

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEES ON FINANCE, ECONOMIC DEVELOPMENT, SMALL
BUSINESS, AND FIRE AND CRIMINAL JUSTICE SERVICES

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June 1, 2012
Start: 10:00 a.m.
Recess: 3:57 p.m.

HELD AT: 250 Broadway
Committee Room, 16th Floor

B E F O R E:

DOMENIC M. RECCHIA, JR.
DIANA REYNA
JULISSA FERRERAS
ELIZABETH CROWLEY
Chairperson

COUNCIL MEMBERS:

Peter Koo
Vincent Ignizio
Karen Koslowitz
Brad Lander
Margaret Chin
Joel Rivera
Mark Weprin
Albert Vann
Mathieu Eugene
James S. Oddo
Letitia James
Gale A. Brewer
James Sanders, Jr.

A P P E A R A N C E S

COUNCIL MEMBERS:

G. Oliver Koppell
Stephen Levin
James G. Van Bramer
Leroy G. Comrie, Jr.
Ruben Wills
Helen D. Foster
Robert Jackson
Vincent J. Gentile
Rosie Mendez
Peter F. Vallone, Jr.

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

Robert Walsh
Commissioner
Department of Small Business Services

Andy Schwartz
First Deputy Commissioner
Department of Small Business Services

Angie Kamath
Deputy Commissioner at Workforce Development
Department of Small Business Services

Kelvin Collins
Director of Industrial and Transportation
Department of Small Business Services

Seth Pinsky
President
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Kyle Kimball
Chief Financial Officer
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Dora Schriro
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New York City Department of Correction

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

Steven Banks
Attorney in Chief
Legal Aid

Adriene Holder
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Salvatore Cassano
Commissioner
New York City Fire Department

Edward Kilduff
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Don Shacknai
First Deputy Commissioner
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Steve Rush
Assistant Commissioner for Budget
New York City Fire Department

Robert Sweeney
Chief of Fire Operations
New York City Fire Department

Abdo Nahmod
Chief of EMS Operations
New York City Fire Department

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CHAIRPERSON RECCHIA: Hey, Diana,
sit here.

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[Pause]

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SERGEANT-AT-ARMS: Quiet, please.

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[Pause]

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[Off mic]

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CHAIRPERSON RECCHIA: I got to go
across the street, I have a budget meeting.

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CHAIRPERSON REYNA: Fabulous. Make
sure you baseline that child care.

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CHAIRPERSON RECCHIA: It ain't
never happening.

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CHAIRPERSON REYNA: That what?

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[Long Pause]

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CHAIRPERSON RECCHIA: Okay.

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[Pause] Good morning and welcome to the tenth day
of the City Council hearing on the Mayor's
Executive Budget for Fiscal 2013. My name is
Domenic M. Recchia Jr., I'm the Chair of the
Finance Committee. We are joined today by the
Committee on Economic Development chaired by my
colleague Council Member Karen Koslowitz, and the
Committee on Small Business Services, chaired by
my colleague Diana Reyna. Later today, the

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2 Finance Committee will be joined by the Committee
3 on Fire and Criminal Justice Services, chaired by
4 my colleague, Council Member Elizabeth Crowley.

5 Before we get started, I'd like to
6 introduce all those members who are here today.
7 We have Peter Koo, Vincent Ignizio, Diana Reyna,
8 and myself.

9 Today we'll hear first from
10 Department of Small Business Services, then we'll
11 hear from Economic Development Corp, Department of
12 Corrections, Legal Aid, the fire department,
13 Emergency Medical Services. This will be a very
14 long day.

15 The executive budget for SBS is
16 \$121.4 million, which reflects a \$24.6 million
17 decrease, or a 16.9% decrease, when compared to
18 fiscal 2012 adopted budget. The \$24.6 million
19 decrease reflected in the contract services of
20 which \$13.1 million can be attributed to EDC's
21 non-City grant funding and City funds from fiscal
22 2012 that were not baselined in fiscal 2013.

23 The 12 million decrease in SBS
24 Workforce Development program area is attributable
25 to the \$7.2 million decrease in the Young Men's

1
2 Initiative and \$4.5 million decrease in City
3 Council Workforce Development Initiative. Both
4 initiatives are not baselined in 2013.

5 Some of the new needs reflected in
6 SBS budget include a reallocation of \$3 million
7 from fiscal 2012 to fiscal 2013, additional
8 funding of \$5.1 million in 2013 for the Clean Heat
9 Initiative which is a program to assist in the
10 conversion of building heating systems from oil to
11 cleaner fuels; \$1.5 million for the trust for
12 Governors Island hill consultant; \$1.42 million
13 and 17 staff members from other agencies for new
14 Business Acceleration Team, which is a city
15 program to help entrepreneurs to open up
16 restaurants and other food-related businesses;
17 \$74,000 in 2013 to cover the OTPS costs for the
18 purchase of additional software license for the
19 department on demand customer relationship
20 management system which helps the agency manage
21 workflow across clients and vendors.

22 I'm interested in hearing from the
23 Commissioner, Mr. Walsh, about other executive
24 budget acts and, of course, its Workforce
25 Development program, which accounts for the bulk

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of this budget.

But before we get started,
Commissioner, I remind everyone from the public
will be allowed to testify on all agencies on the
last day of the budget hearing on June 6th. The
public can testify on June 6 beginning at 4:30
p.m. For members of the public who wish to
testify on June 6th but cannot make it, they can
fax their testimony to my attorney, Tanisha
Edwards, (212) 788-7061.

Before we hear from the
commissioner, I'd like to turn the mic over to my
co-chair, Diana Reyna.

CHAIRPERSON REYNA: Thank you, Mr.
Chair. Good morning to everyone. My name is
Diana Reyna, I am Council Member, Chair of the
Council's Committee on Small Business. This
hearing will cover the fiscal year 2013 executive
budget for the Department of Small Business
Services. This is a joint hearing--Mr. Chair.

CHAIRPERSON RECCHIA: Sorry.

CHAIRPERSON REYNA: This is a joint
hearing with the Committee on Finance and
Committee on Economic Development.

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2 At this hearing, the Committees
3 would like to know which vendors SBS has selected
4 to replace Seedco to run the Workforcel Career
5 Centers and the Business Solution Centers. What
6 would be the service impacts to the job seekers
7 and the small businesses. More importantly, how
8 is SBS adjusting to its services--excuse me, how
9 is SBS adjusting its services to ensure the
10 accurate reporting of job training and job
11 placements.

12 The Committees are also interested
13 in the analysis of the Workforcel Career Centers.
14 SBS fiscal year 2013th executive budget is
15 approximately \$121 million and about 43%, or 52
16 million, of this budget goes to workforce
17 development. Commissioner Walsh testified in
18 March that in 2011 over 35,000 people were placed
19 in jobs. Are we getting our money's worth when we
20 compare the amount spent versus the number of
21 people getting jobs and are these jobs good paying
22 jobs? In relationship to retention, information
23 regarding the length of time at these particular
24 positions.

25 In addition, the Committee wants to

1
2 learn about how SBS utilized the \$6.6 million in
3 YMI funds. As you know, the Mayor created the
4 Young Men's Initiative, or YMI, in fiscal year
5 2012 to assist young men, black and Latino, ages
6 16 to 24 in the areas of education, health,
7 justice, and employment. How many young men were
8 trained and employed using YMI funding? Is the
9 initiative effective at all in improving their
10 lives?

11 Lastly, as a follow up from the
12 March preliminary budget, the Committees are
13 interested in the Minority and Women-Owned
14 Business Enterprise program as Commissioner Walsh
15 has testified, SBS will report to the Council the
16 total City contract, including the percentage of
17 M/WBE contracts, the dollar value of these M/WBE
18 contracts and the M/WBE performance goals.

19 I would like to thank the
20 Department of Small Business Services and
21 Commissioner Walsh for joining us here today and
22 especially for their joint effort with the Council
23 Black, Latino, and Asian Caucus. Your Workforce
24 Development team, and Small Business Solution
25 Center did an amazing job. We had a tremendous

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2 success on Saturday, a eight-hour day and serving
3 well over 600 individuals who came prepared or not
4 seeking assistance, and there was a 96%
5 satisfaction rate because we surveyed every
6 individual coming out. So thank you very much for
7 that effort and we look forward to continue
8 efforts such as that one.

9 CHAIRPERSON RECCHIA: Thank you,
10 Council Member. We've also been joined now by
11 Council Member Julissa Ferreras.

12 Okay. Commissioner, you're up.

13 ROBERT WALSH: Thank you very much.
14 Good morn-- [Pause] Got it now, right?

15 Good morning everyone, Chairwoman
16 Reyna, Chairman Recchia, Council Member Koslowitz,
17 Ferreras, Koo, Ignizio. I'm Rob Walsh, I'm the
18 Commissioner of the Department of Small Business
19 Services. I'm joined here by First Deputy
20 Commissioner Andy Schwartz and a number of staff
21 from Small Business Services that, hopefully, are
22 here to answer all your questions that you might
23 have.

24 This morning, what I'd like to do
25 is cover a number of major areas where SBS is

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2 serving jobseekers, businesses, and neighborhoods,
3 while highlighting some of our accomplishments
4 over the past year as well as our upcoming
5 initiatives.

6 My hope also is during my testimony
7 to answer some of the questions that you have laid
8 out and then get into some of the specifics that
9 you also need. I'd like to first start with our
10 job programs. I think the Mayor has made it very
11 clear that getting New Yorkers back to work is a
12 top priority of his. Although the New York City's
13 economy is adding jobs at a stronger rate, it's
14 clear that many people are still looking for work
15 and we have much more to do.

16 Over the past eight years, we've
17 transformed the City's adult workforce development
18 programs, we've built out a network of Career
19 Centers, professional spaces where people can find
20 jobs or access training and other assistance. SBS
21 is also securing higher wage jobs for our
22 customers, which we could get into much more
23 detail later on.

24 Under the Mayor's \$13 million
25 Workforce Expansion Initiative, we launched eight

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2 new centers in the past year, increasing access
3 points and job placement opportunities. We're
4 partnering with all three public library systems;
5 new centers are open in Brooklyn Public Library
6 branch in Sunset Park, at the Central Library at
7 Grand Plaza, Grand Army Plaza, at the Queens
8 Library branch in Flushing. Later in the year,
9 we'll be opening a new center at the Francis
10 Martin Library in the Bronx just outside of Bronx
11 Community College.

12 We've also made major gains--and I
13 think this is a very important point to make--on
14 our online service options for jobseekers. And I
15 think the key point on this--it's not in my
16 testimony--is for those New Yorkers who are
17 looking for jobs, they no longer need to go to a
18 job center, although there's a great value of
19 going to a job center, this work could be done at
20 home or at work online, and searchable job
21 postings and registration for services are
22 accessible both from home and at the centers,
23 extending our reach and improving our customer
24 service by increasing our offerings while reducing
25 the wait time.

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2 The last few months have not been
3 without challenges and, quite frankly, major
4 disappointments. In March, the department
5 investigation issued a report detailing false job
6 placements reported by Seedco, the former operator
7 of our Bronx and Upper Manhattan Workforcel Career
8 Centers. In May, the U.S. Attorney's office
9 followed by issuing a civil fraud action against
10 Seedco and several of its former employees under
11 similar allegation. SBS has ended both Workforcel
12 contracts and is in the process of ending both New
13 York City Business Solution Center contracts with
14 Seedco.

15 Over the years, we have taken great
16 pride in the work of our centers, and there's
17 nothing more important to us than the integrity of
18 our services to those who provide them. We're
19 taking all possible measures to ensure that an
20 incident like this never, ever happens again. We
21 have revised our operating procedures, retrained
22 our centers on data entry and reporting practices,
23 and strengthened our placement validation process.
24 We now tie performance reimbursement of our
25 contract expenses exclusively to direct payments

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2 made with employers and only accept placement
3 validation directly from employer-based sources.
4 New vendors began operating our centers in Upper
5 Manhattan and in the Bronx at the end of April.
6 Both centers are ramping up and they're on their
7 way to full service capacity.

8 We've been fortunate to have the
9 partnership with the Council in our joint efforts
10 to connect more New Yorkers to job, and I
11 especially want to thank Council Members Diana
12 Reyna, Council Member Leroy Comrie, and the entire
13 Black, Latino, Asian Caucus for hosting the
14 Employment Opportunities and Small Business Expo
15 at Washington Heights Armory on May 19th. I've
16 heard from a number of you about the enthusiasm.
17 I ran into Council Members--a number of Council
18 Members at the expo, and it was a terrific thing
19 and it's something we should build upon. It
20 provided a great introduction for hundreds of
21 people to the career services and job
22 opportunities available through Workforcel and
23 other resources. SBS has already been able to
24 refer approximately 100 jobseekers from the Expo
25 for our Workforcel Career Centers, next steps and

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2 interviews in sectors including health care,
3 retail, security, transportation, and
4 manufacturing are underway.

