 12.  
8 So that it just, I mean, the outlook isn't good.  
9 This thing of moving money from this year to next,  
10 I mean I think that one of the things that we  
11 should all actually be proud of in the fiscal  
12 management of New York City that you have  
13 obviously been a very large part of, is that we  
14 manage ourselves on a horizon that basically picks  
15 up next year this year. And in the last few years  
16 we were actually able to pick up not just next  
17 year, but the year after. That's where we have  
18 money to spend in 10 as well as in 09, which all  
19 things being equal, is substantially more than the  
20 PEG we just managed to do, for instance, I mean  
21 multiples of it. And it has avoided kind of a  
22 feeling of last minute crisis in holding on to our  
23 operations. But there's a limit to it. And I  
24 mean we've got an existing problem in 10. I think  
25 the State promises to make it a lot worse. And 11

1  
2 is a big enough problem so that if the economy  
3 suddenly turns around, we have a huge, vital  
4 economy and it can drive changes in revenues that  
5 are quite startling and quite terrific in the  
6 government business that we're in; but barring  
7 something like that, we have a very serious  
8 ongoing deficit between what we routinely take in  
9 and what we spend. And in the kind of downturn  
10 that we're currently in, that's graphic as you  
11 look out in our budget forecast.

12 SPEAKER QUINN: I just want to kind  
13 of with that even bleaker picture, in a way just  
14 kind of underscore something that I said in my  
15 opening statement, which was that we're going to  
16 take very, very seriously our role in the Council  
17 of looking not just at what you've proposed to cut  
18 back to say yes or no, but to say areas where we  
19 think cutting should go further. Sometimes that  
20 will be, then we found this amount of money,  
21 restore X; and sometimes it won't. It will say,  
22 just we don't think this is critical now. And the  
23 exact specifics of what that will all look like  
24 won't happen here, but will happen in our  
25 negotiation procedures. I just want to mention

1  
2 about \$30 or so million dollars that I think, I  
3 want to underscore again, that obviously isn't the  
4 final list, no one here things suggesting two cuts  
5 that equal \$33 million is enough to solve things,  
6 but just to get things started; I don't have to  
7 tell you, there's \$20 million in the Design and  
8 Construction Department's budget. And that's \$20  
9 million to assist in the scoping project for--  
10 scoping work for Capital Projects. Now we've all  
11 at these tables and daises had capital projects  
12 that we put in the budget at X, that when they  
13 were actually then completed cost Y. And we've  
14 had to add in the difference between X and Y, and  
15 not having the full Y in the budget slowed down  
16 the project. And that's frustrating and we'd all,  
17 I think, like to find a way to more accurately  
18 know how much capital projects are going to cost.  
19 I guess this \$20 million is for consultants, is  
20 that correct?

21 MARK PAGE: Yeah. It's primarily  
22 for consultants and I think--

23 SPEAKER QUINN: [Interposing] I'm  
24 not saying it's unworthy.

25 MARK PAGE: I'm willing to look at

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the whole gamut.

SPEAKER QUINN: Great.

MARK PAGE: And I don't pretend that there is a perfectly right answer in an operation as large and complicated as ours. I mean at the end of the day there needs to be a right answer in terms of how all the items add up. But how you work the items, I mean, always eager for new ideas as to how to get it done without spending quite as much money. The thing that concerns me about that capital stuff is, I think inevitably the Capital Program in New York City needs to be constrained along with our operations. I mean, that billion dollars a month is real money.

SPEAKER QUINN: Right.

MARK PAGE: And ultimately you have to pay for it. I believe we need more accurate costing up front to enable us to make intelligent decisions about our capital priorities with the real choice in front of us. And if the decision is made, and a part of the choice is always cost, and the cost turns out to be a third of what the improvement ultimately costs, I think we are

1  
2 cheating ourselves and our ability to make  
3 intelligent decisions. And I don't know that that  
4 20 million is the right gesture, but it's trying  
5 to work on that problem.

6 SPEAKER QUINN: I hear that. And I  
7 think you don't have to tell this body how  
8 frustrating that can be. Right? You thought you  
9 had 3 million you could spend in your district and  
10 you spent it on two things that really ended up  
11 costing 5 million. If you had know that it would  
12 cost 5 million, you might have done three things  
13 at a million dollars each and they would be done.  
14 You know, that said, I think in times like these  
15 you have to wonder, well, what is it about the way  
16 we have the folks who are committed city workers  
17 in DDC who are doing the scoping, why aren't they  
18 getting it right, and is there something that we  
19 should be doing structurally there that would be  
20 cheaper versus bringing in consultants to fix the  
21 work that, for whatever reason, maybe by no fault  
22 of their own; steel prices went up, none of us  
23 could have anticipated that, that bringing in  
24 consultants to fix what we think is a deficit,  
25 hypothetically amongst some city workers. So I

1  
2 think that's-- you know, I don't want to belabor  
3 the point on this, but I want to just use that  
4 one, because I think it is a very-- and I'll skip  
5 the other one in deference to time, very good  
6 example of the kind of place we need to be focused  
7 at in times like this. And I just want to again  
8 thank you and OMB. As I mentioned, there were,  
9 you know, two or three of our suggestions in the  
10 November plan, so we take the collaborative  
11 dialogue very seriously, and obviously you do too,  
12 as evidenced in the November plan. Thank you.

13 CHAIRPERSON WEPRIN: Thank you,  
14 Madam Speaker. We have a number of colleagues  
15 that want to ask questions, so I'm not going to  
16 prolong it other than one just generic question,  
17 Mr. Page, and that is I know in the Mayor's  
18 presentation a week or two ago, he put a menu of  
19 potential taxes for the future. Can you give us  
20 kind of a rundown of what potential taxes and  
21 priority, if any, you might consider either in  
22 this current fiscal year or in future fiscal  
23 years, and how you would prioritize those  
24 potential tax increases? Other than the property  
25 tax?



MARK PAGE: I think that we put them there as a list, really as a-- to try to put some reality in front of people as to what it takes to gain revenue on the scale that our gaps would require if you were going to go that way. I think inevitably when you have problems of how much resources to spend and how much you're spending you try to balance the impact on the City of spending less on services and charging more for them, which is basically raising taxes. And how you balance those two going forward is a lot of what government is about in the circumstances that we're facing. I don't think we have any particular priority implicit in that list as we laid it out. It will look very familiar, because those are primarily the taxes that we increased the last time we were in a financial vise at the beginning of this administration. And I don't think that we perceive that as either the only possibilities or necessarily the best ones. They are not really rocket science as to where the money is that you can get at with your tax structure. And sales tax is a large base; obviously income is another large base. There

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could be other things.

CHAIRPERSON WEPRIN: Is it accurate to say that other than the property tax, any of these potential tax increases would require Albany approval?

MARK PAGE: Everything but property tax requires Albany approval.

CHAIRPERSON WEPRIN: Okay. So I assume at one point you'd have to have some kind of plan to go to Albany, a legislative program, which would have to basically ask for authorization for specific items. Is that accurate?

MARK PAGE: Yeah. As a practical matter, in this iteration, which is technically the first quarter modification to the financial plan, we're not obliged to detail how to balance through next year, fiscal year 10. January, which is not very far away, we are required legally to lay out in detail how we would propose to balance through fiscal year 10. And I would imagine by the January plan, we will actually need to have a specific list of proposals which will add up to the numbers we require. Whether at the end of the

1  
2 day those are the items that we get, you know,  
3 time will reveal. But we will need a specific  
4 proposal that balances by January.

5 CHAIRPERSON WEPRIN: I assume  
6 you'll share those items with us prior to going to  
7 Albany?

8 MARK PAGE: I'm sure.

9 CHAIRPERSON WEPRIN: Okay. Okay,  
10 Council Member Lou Fidler.

11 COUNCIL MEMBER FIDLER: Thank you.  
12 Good morning. Mr. Page, I don't know if you're  
13 familiar with the old somewhat off color joke  
14 about the three biggest lies? If you're not, I'm  
15 sure Mr. Klein will tell you later. But taking  
16 back the \$400 rebate just adds new meaning to the  
17 first one, which is the check is in the mail. And  
18 I just want to point out; I just want to make two  
19 comments before I got to my questions about the  
20 capital plan. This is just one of those out of  
21 touch with reality moments that you guys have over  
22 there from time to time. And I don't think you  
23 realize how much people who are living hand to  
24 mouth are expecting that check, that they've-- you  
25 know, they expected it in October. They've put a

1  
2 bill aside for it. Maybe they're going to be  
3 using it for their holiday spending. But taking  
4 it away is the very antithesis of an economic  
5 stimulus package. And it's an extraordinarily bad  
6 idea and I think we here in the Council believe  
7 you don't have the legal authority to do it  
8 without coming here for our approval, and I doubt  
9 you would get it. So send the checks out, because  
10 people are waiting for them. The second, in the  
11 panoply of the menu of taxes that we mentioned,  
12 you didn't mention the one that I know you have  
13 always expressed an openness to, but the Mayor has  
14 not, which is the hotel tax, which a 1% increase  
15 does not require Albany approval. That would be  
16 the other tax that is within our discretion. And  
17 at a time when hotels are 88% occupied in  
18 Manhattan and the average hotel stay is \$300 a  
19 night and a 1% increase would raise that to a  
20 whopping \$302, to leave that \$100 million on the  
21 table when you're asking us to reach into the  
22 pockets of New Yorkers is incongruous and is  
23 unacceptable. And I don't know when your  
24 principal is going to have a change of heart on  
25 that subject, but I would suggest that given our

1  
2 dire financial straights, leaving \$100 million  
3 that's payable mostly in Euros and Yen on the  
4 table when you want us to raise property taxes is  
5 not a good idea and not a good strategy, and it's  
6 not something I'm likely to accept. During the  
7 June budget hearings, we had a disagreement about  
8 rolling the capital plan out from four to five  
9 years. One of the rationales that you used at  
10 that time was that there was enormous capital work  
11 going on in the private sector and that was  
12 driving up the cost of the instrumentalities of  
13 capital projects. Is it fair to say, Mr. Page,  
14 that the private sector has slowed down and that  
15 the capital work and the capital projects and the  
16 competition for the instrumentalities of capital  
17 work has receded some and therefore that some of  
18 the costs might be reduced?

19 MARK PAGE: I think that the  
20 prospect for private work has come off some. And  
21 I think that in some bidding for contracts, we're  
22 actually seeing the benefit of it. In some of it,  
23 it hasn't really come through yet. I think it's  
24 our general expectation that we're probably going  
25 to see some certainly diminution of cost increase

1  
2 at least, and hopefully some cost reduction as we  
3 go further into whatever you want to characterize  
4 the economic pattern we're in at the moment.

5 COUNCIL MEMBER FIDLER: So then  
6 it's we would be passing on the opportunity to  
7 press the capital budget plan forward at a time  
8 when costs are at very least not rising as quickly  
9 as they had been, because the private sector is  
10 not as active as it had been. I think that's a  
11 fair restatement of what you just said. Do you?

12 MARK PAGE: I think that the aspect  
13 that it doesn't take into account is that  
14 notwithstanding the fact that he costs may be  
15 cheaper than the previous trend would have  
16 indicated, you still have to pay for the work.

17 COUNCIL MEMBER FIDLER: Right and  
18 now let me get to the other part of this. And by  
19 reducing the capital plan by 20%, how many jobs  
20 aren't we creating? How much revenue will we be  
21 losing as a result of those jobs not being created  
22 and the expenditure of that money? And contrast  
23 that if you would with the savings that you're  
24 projecting from not having to borrow the money to  
25 do that 20% of the Capital Plan?

1  
2 MARK PAGE: I don't have those  
3 numbers at hand. The fact of the matter is that I  
4 don't believe we have reduced our overall capital  
5 program over the next five years in this exercise.  
6 And I think that the quantity of work that will in  
7 fact get done under this program as compared to  
8 the program that previously laid out is probably  
9 not the 20% reduction that on the face of it you'd  
10 expect. I mean if you look at the numbers on our  
11 capital program and what we achieve of what we  
12 authorize, there's a good deal of, I don't know,  
13 elasticity, I guess, between those two numbers  
14 when you look at it.

15 COUNCIL MEMBER FIDLER: I didn't  
16 get that one at all.

17 MARK PAGE: Well, what I'm saying  
18 is you can authorize--

19 COUNCIL MEMBER FIDLER:  
20 [Interposing] Well, you know I--

21 MARK PAGE: --I beg your pardon.  
22 Let me try again.

23 COUNCIL MEMBER FIDLER: Okay, do  
24 over.

25 MARK PAGE: If you authorize a

1  
2 capital plan for an agency of a billion dollars  
3 and it manages to do \$500 million, the \$500  
4 million is the only thing that effects employment  
5 and money in the local economy. The part that  
6 they don't manage to do in the year that it was  
7 authorized does not effect employment and the  
8 local economy.

9 COUNCIL MEMBER FIDLER: No, I  
10 understand that. And I think most of the Council  
11 Members or probably all of the Council Members  
12 understand that the Capital Budget as passed does  
13 not necessarily mean that every penny of that is  
14 going to get spent, that you guys have absolute  
15 control over what goes through the doors. And  
16 sometimes, you know, a project that we'd like to  
17 see move forward just isn't ready and it doesn't  
18 happen and we all get that. But it sounds to me  
19 like you're kind of saying, you know, well it's  
20 not really a 20% cut, because we don't really  
21 spend it. Is this a 20% cut or isn't it? I mean,  
22 are you going to be authorizing 20% less at the  
23 end of this fiscal year than was originally  
24 anticipated, regardless of the size of the actual  
25 capital budget?



1  
2 MARK PAGE: We published our  
3 commitment plan for the financial plan period  
4 along with this document. And those are the  
5 numbers that we're proposing to authorize.

6 COUNCIL MEMBER FIDLER: So it's 20%  
7 less. Is that correct? It's 20% less in this  
8 coming year.

9 MARK PAGE: It's 20% less than  
10 what? We also roll a lot of unachieved  
11 authorization from last year. I mean the numbers  
12 are--

13 COUNCIL MEMBER FIDLER:  
14 [Interposing] But you do that every year, right?

15 MARK PAGE: Yes.

16 COUNCIL MEMBER FIDLER: So it's 20%  
17 less. I mean I don't want to do one of these, it  
18 depends on what the definition of is, is. It's  
19 20% less. And so I think the question I asked you  
20 is entirely germane and extremely important, which  
21 is, if we're going to spend 20% less, how many  
22 jobs aren't we creating? How much revenue are we  
23 losing and is that a net plus or a net minus in  
24 the overall City economic scheme when you compare  
25 it to the amount of debt service we're saving?

1  
2 Because in fact, if the equation works out that  
3 we're losing revenue because we're not creating  
4 jobs and we're not providing the infrastructure  
5 that we need to be doing, then it makes even less  
6 sense than I think it makes. I think it makes no  
7 sense to be cutting the capital plan in a time of  
8 economic stress. This is exactly the time we  
9 should be stepping it up, when the private sector  
10 is retreating, then we should be doing the capital  
11 plans that are creating good union jobs and  
12 creating the revenue. So I need to know the  
13 answer to that question. And if you don't have  
14 the numbers, one of these great people here must.

15 MARK PAGE: I don't believe that  
16 actually this is a sort of infinite profit making  
17 machine. I think in fact it costs you more than  
18 you get back in benefit and certainly than you get  
19 back in tax revenue. And if you look at New York  
20 City's fiscal outlook at the moment and the growth  
21 in the difference between what we're spending and  
22 what we expect realistically to take in, our  
23 deficit increases as you go out. And one of the  
24 things that is within our control to address that  
25 problem, which continues into the future is to

1  
2 borrow less now. Inevitably when you borrow  
3 money, you are obliged to pay it back. And the  
4 more you borrow, the more you have to pay back and  
5 the more stress that puts on your operating  
6 balance over time.

