

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON TRANSPORTATION

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June 24, 2009
Start: 01:23 pm
Recess: 02:37 pm

HELD AT: Committee Room
 City Hall

B E F O R E: JOHN C. LIU
 Chairperson

COUNCIL MEMBERS:
Diana Reyna
Gale A. Brewer
G. Oliver Koppell
Daniel R. Garodnick
Jessica S. Lappin
Darlene Mealy
Vincent Ignizio
Eric Ulrich

A P P E A R A N C E S

Ronnie Hakim
Senior VP/General Counsel
MTA Capital Construction Company

CHAIRPERSON LIU: Good afternoon.

Welcome to today's hearing of the City Council's Committee on Transportation. My name is John Liu and I have the privilege of chairing this committee and today's hearing. Since September 11th, the MTA has tried to work towards hardening the subway system against terror attacks. In fact, before this committee, in the spring of 2003, officials of the MTA proudly announced that the MTA was going forth with an effort to harden the subway system against terror attacks. Those seemed to have been the adopted terminology by the MTA because we don't need to say, nor could we really say to terror-proof the subways. For years after that announcement there was very little to no tangible progress with regard to the MTA's efforts to harden the subway system against terror attack. In July of 2005, the world witnessed a terror attack on the London Underground. That prompted the MTA to make an announcement the following month that it was proceeding with a contract worth hundreds of millions of dollars with Lockheed Martin to essentially install cameras and use artificial intelligence to

1 identify what was being seen by those cameras to
2 alert the system of any possible threats. This
3 committee was happy to see at that time some
4 progress that the MTA seemed to have been making
5 with regard to their efforts to harden the system,
6 but still did question the selection of the
7 Lockheed Martin contract given that the exact same
8 technology had been rejected by London transit
9 officials just months earlier. This committee was
10 told in early 2006 that the MTA felt confident
11 that that system would work. Even though we
12 expressed concerns that the system actually had
13 not been fully tested, we were assured that it was
14 good to go. So it is therefore very surprising
15 that recently we see reports that in fact the work
16 has completely fallen through with lawsuits being
17 filed possibly by both the MTA and the contractor.
18 The purpose of today's hearing is not to look at
19 who's suing what; the public could care less.
20 What we need to understand is what the MTA has
21 actually done to harden the subway system against
22 terror attacks. That is the purpose of why we've
23 convened today's hearing. I'd like to identify my
24 colleague who has joined us today, Council Member
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Daniel Garodnick of Manhattan. We invite officials of the MTA to join us.

RONNIE HAKIM: Chairperson Liu and members of the Transportation Committee, thank you for the opportunity to provide the Transportation Committee with a progress update regarding the MTA's important Security Program work to harden the subway system. My name is Ronnie Hakim. I am the Senior Vice President and General Counsel at MTA Capital Construction. That's the MTA agency that's responsible for the design, implementation and construction of the Capital Construction projects that relate to the MTA's Security Program. The MTA's Security Program, as you know, involves a multifaceted approach to improving the safety and security of the MTA's transit and subway system. Security continues to be of paramount concern and importance. I do come with good news today, which is that as consistently reported by the New York State Comptroller, the system has gotten safer and more secure as each element of the program has been completed. The construction elements of the Security program that relate to the subway system include projects that

involve structural hardening, tunnel hardening, perimeter protection work, and consequence management. Consequence management is a phrase that we use to describe projects that help facilitate evacuations and getting people safely out of the subway system. It also includes electronic security. To date, we've committed over \$700 million on different elements of work. This includes: \$236 million in structural hardening facilities, another \$61.5 million specifically on subway tunnel hardening, \$40 million in perimeter protection, and a little over \$69 million in consequence management, as well as \$307 million in electronic security. First, in terms of hardening, all of the first phase of structural and tunnel hardening projects have been completed. The subway hardening program was the first of its kind. Depending on the specific characteristics and geology of the different facilities, huge concrete planks and concrete and marine fill were placed in the riverbeds to create structural protection to the tunnels. These planks were very large segments weighing over 350 tons. Construction was very complex and involved

innovative methods of working in water to successfully place these huge pieces using sonar-like technology. In addition, we worked with the federal government's laboratory facility to create design standards to implement interior hardening and standoff where needed. These important projects are all completed. In terms of perimeter protection, and these are primarily bollard projects that are designed and constructed in accordance with federal security standards, we have completed two Perimeter Protection projects with two other projects still in progress. The last 5th perimeter protection project that's needed will be awarded this fall. Consequence Management, as I indicated, is the term we use to describe what are considered basically the MTA's fire/life/safety projects. These are the projects that focus on improved communications, lighting, signage, things that make it easier and safer and more effective for passengers to evacuate the system in the event of an emergency. We have completed one fire/life/safety project and the remaining three projects are in progress. Of these remaining projects, one is nearing

completion this summer, another will be done by year end, and the last was recently awarded.

Turning to electronic security, there are two elements of electronic security that we work on.

These are programs within each MTA agency that deal with cameras and access control devices.

Specifically in the subway system, MTA'S New York City Transit's Passenger Identification Program

has already installed over 2,000 cameras, in over 100 subway stations to monitor movements in and

out of the stations. The other element is the

Integrated Electronic Security System Project, the

Lockheed project that you referred. That involves

the installation of added cameras, access control

devices and surveillance equipment at a series of

critical monitored locations. They feed into new

agency command, communication and control centers,

and include a new MTA Police Central Command

center. This project involves equipment

installations and software and hardware design,

development and integration. While progress has

been made in getting equipment installed in

various facilities and to date about 80% of that

field installation work is done, there are over

1,400 cameras installed, 800 plus access control devices done, but Lockheed has not been able to pass the required software system tests needed for us to have confidence that everything can work as required. As you referred, Lockheed Martin sued the MTA at the end of April alleging that the MTA had breached its contract entitling them to terminate performance under the contract. We've denied those allegations in court and we've asserted counterclaims alleging Lockheed's failure to perform and its breach of contract. This case is in the Southern District, assigned a Federal Court judge, and is on a discovery and motion schedule through the end of the year, with a possible trial date in early 2010. But, we're not waiting for that. Our goal is to complete the work in a manner that provides MTA with the best technology available to achieve the project's intent to provide real time alarms and situational awareness at the monitored facilities. We've recently defaulted Lockheed and have just begun discussions with the Sureties regarding a completion plan, but it is too early to comment on the outcome of those discussions and plans. In

1 closing, I would like to reiterate that the MTA
2 Security Program has already completed the subway
3 hardening projects that it needed to get done.
4 This is one element of the overall construction
5 program that has structurally hardened these
6 critical facilities. We've also improved signage
7 and lighting, enhanced our customer
8 communications, and provided needed perimeter
9 protection. These projects have significantly
10 improved the physical security of the subway
11 system and the MTA's transportation network for
12 our, customers and employees. Thank you.

14 CHAIRPERSON LIU: Thank you. We've
15 been joined by Council Member Diana Reyna of
16 Brooklyn and Queens. What does that mean when you
17 say you recently defaulted Lockheed? Does that
18 mean they're out of the picture?