5 I think the other important point
6 to make about the Expo that the City Council led
7 was that hundreds of New Yorkers came there for
8 jobs, and that was key, but they also were there
9 to find out about how to start a business, how to
10 certify for an M/WBE company, and also how to
11 prepare for interviews. And I think this is, you
12 know, something on this scale is something to--my
13 hope is we could do again and again.

14 I'm confident that the gains that
15 we've made over the past eight years in our
16 workforce efforts with credible employer
17 relationships, strong partnerships throughout the
18 five boroughs, and a network of professional
19 centers have given us a foundation to further
20 improve and meet the critical employment needs of
21 New Yorkers.

22 Switching gears, when Mayor
23 Bloomberg came into office ten years ago, he
24 created the Department of Small Business Services,
25 it was the first agency of its kind dedicated to

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2 the 200,000 small businesses that make up our
3 city. We developed a mission: Let's help
4 business start, operate, and expand. And we built
5 a network of seven New York City Business
6 Solutions Centers across the five boroughs to
7 fulfill that mission. Through the New York City
8 Business Solutions Centers, customers can take
9 advantage of nine key service area: Business
10 courses; connections to pro bono legal assistance;
11 finance assistance; incentives; employee training
12 and recruitment; helping navigating government;
13 selling to government; and Minority and Women-
14 Owned Business Enterprise certification. Over the
15 past year, SBS has focused on helping small
16 minority and women-owned firms connect to capital
17 and build capacity to compete for new businesses
18 in the public and private sectors. And I'll speak
19 more of that in detail.

20 In 2008, the New York City Business
21 Solutions connected customers with 177 finance
22 awards worth \$11.5 million. Since then, SBS has
23 introduced several new initiatives to improve on
24 this service, including a partnership with
25 Citicorp and the formation of the Bank Advisory

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2 Council. Last year, New York City Business
3 Solutions Centers connected customers to 803
4 awards worth over \$39 million. These financing
5 awards come through institutions ranging from
6 large commercial banks to credit unions to micro-
7 lenders. New York City Business Solutions helped
8 businesses navigate every step that it takes to
9 secure funding. Now think about this for a
10 second. Five years ago we had Business Solutions
11 Centers, we were helping businesses, we were
12 helping, you know, put business plans together, we
13 were not even in this business of connecting New
14 Yorkers to financing. One, because we didn't know
15 how; two, because small businesses, quite frankly,
16 weren't coming to us; three is we didn't have the
17 relationships with the nonprofit organizations or
18 the banks. So we're on to something, but we need
19 to do more. The fact that we had 803 small
20 businesses this past year come to us where we were
21 able to make a connection is good news. Quite
22 frankly, I think this is the tip of the iceberg
23 and we could end up doing a lot more, and that's
24 why we've been so aggressive. We've launched a
25 partnership with Citigroup, my hope is it's going

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2 to be more than Citigroup to grow the number of
3 small businesses that obtain financing in New York
4 City.

5 And what we have done--and I'm
6 going to go off script a little bit on this--is we
7 have brought these banks together, and the City
8 Council has been at this also and has worked with
9 us, put your loan officers out there, Citicorp, as
10 it says in my testimony, went above and beyond in
11 helping train our folks at the Business Solutions
12 Centers so they could better understand what the,
13 not only the needs are, but what the banks are
14 going to fund. And as you can see from my
15 testimony, it's made a heck of a difference and I
16 give a great deal of credit to Deputy Mayor Bob
17 Steel for pushing this effort and launching this
18 effort. And now what we're doing is reaching out
19 to smaller regional banks to join this effort, and
20 to date, 11 of these banks have accepted an
21 invitation to join as we connect more small
22 businesses with capital and other services so they
23 could succeed in New York.

24 The Council is also working to
25 create greater access to federal programs that

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2 facilitate small business lending. In 2011, we
3 completed a thorough review of the step borrowers
4 and lenders must take when using the Small
5 Business Administration loan guarantee programs.
6 Earlier this year, SBS delivered a set of
7 recommendations to the SBA, Small Business
8 Administration's Office of Advocacy, as well as
9 the New York's congressional delegation and small
10 business committee's leadership. The SBA will
11 review these recommendations with SBS later this
12 month. And I think this is also important. What
13 we heard from the bank, and I think this is also
14 an important point for us jointly to follow up on,
15 and I want to give credit to Kevin Kelly and
16 Colleen Galvin and a number of other people on our
17 staff, we pored through the documents that SBA
18 had, you know, when getting an SBA loan, why are
19 we not getting more SBA loans? Because quite
20 frankly, the initial book that I saw was--was it
21 800 pages? Eight hundred pages. So the banks
22 were saying wait a minute, you know, if we're
23 going to work on these SBA loans, we're not
24 getting much return, you know, on the work that
25 we're putting in and we're not getting, you know,

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2 the money out because of all the paperwork that is
3 involved. Kevin went down in Washington, worked
4 with Colleen, worked with the banks. This is
5 something that we got to continue to keep pushing
6 away at is to make it simpler and easier to get an
7 SBA loan, you know, through the--and, you know, my
8 hope is that the review and the recommendations
9 that we see later this month opens another door so
10 we can make it simpler and easier for small
11 businesses to connect with the SBA loans.

12 As I mentioned, Minority and Women-
13 Owned Business programs, we have put a lot more
14 effort into that and a key part of better serving
15 the city's small businesses is growing that
16 program. Over the past few years, the pool of
17 certified M/WBEs has significantly increased, and
18 these firms are winning more and more larger
19 contracts.

20 Since Local Law 129 was signed,
21 City agencies have collectively awarded more than
22 35,000 prime and subcontracts to City-certified
23 M/WBEs valued at nearly \$2.5 billion. In fiscal
24 year 2011, M/WBEs won \$376 million in prime
25 contracts--the highest level yet--in a year where

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2 the City spent less overall with a decline in the
3 procurement budget of 12%, including a sharp
4 decline in construction procurement. M/WBEs were
5 awarded over \$200 million in subcontract dollars
6 in fiscal year '11.

7 In contracts amounting under
8 \$100,000 where City agencies have much more
9 flexibility, M/WBE utilization continues to grow.
10 For small purchases between 5,000 and \$100,000,
11 M/WBE utilization increased to 25% from 19% the
12 prior year. M/WBE utilization on micro-purchases,
13 those under 5,000, rose 20%. Good news is our
14 City agencies are paying a lot more attention.

15 In fiscal year 2011, SBS certified
16 549 M/WBEs, including 78 recertified firms. There
17 are now more than 3,400 companies that are
18 certified to do business with the City. With an
19 increase in the number of certifications that are
20 due to expire, SBS is now focusing more on
21 recertification than in past years. SBS is
22 committed to increasing the accountability and
23 transparency of the M/WBE program. Every six
24 months, SBS and the Mayor's Office of Contract
25 Services submits a report to the City Council.

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2 This report contains detailed information on all
3 purchasing by City agencies broken out across four
4 industries, as well as by ethnic and gender
5 background.

6 Finally, it's important to extend
7 the reach of our system by getting the word out to
8 firms that are eligible for certification. Our
9 team has attended hundreds of networking events
10 and workshops, and much of our outreach is
11 accomplished through partnerships with the City
12 Council's M/WBE Leadership Association. This
13 partnership has been instrumental in promoting the
14 program and increasing the number of certified
15 businesses. And at our Annual Citywide
16 Procurement Fair on May 23rd, nearly 500 certified
17 M/WBEs and 300 procurement officers from 71 City
18 and State agencies, public authorities, and
19 corporations joined Deputy Mayor Holloway, Council
20 Member Diana Reyna for networking, workshops, and
21 special information sessions on new programs. I
22 stuck around a good part of that, Council Member
23 Reyna, you were there, there's a lot of small
24 businesses, there's a lot, you know, which gave us
25 good news about a lot of our new capacity

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2 programs, but there's also ones that still have
3 some problems and, you know, frustrations. You
4 know, I certified as a company, I didn't get a
5 contract, and obviously, we got to get, you know,
6 much--we have much more to do in working to get
7 some of these companies ready so they can do
8 business with the City.

9 It's amazing to me, and being in
10 this job over ten years now, the lack of awareness
11 of some of the courses that we do have and we
12 still have to do a better job in getting the word
13 out about our programs.

14 And I think it's important, as I
15 shift gears and talk about capacity building
16 programs, we have made a substantial investment in
17 building out the capacity of smaller businesses to
18 grow and compete for public and private contracts.
19 There's no doubt it's the longer road, it takes a
20 lot more time. In 2009, we partnered with SUNY's
21 Levin Institute and the Kauffman Foundation, which
22 is a nationally recognized organization that works
23 to advance entrepreneurship, to launch two new
24 business courses: FastTrac Newventure helps
25 aspiring entrepreneurs launch a new business.

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2 Survey results indicate that more than 35% of the
3 entrepreneurs who took the course launched a
4 business venture within six months. That's great
5 news.

6 FastTrac Growthventures is a eight-
7 session classroom training for companies that seek
8 to grow or adjust their strategy. More than 60%
9 of business owners that took the course grew their
10 businesses within six months of completing the
11 course. In total, more than 1,800 New Yorkers
12 have graduated from FastTrac courses.

13 We're also leading efforts to build
14 the capacity of the firms certified under our
15 M/WBE program, as I mentioned. Most of our
16 certified firms are small--nearly 70% have ten or
17 fewer employees--and have been increasingly
18 successful in winning contracts under \$100,000.
19 It's important to help these firms grow so that
20 they can compete for larger City contracts.

21 In February, we graduated our
22 second class of Strategic Steps for Growth. This
23 is a nine-month executive management training
24 program at the Stern School of Business at NYU for
25 M/WBE firms with growth potential. Since the

1
2 program began in June of 2010, 41 graduates have
3 collectively been awarded \$24 million in public
4 contracts, secured over \$1.6 million in financing,
5 and hired more than 100 new employees. The third
6 class has been selected and will begin the program
7 on June 12th. In addition, we are now partnering
8 with the Mayor's Office of Media and Entertainment
9 to expand the program and offer a second class for
10 twenty media and entertainment firms.

11 Applications will be accepted for that class until
12 June 22nd. It is great to have this relationship
13 with NYU. Colleen Galvin, her team, Anne Rascon,
14 who is at the forefront of this, deserve a lot of
15 credit for putting this program together, and this
16 is another one of these programs that we have to
17 just keep pushing at and keep growing.

18 Katherine Oliver, the Film
19 Commissioner, came, she saw some of the
20 information on this and said, you know, we're
21 growing like crazy with film and media, why can't
22 we do and have a track specifically for that.
23 That was several months ago, the good news is we
24 got this off and running and we're going to have
25 that program also up and running.

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2 In 2008, we also began a
3 partnership with Columbia University to offer
4 training and mentorship programs for M/WBE firms
5 in the construction trade. To date, 60 graduates
6 have won \$44 million in City contracts and \$16
7 million in Columbia contracts. Another 20 firms
8 are currently enrolled in the fourth year of that
9 program.

10 In 2011, with the strong support of
11 Deputy Mayor Cas Holloway, we launched Compete to
12 Win. This is a \$3.2 million initiative. It's a
13 new set of capacity-building programs designed to
14 strengthen certified firms competing for City
15 contracts. The five Compete to Win programs
16 include: Technical Assistance, NYC Teaming, a
17 Construction Mentorship program, a Construction
18 Loan program, and Bond Readiness. These new
19 programs and services are all coordinated through
20 NYC Business Solution Centers.

21 Technical Assistance provides
22 bidding and proposal support services through
23 workshops, group sessions, one-on-one assistance
24 to firms actively pursuing City projects. Firms
25 gain assistance with submitting competitive bid

1 packages, cost estimating, contract and payment
2 resolution, bid strategy, project labor
3 agreements, prevailing wage issues, and much more.
4 Since the launch of the program in February, 69
5 businesses have attended three workshops and group
6 sessions. A fourth workshop will be held this
7 month. Customers are also now receiving one-on-
8 one assistance on competing for contracts.
9

10 NYC Teaming is a joint program
11 offered by SBS and American Express OPEN to help
12 small businesses form teams to bid on larger
13 government and corporate contracts. The program
14 educates business owners on how to create well-
15 orchestrated matches with other businesses and how
16 to market themselves to buyers and potential
17 partners. Since February, three workshops have
18 been held for more than 130 attendees. A business
19 matchmaking event is also scheduled for June 19th.

20 The NYC Construction Mentorship
21 program provides management classes and on-job
22 training to City-certified construction firms
23 looking to bid on contracts, as well as exclusive
24 bidding opportunities with three partner agencies:
25 Parks; HPD; Environmental Protection. Agency pre-

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2 qualification lists are now in use at HPD and
3 Parks; the list for DEP will be finalized later
4 this year. HPD has awarded five contracts
5 associated with the pre-qualification lists to
6 M/WBEs. We're going to continue building on this
7 and, again, let's start with three, let's get it
8 up and running. Let's have no, you know, get this
9 program up and running at three agencies that
10 we've piloted and built it at all of the remaining
11 capital programs. An information session for
12 recruitment is scheduled for June 22nd, and we're
13 going to continue pushing out on this program and
14 building up on this.