7 COUNCIL MEMBER FELDER: You know I-

8 -

9 CHAIRPERSON WEPRIN: [Interposing]

10 Council Member, we have nine more members that  
11 want to ask questions. So if you could kind of  
12 limit it.

13 COUNCIL MEMBER FELDER: It's just--  
14 this is the sum up. I am sorry if the question  
15 irritates you, Mr. Page. But not having the  
16 answer and having to kind of like take it on fait  
17 that that's how the equation works irritates me.  
18 And I think that it is something that we ought to  
19 know as we plan. And I don't think anyone sitting  
20 at this table doesn't get the idea that money  
21 doesn't grow on trees, and that when we spend  
22 money it's coming out of the pocket of the people  
23 that we represent. But when we try to make  
24 intelligent decisions about how we move forward in  
25 the City of New York, it's answers to questions

like that, that this Committee deserves to have.

MARK PAGE: I've given you an answer, which I am certain, is true in its basic thrust. And I guess that we could spend more time and energy on exactly quantifying why my basic answer is true.

CHAIRPERSON WEPRIN: Okay. We have nine more people that have to ask questions. We want to limit our questions to questions and responses to responses and try to avoid argumentative dialogue. Let me just introduce a couple of colleagues that have joined us. We have Council Member Vincent Gentile, from Brooklyn; Council Member Bill de Blasio, from Brooklyn; Council Member Oliver Koppell, from the Bronx. The next questioner is Council Member Letitia James.

COUNCIL MEMBER JAMES: Thank you.

Mr. Page, is there a hiring freeze in effect?

MARK PAGE: No, not per se, but we're certainly reviewing hirings with some care to see that agencies can actually meet their spending constraints.

COUNCIL MEMBER JAMES: Thank you.

MARK PAGE: And personnel is a big element in that.

COUNCIL MEMBER JAMES: Is there an overtime cap in place, particularly for agencies FDNY, NYPD and DOC?

MARK PAGE: Overtime is obviously a cost of operation, in those agencies, that we watch along with headcount and other expenditures.

COUNCIL MEMBER JAMES: So the answer is no. The retirement health trust fund that you plan on drawing down on, what's the amount that you plan on drawing down on and over what period of time?

MARK PAGE: The amount that is proposed in this financial plan modification is over the period of the plan through 2012, a little over a billion dollars.

COUNCIL MEMBER JAMES: Is it possible that you can borrow a greater amount from that fund?

MARK PAGE: I mean, you could take more money out of it; you could take less money out of it.

COUNCIL MEMBER JAMES: Thank you.

1  
2 Do you anticipate borrowing from the municipal  
3 bond financing to address education needs in the  
4 City of New York? Do you plan on asking the State  
5 Legislature for financing from MEC?

6 MARK PAGE: The State contributes  
7 about half the cost of our education capital  
8 program.

9 COUNCIL MEMBER JAMES: Do you  
10 anticipate asking for a greater amount from  
11 municipal bond financing?

12 MARK PAGE: If you're talking about  
13 the capital program, which would normally be the  
14 municipal bond financing, I doubt that it's going  
15 to increase. I don't think it's realistic to  
16 expect greater education aid from the State of New  
17 York to the City of New York in the next few  
18 years.

19 COUNCIL MEMBER JAMES: How about  
20 from the Transitional Financing Authority, which  
21 addresses the capital budget of the Department of  
22 Education? Do you anticipate a greater amount  
23 from that fund? Yes or no.

24 MARK PAGE: I don't know what  
25 you're saying, greater than. So that I'm unable

1  
2 to answer that question yes or no, unfortunately.

3 COUNCIL MEMBER JAMES: Do you  
4 anticipate any one shots in the November plan such  
5 as the selling off of a prison in Downtown  
6 Brooklyn? I would think, right now it's my  
7 understanding, that the Department of Corrections  
8 plans on opening up that prison. It would be my  
9 recommendation and I believe Council Member Yassky  
10 that you would sell that building which would  
11 results in some revenues to the City of New York.  
12 Is that part of your discussion, since everything  
13 is on the table?

14 MARK PAGE: I hear your suggestion.

15 COUNCIL MEMBER JAMES: There's also  
16 a building in my district, DEP, which I believe  
17 could also be another one shot which would result  
18 in more revenues, and you can consolidate services  
19 in DEP. It takes up an entire block and  
20 unfortunately is half-filled and is not well  
21 maintained. And both of those buildings, the  
22 Department of Corrections building in Downtown  
23 Brooklyn as well as the building in my district  
24 would result in at least, at least, I believe a  
25 couple of hundred million dollars.

MARK PAGE: I think it's worth keeping in mind that we have services, Water and Sewer is one of them, the Department of Corrections is another, that as a practical matter, I think are important to the people of New York City and they require facilities in order to produce the services.

COUNCIL MEMBER JAMES: It's your proposal to delay a police class. I read recently that you plan on; we are anticipating receiving federal funds. Is that true?

MARK PAGE: Federal funds for what?

COUNCIL MEMBER JAMES: For security, which would include, I would imagine, police. Is that true? Do you anticipate federal funds? 911 funds. I unfortunately don't know the correct title.

MARK PAGE: I'm not familiar with what you're speaking about. We do anticipate considerable federal funds. That's a part of the sort of revenue side of the budget we put together.

COUNCIL MEMBER JAMES: So those considerable funds do they include any funds for



police and for security in the City of New York?

MARK PAGE: They may well. I mean there's one--

[Pause]

MARK PAGE: Yeah, but UN security. I mean there is a marginal amount of money that we squabble with the Feds over having to do with the costs of security for the UN and people associated with the UN, which is what comes to mind at this moment.

COUNCIL MEMBER JAMES: Can any of those funds be used to pay for the police class that you want to delay hiring?

MARK PAGE: Whatever funds we realistically expect to achieve from that source are spent in our budget proposal.

COUNCIL MEMBER JAMES: You also, according to-- you anticipate hiring a significant number of traffic agents. I would propose that you not hire all of those agents. I believe that it's 200 and some odd agents, and that in fact you do not delay the next police class. Is that something that you would consider?

MARK PAGE: It would-- not hiring

1  
2 the traffic agents, would be a net cost to us,  
3 because that particular proposal is to enforce  
4 restrictions on stopping in intersections. And we  
5 actually, that proposal is a net gain.

6 COUNCIL MEMBER JAMES: Could NYPD  
7 perform that same service?

8 MARK PAGE: Yes, with these traffic  
9 agents.

10 COUNCIL MEMBER JAMES: With theses  
11 traffic agents and not without them?

12 MARK PAGE: Correct.

13 COUNCIL MEMBER JAMES: Lastly, but  
14 not least, I'm opposed to the 200 layoffs that you  
15 are proposing for NYCHA. NYCHA has already laid  
16 off 38 of their workers, and in addition you plan  
17 on closing at least 18 centers to the most  
18 vulnerable of New York City residents. I've not  
19 taken a position with regards to your \$400 rebate,  
20 because it does not inure to the benefit of  
21 renters in the City of New York. And a  
22 significant number of my constituents have  
23 indicated to me that they will forego a \$400  
24 rebate and or a reduction, if in fact it results  
25 in the delay of police recruits, the delay of any

1 layoffs, the delay of any social services and the  
2 closure of dental clinics, particularly for  
3 children in need. And so, I have not taken a  
4 position on the \$400 rebate, and question whether  
5 or not-- but I do understand and share the  
6 concerns of Council Member Fidler as to its  
7 legality. But nonetheless, if it will keep our  
8 City streets safe and not result in any layoffs of  
9 any workers, then I am prepared to forego a \$400  
10 rebate at this time, or reduce it significantly  
11 for the homeowners in the City of New York. And  
12 last but not least--

14 CHAIRPERSON WEPRIN: [Interposing]  
15 I thought that was the last one.

16 COUNCIL MEMBER JAMES: No, there's  
17 one more. A woman has a right to change her mind.

18 [Laughter]

19 COUNCIL MEMBER JAMES: Have you  
20 considered a fee for residential parking permits  
21 in the City of New York? That would generate  
22 revenue in the City of New York. In Downtown  
23 Brooklyn, there is a need for residential parking  
24 permits, and if you would set up a fee structure  
25 for residential parking permits, it would result

1  
2 in quite a significant amount of revenue in the  
3 City of New York. And I would urge you to put  
4 that on the table as well. We have talked about  
5 it as a result of congestion pricing. It was  
6 promised. It was taken off the table.  
7 Residential parking permits is something that you  
8 should consider as a revenue generator. Thank  
9 you, Mr. Chair.

10 CHAIRPERSON WEPRIN: Okay. Thank  
11 you. We've been joined by Council Member Melissa  
12 Mark-Viverito. The next questioner is Council  
13 Member John Liu.

14 COUNCIL MEMBER LIU: Thank you very  
15 much, Mr. Chairman. And Mr. Page, thanks for  
16 joining us. I don't envy the seat that you're in  
17 right now. I think the best way to get through it  
18 is just to be as forthright and simple with your  
19 answers as possible. Council Member James alluded  
20 to the healthcare trust fund, which the Mayor and  
21 you, with great fanfare, had made advanced  
22 deposits in to, even though it wasn't necessarily  
23 required by law or by any other regulation. You  
24 chose to do it because you felt it was in the best  
25 interests of long-term health of the City. Now

1  
2 you propose to take a billion dollars out. Are  
3 you sure you can even do that?

4 MARK PAGE: Yes.

5 COUNCIL MEMBER LIU: So wouldn't  
6 that-- it almost suggests that, you know, for a  
7 long time we had in this City talked about setting  
8 up a budget stabilization account. And we just  
9 could never do it, because it wasn't legal. You  
10 had to spend the money in the fiscal year. You  
11 could pre-pay the next fiscal year, but you could  
12 never actually set up a long-term budget  
13 stabilization account. So, have you now figured  
14 out a way to get around that prohibition by using  
15 this long-term retiree health fund to go in and  
16 out, to park money temporarily, to take it out  
17 later on? That in itself has become a budget  
18 stabilization account.

19 MARK PAGE: Yes.

20 COUNCIL MEMBER LIU: So you're okay  
21 with that?

22 MARK PAGE: Yes.

23 COUNCIL MEMBER LIU: All right.  
24 Well I congratulate you for finally getting to the  
25 answer to this puzzle that we've long been looking

1  
2 for. Has anybody in Albany said anything about  
3 that? No.

4 MARK PAGE: I don't think this is  
5 their concern.

6 COUNCIL MEMBER LIU: Okay, well  
7 good. Well congratulations on figuring that out.  
8 I hope it stands up. My last question, my second  
9 and last question, I think it's pretty quick  
10 question. We just went through this very  
11 difficulty battle on the Willets Point  
12 redevelopment. \$409 million of capital money had  
13 been budgeted for that. Are we on budget?

14 MARK PAGE: As far as I know.  
15 You're probably more familiar with the details of  
16 the Willets Point deal than I am.

17 COUNCIL MEMBER LIU: Well you're  
18 the-- wait a second, you're the budget director.  
19 I think that people don't make expenditures unless  
20 they get an okay from OMB. Or are you saying that  
21 they went ahead and made the deals without even  
22 consulting you?

23 MARK PAGE: It was certainly  
24 discussed between us.

25 COUNCIL MEMBER LIU: So are we on

1  
2 budget or not?

3 MARK PAGE: As far as I know.

4 COUNCIL MEMBER LIU: \$409 million.

5 As far as you know. Okay. Well we'll keep that  
6 on the record. We'll revisit it in a couple of  
7 months. Thank you. Thank you, Mr. Chairman.

8 CHAIRPERSON WEPRIN: Thank you,  
9 Council Member. Council Member Oddo?

10 COUNCIL MEMBER ODDO: Mr. Page, is  
11 it true that you received the key to the  
12 healthcare trust fund lock box from Al Gore? I  
13 stepped on my own joke. Never mind. Yeah, the  
14 delivery. It was all in the delivery. I was  
15 thinking about that one for a while. Mr. Page, is  
16 it accurate to say that there is language in the  
17 State law that enabled the City to issue the \$400  
18 rebates that essentially says, if you raise  
19 property taxes in excess of the value of the  
20 rebate itself, you actually have to reduce the  
21 rebate proportionally? And if I count the numbers  
22 correctly, you're planning to raise \$600 or \$700  
23 million dollars, which is three times the value of  
24 the rebate, and by my read of it, which could be  
25 wrong, before you even come to the Council for our

1  
2 approval, which you need, you would have to reach  
3 out to the folks back in Albany? Is that  
4 accurate, or is that a misread of the law.

5 MARK PAGE: For New York City's  
6 ability to pay the rebate in this fiscal year,  
7 Fiscal Year 09, that authority derives from the  
8 property tax levied by the City in Fiscal Year 08.  
9 So, we're good for 09.

10 COUNCIL MEMBER ODDO: Okay. So  
11 starting for the budget we pass in June, you would  
12 have to go--

13 MARK PAGE: [Interposing] It's  
14 literally, it's last year's property tax behavior.  
15 That is '08, the year that ended June 30 last  
16 summer. And we, as far as that statute is  
17 concerned, we met its requirements in that period,  
18 and that's what gives us the state authority to do  
19 the rebate in this fiscal year.

20 COUNCIL MEMBER ODDO: Okay, fair  
21 enough. According to the Wall Street Journal, the  
22 Mayor's 2008 budget is nearly 50% larger than the  
23 one he inherited from Mayor Giuliani in 2001. And  
24 that's over the same period of time outpaces  
25 inflation by around 21%. The one thing that has



1  
2     bothered me in the last two weeks is that I  
3     haven't heard from anyone in the administration  
4     look at this terrible economic situation as an  
5     opportunity to finally try to get real genuine  
6     structural balance in the City of New York. Is  
7     there anyone in the administration, is there any  
8     part of you, in the cockles of your heart, that  
9     looks at this situation and says, finally, as bad  
10    as it is all around us, this is an opportunity to  
11    right size City government? The administration  
12    loves the word sustainable. This type of growth  
13    is not sustainable. So, is there anyone, can you  
14    kind of give us a chance to peer into the inner  
15    sanctum on the other side of the hall, is there  
16    anyone saying that this is an opportunity for us  
17    to change fundamentally City government, so that  
18    we can finally get fiscal integrity and not wait  
19    for Wall Street to gin back up again and mask the  
20    underlying problem, because Wall Street might not  
21    do that for the foreseeable future?

22                   MARK PAGE: Well, you know,  
23    resources go up and down and people's appetite for  
24    services probably just goes up as a practical  
25    matter. I think there is-- I agree with you that

1  
2 looking at how City agencies spend money is  
3 important to do, because there needs to be some  
4 sort of counter pressure on looking at, you know,  
5 if you're meeting this new priority, what are you  
6 doing to stop spending on the old one? And it's  
7 more trouble usually to stop, than just to  
8 continue. And we have had pretty continuous PEG  
9 programs, even when the economy was doing very  
10 well, to achieve that. Certainly when you're in a  
11 circumstance as we now are, where resources are  
12 dwindling and you're looking at budget gaps, where  
13 we press very hard every time we do one of these  
14 PEG programs. We are trying very hard to identify  
15 where we're spending money where we don't have to  
16 and people won't care. And there is some merit in  
17 that. Whether it can get you in itself to balance  
18 within the resources that are currently available  
19 to you at a cost in services that you're willing  
20 to sustain, I mean that's really what we're  
21 discussing and will be discussing.

22 COUNCIL MEMBER ODDO: With that  
23 said though, Mr. Page, within all of those PEG  
24 programs and all those efforts, the fact of the  
25 matter is, the spending of the City of New York

1  
2 has grown under this administration. And I don't  
3 want to get into the myth of the uncontrollables,  
4 because that's a discussion that, you know, could  
5 take all day. But I know you don't do politics,  
6 but do you know who Henry Hopkins was?