19 RONNIE HAKIM: That's correct.
20 That means that currently, as of June 12th, we
21 sent them a default notice and contacted their
22 sureties who had posted a performance bond on the
23 contract.

24 CHAIRPERSON LIU: I'm not a great
25 lawyer like Dan Garodnick is so I'm not sure what

those words mean. That basically says that Lockheed is out of the picture.

RONNIE HAKIM: Correct.

CHAIRPERSON LIU: It's not the MTA that decided that Lockheed is out of the picture; Lockheed sued to get out of the picture back in April.

RONNIE HAKIM: Lockheed's suit is asking a judge to say that it can terminate performance under the contract. We, in turn, have defaulted them in order to commence these discussions with the sureties to complete the contract, complete the work.

CHAIRPERSON LIU: What are the sureties?

RONNIE HAKIM: There are three sureties. They are large insurance companies on the project. They've posted a performance bond in which they in effect say if an event of default has occurred; the sureties come in to perform the work.

CHAIRPERSON LIU: In other words, that protects the MTA against a financial loss for the payments that may have been made to Lockheed

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2 already now that they are out of the picture. How
3 much has been paid to Lockheed?

4 RONNIE HAKIM: About \$250 million.

5 CHAIRPERSON LIU: Of the \$250
6 million we're essentially getting nothing from
7 Lockheed.

8 RONNIE HAKIM: I indicated that a
9 lot of work has already progressed.

10 CHAIRPERSON LIU: What does that
11 mean though?

12 RONNIE HAKIM: It means that over
13 1,000 cameras are up. Access control devices are
14 in. New command and control centers have been
15 built. The major problem that we've had is with
16 the system testing.

17 CHAIRPERSON LIU: Not the system
18 testing, but the system itself. You mean testing
19 the system.

20 RONNIE HAKIM: Testing the system,
21 yes.

22 CHAIRPERSON LIU: There is no
23 problem with regard to testing the system, the
24 problem is that the system is just not testing
25 well.

RONNIE HAKIM: Yes.

CHAIRPERSON LIU: So it's not working. \$250 million has been paid and the system is not working?

RONNIE HAKIM: The system is not working as completely intended.

CHAIRPERSON LIU: It's not working, I would dare say, nearly as much as it's intended to work. Anybody can install 1,000 cameras. I could even install a camera and I'm not all that technological savvy. The point is that anybody could have installed cameras. The point behind the Lockheed contract, based on the MTA's own testimony, was what we have called the artificial intelligence system. It's the system that the MTA greatly publicized in the media. We all I think will still remember the news reports about how there was going to be a piece of luggage left on a subway platform and then somehow the computers would magically draw a box around that lost piece of luggage on the screen and then zero in on that and identify that as a possible threat. Is any of that working now?

RONNIE HAKIM: There are

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2 intelligent video as you referred to it, the video
3 analytics that are working. The element that you
4 just referred to, Councilman, had to do with a
5 pilot that we did under the project. Lockheed
6 piloted for us and tested that particular
7 technology. And like many other transit systems
8 in the world, we discovered that it was not right.
9 The technology does not work in our subway system.

10 CHAIRPERSON LIU: They why
11 highlight that in the media? I mean that's part
12 of the MTA's problem when we talk about
13 credibility. Ronnie, don't take any of this
14 personally. The MTA highlights all these great
15 things and then there is no follow through, or the
16 follow through is a failure. What's happened with
17 this Lockheed contract is a failure. The system
18 doesn't work. This committee warned that the MTA
19 has not finished determining whether the system
20 worked. We thought that it was premature to
21 commit so much money. At the time it was I
22 believe \$212 million. Now we hear that the MTA
23 has paid a quarter billion dollars, \$250 million
24 for a system that falls far short of its promises
25 and public expectations. It's just very difficult

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2 for the public to accept that as the MTA has just
3 gotten a multibillion dollar bailout and at a time
4 when confidence in the MTA is at an all-time low.
5 Did you want to say something about whether the
6 system actually works or not?

7 RONNIE HAKIM: Thank you. There
8 are other elements of the intelligent video that
9 work and work well. There is the ability to
10 trigger alarms and to the extent that we have that
11 already installed and it is working in certain
12 facilities.

13 CHAIRPERSON LIU: We've been joined
14 by Council Member Vincent Ignizio of Staten Island
15 and Council Member Eric Ulrich of Queens. If
16 that's the case, how much is the MTA looking to
17 recover through these sureties?

18 RONNIE HAKIM: Their obligation is
19 to complete the project. They have posted a bond
20 that well exceeds what the remaining contract
21 balance is. So we financially, as you indicated,
22 are protected.

23 CHAIRPERSON LIU: So how much are
24 we talking about?

25 RONNIE HAKIM: To complete the

work?

CHAIRPERSON LIU: The sureties aren't going to complete the remaining work. I would imagine that they're simply going to reimburse the MTA for the portion of the work that actually had not been done.

RONNIE HAKIM: They actually may bring contractors onboard to complete the work. That's what we're talking about right now. We just notified them on June 12th of the default. So we're really in very early stages of those discussions.

CHAIRPERSON LIU: So the sureties are going to choose the contractors that will complete the rest of the Lockheed Martin contract?

RONNIE HAKIM: That we would agree to. We have to approve that.

CHAIRPERSON LIU: But the MTA has paid out \$250 million to this contract.

RONNIE HAKIM: Yes.

CHAIRPERSON LIU: That's all the MTA expects to pay or is any more money expected to be paid for this particular work?

RONNIE HAKIM: Well, the overall

contract balance is \$307 million. So the balance of the contract is unpaid to Lockheed.

CHAIRPERSON LIU: About \$57 million?

RONNIE HAKIM: Right.

CHAIRPERSON LIU: I have some follow up questions, but I'll defer to Council Member Garodnick for his questions.

COUNCIL MEMBER GARODNICK: Thank you, Mr. Chairman. I just wanted to follow up on a couple of points that you just made. I think I understand them but I want to be absolutely sure. In connection with the Lockheed contract, you were able to get some cameras up, command and control centers built and you said that there were problems with system testing or that the systems were not working as completely intended. Chairman Liu suggested that perhaps that meant that they were not working. Was this all related to the artificial intelligence that we were talking about, or are none of these cameras working at all?

RONNIE HAKIM: The artificial intelligence deals with particular cameras. A lot

of the cameras are recording devices. They relate information back to central communication systems.

COUNCIL MEMBER GARODNICK: So you have 1,000 cameras up; how many of them are functioning?

RONNIE HAKIM: I would have to give you a separate camera count. Within the subway system in the passenger identification areas by the turnstiles, the Transit Program has over 2,000 cameras up.

COUNCIL MEMBER GARODNICK: Up and running?

RONNIE HAKIM: Yes.

COUNCIL MEMBER GARODNICK: Are any of those the ones that were installed by Lockheed Martin?