15 We often hear that smaller
16 construction companies, M/WBEs, want to do the
17 work but they can't get the money. We've created
18 something called the NYC Construction Loan program
19 which now provides loans to cover upfront costs
20 and to mobilize labor and supplies for
21 construction contracts. Specifically, contracts
22 can get pre-approved for funds for up to 30% of a
23 contract's value up to \$150,000, and get referred
24 to credit repair services and other assistance to
25 become loan-ready. They can also avoid the

1
2 administrative challenges associated with loan
3 repayment because the agency or prime contract
4 pays the loan back directly to the lender.

5 Since the December launch, 23 firms
6 have entered the loan packaging stage and five
7 firms have been successfully pre-approved for a
8 total of \$508,000. [Pause] These five pre-
9 approved loans will allow firms to mobilize \$1.3
10 million in construction projects.

11 The final piece of the Compete to
12 Win initiatives is Bond Readiness, which helps
13 small contractors obtain bonding and increase
14 their bonding capacity through workshops and one-
15 on-one assistance. Courses include accounting and
16 financial management, risk management, insurance
17 requirements, and safety management. Assistance
18 include credit repair, bookkeeping, application
19 packaging, and referral to surety providers. Bond
20 Readiness was launched at the 6th Annual Citywide
21 Procurement Fair on May 23rd, where 23 firms
22 applied to participate. The new Bond Readiness
23 workshop is scheduled for June 15th.

24 There's no doubt we still have a
25 lot more work to do on M/WBE, but these five new

1
2 initiatives are already making a difference. And
3 I could tell you that you have my commitment, the
4 commitment of the agency, to just keep building
5 upon, you know, the work that we have done and you
6 can see a lot of the focus has been in the areas
7 where we're seeing growth, in areas like
8 construction. The fact that we now have NYU and
9 Columbia and a number of other institutions like
10 the Kauffman Foundation working hand-in-hand with
11 us, where we never had that before, quite frankly,
12 is great news, and my hope is that we could hold
13 those institutions up and continue to build with
14 many other colleges, universities, and foundations
15 to do an even better job in this areas.

16 In addition to providing businesses
17 with direct assistance, SBS works in commercial
18 corridors throughout the five boroughs to
19 strengthen neighborhoods and make them a much more
20 attractive place to do business. One area is
21 Business Improvement Districts. The Business
22 Improvement Districts programs continues to grow.
23 The administration has overseen the creation of 23
24 new Business Improvement Districts, 20 of those
25 have been outside of Manhattan. Collectively,

1
2 BIDs contribute over \$100 million in supplemental
3 services to their districts, strengthening and
4 improving commercial corridors across New York
5 City. In 2011, two new BIDs were established
6 along Atlantic Avenue in Brooklyn and, yes, in
7 Chinatown. In February, Mayor Bloomberg signed
8 the City's newest BID in Westchester Square in the
9 Bronx into law, and we're getting that up and
10 running.

11 Our work in city neighborhoods goes
12 beyond Business Improvement Districts, the Avenue
13 NYC program provides critical support to
14 community-based groups that work to create vibrant
15 commercial corridors through the city. This is an
16 effort led by our new Deputy Commissioner,
17 Elizabeth De Leon. And in 2012, Avenue NYC
18 invested \$1.7 million in support of the commercial
19 revitalization programs of 48 economic development
20 organizations.

21 Just as a sidebar, I was up at a
22 BID that was created during the administration up
23 in Fordham Road yesterday for their annual
24 meeting. I walked this district, I know the
25 district from my days as an undergrad and

1
2 graduate. This is a district of 300 businesses,
3 and it's just it's pretty remarkable what has
4 taken place on Fordham Road. No graffiti, streets
5 are clean, they're adding public art, they're
6 expanding a plaza, businesses are, you know,
7 coming together like never before. Fordham
8 University is looking outside their gates; Monroe
9 College is involved; you got merchants engaged and
10 involved. It's just a wonderful thing to see, and
11 I see this over and over again in many of these
12 organizations where they've gotten businesses and
13 the institutions involved and engaged. We've seen
14 success in turnarounds of other organizations.
15 Council Member Koo, I was out in your district not
16 too long ago walking with, you know, the head of
17 the Flushing BID. Still, you know, some
18 challenges on congestion and safety. We added a
19 workforce and Business Solutions Center now at the
20 library, I think that makes all the difference in
21 the world. But all of this is just fantastic and
22 we just need to continue to grow the program.

23 And I think one of the ways we do
24 that is through this new partnership that we have
25 where we partnered with the Coro Leadership

1
2 Center, with the support from the City Council,
3 and SBS has managed the--a new--I can't help to
4 see the new Council Member who joined us, so I
5 have to look up from my testimony. I know her
6 questions are going to be tough, aren't they?

7 [crosstalk]

8 ROBERT WALSH: I could feel it.
9 Thank God I was up on Fordham Road yesterday,
10 that's all I could say.

11 [Off mic]

12 ROBERT WALSH: Yeah, I hope so.
13 It's a good change. But this is a new leadership
14 program that we have with the Coro program and,
15 again, I'm going to go off script to talk about
16 this because this is something, quite frankly, I
17 wish I did some time ago. This is our second year
18 with Coro where we take 20 people--and I want to
19 get the word out to the Council Members--we
20 graduated our second class. You know, too often
21 we ask nonprofit organizations and some of the
22 smaller BIDs, you know, 49 of 67 BIDs have budgets
23 under \$1 million, more than 30 of those have
24 budgets under a half million dollars. We want
25 them to raise money, we want them to lead, we want

1
2 them to deal with us, we want them to deal with
3 the City Council, we want them to, you know, be
4 super heroes in the neighborhood, and many of them
5 are and they do a great job, but we need to do
6 more on leadership skills, technical skills,
7 helping with retail strategy, getting--developing
8 a venue where they could end up sharing best
9 practices. And that's exactly what we're doing
10 with the Coro Foundation. We're taking 20 people
11 at a time and we're recruiting for the class for
12 now--Elizabeth De Leon and her staff is doing
13 that, this is a great new initiative--to take that
14 next class and build them up where they could end
15 up learning, you know, from--you know, recently I
16 was with Council Member Koslowitz, we were walking
17 up and down Austin Road?

18 CHAIRPERSON KOSLOWITZ: Austin
19 Street.

20 ROBERT WALSH: Austin Street,
21 that's right, Austin Street, thank--I'm sorry.
22 And, you know, and you end up--you come across
23 property owners, you come across people who want
24 to do the right thing, but there's obstacles in
25 the way, whether it's funding, whether it's just,

1
2 you know, just getting the organization in place.
3 We're going to make another investment in this
4 program, the Neighborhood Leadership program, so
5 we could take it to the next level so we could
6 build on it. So we've done it with 40 people,
7 we're going to do it with another 20 this year.
8 I'm going to be getting applications out to the
9 Council so you could help me pick the next class,
10 you know, on that.

11 I'm going to conclude by thanking
12 the Council for the support programs over the last
13 year. Chairwoman Reyna, you mentioned the expo, I
14 know you've been involved with the M/WBE programs.
15 I've walked the streets with many of you and I've
16 met with many of you on a regular basis. Council
17 Member Ferreras and I worked on turning the 82nd
18 Street BID on its head because it needed--I want
19 to say this out loud and be very clear, if there
20 are organizations under our watch that need extra
21 attention, please let me know, please let the
22 staff know. We want to, you know, it's--look,
23 whether it's a Business Improvement District, a
24 local Development Corporation, a Workforce, you
25 know, Center programs, we want to provide the very

1
2 best. We're proud of what we've been able to
3 build, we know that there's been some bumps in the
4 road, but at the same time, you know, I got a
5 great team here that's very committed to making
6 this city a better place and serving more New
7 Yorkers than ever before.

8 And with that, I want to thank you
9 and look forward to taking some questions,
10 especially from that young Council Member in the
11 front row there.

12 CHAIRPERSON REYNA: Thank you,
13 Commissioner.

14 ROBERT WALSH: Yeah.

15 CHAIRPERSON REYNA: I just wanted
16 to introduce members that have joined us. Council
17 Member Koslowitz, Chair of Economic Development;
18 Council Member Lander; Council Member Chin;
19 Council Member Rivera and Rivera Jr.; Council
20 Member Weprin; Council Member Vann; thank you all
21 members for joining this morning, very important
22 hearing on Finance, Small Business Services.

23 I'd like to just take an
24 opportunity to just ask the Commissioner and refer
25 to your testimony--

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ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --from March--

ROBERT WALSH: Sure.

CHAIRPERSON REYNA: --during the preliminary hearing, budget hearing, that in 2011, the City's 15 Workforce Career Centers placed New Yorkers in more than 35,000 jobs, fiscal year 2011, actual funding for workforce development was roughly 57 million.

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: How much does it cost to train and place an individual in a job? Have you run those costs per person?

ROBERT WALSH: We have, and the expert on that is our Deputy Commissioner Angie Kamath, who could, you know, get into some of the details on the average.

ANGIE KAMATH: Hi, good morning, my name, as the Commissioner said, Angie Kamath from the Deputy Commissioner at Workforce Development at SBS.

So basically our cost per placement, if we're doing straight kind of screening, referring folks to employers, and

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2 getting people into jobs, is between 1,000 and
3 \$2,000. The differential can be if we're talking
4 about placing folks within midlevel work where
5 you're often talking about a small business where
6 the number of interactions with the business will
7 increase the follow up needed to really understand
8 those business's needs are often a little bit more
9 sophisticated, more complicated than, let's say,
10 entry level jobs at larger types of employers.

11 When we're talking about the cost
12 of training, that's also very different, that can
13 range anywhere from \$1,300 to train a person and
14 placement to something like \$7,500, and, again,
15 the differential there varies very much upon the
16 occupation and the industry. So something on the
17 higher end on the \$7,500 for training and
18 placement would be maybe something in health care
19 where you're looking at a nine-month training
20 within a community college for, let's say, a
21 licensed practical nurse, versus other types of
22 certifications, which would be on that lower end
23 that are maybe, you know, between two to three
24 months of training to get folks into jobs.

25 CHAIRPERSON REYNA: And as far as

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2 the City Tax Levy dollars on both categories, what
3 would be the percentage of any City Tax Levy
4 dollars contributing to that cost?

5 ANGIE KAMATH: So in terms of our
6 overall funding mix, we're roughly 65 to 70%
7 federally funded and 30 to 35% city tax funded,
8 and that's really a reflection both of the
9 commitment of the administration to our work, as
10 well as just the reality that our federal funding
11 has really declined substantially over the past
12 couple of years. And so what we do with that
13 funding mix is we really just blend the funding
14 and so, for example, our industrial and
15 transportation center, we really mix the dollars
16 and try to just leverage as much of both funding
17 streams as we can. So the long way to say in
18 terms of your question, the rates hold whether
19 you're talking about federal dollars or City Tax
20 Levy dollars, so, again, 1 to 2,000 to make a
21 straight placement, 1,300 to about 7,500 for a
22 training and placement intervention.

23 CHAIRPERSON REYNA: We've been
24 joined by Council Member Eugene.

25 I wanted to just take a moment to

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get into the contract regarding Seedco.

ROBERT WALSH: Sure.

CHAIRPERSON REYNA: In March, the City's Department of Investigation, as you mentioned, released a report--

ROBERT WALSH: Right.

CHAIRPERSON REYNA: --falsifying 1,400 job placements. The people on these jobs were either jobless or found employment on their own. Seedco managed \$22.2 million contract--

[Crosstalk]

CHAIRPERSON REYNA: --with SBS to operate under the area of Upper Manhattan and Bronx Workforce Career Centers, as well as the Lower and Upper Manhattan Business Solution Center. Can you please provide an update to the Committee what has happened to Seedco's contract and which vendors were selected to replace Seedco?

ROBERT WALSH: Okay. Well we quickly ended our contract with Seedco and, you know, in total, it was \$22 million. If you think about it in multiyear, they had the Upper Manhattan Center, which is one of our busiest centers in Harlem at 125th Street, and they had

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2 another center in the Bronx at 149th Street in the
3 hub, and we have replaced in the Bronx Seedco with
4 FECS, FECS has been around a long time, they've
5 done some great work, they're an organization that
6 is throughout the city. And we did this pretty
7 quickly, one is because we have people to serve.
8 And it's going to be a smooth transition. In
9 fact, we're now in the process of not only ramping
10 up, but moving the location. We have not been
11 happy with the landlord at 149th Street, we're
12 moving to 1 Fordham Place, and I hope to make that
13 announcement with the Council Member of that
14 district really soon. Yeah, the construction is
15 underway, we should have that up and running by
16 right after Labor Day--no pressure. So that's the
17 good news in the Bronx.