7 MARK PAGE: No.

8 COUNCIL MEMBER ODDO: Henry Hopkins  
9 was an aide to FDR who once allegedly bragged, we  
10 shall tax and tax, spend and spend and elect and  
11 elect. And unfortunately that's the sense I get  
12 from the administration. I mean past this  
13 prologue, we saw it after the 9/11 situation with  
14 the property tax. I don't see this concerted  
15 effort to right size. I just don't. And I think  
16 if there ever were an opportunity, if there ever  
17 were a Mayor who isn't beholden to the special  
18 interests and all the stuff I heard to rationalize  
19 what happened on this floor just a few weeks ago,  
20 this is the time to do it. These are the  
21 circumstances to do it, and I just don't hear that  
22 from the administration. And I know that's  
23 painful and I know that takes sacrifice, and I  
24 know that means a lot of us in this institution  
25 will scream bloody murder. But if it was ever

going to happen, this is the day. And I'm just frustrated by not hearing more of that. And I apologize for the rant, Mr. Chairman.

CHAIRPERSON WEPRIN: Thank you, Council Member. By the way, Mr. Page's response to Council Member Oddo's question about the rebate is exactly the reason why it's outrageous to revoke retroactively the rebate, because this was something in '08 which was signed, sealed, and delivered. And by Mr. Page's own testimony, that was money that was paid back in, in '08 in part of the '08 budget when we certainly had a huge surplus. So that just reiterates the outrageousness of a revocation retroactively. Next questioner is Council Member Comrie.

MARK PAGE: Could I have just a moment to respond to that point?

CHAIRPERSON WEPRIN: Sure.

MARK PAGE: That element in the rebate authorization was achieved by property owners not-- owners of property that wasn't class 1 basically or wasn't the kind that gets the rebate.

CHAIRPERSON WEPRIN: But class 1

1  
2 was included as well, weren't they?

3 MARK PAGE: They wanted to make  
4 sure that if their taxes went up, people wouldn't  
5 receive the benefit of the rebate. So that it's  
6 not the taxes that we collected in '08 that give us  
7 the legal authority to make the rebate. It's the  
8 taxes we did not collect in '08 that give us the  
9 authority to pay the rebate this year.

10 CHAIRPERSON WEPRIN: But class 1 is  
11 still part of that tax base. Is that a yes?

12 MARK PAGE: Yeah.

13 CHAIRPERSON WEPRIN: Okay. Council  
14 Member Comrie.

15 COUNCIL MEMBER COMRIE: Thank you.  
16 Good morning. I want to thank the Council Staff  
17 for putting together all of the background and  
18 details and revenue forecast that we have today to  
19 bring to you. And I want to follow up on two  
20 items, number one, just to continue to talk about  
21 the rebate that has been planned and promised to  
22 my constituents that wherever I've gone in the  
23 last month, people have been asking me where is my  
24 check and when can I get my check, and I was  
25 supposed to get my check in October. Isn't that

1  
2 \$400 that was rebated, wouldn't that create a sort  
3 of City economic stimulus opportunity? And  
4 weren't we expecting an economic stimulus to  
5 happen as a result of that? And what were those  
6 numbers? I don't have that in front of me. I  
7 recall that \$256 million to go into the economy  
8 just before the holiday season, expected to  
9 generate a certain amount of money, and that was  
10 one of the reasons why we did it.

11 MARK PAGE: I don't know that we  
12 saw it as an economic stimulus, particularly. We  
13 saw it as, you know, you put money-- the problem  
14 with it is you're putting money in, but then what  
15 are you going to do for the 250 million? The fact  
16 of the matter is, either you're going to reduce  
17 the size of the City's work force than it's  
18 spending, so that you don't spend the 250 million  
19 for government services. Or, you're going to  
20 raise some other fee or tax to get the 250 back  
21 out of the economy, because somehow we have to  
22 balance New York City's fiscal operation. If the  
23 only thing that was happening was you're sending a  
24 check for \$400 to a bunch of people who live here,  
25 I mean, fine. The problem here is that having

1  
2 spent the money for that, you have to replace the  
3 250 million somehow, either by taking it back out  
4 of either those taxpayers or some other taxpayer,  
5 or not spending it in the local economy for  
6 something else.

7 COUNCIL MEMBER COMRIE: But the  
8 problem is that most of that money that will go  
9 back into the local economy will in fact create an  
10 economic stimulus, will go back to pay property  
11 taxes or water bills or mortgage foreclosures,  
12 will in fact buttress a lot of issues, especially  
13 in my district, with the highest foreclosure rates  
14 in the City, in South East Queens, will offset  
15 people's opportunity to have one more day,  
16 sometimes. And that's an important opportunity  
17 that I don't think your office has considered  
18 financially the negative impact of what that  
19 withdrawal of those dollars would mean. And I  
20 would supplant to say that we have plenty of other  
21 ways to come up with \$256 million in savings to  
22 offset the economic stimulus that would be  
23 diminished as a result of that \$400. So as we're  
24 here trying to come up with ideas, I think that we  
25 need to redouble our efforts to be more creative

1 about creating other opportunities to, as Council  
2 Member Oddo said, to streamline our end of what  
3 City agencies actually spend. There are  
4 redundancies in agencies. There are many  
5 opportunities, and I'm not going to go down the  
6 list today, but you've heard some ideas already  
7 from our members. And I hope that there's a real  
8 discussion of a package that we can take to  
9 Albany, frankly, so that we can do two things; if  
10 there's an opportunity here, and I haven't heard  
11 anyone else say it, that since we're the only  
12 entity that has to fiscally balance our budget,  
13 there should be an opportunity, if you're  
14 expecting out year budget gaps, to increase our  
15 gap so that we're not at zero anymore. Has anyone  
16 started to put together as part of the Albany  
17 response towards the deal with the Financial  
18 Control Board an opportunity to increase our  
19 budget, the amount that we can have in gap as  
20 opposed to always being the only entity at zero so  
21 that we could have a \$2 billion gap? Because one  
22 of the things that we've been doing with the pre-  
23 payment of monies is bridging a gap that we really  
24 actually have. Is that part of our plan to  
25



1  
2 jointly go to Albany and look at changing the  
3 parameters of our gap with the Financial Control  
4 Board before we consider it out of balance? I  
5 know that's a lot, but I'm going to ask you to  
6 cook it down.

7 MARK PAGE: I don't think that  
8 specific provision is something that we had  
9 thought of changing. I mean, the problem with  
10 this outlook is that--

11 COUNCIL MEMBER COMRIE:  
12 [Interposing] But that--

13 MARK PAGE: [Interposing] I'm  
14 sorry. Just hang on for a second. The problem  
15 with using rainy day funds, the problem with  
16 running a deficit now, which we'll fix later, is  
17 if we knew that a year from now or two years from  
18 now, whenever, our economy was going to turn  
19 around-- first of all that it was at the bottom  
20 now, or if we knew where the bottom was and we  
21 knew when it was going to turn around and that it  
22 was going to come back up precipitously and that  
23 we were going to have 15% revenue growth two years  
24 from now and it was going to be totally reliable  
25 going forward, then you can talk about measures

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2 reduce its spending by a certain amount by that  
3 time, by eliminating the redundancies, cleaning up  
4 a lot of the over spending in agencies, cutting  
5 back on overtime and everything else. I'm not  
6 talking about making a clear mistake of doing a  
7 deficit, I'm talking about just between now and  
8 2011, looking at the projected deficits and asking  
9 the Financial Control Board to zero that out while  
10 we make promises to do our own spending reductions  
11 and the other things that we need to do, but also,  
12 I think creating an opportunity to do economic  
13 stimulus by maintaining the one segment of our  
14 economy that has been true to this city, and  
15 that's the people that we promised the rebate to.  
16 Because those are City residents that will  
17 primarily spend the money in the City. Most of  
18 them spending the money back to the Department of  
19 Finance for property taxes, water bills, fees and  
20 other fines that they will be getting, as we call  
21 for the increase fines. I think we need to look  
22 at this in a totality and not just look at one  
23 specific item and say no, without making a full  
24 effort to look at the entire package and look at  
25 how we can use this as an opportunity for growth

and economic stimulus for City residents.

MARK PAGE: From a budget perspective, the rebate as far as I'm concerned is about, I think it's \$256 million. And it seemed to us in putting this proposal together that given the other ways of not spending or raising that money, this was a proposal that we should seriously consider. If there are other ways of getting to the same financial place that work, we're obviously discussing the whole package at this point, and I'm sure we'll continue to do that. I would note that in our current forecast, which has this gap of \$5 billion in fiscal year 11, we are in fact forecasting that the economy will have turned around and that we will have, as I recall, I don't know, 7% growth or something like that on sensitive taxes, on economically sensitive taxes coming back in between fiscal year 10 and 11. So we do match those forecasting groups, it's 7.9% so, I guess it would round to 8, come back--

COUNCIL MEMBER COMRIE:

[Interposing] Which goes back to--

MARK PAGE: --in 11. But even with

1  
2 that we've got this \$5 billion problem sitting  
3 there.

4 COUNCIL MEMBER COMRIE: Which goes  
5 back to the idea of trying to get the Financial  
6 Control Board and the State to temporarily  
7 increase our gap so that we're not having to be at  
8 zero unlike every other municipality.

9 MARK PAGE: The problem is, if you  
10 run a gap for a year or two on a program such as I  
11 think you're describing, generally you need to  
12 basically run a surplus of an equal amount very  
13 shortly thereafter to pay yourself back. And the  
14 problem with our future as we see it is that  
15 running a surplus is hard, because it means you're  
16 taking more money out of people than you're giving  
17 back in service.

18 COUNCIL MEMBER COMRIE: But we've  
19 actually generated a surplus every year for the  
20 last seven years. We've been--

21 MARK PAGE: [Interposing] We have,  
22 and we've carried it forward, and we're eating it.

23 COUNCIL MEMBER COMRIE: Right.

24 MARK PAGE: And it's good.

25 COUNCIL MEMBER COMRIE: Right. But

1  
2 I think that we should not be as pessimistic,  
3 because every year for the last seven years we  
4 have been able to generate some surplus that we've  
5 been able to carry over or create the healthcare  
6 trust fund and create the pension trust fund,  
7 create the other-- I forget the other one that has  
8 been created. So I can't afford to be as  
9 pessimistic as you are, and I appreciate your  
10 pessimism on behalf of protecting the City. But I  
11 think that if we look at this issue of increasing  
12 temporarily with a promise to cut City services  
13 and spending by 15, by 20%, by reducing agency  
14 size, we could get there. And I appreciate the  
15 dialogue and I look forward to more of it. But I  
16 think it's food for thought. Thank you very much.

17 CHAIRPERSON WEPRIN: Thank you,  
18 Council Member. Council Member Peter Vallone, Jr.

19 COUNCIL MEMBER VALLONE: Thank you,  
20 Mr. Chair. You know, as Council Member Comrie  
21 said, not only did we promise this tax rebate last  
22 budget, but six years ago we promise these same  
23 homeowners, these same people paying that tax,  
24 when we raised their tax rate over 18% that it  
25 would be a temporary war time tax and that we

1 would be returning that. And we need to honor  
2 both of those promises. And I can't think of any  
3 quicker way to hurt an economy than to raise taxes  
4 and cut the police. And yet you've done both of  
5 those things unilaterally. Now, this isn't Albany  
6 where you do things in back rooms and make deals  
7 like this. This is New York City. And this City  
8 Council passed a budget with the rebates in it and  
9 with 1,100 police in it. We expect that budget to  
10 be honored and those things to happen. Now how  
11 much do you foresee saving by cutting that police  
12 class?  
13

14 MARK PAGE: It's about \$80 million  
15 on an annual basis.

16 COUNCIL MEMBER VALLONE: By cutting  
17 just this annual class you're saving \$80 million?

18 MARK PAGE: It's less than that  
19 this year. Next year when you carry through the  
20 effect, I think it's about \$80 million.

21 COUNCIL MEMBER VALLONE: So you  
22 plan on cutting the class every year?

23 MARK PAGE: We expect to maintain  
24 academy classes in the future at 2,000; which I  
25 think is about maintaining attrition as we go

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forward.

COUNCIL MEMBER VALLONE: That wasn't the question. We've got two classes now. We've got a class coming in in January and a class coming in July.

MARK PAGE: Yes.

COUNCIL MEMBER VALLONE: And we all agreed when that was put in that that was the best way to stop huge losses in our Police when during the year 2,000 at least attrite by replacing them constantly. So are you saying now that you're not just going to eliminate this January class, but every January class?

MARK PAGE: No. I said we're eliminating this January class. And our budget outlook is that we would maintain subsequent classes at 2,000.

COUNCIL MEMBER VALLONE: In each class--

MARK PAGE: [Interposing] Yes.

COUNCIL MEMBER VALLONE: Or over the year?

MARK PAGE: No, each class.

COUNCIL MEMBER VALLONE: Okay, well



1  
2 that still doesn't help because we're losing at  
3 least 1,100 officers this January, who aren't  
4 going to be able to replace the thousands who have  
5 attrited since the last budget. And how much are  
6 you saving this year? I've read in the papers \$14  
7 million, but I know better than to believe what I  
8 read. What do you say we're saving this year by  
9 these early cuts?

10 MARK PAGE: 36.

11 COUNCIL MEMBER VALLONE: \$36  
12 million this year?

13 MARK PAGE: Yes.

14 COUNCIL MEMBER VALLONE: Okay. A  
15 little more than we would save if Albany  
16 introduced a modest Tort reform. As Budget  
17 Director, do you have any opinion on how crime  
18 rate affects an economic forecast?

19 MARK PAGE: As Budget Director, I'm  
20 not sure that's my expertise.

21 COUNCIL MEMBER VALLONE: Well, it  
22 should be. It should be, because you can't hurt  
23 economy any worse than by allowing crime to  
24 increase again. And as Jimmy Oddo can tell you,  
25 crime is going up this year in Staten Island.

1  
2 Murders are up citywide. Rapes are up; robberies  
3 are up citywide. We've seen less of a decrease in  
4 crime this year than any year that we've been in  
5 office. And if you're going to take 1,100  
6 officers off the street, it can only get worse,  
7 and that will hurt our economy. You're cutting--  
8 you said before you're cutting now to save  
9 problems later. But when you cut a police class,  
10 you're causing problems, which won't be solved  
11 later for a long, long time. Thank you, Mr.  
12 Chair.

13 MARK PAGE: I don't think that your  
14 point of view is shared by the Police Commissioner  
15 or our expectation in terms of what we will be  
16 able to do in maintaining the currently low  
17 levels, comparatively levels of crime in the City.

18 COUNCIL MEMBER VALLONE: Wait.  
19 Which part of my point of view is not shared by  
20 the Police Commissioner?

21 MARK PAGE: I think he would always  
22 like to have more resources.

23 COUNCIL MEMBER VALLONE:  
24 Absolutely.

25 MARK PAGE: But I think that he is

1  
2 of the opinion that he will be able to maintain  
3 successful and effective policing at this level.

4 COUNCIL MEMBER VALLONE: That's  
5 what every one of your Commission is told and paid  
6 to come in here and say. And he's been doing a  
7 better job of that than most. However, you can't  
8 talk to one police expert anywhere who will say he  
9 can do a better job with less officers, including  
10 Commissioner Kelly, who I think believes in  
11 everything I just said, and I'll stand by that.

12 CHAIRPERSON WEPRIN: Thank you,  
13 Council Member. Council Member David Yassky?

14 COUNCIL MEMBER YASSKY: Thank you.  
15 Mr. Director, I just first, the frame for my  
16 questions really is what Jimmy Oddo said. I  
17 won't-- we have limited time so I won't repeat it  
18 all. I think that his description of the overall  
19 context in which we come to these set of choices  
20 is exactly on point, so I just want to echo that.  
21 The numbers he gave have also-- I talk about them  
22 all the time. As you know, the City's operating  
23 budget has gone up roughly 50%. That's you know,  
24 nominal dollars, but let's say 20% after  
25 inflation. Are New Yorkers getting 20% more

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government than they were six years ago?

MARK PAGE: That money is being spent in a number of places. I mean some of it is being spent in the cost of retirement benefits, things of that kind. There have been increases in labor costs. There have been increases in energy. I mean oil has obviously gone up and down.

COUNCIL MEMBER YASSKY: So I guess the inflation is not the right measure?

MARK PAGE: I think that these budgets have been negotiated with some intensity between the administration and this body. And I think that the spending that has been authorized other than amounts for benefits, debt service and so forth, which are not immediately controllable by us. The reason the money has been there is because people have wanted it.