RONNIE HAKIM: No. Those are separate cameras.

COUNCIL MEMBER GARODNICK: We don't know if any of those are up and running?

RONNIE HAKIM: The Lockheed Martin cameras? I don't have a camera count right here.

COUNCIL MEMBER GARODNICK: Do we know if any of them are up and running?

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2 RONNIE HAKIM: I would have to find
3 out.

4 COUNCIL MEMBER GARODNICK: So
5 sitting here today we can't say one way or the
6 other whether any of those cameras for which city,
7 state and MTA paid \$250 million for are working?

8 RONNIE HAKIM: Some are. I don't
9 have the precise count.

10 COUNCIL MEMBER GARODNICK: So some
11 are?

12 RONNIE HAKIM: Yes.

13 COUNCIL MEMBER GARODNICK: You said
14 that the artificial intelligence in the suitcase
15 example doesn't work in New York City's system.
16 What exactly does that mean? Can you tell us a
17 little more about why that is?

18 RONNIE HAKIM: We piloted the
19 technology in a subway tunnel-like environment.
20 It's dark, there are too many columns, there are
21 too many people and there were too many false
22 alarms.

23 COUNCIL MEMBER GARODNICK: Wasn't
24 that the premise though of the Lockheed Martin
25 contract that that would be what we were looking

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2 to accomplish? That's my memory of it at least.

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RONNIE HAKIM: That was one element of the program. What Lockheed was under contract to do was to pilot that technology because so far in transit environments that technology has not been successful. So they did what they were asked to do.

COUNCIL MEMBER GARODNICK: They piloted it, tried it, and failed.

RONNIE HAKIM: Correct.

COUNCIL MEMBER GARODNICK: So does that mean that artificial intelligence for use in the New York City subway system has no future?

RONNIE HAKIM: No. There are many different kinds of artificial intelligence, of which artificial intelligent video is one. We have working video that can detect movement where there should not be movement.

COUNCIL MEMBER GARODNICK: Is that something that was installed as part of phase one of the system here?

RONNIE HAKIM: This is part of the Lockheed program.

COUNCIL MEMBER GARODNICK: It was

part of the Lockheed program to have cameras which could detect movement in areas where there's not supposed to be movement.

RONNIE HAKIM: Correct.

COUNCIL MEMBER GARODNICK: That falls into some of the 1,000 cameras that you were talking about. Those are up and running and working.

RONNIE HAKIM: Yes. Yes, they are. That is a type of intelligent video.

COUNCIL MEMBER GARODNICK: Do you have any sense of how many of these 1,000 cameras fall into the category of artificial intelligence like the way you just described?

RONNIE HAKIM: I would prefer to provide you a precise breakdown of the cameras.

COUNCIL MEMBER GARODNICK: At a later date is what you're saying?

RONNIE HAKIM: Yes.

COUNCIL MEMBER GARODNICK: Let's talk about the sureties' obligation for a second. You noted that they have the obligation here to complete the project and that the MTA is financially protected. It sounds to me like there

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2 are claims and counterclaims going on between the
3 MTA and Lockheed Martin. If Lockheed is
4 ultimately successful in their claim against the
5 MTA which said that the MTA was dragging its feet
6 and not giving access to tunnels and things like
7 that, would the sureties still have an obligation
8 to finish the system?

9 RONNIE HAKIM: No. They would then
10 not have the obligation to complete the system.

11 COUNCIL MEMBER GARODNICK: So what
12 you're saying is that the MTA is only really
13 financially protected if it is successful in the
14 lawsuit?

15 RONNIE HAKIM: To the extent that
16 the sureties could choose to take a position that
17 they are not obligated to perform, we would then
18 bring them into the lawsuit or serve them with a
19 separate suit.

20 COUNCIL MEMBER GARODNICK: I
21 understand. But you said rather conclusively that
22 the MTA was financially protected here. I just
23 want to be clear. I think I understand what
24 you're saying is that you believe that the MTA is
25 financially protected because you believe that

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2 Lockheed Martin was in default and that they did
3 not perform on their contract and as a result the
4 sureties have an obligation. But it is a lawsuit,
5 there are claims and counterclaims and you don't
6 know or can't say with certainty as to who will
7 retain obligations at the end of the day. Is that
8 fair?

9 RONNIE HAKIM: That's correct.

10 COUNCIL MEMBER GARODNICK: Phase
11 one was a \$600 million phase. Is that right?

12 RONNIE HAKIM: Very close, it was
13 \$591.

14 COUNCIL MEMBER GARODNICK: There
15 were 16 projects?

16 RONNIE HAKIM: Correct, as counted
17 by the State Comptroller.

18 COUNCIL MEMBER GARODNICK: Of the
19 16 projects, there were some 40 construction
20 tasks. Is that right?

21 RONNIE HAKIM: That's correct.

22 COUNCIL MEMBER GARODNICK: How many
23 of those construction tasks were or are completed?

24 RONNIE HAKIM: Twenty-five.

25 COUNCIL MEMBER GARODNICK: Of the

remaining 15, how many of them are more than a year behind schedule?

RONNIE HAKIM: I think about eight.

COUNCIL MEMBER GARODNICK: The other seven?

RONNIE HAKIM: They are not behind schedule by more than a year.

COUNCIL MEMBER GARODNICK: Are any of those seven on schedule and going as planned or are they all in varying degrees of off schedule?

RONNIE HAKIM: They are in varying degrees of off schedule.

COUNCIL MEMBER GARODNICK: One more question here. I know that there are others who have questions. Phase two has an additional \$500 million for new projects. Is that right?

RONNIE HAKIM: Not exactly.

COUNCIL MEMBER GARODNICK: Tell me.

RONNIE HAKIM: Phase two; we allocated \$495 million for additional projects. Those were not fully funded. The funded elements of phase two are a little over \$140 million.

COUNCIL MEMBER GARODNICK: When you say they were allocated but not funded, just

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2 explain to us what that means.

3 RONNIE HAKIM: We in the capital
4 plan have put in an allocation of \$495 million and
5 have been seeking additional federal funding or
6 other funding sources to fully fund the program.

7 COUNCIL MEMBER GARODNICK: So it's
8 part of the plan, but the dollars did not
9 materialize, so there are \$140 million in what
10 will be constituted as phase two.

11 RONNIE HAKIM: Correct.

12 COUNCIL MEMBER GARODNICK: What's
13 in phase two?

14 RONNIE HAKIM: Five additional
15 projects at different facilities.

16 COUNCIL MEMBER GARODNICK: Can you
17 say anything about what they are?

18 RONNIE HAKIM: The types of
19 projects are structural hardening, perimeter
20 protection and some camera work.

21 COUNCIL MEMBER GARODNICK: It's a
22 little difficult for me to continue to ask
23 questions because I don't know how many of the
24 1,000 cameras are up and working. I guess I can
25 ask this sort of big picture question. How many

cameras do you think we need to have working for the system to be secure to the satisfaction of the MTA?

RONNIE HAKIM: Our goal is to have all of the cameras working.