18 In Upper Manhattan, we have gone
19 with an organization called EDSI, who's done work
20 with us in Lower Manhattan and did some really
21 tremendous work with us in Staten Island. And
22 they will head up, in fact, they've put their--

23 CHAIRPERSON REYNA: [Interposing]

24 The acronym stands for? Economic Development--

25 [Crosstalk]

1
2 ROBERT WALSH: [Interposing] Oh
3 boy, Educational Data Systems--what's the I?

4 [Off mic]

5 ROBERT WALSH: Inc, there you go, I
6 know--and they have done some great work. You
7 know, along with those contracts, you got to
8 remember, there's a business solutions side to
9 that and in Upper Manhattan, we have entered a
10 contract, I met with them this week, I've met with
11 them twice this week, the Harlem Commonwealth
12 Council on 125th Street. Led by a Dr. Tate, they
13 have a tremendous team, Kelvin Johnson, I don't
14 know where he is, the pro from Brooklyn, I thought
15 he was going to run against Marty Markowitz, I
16 guess that's not the case, he joined our team
17 instead. And he is really--

18 CHAIRPERSON REYNA: [Interposing]
19 You're getting everyone curious mumbling here.

20 ROBERT WALSH: --working--I know, I
21 couldn't help it. He is working with the group at
22 125th Street to get them up and running and put
23 the leadership in place, and I think we're in a
24 really good place there.

25 In the Bronx, Dale Grant and

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2 Associates will run the Business Solutions side.
3 Councilman Rivera, you'll be happy to know that
4 we're also dealing with that business school
5 across the street known as Fordham University and
6 we're going to develop a relationship with them,
7 whether it's professors, whether it's students,
8 whether it's fellowships, they're a stone's throw
9 from that new center and that'll be good. So we
10 made that transfer.

11 I think the key thing has been what
12 to do to make sure this never, ever happens again,
13 and there's two things. I think the first thing
14 is I mentioned that customers, New Yorkers, can
15 now get the information online so if they're
16 filling out the form, nobody else is filling it
17 out for them, and that's exactly what happened at
18 Seedco. They were filling out false information,
19 people--you had orientations, it gets me angry
20 what happened. They ended up, you know, basically
21 going into an orientation or going into a workshop
22 and having people fill out forms and then using
23 that information as if they placed people in jobs.
24 That's number one. So it's the work that
25 individuals will now do themselves.

1
2 The second is putting the onus on
3 our partners to come up with the pay stub, you
4 know, upfront. You know, you could trust, but now
5 we're going to verify and get a complete
6 verification, spot audits, having our people
7 trained and, you know, focused a lot more. This
8 was not a, you know, there were some folks who
9 said it was a simple thing, that we had our eyes
10 shut. This is not something that we had our eyes
11 shut on, this was a complicated scheme that was
12 created by the organization to pump their numbers
13 up.

14 CHAIRPERSON REYNA: Could I just
15 take a moment to ask you've mentioned some of the
16 systems you're putting in place--

17 ROBERT WALSH: Yeah.

18 CHAIRPERSON REYNA: --in order to
19 prevent this from happening and--

20 ROBERT WALSH: Yeah.

21 CHAIRPERSON REYNA: --this is going
22 to be across all your contracts--

23 ROBERT WALSH: [Interposing] That's
24 absolutely right, yeah.

25 CHAIRPERSON REYNA: --to eliminate

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and provide zero--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --tolerance.

But I want to understand as far as the quality control procedures overall in SBS that are in place for not just the workforce side, but also the business service programs.

ROBERT WALSH: Yeah, sure.

CHAIRPERSON REYNA: What are they?

ROBERT WALSH: You know, we do a couple of things and I guess you could take a page from--

CHAIRPERSON REYNA: [Interposing]

And are they in-house or subcontracted or both?

ROBERT WALSH: Both. What Angie Kamath and her team has done over the, you know, last number of years has been pretty remarkable, quite frankly, in terms of building this out. It is not a soft touch, you know, when we have a contract. In some ways, we take great pride in that. We call on the contractors on a regular basis, we have scorecard information on a regular basis, I have sat in countless meetings where contractors would have to go around the room and

1
2 talk about their job initiatives and who they were
3 working with. And all of that information has
4 been, you know, presented in--whether it's the
5 Business Solution Centers or the Workforce
6 Centers, on a regular basis in quarterly meetings
7 with us. So that's number one.

8 CHAIRPERSON REYNA: I just want to-

9 -

10 ROBERT WALSH: Yeah.

11 CHAIRPERSON REYNA: --just to be
12 clear, you said both in-house, who in-house is the
13 quality control mechanism? Is it--

14 ROBERT WALSH: [Interposing] I have
15 an assistant commissioner, a guy by the name of
16 Xenon Walcott, who is not with us today, he's
17 probably back doing validations, but he is the
18 person who, you know, is doing the follow-up on
19 the validations.

20 CHAIRPERSON REYNA: And as far as
21 the subcontracted?

22 ROBERT WALSH: Subcontracted we've
23 moved it in-house now.

24 [Off mic]

25 ROBERT WALSH: I'm sorry, go ahead.

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Add to the details on--

ANGIE KAMATH: [Interposing] Sure.

So, as Commissioner Walsh said, we have at about a team of approximately 17 people on internal validation and quality assurance across all of our contracts and all of our centers. In terms of the subcontract, we work with an organization called The Work Number. The Work Number is basically a company that does employment verification, it's a private sector company that basically uses wage records and they have a database of thousands of businesses, nationally and in New York, that we use to verify that staff who our centers say have been placed on payroll with particular companies are indeed on payroll.

CHAIRPERSON REYNA: And they were brought in recently, post the Seedco investigation?

ANGIE KAMATH: No, we opted to contract with them last year so as we renewed and had an RFP and renewed our Workforce1 Center contracts in late 2010, early 2011, we brought in this new vendor. So we made this change recognizing how important verifying directly with

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employers is last year prior to all of the Seedco work.

CHAIRPERSON REYNA: [Interposing]

And who was the subcontract with prior to hiring this new Work Number company?

ANGIE KAMATH: Sure. So a survey

firm called Charney Research, a pretty well established organization, had been working with us for about four years doing our validation of job placements primarily through working directly with the jobseekers who were placed in jobs. So, again, to Commissioner Walsh's point, we have had robust kind of audit controls and validation processes in place, we have changed them up to make them even tighter to really eliminate a lot of the instances that we found through Seedco.

CHAIRPERSON REYNA: [Interposing]

So I just want to understand, Charney Research was overseeing the validation process for Seedco?

ANGIE KAMATH: Charney Research was

a subcontract that SBS had for validation for all of our Workforce1 Centers, including Seedco.

CHAIRPERSON REYNA: [Interposing]

Including Seedco. And were they--is it fair to

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say that they failed their contract?

ANGIE KAMATH: No, I don't think that is fair to say from, you know, the methodology that they used, used statistically significant sampling methodologies and the Seedco results were below the kind of averages from the other centers, and so what's very important to note is that the way our contracts are structured with performance-based milestones, we only pay for the placements that are indeed verified and so, from that perspective--

CHAIRPERSON REYNA: [Interposing]
So they were responsible for catching what was--merited an investigation with Seedco? Was Charney Research the complainant of what merited the investigation?

ROBERT WALSH: No, no--

ANGIE KAMATH: No.

ROBERT WALSH: --the complainant was a gentleman by the name of Harper, and I can't remember his first name.

[Off mic]

ROBERT WALSH: Wasn't it Bill Harper? Bill Harper blew the whistle.

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CHAIRPERSON REYNA: So Charney

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Research never--

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[Crosstalk]

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CHAIRPERSON REYNA: --caught this.

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ROBERT WALSH: They did not.

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CHAIRPERSON REYNA: Okay. So they,

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in my eyes, that's a failure with that contract.

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ROBERT WALSH: In your eyes, it's a

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failure, you also need to understand that there is

11

a bit of a delay and there was, you know, a

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random--it's not all and what--and the change

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we've now made is all need to be validated.

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CHAIRPERSON REYNA: I know my

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colleagues have--

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ROBERT WALSH: Yeah.

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CHAIRPERSON REYNA: --questions, I

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want to return--

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ROBERT WALSH: [Interposing] And

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you know what, your point may be right, that it

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was a failure and we have now brought it in-house

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and we're asking every single one of the

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contractors for that pay stub or verification that

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that person's, you know, on board. Your--

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CHAIRPERSON REYNA: And that

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verification is only--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --one pay stub-

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ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --or a six-

month review of pay stubs?

ROBERT WALSH: Go ahead.

ANGIE KAMATH: The verification is employment, so did this person get hired, did this person get onto the payroll, so there's an initial, did this person indeed get placed and hired and has a paycheck. So that's at initial placement. And then in terms of the six-month verification, our system flows up through the state, through the federal U.S. Department of Labor that uses wage and reporting records from states, which is very proprietary information that we don't have access to, to assess our six-month retention rates. Our six-month retention rates for all of our centers in New York City have typically been in the low 70s, so about 71, 72% of folks who are employed are still working six months later. So we do not employ the Work Number

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2 or our in-house resources to look at retention, we
3 use the government resources through Department of
4 Labor to get at that number.

5 CHAIRPERSON REYNA: Okay. I want
6 to call on Council Member Koo.

7 [Pause]

8 CHAIRPERSON REYNA: Is that mic on?

9 COUNCIL MEMBER KOO: Commissioner
10 Walsh and the dynamic team you bring--

11 ROBERT WALSH: Thank you.

12 COUNCIL MEMBER KOO: --good
13 morning.

14 ROBERT WALSH: Good morning.

15 COUNCIL MEMBER KOO: Thank you for
16 coming here to give us a really detailed
17 description of what you have done in SBS, but I
18 was sitting here, I listened, I think most of the
19 programs, a lot of your programs are done to
20 helping individuals finding jobs. Right?

21 ROBERT WALSH: Mm-hmm.

22 COUNCIL MEMBER KOO: And not much
23 has been helping the businesses to how to make
24 sure they maintain their businesses, how to
25 improve their business, and how to, like, when

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they're having problems, where to go for solutions. I mean, you have a lot of programs helping the--

[Crosstalk]

COUNCIL MEMBER KOO: --new initiatives. Young Men's Initiative and all this initiative. Well but while I was sitting down here, I'm thinking how come you don't have any, like, thing, like, interagency initiative, i.e., there is when--small business have problems, who do they go for to solve their problems?

ROBERT WALSH: Yep.

COUNCIL MEMBER KOO: You know, in New York City, most of us, if you are main street anywhere, most of the small businesses are restaurants, laundries, bodegas, and travel agencies--

ROBERT WALSH: Sure.

COUNCIL MEMBER KOO: --and those things, right? And when a, say, for a restaurant, when they have a problem, they have too many inspections, and who do they go to complain? I mean, I mean, they don't go to small business--SBS to complain, but they should though, right?

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ROBERT WALSH: Well we get--

COUNCIL MEMBER KOO: Right, right?

ROBERT WALSH: --we get our
complaint, we have--

COUNCIL MEMBER KOO: [Interposing]
I'm just [off mic] one example, if a pharmacy or a
supermarket, there's too many shoplifters coming
in and they call the police department, police
department don't usually don't respond to those
things, they say oh, those are minor things, we
don't--no. So these are--by the time they come,
it's two hours later. So who do they complain
about this? So I want your agency to set up a
interagency department, for you guys to help small
businesses. When they problem, they call you,
call Small Business department to help them solve
the problems. Or like at 162nd Street in my area,
transportation, they were doing a road repaving or
something, takes them all more than a year, they
still haven't finished. And the diners on the
street, the restaurant, they're all complaining,
they lost a lot of business. So who do they
complain? They complain to me and they say
they're going to file a lawsuit to the city, but

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2 they never mention SBS. I mention this to a
3 commissioner from the Transportation department,
4 Commissioner--

5 CHAIRPERSON REYNA: Sadik-Khan.

6 ROBERT WALSH: Sadik-Khan.

7 COUNCIL MEMBER KOO: Yeah. She
8 say, oh, I have to call Robert Walsh to figure out
9 what to do with these businesspeople, you know?
10 Because she said she will call you to go between
11 the small businesspeople losing a lot of money
12 because of some repaving work that going on for
13 all than--well more than a year.

14 So and maybe can you explain it to
15 me, like, can--

16 ROBERT WALSH: Sure, absolutely.

17 COUNCIL MEMBER KOO: --this is a
18 good idea you set up a interagency initiative,
19 help small businesses to solve their problems,
20 especially because of poor enforcement or poor
21 performance from other City agencies--
22 Transportation, Sanitation, police, and then
23 Consumer Affairs, all those--so that the
24 businesspeople have a goal, they have a way to go
25 to file their grievances. And this is the most

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logical place because you are Small Businesses chief.

CHAIRPERSON REYNA: Commissioner, we have the Economic Development Corporation president, Seth Pinsky, waiting--

ROBERT WALSH: Okay.

CHAIRPERSON REYNA: --and we want everyone to have--

ROBERT WALSH: Yeah, sure.

CHAIRPERSON REYNA: --an opportunity to ask questions. Council Member Koo did--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --ask that question to Commissioner Sadik-Khan and--

ROBERT WALSH: Right.