COUNCIL MEMBER YASSKY: Okay. I don't want to be impolite, but I don't want to, you know, abuse the Chairman's grant of time. I don't think that my constituents feel that they're getting 20% more government. You're saying, I guess, that that's due to what you call uncontrollables. We'll get in a minute to whether

1  
2 debt service, which you list as uncontrollable, is  
3 uncontrollable. Obviously you can control the  
4 size of our capital spending each year, and that's  
5 what results in the debt service that we pay in  
6 the following years. But I guess to me the frame  
7 is, we're spending 20% more than we all did when  
8 we came into office, myself included. I don't  
9 think New Yorkers are getting 20% more. And then  
10 here when I look at the choices you're making to  
11 close the gap in this year's budget, you're  
12 proposing to do that 70%, more than 70% with taxes  
13 and revenue increases and less than 30% with  
14 spending restraint. I think that mix is out of  
15 line. And I will tell you I, personally, am very  
16 reluctant to support a tax increase when it's in  
17 the context of a plan that is 70% taxes, 30%  
18 spending reduction. And my question, I guess, is  
19 do you think that's the right mix of taxes and  
20 spending reduction? I feel that the  
21 administration is being too quick to reach for the  
22 tax button.

23 MARK PAGE: I'm not sure exactly  
24 how you're coming to those proportions. I don't  
25 believe that--

COUNCIL MEMBER YASSKY:

[Interposing] Just using the numbers in here they add up to, there are \$931 million in taxes and revenue increases for this year, \$381 million in spending cuts. The total is \$1 billion, as you know-- rather, \$1 billion 294 million in, you know, total gap closing.

MARK PAGE: I would look at this picture through 2010, because in fact that is the fiscal period that we're planning for in this document and I think we are faced with. And I don't think the proportions are exactly what you've just described. And as I said earlier, there's a balance to be drawn and people tend to be sensitive to reductions in spending, and they are obviously sensitive to the taxes they pay.

COUNCIL MEMBER YASSKY: I'm sorry. When you say the proportions aren't what I describe, I'm sure you're not disputing the numbers I'm talking about for 2009. You're saying, no, look at it for 09 and 10 together.

MARK PAGE: I am. Correct.

COUNCIL MEMBER YASSKY: Here's my problem. We're going to be asked to vote for an

1  
2 immediate tax increase this year. That's the vote  
3 that I am looking towards as I ask this question.  
4 And you're saying vote on this tax increase right  
5 now, for this year, and even though it's 70/30 in  
6 this immediate period, don't worry, the spending  
7 cuts will come later. I am reluctant to do that,  
8 and that's why I ask what you think is the right  
9 mix for this year.

10 MARK PAGE: The proposal that we're  
11 making is what we think is the right mix. And  
12 obviously this is a subject of discussion. But  
13 your premise that the world ends on June 30th,  
14 2009, I don't think is realistic. And I think  
15 that to look forward beyond midnight June 30 in  
16 terms of our fiscal planning is something that  
17 responsibly we're obliged to do.

18 COUNCIL MEMBER YASSKY: Agreed.  
19 And by the way, to be clear, I think that you are  
20 being prudent and I commend you in seeking to  
21 increase the amount that we're rolling over from  
22 this year to next year compared to the budget we  
23 adopted. I understand that's what you're doing  
24 and I think that's exactly right, and I commend  
25 the administration. That came up at our briefing

1 sessions, and some people had questions about  
2 that. I think you're exactly right to be doing  
3 that. I'm saying that I think you have to lean  
4 more on the spending side. So let me just ask, if  
5 you're coming here saying we've cut, we've looked  
6 everywhere we can for spending restraint; we did  
7 that, we searched as rigorously as we could before  
8 we reached for that tax button. Did you look at  
9 the \$20 million reduction that the Speaker raised  
10 in the, you know, better estimating of Capital  
11 costs? Did you look at the Brooklyn House of  
12 Detention, that's a capital expense, but it's \$450  
13 million dollar capital expense. I wouldn't call  
14 the debt service generated by that uncontrollable.  
15 So, did you look at either of those two cuts?

17 MARK PAGE: We've certainly looked  
18 at the Brooklyn House of Detention, and the  
19 tradeoffs in terms of other facilities that you'd  
20 be obliged to build if you don't use it as a  
21 detention facility, and the long-term  
22 functionality of the sort of criminal justice in  
23 the City. I'm sure that's going to be an ongoing  
24 discussion, but we have looked at it in some  
25 detail. This question of how best to inform the



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capital decisions that we make--

COUNCIL MEMBER YASSKY:

[Interposing] Okay, I'm sorry you know--

MARK PAGE: --maybe there's a better way of doing it than the \$20 million. That, I don't really have an argument one way or another on that one at this moment.

COUNCIL MEMBER YASSKY: Let me just ask this way, then. What were the five next expense cuts that you rejected in favor of the taxes?

MARK PAGE: I can't name five expense cuts. As--

COUNCIL MEMBER YASSKY: [Interposing] Really? You didn't look at any expense cuts beyond what you've proposed here?

MARK PAGE: Of course we looked at expense cuts beyond what we're proposing. We looked at probably hundreds of expense cuts beyond what we're proposing. I--

COUNCIL MEMBER YASSKY: [Interposing] What were the five kind of most promising--

MARK PAGE: [Interposing] I have no

1  
2 idea what the five specific ones were. As you may  
3 have noticed, if you look at the agency program,  
4 it goes on in considerable detail in terms of--

5 COUNCIL MEMBER YASSKY:

6 [Interposing] I know. But I'm asking about the  
7 taxes/spending mix. And if you're defending this  
8 taxes/spending mix, you have to say, no, here are  
9 the next round of spending cuts that we avoid with  
10 this large tax increase. And I'm asking you to  
11 defend that. And I--

12 MARK PAGE: [Interposing] I am  
13 balancing the spending reductions that we have  
14 laid out at this moment and the opportunity to  
15 impose a tax increase which in any case in this  
16 financial plan is there for the period of time  
17 beginning July 1st, 2009. I don't believe that we  
18 have finished with the cutting process either this  
19 year or next. As we pointed out in this proposal,  
20 on the face of this proposal, we're a \$1.3 short  
21 and in our sort of layout of what the options and  
22 possibilities were, we believe that it is some mix  
23 of additional cuts and possibly revenue increases.  
24 Since the time of this proposal, we've lost over  
25 this two-year period something over \$500 million

1  
2 State Budget's proposal of local education aid. I  
3 would expect we're going to lose a lot more than  
4 that by the time the dust settles on the State  
5 side. And we have Medicaid problems as well.  
6 Those are all cuts in money available in New York  
7 City to pay for services in New York City. I mean  
8 whether we pay for them directly or whether the  
9 state pays for them. The sort of impact on us is  
10 similar.

11 COUNCIL MEMBER YASSKY: Okay. I'll  
12 close with this. Look Mark, really there's nobody  
13 in City government for whom I have more respect.  
14 You are, I mean, you know this better than  
15 anybody. You've been doing this very well, for a  
16 long time, at a very high level of  
17 professionalism. So I'm not asking my questions  
18 with disrespect. But I do say before I vote for a  
19 tax increase I'm going to need to see from the  
20 administration, well, here's what we looked at and  
21 rejected on the spending side. Because--

22 MARK PAGE: [Interposing] Fine.

23 COUNCIL MEMBER YASSKY: And just--

24 MARK PAGE: [Interposing] I get the  
25 point.

COUNCIL MEMBER YASSKY: And I don't want to pick on nomenclature, but when you referred to it as an opportunity to raise taxes, no. Raising taxes should be a last resort. And opportunity suggests to me just a different mindset that I would ask you to adjust. And on the Capital side, I can answer Lou Fidler's question, and I think it's illuminating here, you've presented us a 20% reduction in the capital budget. As I calculated, and I'm sure the numbers are correct, you know, the commitment plan, you answered his question by saying; we've given you the commitment plan. The commitment plan for the next three years, which is in my experience what might possibly really get spent as opposed to four and five years out, you've gone from \$34.8 billion total over the three years to \$33.3 billion. That's a reduction of about 4%. Now that should cheer Lou Fidler, because-- if he doesn't want to see a 20% reduction. But it should give some pause to people hearing your testimony because you say uncontrollables. Well, debt service is not an uncontrollable. It is very much a controllable. And you're reducing it by 4%, not 20% in the

period that's going to affect us.

MARK PAGE: I would be happy to take you through the logic behind that 20% and how we get to it. And there are ups and downs with it and it deals with '08 and the roll from '08 to '09. And I agree with you, I would rather; I mean quite honestly the capital plan commitment plan is as we published it. And that's where we stand at this moment. I mean, can New York City afford the level of capital spending that we have lined out in this plan on a sustained basis? I think that's among the questions that we're going to be faced with in the next months and year or two.

COUNCIL MEMBER YASSKY: Thank you, Mr. Chair.

CHAIRPERSON WEPRIN: Thank you, Council Member. Council Member Helen Sears?

COUNCIL MEMBER SEARS: Thank you, Mr. Chairman. Good morning, Mr. Page. I have just one question and I think it's short. For those companies that have pre-paid the City their taxes and whatever else, I know that some of them are beginning to ask for their money back. It's very difficult to project how many companies are

1  
2 really going to be asking you that in the next few  
3 months. But in the dynamics of the budget that  
4 we're talking about, has any of that been  
5 projected, or is that going to be a huge bump on  
6 the head when we face that?

7 MARK PAGE: The way tax refunds are  
8 treated and the way New York City handles its tax  
9 revenue recording, is that they're a reduction in  
10 the current revenue for the tax. And our revenue  
11 forecast that underlies this budget proposal and  
12 just our operations in general takes into account  
13 our expectation of, excuse me, rebates to  
14 taxpayers, so that we are hopeful that we have  
15 accounted for what we see as this overhang against  
16 the actual collections that we've experienced. I  
17 mean, when we first put this together we were  
18 looking at our actual collections through  
19 September of this year, which looked fine in the  
20 light of our last June forecast, which was a 12%  
21 drop year over year on all the taxes except the  
22 property taxes. Our October collections dropped  
23 significantly, partly because there were  
24 substantial rebates paid in October. The next  
25 really significant period in tax payments is

1  
2 through December. I'm extremely interested to see  
3 what the numbers look like the first week or so in  
4 January.

5 COUNCIL MEMBER SEARS: So are we,  
6 because that number could be very large. I  
7 understand that some of those investment firms  
8 that have been asking for it back are very  
9 substantial, several hundred million dollars. So  
10 if we were to compound that by all those companies  
11 that have prepaid, we're in far greater stress  
12 than what we're talking about.

13 MARK PAGE: That's possible.

14 COUNCIL MEMBER SEARS: So how will  
15 we know what is happening, since we are dealing  
16 with a budget and have to do all this and vote on  
17 it by June 30th, which is what we have to do

18 MARK PAGE: Well, I mean the next  
19 picture you're going to get is in January when we  
20 do the preliminary budget, which will be a further  
21 revision of this.

22 COUNCIL MEMBER SEARS: Which means  
23 that for the 2010 that could be added to what the  
24 deficit would be for us.

25 MARK PAGE: It might.

COUNCIL MEMBER SEARS: If we weren't. Yes. Which could be very substantial.

MARK PAGE: I think that-- I'm very uncertain about the tax forecast. You forecast the future by your experience of the past. And what's going on this fall is different from most things we've experienced. And I think that the structural problem that the state is facing with its forecast deficit in the next year and a half is something that inevitably is going to float through to us and I don't know the scope of that.

COUNCIL MEMBER SEARS: Thank you very much. Thank you Mr. Chair.

MARK PAGE: Thank you.

COUNCIL MEMBER SEARS: And Council Member Martinez, he let me go before.

CHAIRPERSON WEPRIN: Council Member Martinez.

COUNCIL MEMBER MARTINEZ: Thank you, Mr. Chair. Mr. Page, how many New Yorkers receive the tax rebate?

MARK PAGE: One second. Something in the neighborhood of 600,000.

COUNCIL MEMBER MARTINEZ: 600,000.



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And we're a city of about 8.5?

MARK PAGE: Yes.

COUNCIL MEMBER MARTINEZ: Do you have a breakdown by borough?

MARK PAGE: Not in my head, but I can get it for you, I think.

COUNCIL MEMBER MARTINEZ: The reason I bring this up is there's been heated debate among my colleagues, the not issuing the tax rebate based on the fiscal situation that we're facing. And I would say I represent a district that I believe receives, I would daresay none or very little. And I also am part of a borough that receives the fewest rebates, which is Manhattan. And when discussing the tax rebate and not issuing the check, and trying to make a decision whether we continue to provide essential services to our communities, that's a question I'm faced with. And I would daresay that's part of the tough decisions that we have to make with the changes that we're facing. Budgetary changes that we're facing. Having said that, I wanted to, if you could give me the specific amount that we would be saving with the Mayor's proposal of

1  
2 closing down or reducing, and you can give me the  
3 right wording, is it closing down or reducing some  
4 of our ladders within the Fire Department? And  
5 how much saving does that represent? And have you  
6 made already an analysis in terms of the safety  
7 aspect of doing that? And do we know which  
8 communities are losing their ladders?

9 MARK PAGE: They're not actually  
10 losing exactly. The proposal is than in, I think  
11 it's 5?

12 [Pause]

13 MARK PAGE: It would be a pilot in  
14 five combined houses, that means they have an  
15 engine and a ladder in the given house. And they  
16 would be in commercial areas, where the incidence  
17 of fire at night is much lower than during the  
18 day. And we would propose to not man the ladder  
19 in each of five combined houses. The engine would  
20 continue to be manned. It would be night. It's  
21 easier to get around at night. And you can trace  
22 fire incidence by neighborhoods and, you know,  
23 residential neighborhoods, the fire incidence, as  
24 I recall, tends to be higher in the evening and  
25 sort of tails off when people go to bed.

1  
2 Commercial areas the fire incidence tends to be  
3 higher during the day, not so much in the evening,  
4 there's less activity. And what we are proposing  
5 is that we would reduce the manning in, as a  
6 pilot, five combined houses at night. And the  
7 form that takes is that you don't man one of the  
8 pieces of equipment. You do man the other,  
9 because you keep the house open.

10 COUNCIL MEMBER MARTINEZ: So.

11 MARK PAGE: The savings, I'm sorry,  
12 is it's about \$5 million in 09 and about \$9  
13 million in 10.

14 COUNCIL MEMBER MARTINEZ: That's on  
15 top of the savings coming from the Fire Department  
16 already with the closed firehouses that we've had  
17 already.

18 MARK PAGE: That's built into the  
19 base, yes.

20 COUNCIL MEMBER MARTINEZ: Now, see  
21 that's all subject to debate and question.  
22 Because I would say that we need the ladders  
23 around during the nighttime. Because that's when,  
24 particularly in an area where we have the high  
25 rises or commercial areas, where we need these

ladders. And you know, looking at the current condition in terms of the strain that many of the fire stations have in terms of doing more with less and the additional services that they're out there doing in terms of fire inspection and so forth, I'm questioning whether this is a right move in terms of looking for savings in the Fire Department when they're strapped. And I'm sure that we're going to have further debate about this, but we have not heard yet from the Fire Department or the administration in terms of what areas, what communities are going to be impacted. And looking at a comprehensive analysis that, you know, already where we have firehouses closed, like I would say 125th Street, which is a commercial corridor, and we lost a fire station there, how are we going to make up if we get to lose a ladder there? And, you know, when we put the safety of New Yorkers behind or second to anything, I think that sets a bad precedent. And the Fire Department consistently has been that area where we look for savings. And not considering the safety or the impact of that, I think, is a big problem for us. The five cents

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2 fees on the plastic bags, does that require state  
3 legislation?

4 MARK PAGE: Yes, I believe so.

5 COUNCIL MEMBER MARTINEZ: Is there  
6 pending legislation in Albany?

7 MARK PAGE: No. It's not  
8 introduced.

9 COUNCIL MEMBER MARTINEZ: Would the  
10 Council need to send a home rule message for that?

11 MARK PAGE: That's a sort of arcane  
12 subject with the state legislature, but it  
13 wouldn't surprise me if they would require that.