COUNCIL MEMBER GARODNICK: But are all of the cameras installed?

RONNIE HAKIM: No, not all of the cameras are installed.

COUNCIL MEMBER GARODNICK: So my question is how many cameras need to be installed and working your view for the system to be secure from that perspective?

RONNIE HAKIM: There is a critical mass of the cameras installed already, about 80% of them.

COUNCIL MEMBER GARODNICK: I'm sorry to harp on it, but I just want to understand. If 80% of them are already installed of all the ones that are anticipated to be installed, how many then are installed today? Because then we'll be able to figure out how many need to be installed overall.

RONNIE HAKIM: There are 1,400

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2 installed.

3 COUNCIL MEMBER GARODNICK: So there
4 are 1,400 installed today and that constitutes
5 about 80%. So an additional 280 cameras is what
6 will do the trick for us before MTA considers us
7 to be fully operational in terms of number of
8 cameras that need to be in the system. Is that
9 right?

10 RONNIE HAKIM: I would defer to
11 somebody who would a security-type assessment on
12 that. I think that if you have 80% of the cameras
13 installed in this room, but 20% are not there,
14 that this may still be a secured environment.

15 COUNCIL MEMBER GARODNICK: But it
16 is MTA's goal to add additional, and the number
17 that I have here through math is an additional 280
18 cameras to what is currently in place.

19 RONNIE HAKIM: Absolutely.

20 COUNCIL MEMBER GARODNICK: Unless I
21 heard you wrong before, I heard you say that there
22 were 2,000 cameras that were up.

23 RONNIE HAKIM: It's a different
24 population of cameras. They're cameras in the
25 subway system at about 100 stations that monitor

the movement in and out of the stations.

COUNCIL MEMBER GARODNICK: So that's not what we're talking about here, that's a separate category?

RONNIE HAKIM: Correct.

COUNCIL MEMBER GARODNICK: That's to monitor movement in the stations and that's 2,000 and those are all in.

RONNIE HAKIM: Correct.

COUNCIL MEMBER GARODNICK: And as far as we know they're all working or barring minor malfunctions they are all where they should be.

RONNIE HAKIM: Yes.

COUNCIL MEMBER GARODNICK: Then just so I understand, the 1,400 and the potential additional 280, those cameras are for which purpose?

RONNIE HAKIM: Those cameras are both recording movement as well as watching doors that lead to non-public spaces.

COUNCIL MEMBER GARODNICK: I'm not sure I completely understand the difference between the 2,000 and the 1,400 as to their

purpose.

RONNIE HAKIM: They're in different locations. The 2,000 are strategically placed to be able to monitor movement in and out of the stations.

COUNCIL MEMBER GARODNICK: So those 2,000 would be the ones that are more readily visible, the ones where you're capturing the movement for passengers coming in and out. The 1,400 are in less visible areas where you're looking to pick up clues of things that should not be happening.

RONNIE HAKIM: That's correct.

COUNCIL MEMBER GARODNICK: Now are the additional 280 cameras in your phase two, your \$140 million for phase two?

RONNIE HAKIM: No, that's part of the scope of work in the Lockheed program.

COUNCIL MEMBER GARODNICK: When you say it's part of the scope of work, does that mean that the sureties, if successful, would be paying for the installation of those 280 cameras?

RONNIE HAKIM: Yes, to complete the project.

COUNCIL MEMBER GARODNICK: Last question from me. The 1,000 cameras that are up from the Lockheed contract, they are 1,000 cameras that fall into the 1,400 number that you gave me a moment ago, which was the 80% of all cameras detecting movement and things like that.

RONNIE HAKIM: Yes, it is 1,400 that are installed.

COUNCIL MEMBER GARODNICK: But 1,000 of them went up in connection with Lockheed. Is that right?

RONNIE HAKIM: No, I think I misspoke. I meant to say that 1,400 went up in connection with the Lockheed program.

COUNCIL MEMBER GARODNICK: So all of the cameras that are up that detect movement and things in non-visible places are from the Lockheed contract. The rest it is your expectation will come in satisfaction of the Lockheed contract as per the MTA.

RONNIE HAKIM: Correct.

COUNCIL MEMBER GARODNICK: We do not know right now how many of the 1,400 are working?

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2 RONNIE HAKIM: Correct. But I will
3 follow up.

4 COUNCIL MEMBER GARODNICK: You said
5 you think some are but we're not sure.

6 RONNIE HAKIM: I don't know the
7 precise number, but I will follow up with that
8 information.

9 COUNCIL MEMBER GARODNICK: Thank
10 you, Mr. Chairman.

11 CHAIRPERSON LIU: Thank you very
12 much, Council Member Garodnick. You may have
13 missed your calling in oral surgery. We've been
14 joined by Council Member Darlene Mealy of Brooklyn
15 and Council Member Oliver Koppell of the Bronx.
16 The discussion that just took place, I think
17 Council Member Garodnick asked a lot of very
18 pertinent questions. You must understand the
19 extreme frustration that not only we the members
20 of this committee experience but the public at
21 large does. They're hearing all this stuff.
22 There are different definitions of what's a
23 camera, a camera associated with the Lockheed
24 Martin contract, a camera that's part of that
25 contract, a camera that's working, it doesn't

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2 work. Actually none of these cameras really serve
3 their purpose right now, because while many of the
4 cameras may actually be installed, the information
5 doesn't seem to be going anywhere and being
6 processed, which is what the purpose of the
7 Lockheed Martin system was meant for. It was
8 indeed that Lockheed Martin system that was meant
9 to process the information that was being captured
10 by the cameras. So you can have a million cameras
11 up right now, but if there is no way to process
12 the information that's being caught or detected by
13 those cameras, then what good are those cameras?
14 Except to serve notice to anybody who might do
15 wrong that if they look up and see a camera they
16 might think otherwise. What purpose do any of
17 those cameras serve right now?

18 RONNIE HAKIM: The system itself,
19 and you're correct, it is a system that processes
20 information, doesn't work completely as intended.
21 That is different than saying it doesn't work at
22 all. So there a myriad of requirements in this
23 complex project. Lockheed has failed in our view
24 to pass all of the requirements that were stated
25 in the contract.

CHAIRPERSON LIU: In the MTA's view the Lockheed has failed. In the public's view, the MTA has failed. Here again, we're not talking about any camera system that is meant to detect or deter criminal activity in the traditional sense. This is part of a system, and again I want to use the MTA's own words, it is part of the MTA's security program to harden the subway system. Specifically, to harden the subway system against terror attack. Those cameras don't seem to be doing the job right now. So when you say that it is actually achieving some of the purposes, it's hard for me at least to understand what purposes those cameras are actually achieving at all. Can you clarify what you mean when you say that the cameras are working to some extent? Again, the goal is to harden the system against terror attack.

RONNIE HAKIM: If there is a non-public area of the transit system, the cameras currently will send an alarm that somebody is in this non-public area. The cameras can be seen and monitored. That does not mean that all of the requirements that we have are met. It does mean

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2 that there is value to the system that is in place
3 at these facilities.