CHAIRPERSON REYNA: --she's clearly stated that she needs to circle back with you and we just want your commitment to Council Member--

ROBERT WALSH: [Interposing] I will do it.

CHAIRPERSON REYNA: --Koo that--

ROBERT WALSH: In a heartbeat.

CHAIRPERSON REYNA: --there will be

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a meeting to--

ROBERT WALSH: I will, in a heartbeat.

CHAIRPERSON REYNA: Fantastic.

ROBERT WALSH: You know, but on the business outreach, you're--we do have a team, it's led by a woman by the name of Bernadette Nation, who has done a tremendous job, it's a small team, I think they do great work, and we've, you know, we've made an effort on that.

You know, the other piece on this, which is in the fiscal 2013 executive budget, includes moving the Business Acceleration Team that has had success in helping restaurants, you know, get started up quicker and faster and better, and now they're expanding their work to retail and the game plan, quite frankly, is to have the Business Acceleration Team working hand-in-hand with our Business Solution Centers and our work, you know, even moreso, and I think that will make a difference. But, you know, a lot of this stuff that you talk about is stuff that if you could reach out to us through our Business Outreach team, we could work with the city--you

1
2 know, I had an issue with Councilman Levin not too
3 long ago where parking was--Brad, you know about
4 this--it was eliminated on Atlantic Avenue, it
5 made no sense--

6 CHAIRPERSON REYNA: Right.

7 ROBERT WALSH: --the small
8 businesses were, you know, I got on the phone with
9 Transportation Commissioner Sadik-Khan, we worked
10 it out and we got it restored. So, you know,
11 sometimes it's one-on-one, whether it's me or, you
12 know, some of the folks here, it's a big city, I
13 realize that, but we try to be as responsive as
14 possible.

15 CHAIRPERSON REYNA: [Interposing]
16 We appreciate that. Thank you, Commissioner. I
17 just want to make sure--

18 COUNCIL MEMBER KOO: [Interposing]
19 Let me follow up.

20 ROBERT WALSH: Yeah.

21 COUNCIL MEMBER KOO: So when
22 business owners want to complain, well who do they
23 call? Do you have a number they can call?

24 ROBERT WALSH: Well they could
25 reach out to us, they, you know, certainly through

1
2 311 they could call, but through our Business
3 Outreach team. If you call me on some of these
4 things, and I think it's, quite frankly, it's one
5 of the reasons why in Flushing, but maybe this is
6 not a Flushing issue, that business, you know,
7 BIDs have done a pretty good job in reaching out
8 to us too, but, look, you have my number, you call
9 it at anytime, and I'll be there to help you out.

10 COUNCIL MEMBER KOO: No, no, no, I
11 have your number, but I want to make sure small
12 businesspeople have your number.

13 ROBERT WALSH: Okay.

14 COUNCIL MEMBER KOO: Because, yeah,
15 because--

16 ROBERT WALSH: Well, you know,
17 we'll do the best we can to deal with every, you
18 know, every call that we get.

19 COUNCIL MEMBER KOO: Because right
20 now, most of the people in the department never
21 come to the mind that this is a business--they
22 have small business solutions--

23 ROBERT WALSH: They should reach
24 out to the Business Solutions Center, they should-

25 -

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2 COUNCIL MEMBER KOO: --department
3 in New York City.

4 ROBERT WALSH: They should reach
5 out to the Business Solutions Centers, they should
6 reach out to our Business Outreach team, they
7 should use the Community Boards, they should use
8 the--

9 [Crosstalk]

10 CHAIRPERSON REYNA: [Interposing]
11 But, Commissioner, you're going to commit with
12 Council Member Koo--

13 ROBERT WALSH: I said that.

14 COUNCIL MEMBER KOO: Yeah.

15 CHAIRPERSON REYNA: --and
16 Commissioner Sadik-Khan in order to--

17 ROBERT WALSH: [Interposing] I said
18 that.

19 CHAIRPERSON REYNA: Yep.

20 ROBERT WALSH: Yeah.

21 CHAIRPERSON REYNA: And so I am
22 sorry, Council Member Koo, I just want to make
23 sure that we call upon Council Member Eugene,
24 Chin--

25 COUNCIL MEMBER KOO: Sure.

1
2 CHAIRPERSON REYNA: --Lander, and
3 Ferreras, who have questions. And I want to just
4 recognize we had been joined by--

5 ROBERT WALSH: Hi.

6 CHAIRPERSON REYNA: --Council
7 Member Oddo, we are joined by Council Member
8 James, Council Member Brewer, and Council Member
9 Sanders.

10 [Pause]

11 COUNCIL MEMBER EUGENE: Thank you
12 very much, Madam Chair. Thank you to the
13 Commissioner and also all the members of the
14 panel. I have several question, but I won't have
15 time to ask all of them, I know that many other
16 people want to ask question.

17 One of my questions would be about
18 the contract because I see the contract in your
19 budget, 36% of the budget go to contract, so if
20 you want to say something about that, I--

21 ROBERT WALSH: [Interposing] On
22 which one, I--

23 [Crosstalk]

24 COUNCIL MEMBER EUGENE:
25 [Interposing] The contract. Contracts. Contract.

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ROBERT WALSH: Yeah, you want to do it? Go ahead. Yeah.

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COUNCIL MEMBER EUGENE: All right, but excuse me, my first question would be, I was not here when you were talking about, you know, the different part of your presentation, but it seem that you put emphasis on helping people find jobs, which is very important for all of us. But I want to know what effort have you been making to help veterans get trained and also find job. Because we know that the veterans, they made the ultimate sacrifice for all of us and I think that I would like to know about that, please.

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ROBERT WALSH: I'll be quick on that. It's a great question, there is over, I believe, 8,000 veterans coming back to New York City, we are going to set up a specific workforce center for veterans at 60 Madison Avenue, we're teaming up with a veterans' association, we're teaming up with Robin Hood Foundation, we're teaming up with the Help USA organization, and so many others to make sure that we can do all we can, not only on jobs, but on all the other services, whether it's the GI Bill on education,

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2 whether it's counseling that might be needed,
3 whether it's housing certificates that they're
4 afforded to, you know, all that we can. It's a
5 center that is going to--we're going to be hiring
6 vets to run it for us. We're getting a good deal
7 of help with the Robin Hood Foundation to get that
8 up and running by--

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ANGIE KAMATH: July 9th.

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ROBERT WALSH: --by July 9th.

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COUNCIL MEMBER EUGENE: You know,

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for the fiscal year--

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ROBERT WALSH: [Interposing] So and
14 we're looking at, I believe, I think the goal we
15 set for ourselves is about 1,200 people?

16

ANGIE KAMATH: Yes.

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ROBERT WALSH: Right, 1,200? You
18 know, and the key thing is not only to have the
19 specific center for the vets, but also to use the
20 other 15 centers that we have, whether it's the
21 larger workforce centers or at the libraries, to
22 make sure we get the word out.

23

COUNCIL MEMBER EUGENE: But this is
24 your goal, but for the fiscal year 2012--

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ROBERT WALSH: Yeah.

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COUNCIL MEMBER EUGENE: --so far,

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how many veterans at SBS--

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ROBERT WALSH: [Interposing] Well

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let--

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COUNCIL MEMBER EUGENE: --and

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Workforce1 have served--

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ROBERT WALSH: --last year--we

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looked at this, last year we helped it was about

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800 vets who came in, you know, looking for help

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and we were able to help them with jobs, this

12

year--

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COUNCIL MEMBER EUGENE:

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[Interposing] Did they receive jobs?

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ROBERT WALSH: Yes, they did.

16

Obviously, many more came in, but 800 were placed.

17

Do I got the right number--

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ANGIE KAMATH: [Interposing] Yep,

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about 3,700 folks walked in and 800 left with

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jobs. And so the Robin Hood funding and

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incremental 600,000 will help us increase that by

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50% to the 1,250 that the Commissioner referenced.

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ROBERT WALSH: You got the mic,

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what did I miss on the veterans' center?

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ANGIE KAMATH: Nothing.

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ROBERT WALSH: Okay.

COUNCIL MEMBER EUGENE: So my second question is about, you know, immigrants. We know that immigrants--

[Crosstalk]

COUNCIL MEMBER EUGENE: Excuse me. New York City is home to so many immigrants and they are entrepreneurs that want to make a living, they are making a lot of effort to open their own small businesses, but there's a lack of information, you know. What effort have you been made or SBS of Workforcel to reach out to them and to let them know about the resources available, to let them know also what they should do to open the small business and to maintain those small business? We have to remember so one of the biggest challenges for immigrant is language barrier. Could you tell us what you have been doing to--

[Crosstalk]

ROBERT WALSH: [Interposing] Yeah, Kelvin Collins, who has been with our Business Solutions Centers, could speak more to detail on that, but I got to tell you, it's one of the

1
2 things that we lean on a lot of--I mean, the neat
3 thing is the fact that we've built out these
4 Business Solutions Center is one, we lean out on a
5 lot of the organizations that, quite frankly, are
6 serving the immigrant--what Angie did on the
7 workforce side is, you know, she has community
8 partners and I would say we still have a lot more
9 work to do in building out our network of economic
10 organizations and community-based organizations to
11 use our Business Solutions Centers.

12 What more would you want to add on
13 that?

14 KELVIN COLLINS: Kelvin Collins,
15 Director of Industrial and Transportation at SBS.

16 And as Commissioner mentioned, we
17 actually have an access line, language access
18 line, so any individual walking through our NYC
19 Business Solutions Center or our career centers
20 can, in whichever language, we can provide
21 translation services for them and ensure that they
22 receive service as they require. We certainly
23 look at our staff and plan and we're very
24 interested in hiring staff with language
25 capability to serve New Yorkers well, and we

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certainly done throughout all centers.

We've partnered with community-based organizations throughout the city to ensure that we have reach in communities where there is a predominance of immigrants. So there's a strong commitment throughout all of our NYC Business Solutions Centers and our career centers to serve immigrants. But there's a lot more work to do and we're looking to see how we can ensure that more for materials are translated and are available throughout the communities to serve immigrants.

COUNCIL MEMBER EUGENE: Thank you very much. Let me ask, if you allow me just one more question.

CHAIRPERSON REYNA: [Interposing] I have to move on--

COUNCIL MEMBER EUGENE: [Off mic].

CHAIRPERSON REYNA: --I'm sorry, Council Member Eugene. And I want to offer everyone--

COUNCIL MEMBER EUGENE: No problem.

CHAIRPERSON REYNA: --an opportunity, we were unfairly scheduled--

COUNCIL MEMBER EUGENE: Thank you

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so much.

CHAIRPERSON REYNA: --for an hour
in this room--

[Crosstalk]

COUNCIL MEMBER EUGENE: Thank you
so much for the opportunity.

CHAIRPERSON REYNA: I appreciate
it.

COUNCIL MEMBER EUGENE: Thank you.

CHAIRPERSON REYNA: Thank you. I
want to just point out in reference to what
Council Member Eugene has mentioned, it is very
important and we noticed the lack of available
bilingual individuals on the 19th for the job
opportunity and small business expo of being able
to communicate with attendees in their own
language, and so as far as the Department of Small
Business Service is concerned--

[Crosstalk]

CHAIRPERSON REYNA: --it's one of
the issues that they noticed they need to improve
on--

ROBERT WALSH: Okay.

CHAIRPERSON REYNA: --and so we

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want to just make--

[Crosstalk]

CHAIRPERSON REYNA: --sure that we
continue to work on those efforts.

ROBERT WALSH: That's fair.

CHAIRPERSON REYNA: Council Member
Chin, followed by Lander, Ferreras, and then
Sanders. And we've been joined by Koppell and
Levin.

COUNCIL MEMBER JAMES: And a new
member here.

COUNCIL MEMBER CHIN: Thank you,
Chair. Commissioner, I also wanted to thank you
and your staff for participating in the BLAC Expo-
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[Crosstalk]

COUNCIL MEMBER CHIN: --that we did
on May 19th. Following up on that, I think it's
really important to look at the workforce
development program because there were people that
showed up that wanted assistance, wanted to look
for job, and there was a language issue.

ROBERT WALSH: Yeah, I noticed that
when--

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[Crosstalk]

COUNCIL MEMBER CHIN: They didn't
feel--

ROBERT WALSH: --walked in.

COUNCIL MEMBER CHIN: --comfortable
enough in English and they, you know, did not
really get the help that they wanted, but they
were enthusiastic, I mean--

ROBERT WALSH: Yeah.

COUNCIL MEMBER CHIN: --they showed
up, they had the information--

ROBERT WALSH: I saw that.

COUNCIL MEMBER CHIN: --so I think
is that looking at the budget for the workforce
development, I really think that--

[Crosstalk]

COUNCIL MEMBER CHIN: --need to be
in a special effort in terms of reaching out to
the community, immigrant community to assist them
to find the job opportunity and the training. And
one of the thing that I'm concerned about is in
the capital budget, that's a huge amount of
decrease in workforce development training, it's
about \$7 million.