14 COUNCIL MEMBER MARTINEZ: I would  
15 tell you that I am against that, against-- we're  
16 asking New Yorkers to go to the store, pay more  
17 and come out with less. And already this Council  
18 put together-- the Mayor put this out as sort of  
19 the go green initiative. But it's evident that  
20 it's not a go green, it's more of a revenue  
21 generating tax and not a fee on New Yorkers. And,  
22 you know, we have legislation already in the  
23 Council that requires going along with the go  
24 green, which is the plastic bag bins in the  
25 supermarkets. Now we're saying we want to charge

1  
2 a five cents fee, which is really a tax, an  
3 additional tax, on New Yorkers for the food that  
4 they shop. And already New Yorkers are making a  
5 hard decision whether they buy food or they pay  
6 rent and for us to come up with an initiative  
7 that, you know, put that decision harder. You  
8 know, it just doesn't make sense to me that we're  
9 asking New Yorkers again to pay more and come home  
10 with less when they go shopping. And selling it  
11 as a go green initiative is totally not the right  
12 thing to do, or we're not seeing the truth about  
13 the fact that we're just putting an additional tax  
14 on New Yorkers. Is that right? It would be  
15 considered a tax, not a fee.

16 MARK PAGE: I think that  
17 technically, you know, it's a charge on the back.  
18 And I think that technically in terms of legal  
19 authority is a tax. The issue that it's trying to  
20 get at is that New York City spends hundreds of  
21 millions of dollars a year on the cost of  
22 exporting the volume of garbage that we create.  
23 And the, you know, I think most of us who live  
24 here find that stuff we buy comes in a lot of  
25 packaging of one kind or another. I mean you're

1  
2 constantly sort of fighting your way through the  
3 package and stuffing your garbage pail with it,  
4 and then the City has to carry it away. And I  
5 think that we're searching for ways to address  
6 that sort of garbage supply side. I would hope  
7 that, you know, the cost of this would be minimal  
8 and in a certain way, I'd hope that the revenue  
9 did not in fact materialize because people found  
10 that they could, as many parts of the world do,  
11 carry their own shopping bag and then not need new  
12 bags to carry home their purchases and add to the  
13 garbage at the other end.

14 COUNCIL MEMBER MARTINEZ: I agree.  
15 But you know, when looking to reduce the amount of  
16 plastic bags, we worked with the Mayor in  
17 establishing legislation that would require a bin  
18 that people would recycle their plastic bags. We  
19 have not given that the opportunity to work. So  
20 now what we want to do is we want to charge New  
21 Yorkers. It's not so much how we get materials or  
22 food or so forth packaged in the City of New York,  
23 but rather asking New Yorkers to pay all the time  
24 to go to the market an additional five cents for  
25 every plastic bag when they go shopping.

1  
2 MARK PAGE: You know, on this  
3 recycling thing, if you're sufficiently organized  
4 to have the empty bag and bring it back to the  
5 store to recycle it, you can bring it back to the  
6 store to have it refilled.

7 COUNCIL MEMBER MARTINEZ: But  
8 you're going to be charged five cents in addition  
9 to that.

10 MARK PAGE: No, you're not. I  
11 think many of us probably despair of being  
12 organized enough to bring the bag back to recycle,  
13 although it's a goal to pursue.

14 COUNCIL MEMBER MARTINEZ: So if you  
15 have the bin for the recyclable bags, as long as  
16 you use these bags, you wouldn't pay the five  
17 cents?

18 MARK PAGE: Well, as long as you  
19 bring your own bag. It doesn't matter if you  
20 bring back a plastic bag and get it refilled, more  
21 power to you. That's exactly what you're looking  
22 for.

23 COUNCIL MEMBER MARTINEZ: But in  
24 essence, so why then go ahead and charge the fee?

25 MARK PAGE: I guess to give people



an incentive to do just what we're talking about.

COUNCIL MEMBER MARTINEZ: I think that's a bad incentive. You have to pay for it. Well, let me just ask the final question on the Department of Education, that additional \$76.9 million that you're looking to cut, is that also in OTPS, or in what area exactly is the \$76.9 this year and the \$129.2 next year? In what area are those cuts going to be implemented? Because you're specific in terms of the \$1.3 reduction in OTPS spending. Then it goes into the \$79.9 million this year and \$129.2 next year. Is that classroom cuts?

MARK PAGE: You know, discussions with the Department of Ed, they are not cutting teachers in classrooms. They are cutting some central support that's available to schools for training and maybe curriculum and things of that kind that they would pay out of the school budget. But at the level of this cut, they're not actually, as they have described it to us and we've negotiated over some period of time; they're not actually cutting pedagogical employees in classrooms. I think that they're pretty much at

1  
2 the ragged edge of what they can do without doing  
3 that. I think that the current state proposal,  
4 and we'll see how it goes through the state  
5 legislature for another \$255 million out of the  
6 Department of Ed this year, does, I think,  
7 requires that they would be hitting classrooms.

8 COUNCIL MEMBER MARTINEZ: The state  
9 would require it. We're not requiring it right  
10 now.

11 MARK PAGE: I don't believe that we  
12 are. We've done our very best not to. There may  
13 be some marginal situations, but by and large I  
14 think we have avoided hitting teaching staff in  
15 classrooms.

16 COUNCIL MEMBER MARTINEZ: And does  
17 that apply also to the capital of the Department  
18 of Ed?

19 MARK PAGE: I'm not quite sure how  
20 to answer your question. I mean, the immediate  
21 reduction in the Department of Ed's capital this  
22 year, I think made very little difference in terms  
23 of the new space-building program that they're  
24 pursuing. They were, in any case, held up because  
25 of their siting problems for new school

1 facilities. And I think that pretty well covered  
2 their reduction target for this year in capital.  
3 Going forward, I mean we're looking at another  
4 five-year plan, and the question is what level you  
5 finance their five-year plan at.  
6

7 COUNCIL MEMBER MARTINEZ: Thank  
8 you. Thank you, Mr. Chair.

9 CHAIRPERSON WEPRIN: Thank you,  
10 Council Member. Council Member Gentile?

11 COUNCIL MEMBER GENTILE: Thank you,  
12 Mr. Chair. You know, I'm very please to hear  
13 Council Member James and some of my other  
14 colleagues talking about the retiree health  
15 benefits trust fund, which is something that I've  
16 talked about as a shell game for many years now.  
17 So Mr. Page, how much is currently in the retiree  
18 health benefit trust fund?

19 MARK PAGE: I think that the  
20 balance in it is about \$2.6 billion.

21 COUNCIL MEMBER GENTILE: \$2.6  
22 billion.

23 MARK PAGE: Yes.

24 COUNCIL MEMBER GENTILE: And of  
25 that \$2.6 billion have said that the Mayor is

1  
2 planning to draw down over a three-year period a  
3 little bit over a billion. A four-year period?

4 MARK PAGE: Yeah.

5 COUNCIL MEMBER GENTILE: So over a  
6 four-year period. So it's very incremental.

7 MARK PAGE: Well this year and the  
8 next three years, yes.

9 COUNCIL MEMBER GENTILE: So it's  
10 incremental of that \$2.6 billion that you would be  
11 drawing down. So it would be possible then,  
12 instead of-- if we drew down, and by drawing down  
13 on that retiree health benefits trust fund,  
14 instead of putting the money into the fund that  
15 would otherwise go into the fund, spending that  
16 money and drawing down from the fund to pay the  
17 benefit trust, the retiree health benefit trust,  
18 and using the money that would otherwise go into  
19 that fund, we could then conceivably spend the  
20 \$250 million that it would cost for the rebate  
21 checks for our constituents to keep our promises  
22 and to abide by the law. Conceivably that we  
23 could do that.

24 MARK PAGE: Conceivably you could  
25 do that.

COUNCIL MEMBER GENTILE: Okay.

MARK PAGE: The fact is that, you know, we set up that trust and it does work in the way you describe, that you can effectively draw down the balance and spend it for something else. On the other hand, we now have-- I mean if you ask an actuary what our retirement health benefit liability is, I think it's, I can't remember this year, it's like \$60 billion as compared to the \$2.5. And it just does up. The purpose that we're proposing to draw this balance down for in this budget proposal is in fact for retirement benefits. We're using it to offset some of the cost to our operating budget of the loss in value of the City's pension systems as a result of the loss in value of the stock market. And that, you know, we already pay a lot into our retirement benefits, partly directly for health benefits, partly into the pension systems. This is using money we set aside for retirement benefits to pay for retirement benefits, but actually to relieve the operating budget of what's otherwise going to be a serious hit in the next few years because of the investment results.

1  
2 COUNCIL MEMBER GENTILE: Now I  
3 don't think any of us are suggesting that we not  
4 return to saving in the future in better times,  
5 and I think we'll have time to do that. But the  
6 fact is we have \$2.6 billion dollars in that fund  
7 and we can otherwise draw down on the money that  
8 would otherwise go into that fund for that fiscal  
9 year. And that would not only allow for the  
10 rebates, but I would think if we don't restore the  
11 January police class, we'll be at the lowest  
12 number of officers in the precinct at least since  
13 I took office in 1997. And for \$36 million, it  
14 would seem to me that drawing down on the money  
15 that would otherwise go into the retiree health  
16 trust fund would be a possibility, conceivably a  
17 possibility. Right?

18 MARK PAGE: It's conceivably a  
19 possibility. But keep in mind that you're running  
20 the place and you're going to be running the  
21 place, or somebody is going to be running the  
22 place for the foreseeable future. And this year  
23 we're already spending \$3.5 billion more than  
24 we're taking in. Next year we're proposing to  
25 spend \$4 billion more than we're taking in. And

1  
2 in 11 we have a gap of \$5 billion facing us. Does  
3 it really make sense in this circumstance to add  
4 in the excess in spending over resources now by  
5 taking more money out of this reserve fund? When  
6 you look at how that billion-dollar drawdown is  
7 spaced, in '10 it's very small, comparatively.  
8 It's \$82 million, I think. It goes up  
9 considerably in '11 and '12. So we're planning to  
10 use it to try to address those out year gaps as  
11 opposed to further unbalance what we spend versus  
12 what we take in now.

13 COUNCIL MEMBER GENTILE: I would  
14 agree with you that it might not make sense, if  
15 you adopt a doomsday scenario that times will not  
16 get better. And if that's the case-- I don't  
17 ascribe to that theory and I think we will have  
18 time, we'll have better times. We'll have times  
19 in the future where we can do that saving. Right  
20 now we're in a crisis that we need to solve at  
21 this point. And by the way, with the officers,  
22 did I hear you say before that we are eliminating  
23 the 1,000 officers? You use the word eliminate.  
24 And that wasn't my understanding with the January  
25 class; we were deferring it. Did you say

eliminate the 1,000 officers?

MARK PAGE: If you mean by eliminate we're laying them off, no we're not. We're not doing a January class, which would be a hire of, I don't know, a number of new officers. And we would propose to resume hirings with the July academy class.

COUNCIL MEMBER GENTILE: You know, it's just a dangerous game to play when public safety is compromised. I think Council Member Martinez said that. Public safety is compromised, crime goes up, you have less revenue coming in, tourists don't come to the city, property values go down, it's just a dangerous game to play when we continue to cut and cut on the police force. But, you know, we'll leave that for another day. I had some other questions too.

CHAIRPERSON WEPRIN: Keep them brief.

COUNCIL MEMBER GENTILE: Yes, I will.

CHAIRPERSON WEPRIN: We still have a number of questioners, and you've exceeded our limit already.



1  
2 COUNCIL MEMBER GENTILE: I will.  
3 Thank you, Mr. Chairman. In regard to revenue  
4 proposals and fees, has the City given any  
5 consideration or thought to raising fees, for  
6 example, on installation permits for the  
7 installation for the cellular phone, telephone  
8 antennas?

9 MARK PAGE: I'm not familiar with  
10 that one specifically. I mean in general, our  
11 authorization to collect fees is based on what the  
12 related service costs. And by and large we do  
13 watch those two sides of the equation and try to  
14 keep the fees in line with the costs. I will find  
15 an answer for your specific question.

16 COUNCIL MEMBER GENTILE: Well, my  
17 research has shown that places like White Plains  
18 and New Rochelle actually charge thousands of  
19 dollars to the cellular telephone companies per  
20 permit that they issue for those cellular  
21 antennas. We, in New York City, as far as I can  
22 tell charge an average of \$300 for a DOB permit  
23 for a cellular antenna. Now, you just look  
24 anywhere in this City, particularly in the outer  
25 boroughs, and you see those little caterpillar

1 like antennas going up on the side of the  
2 buildings, and you can just multiply that. The  
3 telephone companies are making a tremendous amount  
4 of money, and we're charging them an average of  
5 \$300 per permit when places like New Rochelle,  
6 Yonkers, are charging thousands of dollars per  
7 permit in the same situation. I think that's  
8 something that if it's been overlooked, should not  
9 be overlooked. That would be revenue to the City  
10 at no cost to the taxpayers in the City. It will  
11 be a burden that the cellular telephone companies  
12 would have to bear. And speaking of burdens that  
13 people have to bear, I'm really opposed to the  
14 hiring of new traffic enforcement agents to do the  
15 block the box violations. Because I think right  
16 now you have enough traffic enforcement agents in  
17 the outer boroughs that you can bring to Manhattan  
18 if you need to, to write as many block the box  
19 violations to high heaven. Because right now,  
20 this City, if you go-- particularly where I, I can  
21 only speak where I live, there are three to four to  
22 five traffic enforcement agents per block, per  
23 block, writing tickets. That's per block, Mr.  
24 Page. Take some of those traffic enforcement

1  
2 agents. Put them around and do what you want, but  
3 don't concentrate them in areas where you end up  
4 with unfair and unjust tickets. And you don't  
5 need 234 new traffic enforcement agents. One  
6 final question before I leave you, do you, Mr.  
7 Page, do you believe that we are in a worse  
8 economic situation now than what we were in  
9 immediately following 9/11/2001?

10 MARK PAGE: Well the thing is, the  
11 advantage we have at the moment about right after  
12 2001 is that you can look back on it and we  
13 actually climbed out of it pretty well.

14 COUNCIL MEMBER GENTILE: Do you  
15 believe that we're in a worse situation today than  
16 we were after, immediately after 9/11?

17 MARK PAGE: I think it is a very  
18 different situation.

19 CHAIRPERSON WEPRIN: I think that's  
20 a maybe.

21 MARK PAGE: What's going on in the  
22 credit markets is something that we've never seen  
23 before, and the fact that it's not just New York  
24 City by any means. It's New York City, it's the  
25 US and it's basically sort of the world with

1  
2 money. I mean even all those people with oil  
3 wells who were coining money until fairly recently  
4 are suddenly in a circumstance where their  
5 revenues have just gone in the tank. It's a  
6 universal slow down to a degree that 2001 was not.  
7 And what that means in terms of how it plays out,  
8 I don't know.

9 COUNCIL MEMBER GENTILE: So you're  
10 saying it's not comparable.

11 MARK PAGE: That would be my guess.

12 COUNCIL MEMBER GENTILE: Thank you,  
13 Mr. Chair.

14 CHAIRPERSON WEPRIN: Thank you.  
15 Council Member Brewer.

16 COUNCIL MEMBER BREWER: Thank you.  
17 A couple questions, Mark. One is, you know, that  
18 the public worries that there are fines and fees  
19 and taxes are not be collected and they're getting  
20 charged and somebody else isn't paying. I know  
21 that Martha Stark does everything she can. But  
22 then when we have this conversation, I swear  
23 within two days in the newspaper, you know, is  
24 some example of somebody who hasn't paid. And you  
25 know, it makes people so angry. So how much isn't

1  
2 collected, and then of course I know there's a  
3 certain amount that no matter what you do, Martha  
4 will tell us it can't be collected. But is there  
5 some number, so that people understand that this  
6 is something that is being looked at?