4 CHAIRPERSON LIU: Would the MTA
5 have paid a quarter billion dollars for that kind
6 of system or anywhere close to a quarter billion
7 dollars?

8 RONNIE HAKIM: The payments that
9 we've made to Lockheed were based on progress. As
10 work was getting done, payments were being made.
11 That's correct.

12 CHAIRPERSON LIU: But in fact, the
13 progress seemed to have been prematurely gauged.
14 If the payments were supposed to go out for
15 progress and it seems that little progress has
16 been made, it's easy to question why a quarter
17 billion dollars would have been paid out at all.

18 RONNIE HAKIM: While quite a bit or
19 work was done, we do continue to take the
20 position, as I've noted that the Lockheed's
21 program has not implemented all of our
22 requirements. So if all of the tests aren't
23 passed, that's not successful from our
24 perspective.

25 CHAIRPERSON LIU: Here again, I'm

not trying to beat a dead horse here, but your words are somewhat misleading when you say that not all. It seems like the basic fundamental purpose of the Lockheed system has not been met. Not that some parts of what they were supposed to do has not been achieved, but that the central mission of this project has failed. That's what we're talking about here. I don't think it's fair to keep mincing the words here. Council Member Garodnick also points out, correctly, that this discussion of the sureties being involved and therefore the MTA is somehow insulated or protected from financial loss; actually right now the MTA is out a quarter billion dollars. The MTA has to sue, spend a ton money hiring lawyers, filing suit, filing countersuits to try to reclaim the quarter billion dollars. Based on my limited knowledge of the system, at some point there is probably going to be some kind of a settlement, at which point the MTA will wind up with a fraction of what it is suing for. So the MTA seems to be out quite a bit of money here and yet the system is far from being complete to serve its original purposes.

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2 RONNIE HAKIM: The MTA has been
3 Lockheed for work that it's been performing.

4 CHAIRPERSON LIU: Even if they were
5 installing a system that doesn't work, the MTA
6 still considers that work?

7 RONNIE HAKIM: We don't think that
8 some of the requirements have been met. So if we
9 have 1,000 test requirements that need to be
10 passed and there are still 300 tests or
11 requirements that have not been demonstrated, that
12 to us is not successful. That's the basis in a
13 bit of a nutshell for the default. But buildings
14 are built, cameras are hung, the work has
15 progressed. The installation work itself is about
16 80% done.

17 CHAIRPERSON LIU: Work has
18 progressed seems to have a very different
19 definition at the MTA as compared to the
20 definition in the public. I'll remind people, and
21 again this is not directed to you Ms. Hakim, that
22 this is a Lockheed Martin system costing a quarter
23 billion dollars that doesn't seem to work. This
24 is in light of recent revelations that the cell
25 phone project in the subways is also failing.

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2 This is in light of the years' long effort on the
3 part of MTA to install vehicle locator devices on
4 the busses to be going absolutely nowhere. All of
5 this has the backdrop of the MTA just receiving a
6 multibillion dollar bailout. It just does not
7 bode well for the public, let alone the MTA.

8 We've got questions from Council Member Koppell.

9 COUNCIL MEMBER KOPPELL: I'm sorry
10 to be late and I'm told that this question has not
11 been asked. If you've already answered it, you
12 don't need to answer it again because I wasn't
13 here. Some years ago, the chairman will remember
14 and maybe some members will remember, I engaged in
15 a dialogue concerning one aspect of security and
16 that is customer communications and the
17 installation of communication devices, primarily
18 speakers on platforms. I felt it was
19 unconscionable that there weren't speakers on
20 every platform so that in case of emergency or
21 delay, passengers could know what's going on. I
22 asked that at least some sort of speaker be
23 installed. I think I gave nine months as a
24 deadline. The deadline passed and I know that it
25 didn't happen. Do you know where it is now in

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2 terms of speakers on platforms, both underground
3 and elevated?

4 RONNIE HAKIM: I'm not aware of the
5 status of the customer information system project.
6 I'd be happy to find out and provide the committee
7 an update.

8 COUNCIL MEMBER KOPPELL: Could we
9 get a report on that? It seemed to me that the
10 technology was not complex. The committee was
11 told that the communications would have to await
12 the installation of the electronics and other
13 equipment involved in informing passengers of when
14 the next train was coming. I know that is still
15 not in place in most places where I've been in the
16 subway. They sometimes announce it over the
17 loudspeaker and in those stations there are
18 loudspeakers. I would like to get a report from
19 the MTA as to whether there is loudspeaker
20 capacity on every platform from Central as well to
21 the extent that there still are token booths. So
22 if there is some sort of problem that people can
23 know. I know on Metro North, which I use as well,
24 that's much improved now. At least at the Metro
25 North stations I get a message that my train is

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2 going to be late when it's late. Of course, that
3 system could also be used for emergencies. I was
4 surprised a few years ago to learn that that
5 wasn't true at every subway station. Could we get
6 a report?

7 RONNIE HAKIM: Yes.

8 COUNCIL MEMBER KOPPELL: Chairman,
9 could we ask that for the committee?

10 CHAIRPERSON LIU: Yes. Thank you,
11 Council Member Koppell. We have questions from
12 Council Member Ulrich.

13 COUNCIL MEMBER ULRICH: Thank you,
14 Mr. Chairman. I too apologize for my tardiness.
15 I missed most of your testimony, so if my question
16 is not relevant, of course, then simply disregard.
17 I'm used to it. Ms. Hakim, my question is has any
18 of the federal stimulus money been allocated for
19 the MTA Security Program for the purchase of the
20 cameras or the installation and if so, how much?

21 RONNIE HAKIM: My understanding is
22 that nationwide, there is going to be \$56 million
23 in stimulus funds allocated for security. Of
24 that, MTA I am aware has applied for about \$11
25 million for one of the projects that would be part

of the Security Program.

COUNCIL MEMBER ULRICH: What is the status of that?

RONNIE HAKIM: I think the applications are just going in.

COUNCIL MEMBER ULRICH: Is this over of the shovel-ready projects?

RONNIE HAKIM: Yes.

COUNCIL MEMBER ULRICH: Thank you.

CHAIRPERSON LIU: Thank you.

Council Member Reyna has questions.

COUNCIL MEMBER REYNA: Thank you, Mr. Chair. I just wanted to get some understanding why Lockheed Martin was so filled with desire to end a quarter of a billion contract knowing the liabilities. Could you just give us some type of explanation perhaps?

RONNIE HAKIM: I'm not sure either, frankly. I would not have thought that Lockheed would seek to have a judge declare that they can terminate their performance on the contract.

COUNCIL MEMBER REYNA: Obviously, there are certain questions concerning the performance and as far as meeting the deadlines of

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2 those performances, whether that was construction,
3 installation and obviously the testing of the
4 system, which is now all compromised. What will
5 then occur if this system fails due to the judge
6 in favor of Lockheed? I mean, will the MTA be
7 able to sue Lockheed?