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MALE VOICE: Twelve altogether.

[Crosstalk]

COUNCIL MEMBER CHIN: Yeah, I mean, so it's a huge decrease, so that would affect a lot of the training program that you have in place and even new program that we wanted to push for people who had limited English proficiency.

ROBERT WALSH: Okay.

COUNCIL MEMBER CHIN: So how do you--

ROBERT WALSH: [Interposing] Yeah, I think you're referring to the Young Men's Initiative money, the \$7 million?

COUNCIL MEMBER CHIN: [Interposing] No, this is not, I don't know, this is workforce development and it's training.

ROBERT WALSH: I don't know the reference on that.

MALE VOICE: Yeah, they put [off mic] that's YMI, so, Commissioner--

ROBERT WALSH: [Interposing] I hope we're not taking the \$7 million--

COUNCIL MEMBER CHIN: [Interposing] Oh, so that's the YMI?

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ROBERT WALSH: Yeah.

COUNCIL MEMBER CHIN: So there is no decrease at all in the regular workforce training program that you were talking about earlier?

ROBERT WALSH: Across the board, there is a 10% decrease that we--

COUNCIL MEMBER CHIN: Oh, okay.

ROBERT WALSH: --have relied on the federal Department of Labor on that we're getting cut by about 10%.

COUNCIL MEMBER CHIN: So how will you be able to, sort of, cover and continue to build on the--

ROBERT WALSH: [Interposing] On the language issues and--yep. You want to talk a little bit--

ANGIE KAMATH: [Interposing] Sure, I can. What I can add is that [pause] take your point that offering training services to individuals who have limited English proficiency but have a lot of skills and a lot of talents that they can lend to businesses is really important. What we've seen and some of our investments in

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2 this area that have been quite successful have
3 been in health care, so we see a lot of foreign
4 trained professionals who, in their own country,
5 they're certified, they were health care
6 professionals and they come here and they have
7 both certification issues to make sure that the
8 credentials that they received in their country
9 are translatable to the New York City health care
10 market because it is such a regulated industry,
11 and that they get the help that they can benefit
12 from in terms of language proficiency. So our
13 Workforce1 Health Care Center, which is located
14 LaGuardia Community College, has both the Welcome
15 Back Center, which draws in--and it's a very
16 successful national model--drawing in immigrant
17 health care professionals, and we fund a number of
18 training slots to make sure that folks that were
19 professionals can really practice in this country.
20 So that's one of the ones that we would actually
21 like to grow and we're working as we plan with
22 LaGuardia for their fourth year of that program,
23 we're looking to grow that 'cause we think it's
24 incredibly important. And so those types of areas
25 working with organizations like Upwardly Global

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2 really is where we found a lot of success and
3 we're going to try to increase those types of
4 partnerships that have been working well.

5 Overall, in terms of our training
6 budget, kind of absorbing the Workforce Investment
7 Act or federal budget cuts, every year we just try
8 to make sure that we're allocating the right level
9 of dollars to our Workforce1 centers for
10 operations and then the right amount of dollars to
11 training. The way that we're looking at it for
12 next year, we went from about \$9 1/2 million in
13 training overall, next year, we're looking at
14 about a \$10 million investment, so there's going
15 to be a small increase that we're planning for.
16 So, again, we don't want to cut off training
17 'cause we do recognize its value.

18 COUNCIL MEMBER CHIN: Okay.

19 ROBERT WALSH: And language [off
20 mic] at our centers in terms of people who--

21 ANGIE KAMATH: [Interposing] Right,
22 I'm actually very proud of our language access in
23 terms of staff. So at the front line at our
24 Workforce1 Career Centers, I mean, a major part
25 that goes into making sure that the staffing is

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2 appropriate to the community is, I mean, I don't
3 have a specific number, but I'm confident to say
4 upwards of 50% of all of the staff at each of our
5 career centers is bilingual, is multilingual, in
6 some of our centers, particularly in the Bronx and
7 Upper Manhattan, I think the percentage is even
8 higher of staff who have more than one language
9 proficiency, but it's very much something that we
10 ensure that our centers hire for. And then, as
11 Kelvin had talked about, certainly when we don't
12 have a staff member that has proficiency in the
13 language, we certainly tap into the language line,
14 but I think our preference is to have--

15 COUNCIL MEMBER CHIN: [Interposing]
16 Yeah, Language Line is really not the way to go, I
17 mean, it's like--

18 ANGIE KAMATH: [Interposing] Yeah,
19 no, our preference is to have staff.

20 COUNCIL MEMBER CHIN: --emergency,
21 whatever, it's the--

22 [Crosstalk]

23 ANGIE KAMATH: --great.

24 COUNCIL MEMBER CHIN: --one-on-one,
25 but I would make the recommendations that there

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2 are professionals who are bilingual, multilingual
3 who might have to retire and would volunteer their
4 service, so there's a recruitment drive that could
5 be done to assist. Because people kind of
6 recognize government office as the place to go and
7 I think if you publicize your services, it makes a
8 difference in the community.

9 So one other question was following
10 up what Council Member Koo was talking about. The
11 whole interagency, it's really so important to
12 kind of help the small business navigate how to
13 resolve problem with agency. Like in my
14 community, we have this big issue about a lot of
15 the employment agency were fined by Consumer
16 Affair and some of these small businesses were
17 fined thousands of dollars, and one of the things
18 they told them was, well you didn't post up the
19 sign, you know, in Chinese, and you're responsible
20 for translating to put up your own sign. I mean,
21 that is ridiculous, but that's what the City
22 agency told the small business. But it's like why
23 should small business be responsible for their own
24 translate? I mean, if they have to post up
25 government regulation, the translation should have

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2 been provided by government. But they don't know
3 where to go so they end up paying the fine or they
4 come to our office and now we got to try to help
5 them resolve the problem.

6

7 But I think the Small Business
8 Service, you have a role that can really help
9 existing business, especially in immigrant
10 community, which there's a lot of
11 entrepreneurship, people start their own business,
12 but a lot of time they may not know all the rules
13 and all the intricacy and they need help.

13

ROBERT WALSH: [Interposing] Yeah--

14

[Crosstalk]

15

COUNCIL MEMBER CHIN: So I really
16 urge you to take that on.

17

ROBERT WALSH: --and my hope is
18 that the Business Acceleration Team and the
19 resources that we're getting will build off of the
20 work that we've done on the Business Solutions
21 Centers and make an even bigger difference,
22 that's--

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COUNCIL MEMBER CHIN: Yeah.

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ROBERT WALSH: --my hope.

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COUNCIL MEMBER CHIN: I mean, new

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business, help new business, but also help the existing one.

ROBERT WALSH: Yeah, I agree.

COUNCIL MEMBER CHIN: Thank you.

CHAIRPERSON REYNA: Thank you very much. Council Member Lander, and we've been joined by a junior Council Member Amali [phonetic]. Say hello, Amali. Council Member Lander.

COUNCIL MEMBER LANDER: Thank you, Madam Chair and Council Member Amali. Commissioner, good to see you, and thanks for all the good work that you and your agency do. I do have a couple of questions about Seedco follow up, and they're--

ROBERT WALSH: [Interposing] Sure, absolutely.

COUNCIL MEMBER LANDER: --actually less because directly about SBS, but partly, I'm trying to understand a little better for some other purposes--

ROBERT WALSH: Yeah.

COUNCIL MEMBER LANDER: --how the New York City Department of Investigations work

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2 and how Inspectors General work and where we use
3 information we find out about individual cases to
4 look at broader policies. So I know that the DOI
5 report had a set of recommendations for SBS more
6 broadly beyond the specifics of the Seedco case,
7 and I just--is there a--this is really, in some
8 ways, more a, kind of, procedures and protocol, so
9 in terms of your response to that, like a
10 corrective action plan, you referred to a bit of
11 it in your testimony here--

12 [Crosstalk]

13 COUNCIL MEMBER LANDER: --and last
14 time, is there a document that you give them that
15 you could provide the Council that says, yes,
16 we're going through all the bullets that DOI has--

17 ROBERT WALSH: [Interposing] I'm
18 happy to do that, yeah.

19 COUNCIL MEMBER LANDER: --
20 recommended for the agency?

21 ROBERT WALSH: I have spent a lot
22 of time with the DOI Commissioner, Rose Gill
23 Hearn, on the recommendations and every single one
24 of the recommendations that they lay out from the
25 training up front--you know, Councilman, there

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2 should never be a question about what defines a
3 job, you know? We shouldn't be defining what is a
4 job, it should be very clear procedures, you know,
5 you know, and, you know, as we have grown the
6 centers from--well we started with 3 to now 15,
7 you know, you did get turnover, you got over
8 100,000 people that are using this system, you
9 have people who are on the front lines. You know,
10 first, it's the procedure, it's constant training
11 and follow up training, it's--you know, the
12 biggest disappointment I said in my testimony that
13 it's been up and down over the last couple of
14 months, but it's also disappointing. The
15 disappointment that eats away at me is the fact
16 that you had a whistleblower that said there was
17 something wrong, that there was something terribly
18 wrong, and that individual didn't feel that there
19 was a mechanism--whether it was our agency--

20 COUNCIL MEMBER LANDER: Yeah.

21 ROBERT WALSH: --whether it was the
22 staff here, or that it was at DOI--where they
23 could say something. And that information was
24 translated to us as a administrative error. There
25 was an e-mail that went from Seedco on April 29th

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2 of last year that said it was an administrative
3 error and they were fixing an administrative
4 error. There was no administrative error. They
5 had a whistleblower who said this was wrong what
6 they did, and that was the root of it. That was
7 the root of it. And they had a intricate system
8 where they had set it up--and if you follow some
9 of those e-mails that, you know, and you look at
10 the report, you will see that it was--I don't want
11 to say it was sophisticated, but it was a, you
12 know, it was good enough to, you know, to cover
13 tracks, if you will.

14 COUNCIL MEMBER LANDER: All right,
15 so I just--

16 ROBERT WALSH: So it's constant
17 follow up, it's audits, it's improving the back
18 end, it's getting the information completed by the
19 individual rather than the organization. Rather
20 than Andy Schwartz saying, I'll fill this out, we
21 have the individual filling that information out.

22 COUNCIL MEMBER LANDER: Okay.

23 ROBERT WALSH: And, you know,
24 making it tougher. Now let me tell you what's
25 happening. You know, what happens is you have

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some of these organizations that are, you know, holding back. I think it's a good thing, I think it's a good thing. You know, the, you know, and, you know, we're going to get this thing right.

COUNCIL MEMBER LANDER: No, I mean, deterrence, obviously, is a very important part of having a system in place and I just--it would be great if you could--

ROBERT WALSH: [Interposing] But what I don't want to do is chill the effect of what we've been able to do over the, you know, over the last number of years, that's the last thing we want to do.

COUNCIL MEMBER LANDER: So and, you know, I tried to--

ROBERT WALSH: Yeah.

COUNCIL MEMBER LANDER: --begin with respect for the agency--

ROBERT WALSH: Yeah.

COUNCIL MEMBER LANDER: --and I think you guys have done--

ROBERT WALSH: Yeah.

COUNCIL MEMBER LANDER: --a lot of great work, but I do think if you could provide

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2 that in writing, I mean, I'll just put my cards on
3 the table, we're introducing in a couple of weeks
4 legislation to create an NYPD Inspector General,
5 and so I've been spending time looking at what the
6 Department of Investigation does when it looks at
7 things--

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ROBERT WALSH: I think--

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COUNCIL MEMBER LANDER: --and one
10 thing that turns out to be very difficult to get
11 is if DOI makes a set of recommendations for a
12 agency change, any information on, you know, what
13 the correspondences, what those were, what the
14 corrective action plan from the agency is, and
15 tracking progress on how it's followed. So that's
16 not really about you and Seedco--

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ROBERT WALSH: Yeah, the--

18

COUNCIL MEMBER LANDER: --that's
19 about how we follow up on investigations here, and
20 so if you could just model that by providing to
21 the Council just a--it's not that many
22 recommendations, I see it's eight or ten
23 recommendations, programmatic ones that they gave
24 you, it sounds like you've done a lot of them--if
25 you've already either given DOI a, like, here's

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our corrective action plan what we're doing, it's as simple as transmitting it to us with a copy--

ROBERT WALSH: [Interposing] We have it, we'll give it to you.

COUNCIL MEMBER LANDER: Fabulous.

ROBERT WALSH: We have it, we'll give it to you.

COUNCIL MEMBER LANDER: Great. And then I just I was--so you now have a new way, this what is a job question has always been interesting to me in the context of job workforce development and also economic development subsidies. So you guys now have a more standard, you know, clear here's what a job is and how it's proved--

ROBERT WALSH: [Interposing] We are looking and the focus is on those direct placements. Now you've been to our job centers, a number of other people have been at the job centers, there's a number of folks that come in, they use our centers, they go to workshops, they fine tune their resume, they use the bank of computers, and it's a much more extensive touch, if you will, and they're back a few times. And you go in and you ask for people for help and

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2 they'll say, I don't, you know, I'll do it on my
3 own, and you check it back in with the person and
4 the person says, you know, I found--you know,
5 thanks for helping me with the resume, thanks for,
6 you know, the work that we had in the workshop or
7 the stuff I did on the computer, I found a job,
8 and we're asking the second, the third, the
9 fourth, and fifth questions on those individuals
10 now.