7 MARK PAGE: Well, I think it's  
8 something that's continuously being looked at.  
9 And I don't have a number in my head. I mean one  
10 of the problems with the way the City's data  
11 processing systems work that keep track of  
12 violations and non-payments is that they tend to  
13 list every non-payment from the day the particular  
14 system was born. And in a normal business you  
15 would just write off a certain amount of that  
16 stuff when it gets to a certain age, you dump it.  
17 We don't dump it. So that the total that we show  
18 for unpaid amounts owing, tend to be way out of  
19 proportion with any realistic estimate of what you  
20 might collect. And Martha is much more of an  
21 expert on this than I am.

22 COUNCIL MEMBER BREWER: Okay. I  
23 think it would be helpful as we go into this  
24 process to have some number. You could have an  
25 old debt, impossible to collect column, and one

1  
2 that-- because that's what people ask me on the  
3 street; why isn't such and such-- and I promise  
4 you within the next two days there will be a  
5 story. And it makes people very angry. Second,  
6 the same issue with consultants. I don't even  
7 know anymore exactly what a consultant is, but the  
8 other day, of course, the IBO and Betsy Gotbaum  
9 did the story about DOE. So is there some  
10 knowledge as to, is that part of, do you think  
11 cutting some consultant contracts or eliminating  
12 them is what some of the agencies are doing as  
13 part of their current budget cut in their future?  
14 Again, that's the kind of thing that makes the  
15 public angry, because they see it as something  
16 that isn't direct service. When you see a library  
17 cut, I know that Vinny will agree, it makes your  
18 blood boil. People need to go there for job  
19 support, they need them for all the other things  
20 that they don't have because they're not able to  
21 afford it. The library, we should be increasing  
22 the library services right now, in my opinion.  
23 But what is this? I mean this notion of  
24 consulting, obviously has many different forms.  
25 But, there shouldn't be any advice in terms of we

1  
2 should be doing it in house at every possible  
3 point, if this is a crisis. How are you looking  
4 at that with the agencies? Certainly the DOE  
5 looks bad with their numbers.

6 MARK PAGE: I mean, we look at, you  
7 know, we look together with agencies at their  
8 proposals for not spending money or spending less  
9 money. And certainly consultants are a part of  
10 that picture. It is, I mean in the perfect world  
11 you would use consultants from time to time. If  
12 you have a task that requires a level of expertise  
13 that you don't have the staff for and it's a  
14 finite task, you should pay somebody else to do it  
15 rather than putting somebody else on payroll  
16 permanently with all of their benefits and so  
17 forth to do it.

18 COUNCIL MEMBER BREWER: I  
19 understand that. I just think that in a budget  
20 crisis you make choices, and that wouldn't be one  
21 of them. So that's something that's being  
22 seriously looked at as the agencies come forward?  
23 Because agencies do like to go outside to get  
24 advice. Okay. Quickly, other question, the issue  
25 of sales tax on clothing. I guess one of the

1  
2 issues would be to try to keep as many tourists  
3 and shoppers in New York City as possible. How  
4 does that meld with, I think the sales tax has  
5 been going up a little bit according to the  
6 materials; how does that mesh with the notion of  
7 changing the clothing tax?

8 MARK PAGE: I mean, you always  
9 worry about what damage you're going to cause by  
10 increasing a tax. Sort of you also worry about  
11 what damage you're going to cause by reducing a  
12 service. And there are tradeoffs among the  
13 different taxes. And I agree that there are, you  
14 know, concerns that go with that extension of the  
15 sales tax.

16 COUNCIL MEMBER BREWER: The issue  
17 of empty storefronts, there are a lot of them in  
18 New York. Do people, owners of buildings, get tax  
19 breaks for keeping storefronts vacant?

20 MARK PAGE: You'd be better off  
21 asking Martha Stark that question. But I imagine  
22 if you are vacant for an extended period of time,  
23 it is going to effect your tax assessment, because  
24 the revenue on the building is a significant item.  
25 However, the fact of the matter is they do those



estimates on the basis of data which tends to be two or three years old. So you'd have to be vacant a long time for it to work.

COUNCIL MEMBER BREWER: Okay. I'm just saying because there is a feeling in the community that there is an ability to keep things empty for a long period of time and it is advantageous tax-wise. I would just like to look at that, because that seems to me a place where if there was a loophole, it should be closed and people should be renting. And then just finally, if in fact there is any discussion in Albany about this millionaire tax that has been proposed, I think, on the Assembly side but not elsewhere, not the Governor, not the Senate side, does that have any advantageous opportunities for New York City?

MARK PAGE: Well, it depends how it's done.

COUNCIL MEMBER BREWER: How would it be done so that it could help us?

MARK PAGE: If we got the proceeds of the tax instead of the state.

COUNCIL MEMBER BREWER: All of it?

MARK PAGE: Well, I mean.

COUNCIL MEMBER BREWER: But is that something that would be of any significant support?

MARK PAGE: Sure. I mean--

COUNCIL MEMBER BREWER:  
[Interposing] So is that something that you're pushing in Albany?

MARK PAGE: That is a possible increase tax that you could impose and if we got the proceeds, that would be nice for us.

COUNCIL MEMBER BREWER: So is that something that's being supported by the Mayor?

MARK PAGE: I think that you can see in that list of proposals that we put in this that we would, the proposal on the table is that we would basically surcharge the existing rate structure as opposed to just hitting the top of it, although we did hit the upper levels in the income tax increase in 2002-2003. I think that, you know, the sort of optimal tax package, if we seek to go there, the size of it is something that no doubt will be discussed down here, and then it becomes a question of what you can actually get through the legislature, which you're dependent

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on.

COUNCIL MEMBER BREWER: But they also often look to you in the administration for suggestions. So it would seem to me that this should be part of the discussion, as opposed to cutting the libraries. Thank you. Don't cut the libraries. Thank you, Mr. Chair.

CHAIRPERSON WEPRIN: Thank you, Council Member. Council Member Koppell?

COUNCIL MEMBER KOPPELL: Thank you. Thank you. You had indicated, Mr. Page, that we're in sort of an unprecedented financial situation in terms of knowing what will happen in the future. It's unprecedented.

MARK PAGE: I think so.

COUNCIL MEMBER KOPPELL: So it's hard to predict.

MARK PAGE: I believe that that's true.

COUNCIL MEMBER KOPPELL: So looking then at what we're projecting, for this current year, the projected deficit for this year is only \$300 million. Is that correct? For this current 2009 fiscal year.

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2 MARK PAGE: The projected loss in  
3 our forecast revenues from where we were before is  
4 about \$300 million. Before, in economically  
5 sensitive taxes, that is in the plan we adopted in  
6 June, we were down 12% as compared to 2008. And  
7 in this iteration of the budget, we're down, I  
8 think it's 13.6%.

9 COUNCIL MEMBER KOPPELL: So you  
10 were fairly prudent, I would say, and we were when  
11 we adopted the budget.

12 MARK PAGE: We did our best to  
13 forecast what was going to happen. And much of  
14 what has occurred since then we think is  
15 consistent with what we were forecasting, although  
16 on the margin we think it's a little worse.

17 COUNCIL MEMBER KOPPELL: Now in  
18 2007, in June of 2007, we projected when we did  
19 that budget for the 2008 fiscal year; we projected  
20 a balanced budget, correct; that we'd come out at  
21 the end with equal amount of revenues and  
22 expenditures, in June of 2007 for the 2008 fiscal  
23 year?

24 MARK PAGE: Okay.

25 COUNCIL MEMBER KOPPELL: Right.

1  
2 MARK PAGE: I don't remember  
3 whether we in 2008 already said that we were  
4 planning to prepay some expenses in '09. We  
5 probably were, but I don't remember the numbers  
6 offhand.

7 COUNCIL MEMBER KOPPELL: But  
8 essentially we presented a balanced budget. And  
9 then when it came to the end of 2008, which was  
10 last June 30th, what was the extra amount? What  
11 was the surplus that we realized over the  
12 expectation of a balanced budget?

13 MARK PAGE: I'm sorry. What I've  
14 got with me starts in '09 and I'd be happy to go  
15 back to those numbers.

16 COUNCIL MEMBER KOPPELL: Well, my  
17 recollection and our Chief of our Fiscal Staff  
18 reminded me there was over \$4 billion, \$4 billion  
19 more than we anticipated in June of 2007. Is that  
20 correct?

21 MARK PAGE: I don't know. I don't  
22 have those numbers in front of me.

23 COUNCIL MEMBER KOPPELL: Okay.  
24 Well that's my understanding. Now we currently--  
25 so that this kind of prediction with a \$60 billion

1  
2 budget, more than \$60 billion, it's very difficult  
3 to zero down on. We are taking actions now to try  
4 and address a problem in fiscal '10, because the  
5 \$300 million problem we have in fiscal '09 could  
6 easily be taken care of by only one of a number of  
7 steps you're proposing, correct?

8 MARK PAGE: We are trying to act  
9 now to address 2009. As I said earlier--

10 COUNCIL MEMBER KOPPELL:  
11 [Interposing] No, no. 2010.

12 MARK PAGE: I'm sorry, 2010.  
13 You're right. As I said earlier, you know, we  
14 have had this forecast 2.3 as of last June.  
15 Generally the kind of additional resources we've  
16 rolled up during the course of a year aren't  
17 something that falls out of the sky on June 12th.  
18 They're something that you experience as you go  
19 along. Our experience as we've been going along  
20 for the four months of this fiscal year that we've  
21 had is that we've actually collected less in  
22 economically sensitive taxes, which is sort of  
23 what's hard to forecast, than we had forecast last  
24 June. That has something to do with why we're  
25 down by the \$300 million you mentioned. I would

1  
2 add that, you know, it's not just the collections.  
3 It's things like people's forecasts for the  
4 national economy, it's forecasts for job loss  
5 nationally, job loss in the City; all of those  
6 numbers have been going worse than we thought they  
7 would be going last June. I would be very happy  
8 if I were here to report to you this afternoon  
9 that based on events since last June it looked as  
10 though the 2.3 was going to pretty much solve  
11 itself on greater economic growth and revenues, as  
12 has been the pattern for several years. That's  
13 not where we're at, at the moment.

14 COUNCIL MEMBER KOPPELL: But let's  
15 say you're projecting, I guess for that next year,  
16 you're projecting 3.6 instead of the 2.4.

17 MARK PAGE: 4 actually, cumulative  
18 over the two years.

19 COUNCIL MEMBER KOPPELL: Okay 4.  
20 Cumulative over the two years. First of all, yes,  
21 four over the two years, looking at the two years.  
22 But now this year to meet the \$300 million gap,  
23 you're not taking anything out of the healthcare  
24 trust, right?

25 MARK PAGE: In '09 we're not

1  
2 proposing to.

3 COUNCIL MEMBER KOPPELL: And how  
4 much are you taking out in '10?

5 MARK PAGE: 82.

6 COUNCIL MEMBER KOPPELL: Only 82.  
7 So the projection of taking more out of the  
8 healthcare trust is looking forward to the fiscal  
9 year 2011, correct?

10 MARK PAGE: '11 and '12, yes.

11 COUNCIL MEMBER KOPPEL: Yes. And  
12 you yourself admitted that we're in an  
13 unprecedented situation and we can't predict. I  
14 suggest that while it's nice to be prudent, it  
15 also sometimes, you can be too prudent and you an  
16 therefore deny yourselves some essential services  
17 in fear of what might happen two or three years  
18 from now when predicting what might happen two or  
19 three years from now is almost impossible to do.  
20 And I would suggest that taking what one might  
21 call emergency measures, which I don't say we  
22 should never take, but an emergency measure is  
23 canceling a \$400 check that you were telling  
24 people on a telephone you were going to send them  
25 on November 4th. Because I know, I called up, and



1  
2 they told me I was going to get the check, not for  
3 me. Well, I get the check too, but it was for my  
4 constituents.

5 MARK PAGE: You don't care.

6 COUNCIL MEMBER KOPPELL: I don't.

7 [Laughter]

8 COUNCIL MEMBER KOPPELL: I don't,  
9 sir. It doesn't mean that much to me, but it  
10 means a lot to other people. And I called because  
11 people were calling my office as a Council Member  
12 and saying, where is the check? And I said-- we  
13 couldn't find out. So I called 311 and they had a  
14 special line. You may know this, I think I told  
15 you this before in our briefing, they had a  
16 special line that when you called up, in other  
17 words their prompt, it said if you're calling  
18 about heat and hot water, you know, press 1. If  
19 you're calling about the check, press 3 or  
20 whatever it was. And I pressed 3 and it said the  
21 check's coming by the end of the fall. And that  
22 was only two weeks ago. So this was a promise--  
23 it's an emergency measure. But you're taking an  
24 emergency measure now to deal with a problem  
25 that's basically in 2011. Because other steps

1  
2 that you're taking will certainly cover the \$300  
3 million. I mean you're covering the \$300 million  
4 three times over with the steps you're proposing,  
5 because you're proposing a total increase of 1.294  
6 billion for this year, when you've got a \$300  
7 million gap. So, what you're doing, you're trying  
8 to cover '10, but you're also worried, in a sense,  
9 about '11 and '12. And you know, I suggest that  
10 maybe there are other things you can do. And just  
11 as an example, our Fiscal staff has suggested you  
12 have a \$300 million general reserve, which could  
13 be tapped. Is that an accurate suggestion?

14 MARK PAGE: Customarily when we do  
15 the January plan, we reduce the general reserve  
16 some amount, if we haven't used it at that point.  
17 But you know, the-- obviously the question of what  
18 it makes sense to do ahead is one that we discuss  
19 and we discuss with you people and it has to do  
20 with how we administer budgets. But,  
21 notwithstanding the amount of money that we're  
22 moving from '09 to '10, which in this plan is  
23 about a 1.8 billion, having done that we are still  
24 spending in this year about \$3.5 billion more than  
25 we're taking in.

COUNCIL MEMBER KOPPELL: Because of what we got last year.

MARK PAGE: All I'm saying is that first of all, the money doesn't go away. It's not as if you don't have it to spend if you don't spend it all this year. But secondly, planning for future years before you get to them is something that you probably want to do, you, actually, probably want to do because maybe we're conservative and that \$5 billion in '11 is going to fix itself by the time we get there. That would be great. It would basically mean that the local economy had fixed itself and we were going well again. But, that number right now does assume some growth from year to year. And if you were looking at \$5 billion in the year beginning July 1st, 2010, when we were negotiating the budget in June before it and we were trying to figure out how to close the \$5 billion gap, I would hope that by then it's somebody else sitting here and not me. Because I don't think it would be any fun at all.

COUNCIL MEMBER KOPPELL: Mr. Page, I don't mean to be scornful or minimize it, and I

1 recognize and applaud prudence. But we don't have  
2 a problem this year, really. WE can deal with the  
3 \$300 million problem this year, and we have a  
4 somewhat manageable problem next year depending on  
5 what happens, and we will have an opportunity to  
6 deal with that again in six months. It's a  
7 question of what emergency measures we should take  
8 now. And I don't think we should be taking  
9 emergency measures now, quite frankly, to deal  
10 with '11 and '12. It's too far off. And with all  
11 due respect to the problems of closing a \$5  
12 billion gap, I've been in government now for 30  
13 years and I've seen gaps on a percentage basis,  
14 especially in Albany where I served for 20 years,  
15 that were much greater than a \$5 billion gap on  
16 what will then be maybe a \$70 billion budget or  
17 maybe even more. So while I'm not minimizing a \$5  
18 billion gap in '11, I also don't feel that it's  
19 the kind of fearful scenario, if it's accurate  
20 that should give us great cause for concern in  
21 2008. I think we've got to deal with 2008. I  
22 think we should be prudent, and look at 2009 and  
23 we will look at it now and we will look at it  
24 again in may and June. But to worry overly much  
25

1  
2 about 2011 and 2012 and certainly should not  
3 demand us to take emergency measures like  
4 canceling a police class. That, I think, is  
5 imprudent, like canceling a promise of \$400  
6 dollars, when we have a unique time, hopefully  
7 temporary, of real fiscal distress, where people  
8 have been laid off, where people have been worried  
9 about their jobs and giving them \$400 at  
10 Christmastime is a nice boost for people, not for  
11 me. I don't need it, but for lots and lots, for  
12 hundreds of thousands of people who expected to  
13 get that check, it's something they should get.  
14 If we had an emergency right now, I'm willing to  
15 consider it, but not for an emergency in 2011 and  
16 2012. Thank you.