8 RONNIE HAKIM: We've already
9 asserted a counterclaim. We are in effect suing
10 them.

11 COUNCIL MEMBER REYNA: So your
12 counterclaim is a contingency plan as to whether
13 or not the judge is going to sentence in favor of
14 Lockheed Martin.

15 RONNIE HAKIM: Our counterclaim is
16 that they're late. They failed to perform the
17 work. That ultimately they've breached their
18 contract.

19 COUNCIL MEMBER REYNA: So that if
20 they decide to go back and test, you will be suing
21 Lockheed for the intent of breaching a contract.

22 RONNIE HAKIM: I think while the
23 lawsuit will carry on and litigation takes time,
24 our goal is to complete the project. So if we
25 need to do that with another contractor, we will.

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2 If we need to work with the surety in agreeing
3 which contractor should complete the contract, we
4 will.

5 COUNCIL MEMBER REYNA: But isn't it
6 common practice that no other contractor would
7 want to take on such a project at this point in
8 time considering the percentage that's been
9 completed? I don't know how much of a percentage
10 has been completed. If I'm going on the numbers
11 of the cameras having been installed, 80% of a
12 project has already been completed with a
13 remaining perhaps 20%. That contractor would be
14 liable for a testing performance on not just their
15 own work, but the work of a different company that
16 has breached a contract. That's the kind of thing
17 that will be negotiated and discussed right now.
18 Those are the discussions that we've having. But
19 the idea would be that there are completing
20 contractors that could be able to come in and work
21 on this project.

22 COUNCIL MEMBER REYNA: Does
23 Lockheed have a history of breaching contracts in
24 the past? Is this the first time they've had the
25 value at a quarter of a billion dollars contract?

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2 RONNIE HAKIM: Lockheed has had a
3 problem in different kinds of programs. You may
4 have read about problems they've had with some of
5 their defense contracts.

6 COUNCIL MEMBER REYNA: But this was
7 prior to you as the MTA contracting with them?

8 RONNIE HAKIM: No.

9 COUNCIL MEMBER REYNA: So this was
10 during their already signed contract with the MTA
11 all these other contracts are unveiled as having
12 problems.

13 RONNIE HAKIM: They've had
14 problems, but of course they're different
15 corporate divisions. So the defense contract does
16 federal defense work. This is a separate division
17 of Lockheed that was working on this project.

18 COUNCIL MEMBER REYNA: Nonetheless,
19 it's Lockheed Martin with different contracts all
20 coincidentally having these problems.

21 RONNIE HAKIM: They have had that
22 problem, that's true.

23 COUNCIL MEMBER REYNA: Prior to
24 that particular coincidental occurrence, they
25 never had a problem with performance?

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2 RONNIE HAKIM: No, I don't think
3 that's the case. I don't know their full
4 corporate history, but clearly they're a gigantic
5 contractor. They do billions of dollars worth of
6 work.

7 COUNCIL MEMBER REYNA: Was this the
8 only bid that came up top to contract with, or was
9 there someone competitive at their level?

10 RONNIE HAKIM: There was another
11 proposal, another team that was competing for this
12 work. They were a lot more expensive.

13 COUNCIL MEMBER REYNA: They were a
14 lot more expensive. But essentially, right now as
15 you see this continuing in court, this will cost
16 the MTA much more than what they ever anticipated,
17 correct?

18 RONNIE HAKIM: I think it's too
19 early to tell.

20 COUNCIL MEMBER REYNA: Well already
21 you have legal fees that you never anticipated.

22 RONNIE HAKIM: That's true.

23 COUNCIL MEMBER REYNA: How much is
24 that costing?

25 RONNIE HAKIM: The lawsuit just

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2 started, so I don't even think I've been getting
3 the bill yet for the litigation fees.

4 COUNCIL MEMBER REYNA: As far as
5 Lockheed is concerned, do you think you would even
6 want Lockheed to continue if the judge summonses
7 them to honor the contract considering all the
8 problems they're enduring?

9 RONNIE HAKIM: They would have to
10 demonstrate to us a real commitment to getting the
11 work done in a way that heretofore they have not
12 been able to do.

13 COUNCIL MEMBER REYNA: Why is the
14 MTA placing such confidence in this particular
15 situation where right now it's not just your
16 example but others to think that they're going to
17 complete the work?

18 RONNIE HAKIM: I'm not suggesting
19 that we're confident that Lockheed would complete
20 the work. We are aggressively pursuing litigation
21 against them.

22 COUNCIL MEMBER REYNA: Whether or
23 not they come back and honor the contract.

24 RONNIE HAKIM: Again, if they were
25 to contact us to tell us that they wanted to do

that, they would have to come in and be fairly compelling about how they were going to do this work.

COUNCIL MEMBER REYNA: As far as the stimulus money that Council Member Ulrich had mentioned, \$11 million is going to be applied to this particular system?

RONNIE HAKIM: No. It's for a different security project.

COUNCIL MEMBER REYNA: That Lockheed is not the contractor on.

RONNIE HAKIM: Correct.

COUNCIL MEMBER REYNA: Fantastic. I just wanted to have clarification on that. Thank you very much, Mr. Chair.

CHAIRPERSON LIU: Thank you, Council Member Reyna. We have a question from Council Member Mealy.

COUNCIL MEMBER MEALY: I just wanted to know, does that contract have to do with your technical services? I know at one point you had a contract with Lockheed Martin for technical assistance if your computers go down. Has that had any affect on this contract? Do you still

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have a contract with them in regards to that?

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RONNIE HAKIM: I'm not aware that that contract exists still. That was a different division. This is a unique circumstance here.

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COUNCIL MEMBER MEALY: I just wanted to know whether they pulled out altogether working with MTA, or just this particular contract.

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RONNIE HAKIM: This is just about this project.

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COUNCIL MEMBER MEALY: Thank you.

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CHAIRPERSON LIU: Thank you, Council Member Mealy. Would you say that the MTA is confident that we will see the completion of this project and that in fact the MTA will have the capabilities as originally envisioned back in 2005 when the MTA made this announcement?

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RONNIE HAKIM: I think that I could best summarize by saying that the MTA is committed to getting the project done. Having just recently defaulted Lockheed, I think it's a little early for me to be able to comment on how and what the timeframe for that will be. But again, the commitment is to get the project done.

CHAIRPERSON LIU: The commitment may be there but the ability clearly is not. I think in some ways the MTA has to go back to the drawing board on this. Unfortunately, a lot of money has been wasted. You state that the MTA has been paying out the money as progress has occurred. There has been 85% of the money paid out for this contract. There has been \$250 million out of \$307 million paid. Would you say that 85% of the work has actually been done?

RONNIE HAKIM: I think I'd characterize the work as being about 80% done in terms of the field installation work.

CHAIRPERSON LIU: I ask for clarification. What does that actually mean the work has been done? If the core of the system doesn't work, you can do so much work to install the system but it doesn't work. It's kind of like putting together an appliance. It takes a lot of time to put it together and at the end of the day when you plug it in the thing doesn't work. So you could say in that case you did 100% of the work but none of it actually functions. Given that the core of the system is not functioning,

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2 could you still really make the claim that 80% of
3 the work has actually been done?