11 COUNCIL MEMBER LANDER: We're going
12 to ask EDC some questions about job creations and
13 how we demonstrate--

14 [Crosstalk]

15 COUNCIL MEMBER LANDER: --it and,
16 you know, how we know whether we've getting what
17 were paid for, so I'm glad to hear that SBS is
18 providing that scrutiny now. Thank you very much.

19 Thank you, Madam Chair.

20 CHAIRPERSON REYNA: Thank you,
21 Council Member. Council Member Ferreras.

22 [Pause]

23 COUNCIL MEMBER FERRERAS: Thank
24 you. Good morning, Commissioner.

25 ROBERT WALSH: Good morning.

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2 COUNCIL MEMBER FERRERAS: And your
3 team. You know that we had an interesting 100
4 days and, as promised, you've delivered on the
5 82nd Street BID and it's improvements, so any
6 opportunity that I can publicly acknowledge that--

7 ROBERT WALSH: [Interposing] And
8 I've said this to you before and I'll say it
9 again, I apologize what happened there. That
10 organization should never have gotten to the point
11 where it was. It was pretty disgraceful and I
12 apologize.

13 COUNCIL MEMBER FERRERAS: And I
14 thank you. Anytime we get a Commissioner to
15 apologize is a great day.

16 So I just want to talk about the
17 Coro, 'cause I went to your opening--

18 ROBERT WALSH: Yeah, yeah.

19 COUNCIL MEMBER FERRERAS: --
20 ceremony with the Coros--

21 ROBERT WALSH: You did.

22 COUNCIL MEMBER FERRERAS: --and the
23 graduation and I know that Seth from the 82nd
24 Street BID was a participant and what I saw with
25 this program is that it is kind of the face of

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2 what the new streets that are going to be
3 happening in our neighborhood or the new areas,
4 the ones that are being focused on, and I know
5 that it is only 20 executives, is that--

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ROBERT WALSH: Yeah.

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COUNCIL MEMBER FERRERAS: --because
8 of budget reasons or how can we get that to be a
9 larger number?

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ROBERT WALSH: You know, it's a
11 good question, it's one I've been thinking about,
12 you know, with the--as I was sitting there with
13 the second class, I was wondering out loud myself,
14 is, you know, should you expand that and if you go
15 beyond 20, do you lose the fellowship of these 20
16 people, you know, sitting around a table working
17 with each other. We had someone from Far
18 Rockaway, I think Kevin Alexander, if I'm not
19 mistaken, and it becomes a collegial, if you will,
20 group, you know, where they're working back and
21 forth, whether it's the woman from Grand Street or
22 someone from Park Slope or someone from Jackson
23 Heights, this is what we're doing on marketing,
24 and if you make that group too big, you'll lose
25 that. You know, I'm going to talk to Elizabeth De

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2 Leon, the Deputy Commissioner that I now report
3 to, to see--

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COUNCIL MEMBER FERRERAS:

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[Interposing] She's amazing.

6

ROBERT WALSH: --to see if we could
7 end up moving that number, you know, perhaps up a
8 little bit more and get more resources in it.

9

You know, this is a first of its
10 kind that we've had and it's something that, you
11 know, I've talked to Angie Kamath about, you know,
12 if there was a workforce version of this or, you
13 know, perhaps a housing version of this. You
14 know, we got a special gem in the Coro Foundation
15 and what they've done on leadership development.
16 I took their program, Leadership New York, a
17 number of years ago and I could go into this room
18 here among our senior deputy commissioners and
19 assistant commissioners, and many of them have
20 done the same thing--Greg Bishop, Xenon Walcott,
21 you know, I could give you the list of people who
22 have done it--and I'd like to expand it if the
23 resources are there.

24

COUNCIL MEMBER FERRERAS: And I

25

think that in response to also Council Member Chin

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2 and Council Member Koo, maybe there's a way to do
3 something for small business owners on how to
4 develop their leadership skills as small business
5 owners, and it might not be as intense or as long
6 as the program that currently exists, but when we
7 talk about being able to--'cause a lot of,
8 especially in the immigrant community--

9 ROBERT WALSH: Yeah.

10 COUNCIL MEMBER FERRERAS: --you
11 come and you open up shop and it doesn't
12 necessarily mean that you're an expert in every
13 aspect of running a business. So that's just a
14 suggestion.

15 I have a question just because I
16 wanted to know, has there ever been a study done
17 when you have a vibrant commercial strip and then
18 we have a larger development of, like, let's say,
19 a mall or something where there's multiple
20 businesses added to that strip, what the impact is
21 to the small businesses and the surrounding area.

22 [Pause]

23 ROBERT WALSH: I can't think of one
24 offhand. You know, I know in my own experience of
25 running a Business Improvement District at one

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2 point, we struggled with that, we wondered out
3 loud with the lifting up, if you will, of Union
4 Square, what impact it was going to have on some
5 of the small businesses in and around, and we were
6 conscious that they were going to have to change
7 too, that they were going to have to up their
8 game. I think about investments that are now
9 being made, you know, I was on Fordham Road
10 yesterday, you know, Fordham Place is there and
11 there's new businesses there, I'm noticing a lot
12 less vacancies. You hope that an anchor, you
13 know, sort of lifts all boats. What I think
14 happens sometimes when you get a large
15 development, that there's an expectation of some
16 of the property owners, that they have something
17 that is valued so much greater than what it is,
18 and there's a chilling effect where you have
19 property owners that hold back when they have a
20 vacancy and they said, you know what, I don't want
21 \$25 a square feet now, I think it's worth 50, and
22 that sometimes happens. You know, there's a
23 greater expectation than ever before and you sort
24 of have to watch out. I think it's a case-by-
25 case, sometimes it's good that you have an anchor

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2 that leads the way, you know, and others it--you
3 know, I'm thinking about what Pratt has now done,
4 Pratt Institute, they built their building out on
5 Myrtle Avenue, you toured Myrtle Avenue. You
6 know, that has had, I think, quite frankly, a
7 extremely positive effect. It's 130,000 square
8 feet or something like that. It's professors,
9 it's students, they put ground floor retail on it,
10 you go across the street, what used to be empty is
11 now coffee shops and a diversified number of
12 businesses, that's been good. But I think it
13 comes case-by-case.

14 COUNCIL MEMBER FERRERAS: And I
15 have toured Myrtle and I think that it probably
16 has more to do with keeping things in character
17 with the neighborhood--

18 ROBERT WALSH: Sure.

19 COUNCIL MEMBER FERRERAS: --you
20 know, it's not like--we didn't build a huge mall
21 at the beginning of the block and then, you know,
22 kind of the same things that are sold on the strip
23 are sold in the mall. So I'm trying to have a
24 better understanding, especially as we move
25 forward with economic development in our city--

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ROBERT WALSH: Sure.

COUNCIL MEMBER FERRERAS: --what are we building and how it's going to impact the rest of these commercial strips that we're doing all this investment on and developing and making them more vibrant, but if we build a mall on either end of this, you know, what the impact of those small businesses are in between.

But I thank you very much for your testimony, Commissioner.

ROBERT WALSH: Right, thank you.

COUNCIL MEMBER FERRERAS: And, again, I thank you for your efforts and work, I think that you're doing great things. And, you know, oftentimes Council Member Barron is here to talk about when there isn't diversity in an agency, and I think that you really have met beyond--you've gone beyond your goals with the diversity in your agency. Thank you.

ROBERT WALSH: Thank you.

CHAIRPERSON REYNA: Thank you very much, Council Member Ferreras. Council Member Sanders. And we've been joined by Council Member Van Bramer.

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COUNCIL MEMBER SANDERS: It's interesting that we speak of diversity and you speak of me because I have some questions on diversity. But there's so many things to speak of.

Good morning, good morning to all--

ROBERT WALSH: Morning.

COUNCIL MEMBER SANDERS: --good morning to--we've been testifying together for a little bit. Where do you start? Do you start with how only one-fourth of all of the veterans who have come through have been helped? But I won't go into that.

I will speak of what are the performance goals--or better yet, is New York City meeting its M/WBE performance goals, sir?

ROBERT WALSH: No. No, we have a lot of work to do, we've made gains if you look over the years, particularly in those areas where Local Law 129 where you have flexibility on the smaller contracts, we've done a lot better. Are we meeting our goals across the board? The answer is no, and there's a lot more work to do.

COUNCIL MEMBER SANDERS: Okay.

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2 What are we going to do different to meet the
3 goals, sir?

4 ROBERT WALSH: Well we have five
5 new initiatives under the heading of Compete to
6 Win. Many of our M/WBEs happen to be construction
7 companies. We've teamed up with Columbia to put a
8 training program together where 60 people have
9 gone through it already and we're not only seeing
10 procurement opportunities with the city, but we're
11 also seeing with Columbia, we should be repeating
12 that program with other major universities. When
13 Cornell moves into town, when the NYU moves into
14 town, and others that are doing the same thing.
15 It's successful, it works.

16 We have a construction mentoring
17 program that Deputy Mayor Holloway has been
18 passionate about getting up and running, it'll get
19 up and running in agencies like HPD and DEP and
20 Parks Department, and those should be replicated.
21 This is the long run, you know, where there are
22 opportunities where the agencies that are spending
23 the most money, particularly on capital, are
24 making a major investment.

25 We have a new construction loan

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2 program that is now up and running. What I find
3 many companies say is that, boy, they would like
4 to have that job, they're capable of doing that
5 job, they just can't get the funding. And we got
6 to, quite frankly, put that program on steroids
7 and get the word out about that program.

8 We have technical assistance
9 programs going on like never before. If you look
10 at, and--you know, it would be interesting to take
11 a look at this--if you look at our FastTrac
12 programs that we've done with Kauffman Foundation,
13 if you look at the programs that we've started on
14 the Strategic Steps for Growth, if you look at who
15 we're referring to the 10,000 small business
16 programs, if you look at, you know, who's walking
17 in the door with this new program that we have at
18 American Express on the teaming programs, I think
19 you're going to see good signs. But-

20 COUNCIL MEMBER SANDERS: I could--
21 sure.

22 ROBERT WALSH: --but, but we
23 haven't cracked the code. You know, we could talk
24 about the fact that, you know, the micro-purchases
25 and some of the other stuff that Anne Rascon and

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2 her team has done that, instead of it being in
3 single digits now, that it's 25%. We could talk
4 about, you know, some of the work that, you know,
5 whether, you know--I spent some time at HRA, one
6 of the larger agencies, and the work that Robert
7 Doar has done or Adrian Benepe has done, but, you
8 know, we still have a lot more to do.

9 You know, you have a ACOs
10 [phonetic] that are in the agencies when they have
11 to buy that desk for someone, they're not thinking
12 about diversity often, they're thinking about a
13 relationship they could get to get that desk, you
14 know, to the place, you know, quickly, and that's
15 a mindset that, if you look at the numbers, it's
16 changing, but it's not changing fast enough.

17 COUNCIL MEMBER SANDERS: I commend
18 you for the things that you and your agency have
19 done. In terms of the ACOs themselves, I have
20 been a voice saying that we need to incentivize
21 them. The ACOs, for those who don't know, are the
22 literal purchasers of the City's goods and
23 services. That we have to incentivize them, that
24 it should be part of their job performance to meet
25 the goals of the City of New York, and until we

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are able to incentivize them, we will not see much change.

My last question, and then I will respect the Chair, the administration is in its last stages of trying to reimplement or implement M/WBE, can you speak to that, sir?

ROBERT WALSH: Sure can. I think the--I'll tell you the steps that we have taken is we have taken the five Compete to Win initiatives that we have and, you know, there's not a day that goes by that Anne Rascon or Kevin Kelly, a number of other people who are here, Greg Bishop, are on the phone directly with Cas Holloway's staff, you know, to get those programs up and running and get those five initiatives up and running and making that happen.

We're looking at--no, we're not looking at, we're going to upgrade our M/WBE directory. The procurement fair that we had had the largest attendance that we ever had, you know, with the number of agencies and the public authorities. We have a number of recertified companies that have joined hands with us, but we need to make sure that they stay with us.

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2 I think the key thing as I look at
3 the next 500 days or so is to make sure that we
4 take this program beyond the certification and
5 we're opening the doors on a lot of these other
6 opportunities. You know, the outside, whether
7 it's Kauffman Foundation, 10,000 small businesses,
8 the construction loan, the capital access. So if
9 someone certifies as a M/WBE with the City of New
10 York, our primary goal is to get them a contract
11 with the City if we can. We're to open the door
12 and point them in the right direction.