17 CHAIRPERSON WEPRIN: I have a  
18 clarification, actually on the \$400 rebate. Mr.  
19 Page, I think you and I are both old enough to  
20 remember the Perry Mason show. Do you remember  
21 the Perry Mason show? Do you remember how Della  
22 Street at the end of the trial, before the trial  
23 was over always came up with the smoking gun  
24 document? I have the smoking gun document.  
25 You're aware that the City of New York is in the

Capital Markets this week? Yes, no?

MARK PAGE: Yes.

CHAIRPERSON WEPRIN: Okay. In conjunction with the Capital Markets, don't they normally issue something called the preliminary official statement?

MARK PAGE: An official statement, yes.

CHAIRPERSON WEPRIN: No, preliminary official statement.

MARK PAGE: A preliminary, and then there's a final.

CHAIRPERSON WEPRIN: But the final is not until after the bonds are sold. Is your office involved in the preparation of that preliminary official statement?

MARK PAGE: Yes.

CHAIRPERSON WEPRIN: Okay. I'm going to read to you page 3 from a copy from that official statement, which was released this week. It talks about the gap closing measures that you've proposed. And I'll skip ahead. It talks about the early recision of the 7% property tax cut effective January 1st, 2009, which requires

1  
2 City legislative approval and will result in an  
3 increased revenue of \$576 million in fiscal year  
4 2009 and, 3, and this is the part I'm going to  
5 quote: rescinding the \$400 property tax rebate,  
6 which requires City legislative approval, and will  
7 result in an increased revenue of \$256 million in  
8 each of fiscal years 2009 through 2012. In light  
9 of that document, which I'll be glad to show you--

10 MARK PAGE: [Interposing] The only  
11 thing that I'll tell you is wrong in that  
12 document, unfortunately, is that-- I don't care,  
13 no. No, I have it.

14 CHAIRPERSON WEPRIN: So my  
15 representation is correct that that's in the  
16 document.

17 MARK PAGE: They're wrong about  
18 years beyond this one. There is no legislative  
19 authorization in place as of this moment for the  
20 rebate beyond this fiscal year.

21 CHAIRPERSON WEPRIN: Okay. Let's  
22 just talk about this fiscal year. So in light of  
23 that, are you willing to revoke your prior  
24 statement that you can revoke this without City  
25 council approval?

1  
2 MARK PAGE: I don't think I made  
3 that statement today. My concern today--

4 CHAIRPERSON WEPRIN: [Interposing]  
5 Whoa.

6 MARK PAGE: And it continues to be  
7 my concern is how are we going to put together a  
8 balanced financial operating plan for New York  
9 City that will work for us through the  
10 extraordinarily stressful financial period we are  
11 going through at the moment and we don't seem,  
12 necessarily, to be at the bottom of.

13 CHAIRPERSON WEPRIN: Well that  
14 seems to be different than what you said to the  
15 City Council just a week or two ago when we  
16 specifically said, can you do this-- and I think  
17 Councilman Liu asked the same question, can you do  
18 this without City Council approval, and I heard  
19 the answer yes.

20 MARK PAGE: It was my belief at  
21 that time that that was true. I'm not sure it is  
22 true. And I think the document you read is  
23 correct, as far as I know now, for this year. But  
24 what that's talking about is making the payment in  
25 this fiscal year.



CHAIRPERSON WEPRIN: Okay. All right. So for this year, your new, revised position is you cannot retroactively revoke the \$400 rebate without City Council approval. Is that correct?

MARK PAGE: You know, you can ask Michael Cardoza that question if you want to.

CHAIRPERSON WEPRIN: I'm asking you.

MARK PAGE: I'm not going to answer it. What I'm telling you is we have a fiscal problem and it's \$256 million. And if in your wisdom this is such a priority that it must be paid for, then we have to find something else that is less of a priority that we can not pay for or that can replace this amount of money in terms-- on the revenue side.

CHAIRPERSON WEPRIN: Well I would suggest you contact Mr. Cardoza immediately because this official statement, preliminary statement is on the Street and municipal bond purchasers are relying on this document and I think it should be clarified right now. Because it's either your previous observation is wrong or

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this document is wrong.

MARK PAGE: I'm not addressing--  
well, forget it. Fine.

CHAIRPERSON WEPRIN: Okay. I'm  
going to take that as a concession that City  
Council approval is required before a retroactive  
revocation, which is something our attorneys have  
been saying all along. Thank you. I rest my  
case. Next questioner is Council Member Dickens.

COUNCIL MEMBER DICKENS: Thank you  
so much, Chair. And thank you Mr. Page for all  
these hours of testimony. I've been watching you  
for the last two and a half hours and I see you  
holding your head with both hands and pulling at  
the hair--

MARK PAGE: [Interposing] There's  
not much hair left.

COUNCIL MEMBER DICKENS: And that's  
what we do on the City Council every budget time  
and at every modification of the budget. So I can  
understand it. I want to though piggyback a  
little bit on what one of my colleagues questioned  
about. How many billions of dollars is the City  
now refunding to the banks as a result of over

1  
2 payment of taxes? How much have we already  
3 refunded and how much are we expecting to refund  
4 before January?

5 MARK PAGE: I don't know what the  
6 answer to that is this year; although it's  
7 possible we could get that number. In last fiscal  
8 year, I think the number was something like \$800  
9 million was refunded to banks, as compared to a  
10 normal pattern that's about 250. So last year it  
11 was much higher and I would imagine that this year  
12 is going to be on the high end with it. And I  
13 don't know if it's the 800 number or bigger.

14 COUNCIL MEMBER DICKENS: Or higher  
15 than that.

16 MARK PAGE: Yeah. I don't know.

17 COUNCIL MEMBER DICKENS: All right.  
18 Let me ask you, is there anything in the law that  
19 prevents the City from either rolling over these  
20 refunds or splitting the refunds, or in lieu of  
21 that, can the City Council enact legislation or is  
22 state law required?

23 MARK PAGE: It's a little sticky  
24 because it's really, you know, by a mistake you  
25 sent ConEd, instead of a check for \$121 last month

1  
2 a check for \$221 dollars, you misread the bill.  
3 You look at the bill carefully and you call them  
4 up and say, I want my \$100 extra back. We don't  
5 have any right to this money. I mean, they paid  
6 it. And it has to do with the way they do their  
7 own bookkeeping that they tend to run on a trend  
8 from the past and just keep paying. But when they  
9 look at it and they can determine and demonstrate  
10 to us that in fact they just sent us too much  
11 money, it's not our money. And when they ask for  
12 it, they have to get it back.

13 COUNCIL MEMBER DICKENS: No, I can  
14 understand that. But just for clarification, if I  
15 overpay ConEdison, they don't refund me a check,  
16 they tell me that they'll give me a credit next  
17 month. Just, you know for clarification.

18 MARK PAGE: I know. I chose a bad  
19 example. I don't like ConEd either.

20 COUNCIL MEMBER DICKENS: I just  
21 wanted to know if there was a way. I'm not saying  
22 that we should keep their money. But, is there a  
23 way that we can split it? That was one-- or roll  
24 it over, that's my question.

25 MARK PAGE: Usually if they're not

1  
2 feeling particularly stressed, what they do is to  
3 let us work it off in the way you're describing.  
4 The trouble is, when it's a big number and they're  
5 low on cash, they take the initiative to ask us  
6 for it. And under the law as it stands, we're  
7 obliged to give it to them. And I think it's hard  
8 to give yourself a right to keep somebody's  
9 significant overpayment of what he owes you.

10 COUNCIL MEMBER DICKENS: I can  
11 understand that, but in light of the fact that  
12 you've just given us the doom and gloom, and the  
13 City has no money and core services are being cut,  
14 then I think that other alternatives-- this calls  
15 for drastic measures. And I'm not talking about  
16 keeping the money. I'm talking about working it  
17 out the way it's been done in the past. And I say  
18 that-- let me just as you though, the \$18 million  
19 that City Council gave for NYCHA for the senior  
20 citizen centers.

21 MARK PAGE: Yes.

22 COUNCIL MEMBER DICKENS: What's  
23 going on with that? Where is that at? Because 18  
24 centers are being cut. NYCHA senior/community  
25 centers are being cut, of which combined between

the closings and the cuts, six of the 18 are in my district. So I want to know where that money is. Is it being spent? Is it being utilized?

MARK PAGE: Yes.

COUNCIL MEMBER DICKENS: Who has it?

MARK PAGE: DFTA.

COUNCIL MEMBER DICKENS: DFTA has that money. And who is making a determination on which centers have been cut? That's on one part. And then the other thing is, is it NYCHA, is it DFTA? And on the Council side of funding, are you seeking the input of Council, of this City Council in what cuts can be had when it's our money that we put in?

MARK PAGE: We're not cutting your 18 million.

COUNCIL MEMBER DICKENS: I'm not just now talking about that.

MARK PAGE: Okay.

COUNCIL MEMBER DICKENS: That was a question I just thought about. I'm not talking about that 18 million. I asked about the 18 million, but now I'm talking about City Council

1 funding. So it's a two-part question. So we'll  
2 start with the 18 million.

3  
4 MARK PAGE: Okay. NYCHA. They  
5 have an operating deficit. They've had an  
6 operating deficit for a number of years and they  
7 basically are running out of money. And they have  
8 over the years taken on responsibility for a  
9 certain amount of social services which were  
10 provided in their facilities by them at their  
11 expense. And what we are doing with them is  
12 basically taking over those social services, the  
13 senior citizen's centers, DFTA, some other  
14 services by DYCD and HRA; we're using the Council  
15 18 million. We have put in some additional City  
16 tax levy funding, but we also think that by moving  
17 the services to the agencies that are more, sort  
18 of, normally responsible, we can drawdown a  
19 certain amount of federal funding to augment what  
20 we're spending. And altogether we think we can do  
21 a better job on these services, although it does--  
22 it's not with NYCHA employees, which is a large  
23 part of where the NYCHA layoffs are coming from  
24 here; and there are a number of rooms in NYCHA  
25 facilities that have been opened for one public

1  
2 purpose or another, that will be shut under this  
3 proposal. All in all, we think that it's actually  
4 a step forward though in terms of the quality and  
5 cost effectiveness of the social services that are  
6 being provided to the clients of these facilities  
7 in moving to the agencies that are really whose  
8 job it is to do this kind of work.

9 COUNCIL MEMBER DICKENS: So in  
10 other words, when I look down that kind of list of  
11 18, those community senior citizen centers that  
12 are not being impacted, are being closed, are  
13 those that have a community sponsor? Because  
14 those are the ones where there is a sponsor for  
15 that center. Those are the ones that are not  
16 being closed. Those that are NYCHA are being  
17 closed and during a downfall of such that we're  
18 experiencing now, to turn around and tell our  
19 seniors in our NYCHA developments that they have  
20 to go 10 or 15 or 25 blocks to get services, to  
21 get the one good hot meal that they frequently  
22 get, to get exercise that they are able to get, to  
23 be able to have others that they communicate with,  
24 and it is a safety net, because frequently those  
25 seniors, if they don't show up, someone goes to



1  
2 their home to look for them. So, you know, you're  
3 telling me about these cuts and I know cuts are  
4 necessary, but when you turn around and show me  
5 where you're only closing NYCHAs, and where in my  
6 community the NYCHA centers are the only ones that  
7 are available unless they go literally 20 blocks  
8 away, then I really question that.

9 MARK PAGE: I mean--

10 COUNCIL MEMBER DICKENS:

11 [Interposing] And we know NYCHA has a problem. We  
12 put in \$120 million, then we put in \$18 million,  
13 that we supposed to be used for these senior  
14 citizen centers.

15 MARK PAGE: And it is being used  
16 for them. And as a matter of fact, the thing is  
17 the \$18 million wasn't enough to cover the costs.

18 COUNCIL MEMBER DICKENS: No, I know  
19 that.

20 MARK PAGE: And we think that we've  
21 actually, you know, maneuvered to get more value  
22 than your \$18 million, as a matter of fact, in  
23 terms of pulling in other people's funding with  
24 this restructuring. And you know more about the  
25 immediate details of your facilities than I do,

1  
2 but to the extent you want to continue to talk--

3 COUNCIL MEMBER DICKENS:

4 [Interposing] Well it would be nice if you could  
5 talk to me about it then. No one talked to me  
6 about it.

7 MARK PAGE: We could probably  
8 manage that.

9 COUNCIL MEMBER DICKENS: It would  
10 have been nice for you to talk to me about it.  
11 Also, you know, I realize that NYCHA's been  
12 shifting capital funds to operations. And the  
13 elevators are in such poor maintenance that people  
14 are not only getting stuck on these elevators,  
15 they're dying. With the cuts that you are  
16 proposing to put and that NYCHA has been getting,  
17 because it seems that administration thinks that  
18 NYCHA strictly belongs to the City Council and not  
19 to the City, they're treating it like a stepchild.

20 CHAIRPERSON WEPRIN: Mr. Page, I  
21 think the Council Member is waiting for a  
22 response.

23 MARK PAGE: I think we share your  
24 concern about NYCHA's welfare. And one of the  
25 things that this social services change is

1  
2 hopefully going to do is to enable them to focus  
3 what resources they have on their primary  
4 responsibility, which is to provide, you know,  
5 safe, maintained housing.

6 COUNCIL MEMBER DICKENS: But we  
7 haven't done a very good job at that lately, have  
8 we? Now last question. During the 70s, the  
9 fiscal crisis of the 70s, the City created the MAC  
10 bonds, which in effect was a loan to the City and  
11 the interest payments weren't due for ten years or  
12 so. And in fact, registered bonds maybe at the  
13 end of ten years or whatever, five years, the  
14 interest was due. But on the coupon bonds,  
15 interest was done over a period of years.

16 MARK PAGE: Yes.

17 COUNCIL MEMBER DICKENS: Because  
18 you clipped those coupons. Now, has something  
19 like that been considered, or is it feasible?  
20 Because that was employed to minimize cuts to  
21 essential core services back then. Is that  
22 something that we could look at again? The unions  
23 bought in, the private sector bought in, and it  
24 was a phenomenal success at helping the City.

25 MARK PAGE: I mean New York City in

1975 when it sort of hit the wall in terms of being able to remain solvent by borrowing money, was running a very substantial operating deficit and I don't think it even really quite knew what size it was. MAC was created, among other things, to pay for the phasing out of the operating deficit from then until, I guess, '81. And the problem with that is that you're then left with paying back the money you financed through MAC.

COUNCIL MEMBER DICKENS: But the principal amount wasn't due for a period of years.

MARK PAGE: I think it was, the maximum term when they were originally issued, I can't remember whether it was 10 or 20 years.

COUNCIL MEMBER DICKENS: Exactly.

MARK PAGE: There is still debt outstanding now that the state is paying for as a result of a commitment that we got from them in 2003, maybe.

CHAIRPERSON WEPRIN: Don't remind them, because they're liable to revoke it.

MARK PAGE: I mean, it's still being paid down.

COUNCIL MEMBER DICKENS: But I'm

1 asking is that something-- so you're saying that  
2 something created along those lines would not help  
3 the City today as it did in the 70s?  
4

5 MARK PAGE: I mean if you got  
6 somebody who-- you know, anybody who'll give us  
7 money that we don't have to pay for, I'd love to  
8 hear from. The problem--

9 COUNCIL MEMBER DICKENS:  
10 [Interposing] This wasn't money that we didn't  
11 have to pay for. The MACs we paid back, but it  
12 was paid back over a period of time.