4 RONNIE HAKIM: The idea being that
5 not all of the system is functioning doesn't mean
6 that none of the system is functioning.

7 CHAIRPERSON LIU: Because the MTA
8 has failed to illustrate otherwise, it does not
9 appear that much of the system works at all.
10 Maybe it's not "none" of it, maybe the cameras do
11 work. Unfortunately the cameras don't deliver any
12 information to a processing unit that could
13 identify what information is being given. Your
14 testimony states that while progress has been made
15 in getting equipment installed in various
16 facilities and to date about 80% of the field
17 installation work is done. So that's really the
18 clarification there. You say 80% of the field
19 installation work. That's not actually all the
20 work related to the project. Continuing in your
21 statement you say there are over 1,400 cameras
22 installed, 800 access control devices done.
23 Lockheed has not been able to pass the required
24 software system tests needed for us to have
25 confidence that everything can work as intended.

I would interject here and say that a more correct statement should be confidence that anything can work as intended. Through this testimony today, there has been a lot of back and forth but actually very little clarity. This reminds me of the MTA's testimony as delivered by you Ms. Hakim back in February of 2008. I'm quoting this testimony. "There have been questions about intelligent video in the Electronic Security Program. Intelligent video is a system in which certain video triggers set off alarms that produce monitoring actions. Intelligent video is part of this Electronic Security Program. As planned, we initially worked with Lockheed to pilot certain types of video analytics to determine what worked best in our system. The elements successfully piloted are incorporated into the designs and are being built as part of the program. We are also continually monitoring the state of new technology to determine when future applications may be ripe for being tested and developed as part of our Security Program. Our system architecture is structured to be scalable, to incorporate new monitoring devices as they become technically

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2 mature and available to be incorporated in our
3 programs." That testimony sounds great. But at
4 the end of the day and now we're seeing today it's
5 totally meaningless. Actually, in hindsight, it
6 was so vague, even though it sounded great.

7 RONNIE HAKIM: Just to clarify, as
8 I explained earlier, there is the ability to have
9 the system, and this works, where an individual is
10 in a non-public area, the camera will register and
11 trigger an alarm and that alarm can be monitored.
12 That is intelligent video and it is part of this
13 system.

14 CHAIRPERSON LIU: Ms. Hakim, that's
15 a motion detector setting off a camera. I've got
16 one in my house. I would not call it intelligent
17 video. Let's go back to the MTA testimony back in
18 February 2006, also delivered by you. "While we
19 did not test the artificial intelligent system and
20 the cost of the project is higher than we
21 anticipated, the MTA believes that Lockheed's
22 surveillance system is a proven technology. The
23 contract has been awarded to Lockheed and we are
24 now working to test their artificial intelligence
25 system through a prototyping exercise, part of the

normal procurement process. This test will not further delay implementation of the new security system in our subways." That was February of 2006. When this committee openly questioned why the MTA was proceeding with this system knowing that just a few months earlier the London transit officials, an agency that the MTA often compares itself to when its favorable, nonetheless, the London transit officials has just soundly rejected the system that we're talking about as a system that doesn't work. You asserted that they have a proven technology. We questioned but at that point it was already February 2006. It was already three full years after the MTA announced this initiative. At that point I guess we were just happy that something was happening. We are now another three years later and it's essentially back to the drawing board with regard to this surveillance technology. It's not working. It's hard to really continue to listen to this and hear all of this quasi-technical discussion claiming that something is working when in fact it's just not working. A lot of money has been wasted. So what's next? Next is just that we hope for a

favorable decision from the courts?

RONNIE HAKIM: No. The next step is to work out a completion strategy to get the project done. Not wait for the courts.

CHAIRPERSON LIU: Earlier you just testified that the sureties would actually work towards completing the project. Now you're saying that the MTA actually will work towards completing it.

RONNIE HAKIM: No. Working with the sureties, I apologize.

CHAIRPERSON LIU: But the sureties aren't cooperating right now.

RONNIE HAKIM: No, we don't know that.

CHAIRPERSON LIU: The sureties, I guarantee you, again based on my limited knowledge, they're not simply going to say here's the money back. That is going to require some kind of court decision. That is why the MTA is in litigation.

RONNIE HAKIM: That is not necessarily the case. The sureties are in our offices now working out, doing their fact finding

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2 and their due diligence to sit down to talk with
3 us about a completion strategy. That is a risk,
4 as the Councilman pointed out, that they may take
5 the position that they want to challenge the MTA's
6 action on this. That's a risk, but I don't know
7 that that's the case today.

8 CHAIRPERSON LIU: So the MTA's
9 intent is to salvage this project?

10 RONNIE HAKIM: Get it done.

11 CHAIRPERSON LIU: Get it done.

12 Okay, I'll let you have that. We have a follow up
13 from Council Member Garodnick.

14 COUNCIL MEMBER GARODNICK: Thank
15 you, Mr. Chairman. I just wanted to make sure I
16 understand the salvageability of the project. I
17 was listening to the interchange between you and
18 Chairman Liu and your earlier comments about the
19 system, the 1,400 cameras are not working as
20 completely intended, and software problems that
21 you've identified. Are these software problems
22 fixable?

23 RONNIE HAKIM: We think they are.

24 CHAIRPERSON LIU: So the MTA thinks
25 that you can find a way to fix the software

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2 problems.

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RONNIE HAKIM: Yes.

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5 COUNCIL MEMBER GARODNICK: So it's
6 not a matter of putting in new cameras?

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RONNIE HAKIM: No.

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8 COUNCIL MEMBER GARODNICK: You
9 think that these cameras with the right software
10 will be able to act more than what I think my
11 Chairman would call glorified motion detectors.

11

12 RONNIE HAKIM: They will work as
13 intended. That's the idea.

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14 COUNCIL MEMBER GARODNICK: As
15 intended, is it not to be able to identify that
16 suitcase sitting in a station, but it's intended
17 to detect motion and do what else? Just so we
18 understand what the real finished, with systems
19 working and all 1,680 cameras working as properly
20 intended.

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21 RONNIE HAKIM: It's to be able to
22 provide real time situational awareness. So when
23 a door is opened by someone who has not been
24 authorized to open that door, the alarm sounds,
25 the camera goes on, the operator can remotely move
the camera around. They can follow the intruder

with different images from different cameras.

COUNCIL MEMBER GARODNICK: Do you have any sense as to the cost of dealing with the software challenge that you have?

RONNIE HAKIM: The overall cost of the program?

COUNCIL MEMBER GARODNICK: Well I know that you spent \$250 million already. You've got 80% of the cameras installed, 20% to go. But you have an existing problem. Do you have any sense of the cost to fix the existing software problem?

RONNIE HAKIM: I don't, nor would I take that to be an added cost to the MTA.