13 MARK PAGE: Yeah.

14 COUNCIL MEMBER DICKENS: Years  
15 later.

16 MARK PAGE: I mean you might do  
17 something of that kind, I suppose. I don't think  
18 it would be something that was easily accepted.  
19 And I think it depends, you know, how bad things  
20 get.

21 COUNCIL MEMBER DICKENS: I thought  
22 they were pretty bad, but thank you.

23 CHAIRPERSON WEPRIN: Thank you,  
24 Council Member. We're about an hour and 15  
25 minutes past the allotted time. I have two more

1  
2 questioners and then I'm going to end the  
3 discussion with this witness, although I know Mr.  
4 Page is always available to come back if we need  
5 him. Is that so?

6 MARK PAGE: Yes.

7 CHAIRPERSON WEPRIN: Okay. The  
8 last two questioners are Council Member Mark-  
9 Viverito and then Council Member Felder.

10 COUNCIL MEMBER MARK-VIVERITO:

11 Thank you, Mr. Chair. And good afternoon, Mr.  
12 Page. And I'm going to follow up on a couple of  
13 questions very quickly that were brought up by  
14 some of my colleagues. Gale Brewer talked about  
15 the Department of Education and consultants. But  
16 one of the other aspects with regards to the DOE's  
17 budget is the no-bid contracts and the multi-  
18 millions of dollars that are issued on that front.  
19 Is that an area of the budget of that agency of  
20 that Department that is being looked at as a way  
21 of cutting costs and of savings?

22 MARK PAGE: If you're talking about  
23 the busing contracts--

24 COUNCIL MEMBER MARK-VIVERITO: I'm  
25 sorry?

1  
2 MARK PAGE: Are you talking about  
3 the busing contracts?

4 COUNCIL MEMBER MARK-VIVERITO: Well  
5 busing and there's other contracts that have been  
6 issued in a no-bid fashion. So that's an area  
7 that we should look at.

8 MARK PAGE: I mean the reason-- I'm  
9 sure that we will continue to look at those  
10 contracts and I'm not sure about the no-bids  
11 outside of the busing. The busing issue has been  
12 in the past that we were convinced that continuing  
13 to do business with the busing companies we were  
14 already doing business with was going to be  
15 cheaper than bidding and the difficulty with  
16 bidding services of that kind where in effect, New  
17 York City government is the client and it's very  
18 big, and the service provider needs a considerable  
19 investment in buses, drivers, places to park the  
20 buses, places to repair them and so forth; most of  
21 these companies don't have a range of clients like  
22 us to distribute their business among. For many  
23 of them it's a one for one; we're the client,  
24 they're the provider. To take away the assurance  
25 for the company that they're going to get the

1 business and give somebody else the chance they  
2 might get the business means that you end up with  
3 basically, to have two bidders for piece of  
4 business, you're going to have two people with the  
5 buses, the drivers, the parking lots, the repair  
6 facilities who do the one piece of work. And we  
7 thought that requiring that kind of structure for  
8 a bid was going to end up costing us more than  
9 what we were doing. It's an ongoing subject of--  
10 I know it's one of the things that I discuss with  
11 Kathleen Grimm from time to time pretty  
12 intensively. And it's the reason we've done the  
13 busing that way is that we really have been very  
14 convinced that we were better off doing it that  
15 way than bidding. That doesn't mean that that's  
16 forever true. And you're absolutely right, I  
17 think, to raise it and to continue to raise it and  
18 to continue to look at whether there might not be  
19 a better way to do this.

20  
21 COUNCIL MEMBER MARK-VIVERITO:

22 Right, because there are; and I think that that's  
23 what Council Member Brewer was talking about and  
24 alluding to that. I think when she talks about  
25 consultants, it is in this field as well, that



1  
2 there are other contract that are issued by DOE  
3 that are very large and multi-million dollars that  
4 are done in a no-bid fashion. And that has to be  
5 aggressively looked at.

6 MARK PAGE: Okay.

7 COUNCIL MEMBER MARK-VIVERITO: When  
8 we're talking about this budget comprehensively.  
9 Touching on NYCHA, and you know, you talked about  
10 it. That is an issue that I'm very aware of and  
11 along with Council Member James and Dickens and  
12 others we're very passionate about, I am very  
13 passionate about, that we continue to have this  
14 operating deficit because of the disinvestment,  
15 not only at the federal level, because that is  
16 clearly the case, but we as a City and we as a  
17 state, have disinvested in our public housing.  
18 And that operating deficit is, part of that is our  
19 lack of commitment in a genuine way to NYCHA. And  
20 now getting wind that the Governor is proposing in  
21 their cuts the \$3 million that we were able to  
22 gather, which is a pittance but still it's an  
23 opening, that were able to get under Governor  
24 Spitzer. And we understand that that's something  
25 that has to be discussed, but going back to this

1  
2 issue of NYCHA, you know, as a cornerstone of our  
3 affordable housing, now we're also talking about  
4 the fact that the Governor is getting access to  
5 the \$270 million from the Battery Park City  
6 Authority to kind of help close the state budget,  
7 there's real concerns overall here with regards to  
8 affordable housing preservation and strengthening  
9 it. But regard specifically to NYCHA, could you  
10 talk a little bit more, you mentioned it, but I  
11 would like to hear a little bit more detail with  
12 regards to what is this idea and plan between the  
13 administration and NYCHA with how these centers  
14 are going to be run, how do you see it as being  
15 more effective, cost effective, and what are the  
16 numbers we're talking about in savings? Or at  
17 least the authority, I think, is where the savings  
18 would be coming to. I'm not sure if it's coming  
19 on the administration's end.

20 MARK PAGE: Unfortunately I need to  
21 get back to you with the numbers, because I don't  
22 have it all in my head. But the basic idea is to  
23 save the authority, the cost of providing social  
24 services that sort of go beyond rent counseling  
25 and things of that kind that are very closely

related to their function, to give responsibility to social services, DFTA is a big one. I think HRA and DYCD are also involved.

COUNCIL MEMBER MARK-VIVERITO: Do you know what the total amount that NYCHA does provide for these social services, what that amount is? And are you saying then that those millions, because I'm sure it's going to be in the millions are ones that are going to be consumed by these City agencies?

MARK PAGE: No. I mean the NYCHA support is not continuing for the City agencies. The City agencies are picking it up.

COUNCIL MEMBER MARK-VIVERITO: That's what I'm saying, though. The City agencies are going to be picking that up.

MARK PAGE: There is some net savings to NYCHA, and there is some reimbursement from, I know the feds. I don't know whether there's any significant state money. And I think some advantage in coordinating these services with similar services that social service agencies already provide. And we can provide some additional detail to you. We have, our

1  
2 communication with NYCHA on the numbers is not  
3 always perfect either.

4 COUNCIL MEMBER MARK-VIVERITO: And  
5 I know we have a subcommittee hearing of the  
6 Public Housing Committee coming up. So we're  
7 going to specifically talk about this arrangement  
8 agreement and what we're talking about in terms of  
9 figures. Because I think on our end we would like  
10 to understand on the agency front what is the cost  
11 going to be. So that's--

12 MARK PAGE: [Interposing] I think  
13 the ultimate thrust of this is a net savings to  
14 NYCHA.

15 COUNCIL MEMBER MARK-VIVERITO:  
16 Right, to NYCHA.

17 MARK PAGE: Yes.

18 COUNCIL MEMBER MARK-VIVERITO: But  
19 again, and understanding the structure of NYCHA,  
20 it's kind of separate. It's not quite a City  
21 agency. But I'm talking about the agencies DFTA,  
22 ACS, those that are going to be providing the  
23 services in these centers. That cost analysis I'd  
24 like to see. But, and then just the last question  
25 on the Battery Park City Authority that I

1  
2 mentioned, considering that the governor is  
3 proposing accessing that money to close the state  
4 budget gap, I mean what-- can you explain to us  
5 how that's going to affect, basically the moneys  
6 we're projected for the building of affordable  
7 housing and how is that going to be impacted and  
8 what do you see on that line?

9 MARK PAGE: I mean the revenue from  
10 Battery Park City that we're talking about is in  
11 general supposed to be spent by New York City. I  
12 think the piece of it he's talking about is  
13 subject to a three-party agreement between Battery  
14 Park City and the City Comptroller and the Mayor.  
15 I believe it's the money that was supposed to go  
16 to fund the 421-A fund.

17 COUNCIL MEMBER MARK-VIVERITO:  
18 Right.

19 MARK PAGE: And I guess even before  
20 you get to that degree of detail though, it's  
21 money that would flow for New York City. If you  
22 use it to pay for a bond issued by Battery Park  
23 City, then you stop the current flow, now you have  
24 a lump of money, which is the bond issue-- this is  
25 actually MAC on a small scale. You borrow money

1  
2 against a future revenue stream. It gives you a  
3 lump of money. Who gets the lump of money? If  
4 the lump of money all goes to the State of New  
5 York, I would believe that was unfortunate because  
6 it's being paid for with revenues that would  
7 otherwise have come to the City. If the lump of  
8 money comes to the City, well, it's MAC. You  
9 borrow a sum of money today that you're planning  
10 to use to pay for services today, but then you  
11 have to pay back that money over a period of time  
12 over revenue that you would otherwise have  
13 received. Is that a transaction that you want to  
14 pursue at this moment? I don't know. I mean the  
15 state is looking at, I think, an acute enough  
16 crisis over the next 18 months so that there are  
17 all kinds of structures that people are looking  
18 at. And by the time they pass their own budget  
19 restructuring through to what they pay us, we'll  
20 see what we might think was a good idea too. It  
21 could change from where we are now.

22 COUNCIL MEMBER MARK-VIVERITO: Now  
23 the proposal of the Governor that he's laying out,  
24 are you saying that that needs the approval of  
25 those three entities, the Authority, the City, the

Comptroller?

MARK PAGE: It needs those three.

Yeah. If you want to do that kind of one-shot financing to let you pay for current services with future revenues, the option-- if we wanted to do that with that Battery Park City money, we would need in effect the State's consent, because Battery Park City is a party to the agreement on how that money is used. For the State to use the money in that way, they effectively need our consent, because the Mayor and Comptroller are parties to that agreement.

COUNCIL MEMBER MARK-VIVERITO: Now if that were to occur, the way that the Governor is laying it out, how is that going to impact, you know, what the money was initially intended for, how would that impact?

MARK PAGE: It can't be good for 421-A, the 421-A fund, unless you find money somewhere else to fill it in with. I'm not swift on the details at this moment.

COUNCIL MEMBER MARK-VIVERITO: Now considering that for the 421-A fund, the purpose is to build affordable housing, right? The Mayor

has his plan of affordable housing, how is that going to impact his plan? Has there been a readjustment of the figures?

MARK PAGE: If you spend the money for state budget balance, it suggests that you're not going to have it--

COUNCIL MEMBER MARK-VIVERITO:  
[Interposing] Understood.

MARK PAGE: --for your affordable housing purpose you thought you were spending it for.

COUNCIL MEMBER MARK-VIVERITO:  
Understood. So my question is whether or not the affordable housing plan of the Mayor's has been readjusted in light of that or has there been any--

MARK PAGE: [Interposing] No. Not at this moment.

COUNCIL MEMBER MARK-VIVERITO: --  
scenario laid out to look at how that would impact it?

MARK PAGE: Again, I'm sure we've thought a little bit about how this works. I don't think it's really come to a reality level



1 yet. I mean one of the things that's happening  
2 now is that this is the Governor's proposal put  
3 together by his department of budget, but then I  
4 think it's being discussed with legislature at  
5 this moment. And it's, I would say, not perfectly  
6 clear how that's going to go.  
7

8 COUNCIL MEMBER MARK-VIVERITO:

9 Okay. Thank you.

10 CHAIRPERSON WEPRIN: Thank you.

11 And the last questioner for Mr. Page is Council  
12 Member Simcha Felder.

13 COUNCIL MEMBER FELDER: Thank you  
14 very much. As I've been here with you since the  
15 beginning of your hearing, and as-- during some of  
16 the questions, the responses I got fidgety. And I  
17 happened to open my drawer and find shopping bags.  
18 So I wanted to know, I have a large one here. I  
19 have a medium-sized. I happen to have a small one  
20 here. What's the price on all these bags?

21 MARK PAGE: They look used, Simcha.

22 COUNCIL MEMBER FELDER: Huh?

23 MARK PAGE: They looked used.

24 COUNCIL MEMBER FELDER: Yeah, but  
25 we're going to get to that in a minute. Is it six

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cents no matter what size? How does it work?

MARK PAGE: As proposed I think it's fine.

COUNCIL MEMBER FELDER: I thought you were going to give the--

MARK PAGE: [Interposing] And by taking those bags with you--

COUNCIL MEMBER FELDER: [Interposing] Yes?

MARK PAGE: You can earn five cents repeatedly until they're no longer used; they've actually collapsed and burst.

COUNCIL MEMBER FELDER: In fact, that was my follow up question. When you bring the bags back, are they going to give you a nickel credit, like when you go return the bottle? They took your five cents for the bag. They taxed you for the bag--

MARK PAGE: [Interposing] That's not in--

COUNCIL MEMBER FELDER: [Interposing] No, no. Let me finish. You made the joke, now I get to make my joke. I want to know when you go back, do you get the credit?

1  
2 They took a nickel for you for the bag, and you  
3 were, you know, quite right in saying bring it  
4 back. I want to know whether you get the nickel  
5 credit when you bring it back?

6 MARK PAGE: No.

7 COUNCIL MEMBER FELDER: So then it  
8 is a tax, taking the money--

9 MARK PAGE: [Interposing] I told  
10 you--

11 COUNCIL MEMBER FELDER: And no  
12 matter how careful I am and how many bags I bring  
13 back to use over and over again, I will lose the  
14 money as long as I--

15 MARK PAGE: You will lose that  
16 initial five cents you invested in the bag. But  
17 then you can get a five-cent revenue item each  
18 time you go, because you have not had to pay  
19 another five cents for the same bag.

20 COUNCIL MEMBER FELDER: I got the  
21 joke the first time. I got it the first time. I  
22 got it the first time. Now, no matter how big or  
23 small the bag is, it's still five cents? If you  
24 go to an electronics store, or for example, if you  
25 go shopping in a department store is it a nickel?

MARK PAGE: Maybe you could influence how this is structured in the long run. You could come up with a proposal as to how we should rate the value of bags. We're thinking it's a nickel a bag.

COUNCIL MEMBER FELDER: But I'm asking you, there are some people waiting to question you here, and I don't want to keep them any longer, but I'm serious about the fact that--

MARK PAGE: [Interposing] Yeah. I know.

COUNCIL MEMBER FELDER: That this whole idea, at the end of the day, what do you expect the City to make on this?

MARK PAGE: \$15 million.

COUNCIL MEMBER FELDER: \$15 million.

MARK PAGE: 15, 1-5.

COUNCIL MEMBER FELDER: 15, yeah, 15. Let me just say that if the purpose was to encourage recycling and to save the earth, we should have done this a few years ago, not when people are suffering. And to nickel and dime people for bags now, despite the money and despite

what you're saying about the, what it could do, I don't think it's fair at this time. Do you want me to ask you more questions? You seem like you didn't have enough.

[Laughter]

COUNCIL MEMBER FELDER: Thank you.

MARK PAGE: Thank you.

CHAIRPERSON WEPRIN: Are you finished, Council Member?

COUNCIL MEMBER FELDER: Yes.

CHAIRPERSON WEPRIN: Okay. We're about to adjourn. There will be a regular Finance Committee Wednesday at 11:00, where we're going to take up budget modifications and transparency resolutions, as well as the Hudson Square bid. The next continuation of the November Financial Plan Hearing, listen carefully everyone, the next continuation of the November Financial Plan Hearing will be held this Thursday, November 21st, at 10:00 a.m. and Finance will be held jointly with the General Welfare Committee, the Health Committee, the Education Committee and the Committee on Higher Education. And we expect to hear from the HRA Commissioner, the ACS

Commissioner and Chancellor Joel Klein of the

Department of Education. We are now adjourned.

C E R T I F I C A T E

I, Erika Swyler, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature  \_\_\_\_\_

Date December 8, 2008 \_\_\_\_\_