COUNCIL MEMBER GARODNICK: You think that's the responsibility of course of Lockheed Martin.

RONNIE HAKIM: Correct.

COUNCIL MEMBER GARODNICK: But we don't know what that dollar amount is?

RONNIE HAKIM: Right.

COUNCIL MEMBER GARODNICK: Thank you, again, Mr. Chair.

CHAIRPERSON LIU: Would it behoove

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2 the MTA at some point to just cut its losses and
3 back way from this project?

4 RONNIE HAKIM: Well, we've backed
5 away from this contractor. I don't think that we
6 want to back away from the project because we want
7 to get the project done.

8 CHAIRPERSON LIU: Well everybody
9 wants to get the project done. It's already
10 substantially late. It's substantially over
11 budget. Now there are lawsuits back and forth. I
12 do at this point question whether the MTA will
13 ever get this done. Maybe the MTA needs to
14 consider just backing off this project to cut its
15 losses and the losses are substantial. Your
16 statement to Council Member Garodnick that you
17 believe the software problems can be overcome. On
18 what basis do you make that assertion?

19 RONNIE HAKIM: Working with our own
20 IT specialists.

21 CHAIRPERSON LIU: What IT
22 specialists? Would Lockheed Martin be the IT
23 specialists in this case?

24 RONNIE HAKIM: Yes, but we also
25 have our own IT specialists that work on this

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2 project to give us advice.

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4 CHAIRPERSON LIU: So in-house you
have people who could do this?

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6 RONNIE HAKIM: No, I'm not saying
that. I'm saying that in-house we have people who
7 know about software and give us advice as to
8 whether or not something can be done.

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10 CHAIRPERSON LIU: But you're saying
that it can be done, not whether you can talk to
11 your in-house specialists to say whether something
12 can be done. You're telling us that it can be
13 done; that these software problems can be
14 overcome. Do you know for a fact that these
15 software problems can be overcome?

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17 RONNIE HAKIM: I'm providing you
the information that I've been provided.

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19 CHAIRPERSON LIU: But in fact, you
don't know.

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21 RONNIE HAKIM: At this point I feel
like Missouri, I want to see it and I want to know
22 that it's done before I would represent with
23 certainty that something can be done.

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25 CHAIRPERSON LIU: So you're going
to back off the statement that you made three

minutes ago that the software problems can be overcome.

RONNIE HAKIM: I think that they can be overcome.

CHAIRPERSON LIU: But you have no basis for saying that, Ms. Hakim. Look, we're going to be sitting here three years from now going over your spoken testimony again. We're going to be caught in the same vicious cycle of having statements that don't mean anything because there is no basis for making those statements. At that point, perhaps you'd be happy to know that I will not be the chairperson of this committee three years from now, but you never know, the person who's asking you the other questions today may be the Speaker and at that point the questions may be even tougher.

RONNIE HAKIM: Then I would defer to my IT people. I would bring the right people.

CHAIRPERSON LIU: Therefore, at this point, the MTA really needs to reevaluate where they are. If this project is not going to work, then the MTA needs to admit its faults and move on. But to try to salvage a project that

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2 from the beginning was almost destined to fail
3 which is precisely the reason why the London
4 transit officials rejected this project, which is
5 precisely the reason why this committee asked why
6 the MTA was going ahead with a system that had not
7 been proven to work that we're only going to
8 potentially see more losses and more money down
9 the drain. This distracts from the real work
10 that's necessary to harden the system against
11 terror attack. Let me talk a little bit about the
12 rest of the hardening effort. The MTA does have
13 \$1.1 billion earmarked for this, although you said
14 that the second phase has not been fully funded.

15 RONNIE HAKIM: Correct.

16 CHAIRPERSON LIU: We're still
17 trying to reconcile that from your testimony from
18 last year, February 2008, when you did still
19 testify at that point to the \$1.1 billion.

20 RONNIE HAKIM: That is the size of
21 the capital program. The distinction to be made
22 and we have consistently said that we were seeking
23 additional federal dollars to fully fund the
24 program.

25 CHAIRPERSON LIU: There is \$1.1

1 billion earmarked and it's been several years
2 since the entire \$1.1 billion amount was earmarked
3 and yet in 2009, only \$713 million has been
4 committed. Would that be because the rest of the
5 funding for the program has actually not been
6 secured?
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8 RONNIE HAKIM: That's correct.

9 CHAIRPERSON LIU: So of the \$713
10 million that has been committed, what does that
11 mean? Does that mean that \$713 million has been
12 contracted out and the work is pending or maybe in
13 some cases the work is complete?

14 RONNIE HAKIM: Yes. It means that
15 the work has been contracted out. As I indicated
16 earlier, we've already completed quite a few of
17 the hardening projects, and specifically the ones
18 you asked about in the subway.

19 CHAIRPERSON LIU: So that would be
20 the \$61.4 million?

21 RONNIE HAKIM: That's one of the
22 elements of work that was done to harden the
23 subways.

24 CHAIRPERSON LIU: And \$236 million
25 in structural-hardening facilities?

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RONNIE HAKIM: Correct.

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CHAIRPERSON LIU: So most of that has been actually paid out and the work completed?

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RONNIE HAKIM: Yes.

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CHAIRPERSON LIU: So of the \$236 million in structural-hardening facilities, how much of that has actually been paid out?

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RONNIE HAKIM: I would have to give you a precise count.

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CHAIRPERSON LIU: To the nearest 20%. Is it 40% of it?

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RONNIE HAKIM: I would say most of it.

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CHAIRPERSON LIU: So 80%?

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RONNIE HAKIM: Yes.

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CHAIRPERSON LIU: Are you suggesting then that this Lockheed Martin contract is the only one that's really outstanding and that pretty much everything else has been done?

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RONNIE HAKIM: This is certainly the biggest element of work that has not been done. There is another element of work that was in what we've termed phase two, which are three additional hardening projects that are currently

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2 in construction but have not been completed yet.

3 CHAIRPERSON LIU: Thank you very
4 much for coming before this committee these past
5 several years. We've always enjoyed having you.
6 We look forward to being assured that the progress
7 is actually being made. And to the extent that
8 it's just too much of a lost cause that the MTA
9 just decide to move on and really do the work of
10 hardening the system against terror attack.

11 RONNIE HAKIM: Thank you.

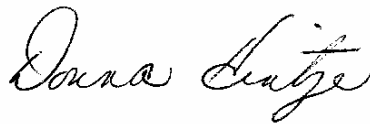
12 CHAIRPERSON LIU: Thank you. There
13 being no other witnesses today, this hearing of
14 the City Council's Committee on Transportation is
15 adjourned.

16 [Pause]

17 CHAIRPERSON LIU: We temporarily
18 reopen this Committee on Transportation to note
19 that Council Member Gale Brewer has been with us.
20 This hearing is now adjourned.

C E R T I F I C A T E

I, Donna Hintze 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.

A handwritten signature in cursive script, reading "Donna Hintze". The signature is written in dark ink on a light background.

Signature

Date July 28, 2009