13 Our secondary, and not far behind,
14 is to make sure that they have capital access, to
15 make sure that they know the rules, to make sure
16 that we could provide technical assistance one-on-
17 one, to make sure that we could point them to
18 courses and other efforts to take their company to
19 the next level. That's what I want to get done.

20 COUNCIL MEMBER SANDERS: I commend
21 you for these initiatives, like yourself, I'm
22 sure, I wish we had thought of these--all of us,
23 collectively--thought of these things earlier, it
24 would have been interesting to have implemented
25 this ten years ago at the beginning of my term.

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ROBERT WALSH: You know, I think about that, Councilman, a lot--

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COUNCIL MEMBER SANDERS: Sure.

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ROBERT WALSH: --and I think about, you know, the fact that Business Solutions Centers, like last year in my testimony I was talking about the fact that we did \$39 million in connections on small businesses with 803 different small businesses. My first, second, third, fourth year, I couldn't do that because we didn't have the foundation in place and, quite frankly, small businesses wouldn't come to us because they didn't believe in us. They didn't believe we could get it done and we didn't have the resources, we didn't have the expertise to build it out, and, you know, that's unfortunate. But, you know, the good thing now is we do and more and more, you know, you look at the laundry list and it's probably--it's something I should put together is all of the different opportunities that you now have, including the Corporate Alliance program that we still need to do much more on.

COUNCIL MEMBER SANDERS: I thank you for your services--

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ROBERT WALSH: [Interposing] Yeah,

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I feel the hook.

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COUNCIL MEMBER SANDERS: Thank you,

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Madam Chair.

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CHAIRPERSON REYNA: Thank you,

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Council Member Sanders. We have Seth Pinsky

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outside and--

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[Crosstalk]

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CHAIRPERSON REYNA: --now followed

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by Corrections Commissioner, so we are a mess in

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this building--

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ROBERT WALSH: [Interposing] You

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know, Seth has made me wait a number of times,

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could we--

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CHAIRPERSON REYNA: Absolutely.

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ROBERT WALSH: --can we go another

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few--

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CHAIRPERSON REYNA: And I think

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he's going to be kind in returning the favor.

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ROBERT WALSH: Yeah, yeah.

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CHAIRPERSON REYNA: So I want to

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take a moment, you had mentioned--

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[Crosstalk]

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CHAIRPERSON REYNA: --corporate and

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2 I want to just let you know I've been in several
3 conversations with Jay Cross from Related
4 Companies--

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ROBERT WALSH: Cool.

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CHAIRPERSON REYNA: --the vice
7 president, and urging them as a company to provide
8 this Council with their M/WBE tracking mechanisms
9 and procedures and outreach efforts and goals met
10 with projects throughout the city of New York
11 considering the vast number of rezonings and
12 development rights that they currently have and
13 the upcoming Hudson Yards development of \$2
14 billion on just one tower that will encompass a
15 number of opportunities. And the conversations
16 are ongoing, there's perhaps what I want to be--
17 I'm going to be generous in saying a willing
18 effort. I think we need to make sure that the
19 corporate model that you want to build on--

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ROBERT WALSH: Yeah.

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CHAIRPERSON REYNA: --starts with
22 them. And as far as discussions that will be
23 meaningful and a--

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ROBERT WALSH: [Interposing] I

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think one that we--

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CHAIRPERSON REYNA: --model that works.

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ROBERT WALSH: --I think one that would be meaningful--and I would love to join you in those conversations--is what we have done up at Columbia. You know, the--

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CHAIRPERSON REYNA: [Interposing]
And taking that model--

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ROBERT WALSH: Yeah, and give--

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CHAIRPERSON REYNA: --and applying it.

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ROBERT WALSH: --and give credit where credit is due, the stuff that Anne Rascon has done.

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CHAIRPERSON REYNA: I agree.

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ROBERT WALSH: You know, the fact that, you know, we went at it where seeing a-- we're seeing progress on the city procurement opportunities but--

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CHAIRPERSON REYNA: Absolutely.

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ROBERT WALSH: --we're also seeing it with Columbia. But how do we take that Columbia program and why don't we set something up with Anne--

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2 CHAIRPERSON REYNA: [Interposing] I
3 agree, let's call them in.

4 ROBERT WALSH: Yeah, okay.

5 CHAIRPERSON REYNA: And I want to--

6 ROBERT WALSH: [Interposing] Call
7 them in or go see them, I mean, I--

8 CHAIRPERSON REYNA: Absolutely.

9 ROBERT WALSH: --you know, whatever
10 you want to do.

11 CHAIRPERSON REYNA: No, we'll go
12 see them together. And I want to make sure that I
13 ask--we've been making a real effort in the
14 Council during finance budget hearings to ask
15 every agency what their contracting goals have
16 been. DCAS just the other day--

17 [Crosstalk]

18 CHAIRPERSON REYNA: --has expressed
19 how they're going to--they have a chief diversity
20 officer, but the chief diversity officer that
21 they're hiring is not going to oversee the M/WBE.
22 Are those discussions that you have been privy to
23 as to why not or--

24 ROBERT WALSH: [Interposing] I
25 don't know what they're doing on the chief

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diversity officer--

CHAIRPERSON REYNA: Okay.

ROBERT WALSH: --you know, I'm proud of what we've been able to do. You know, I have folks in leadership positions all over, my new acting Deputy Commissioner for Business Services--

CHAIRPERSON REYNA: [Interposing]
So M/WBE--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --will remain under the auspices of your jurisdiction as Commissioner of Department of Small Business Services?

ROBERT WALSH: Boy, I hope so, I hope so.

CHAIRPERSON REYNA: And what is the percentage for the Department of Small Business Services in relationship to M/WBE?

ROBERT WALSH: You got it, go ahead, Danny.

DANNY: We've been doing over a third, probably, of contracts and dollar amounts. I have for 11, FY '11, there were 137 contracts

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2 with 52 M/WBEs and a 1.1 million in dollar value
3 with 300,000 of that to certified firms.

4 CHAIRPERSON REYNA: And what was
5 the FY '11 percentage?

6 DANNY: That's FY '11, I don't have
7 the exact percentage, but I'm giving you in terms
8 of dollar value, it's over a quarter, it's 300 out
9 of 1.1 million.

10 CHAIRPERSON REYNA: And this is
11 construction or--

12 DANNY: [Interposing] No, we don't
13 do much construction work, this was in--

14 CHAIRPERSON REYNA: [Interposing]
15 The Bronx is a construction site, right? The
16 Bronx new facility?

17 ROBERT WALSH: But the Bronx site
18 would be under the nonprofit organization that is
19 controlling the center.

20 DANNY: Right.

21 ROBERT WALSH: Controlling,
22 managing the center.

23 CHAIRPERSON REYNA: Managing, yes.
24 And as far as the Young Men's Initiative, the
25 administration or SBS doing some type of analysis

1

2 reporting to determine whether or not the YMI
3 funds are effective in--

4 ROBERT WALSH: Yeah.

5 CHAIRPERSON REYNA: --improving the
6 lives of these young men? What are--

7 ROBERT WALSH: Yeah, I--

8 CHAIRPERSON REYNA: --some of the
9 outcomes?

10 ROBERT WALSH: --well, you know,
11 one of the outcomes is we have a new program
12 called Scholars to Work and it's a vocational
13 technical schools, high schools where we have
14 matched them up with our workforce centers and
15 getting the students, juniors and seniors, first
16 internships and then full-time jobs. So aviation,
17 transit, automotive--who else is in those
18 programs?

19 [Off mic]

20 ROBERT WALSH: How many different
21 program--how many schools do we have? Oh, here
22 comes the pro.

23 ANGIE KAMATH: Sorry--

24 [Crosstalk]

25 CHAIRPERSON REYNA: Angie's--

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ROBERT WALSH: You know, but this
is--but you know--

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CHAIRPERSON REYNA: --amazing.

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ROBERT WALSH: --we often heard,
and I read the Center for Urban Future report, you
know, where the vocational and commercial schools
are the kids that can't do, right? And what we
did was we set up a program, we set it up, and we
leaned on our partners, particularly Dale Grant
out in Southeast Queens, and said we got to do
something here. And if you look at it, we just
had a graduation this past week of some of the
people, you know, come out--and that's my segue in
to Angie where she could end up, you know, telling
you about it.

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CHAIRPERSON REYNA: Okay. And I
want actual numbers as far as job training and--

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ROBERT WALSH: [Interposing] We
could get those to you.

CHAIRPERSON REYNA: --placement.

ANGIE KAMATH: Yep, sure. So for
the Scholars at Work program that the Commissioner
is referencing, we are really excited about it, we
really essentially tripled the number of interns

1
2 so this year we are going to have 67 interns
3 complete a 14-week internship, paid internship
4 program with small businesses, largely that are
5 associated in the manufacturing and transportation
6 space. So far, touch wood, 24 have received full-
7 time job offers and those results are rolling in.
8 And so that's one example of ways that we use the
9 Young Male Initiative funding.

10 In terms of your question
11 specifically on the number of folks served and
12 ultimately placed through the \$6 million
13 investment, working really closely with the Center
14 for Economic Opportunity and Melanie Hartzog, who
15 is managing the programming and all of the
16 administration, our funding ends, obviously June
17 30th, and so at the conclusion of that funding, we
18 will definitely kind of report out on all of the
19 outcomes. A lot of folks are still in process in
20 terms of finish training program and so we don't
21 yet have full placement rates, so I'd rather give
22 you a complete picture and we should be able to do
23 that this summer--

24 CHAIRPERSON REYNA: [Interposing]

25 Do you at least have the intake number?

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2 ANGIE KAMATH: We have eight
3 different training programs across health care,
4 industrial, and transportation. We have done
5 things from security--

6 ROBERT WALSH: [Interposing] We
7 could get a--

8 [Crosstalk]

9 ANGIE KAMATH: --guards and
10 transportation. We'll get you all of those
11 numbers but--

12 CHAIRPERSON REYNA: [Interposing]
13 Right. And what are the hourly rates on these
14 jobs?

15 ANGIE KAMATH: So, again, what I
16 can tell you is that we really try to leverage our
17 industrial and transportation center, as well as
18 our health care center, so we've helped support
19 EMTs, for example, and so EMTs will typically earn
20 post-training well into the kind of 40 to \$50,000
21 range. And so industrial and transportation
22 related jobs, you know, the average median wage in
23 those jobs is well over \$13 an hour, health care
24 jobs are, you know, touching upon \$20 an hour.
25 So, again, those are averages and we'll be able to

1
2 give you very specific results once everything is
3 kind of completed and reported upon.

4 CHAIRPERSON REYNA: Fantastic. And
5 as far as the Office of Industrial Manufacturing
6 Business, if you could just explain how SBS used
7 the \$96,000 in Council restoration for fiscal year
8 2012.

9 ROBERT WALSH: I think the short
10 answer on that is that we distributed it among the
11 partners in the program based on the size of the
12 organization.

13 CHAIRPERSON REYNA: And this was
14 added--this was a one-time amendment to their
15 contract or one...?

16 DANNY: No, those funds were
17 restored by the council at the beginning of the
18 fiscal year and was incorporated into the contract
19 with the service providers, the eight providers,
20 so we were able to move forward as planned at that
21 point with the close to 1.1 million for FY '12.

22 CHAIRPERSON REYNA: And so there's
23 a \$64,000 cut in fiscal year 2013 being proposed,
24 correct?

25 DANNY: That's correct.

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CHAIRPERSON REYNA: So the--

ROBERT WALSH: [Interposing] And
then you got EDC, that's adding--

DANNY: [Interposing] Well--

ROBERT WALSH: Yeah.

DANNY: --right. As you know, EDC
has made a commitment to supplement those vendors
this year with almost over \$400,000 in funds, so
actually for FY '13, we'll have more funding
available for the contract providers than we had
in FY '12.

CHAIRPERSON REYNA: And so the
total, when you add 64,000 and 96,000, totaling
160,000, is that going to be funded or is that
funded for future years remaining in the contract?

DANNY: That funding, we have
996,000 in the City's exec budget this year for
the industrial service providers. That's--

CHAIRPERSON REYNA: Nine hundred...?

DANNY: Ninety-six thousand.

[Pause]

CHAIRPERSON REYNA: So I think
we're going to follow up with you on just better
understanding these numbers--

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ROBERT WALSH: Okay.

CHAIRPERSON REYNA: --because our calculations show that 160,000 would have to be restored by the Council to make this whole and that what the question is, is the administration going to pick this up.

DANNY: No, as you say, I think this year we're comfortable that we have the funds with the EDC contribution to have enough funding available for the providers.

[Pause]

CHAIRPERSON REYNA: But you're still absorbing \$160,000 reduction.

DANNY: That's correct.

CHAIRPERSON REYNA: Because you're not acknowledging 160,000 as necessary funds.

DANNY: As I say, we have to close to the 1 million in the City budget and we have the additional funding from EDC to cover the cost of what we need for that program.

CHAIRPERSON REYNA: So this is where I think we're going to be continuing to disagree and continued discussions on making the contracts whole at 1.1 because I believe this is

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the difference of 160,000.

DANNY: That's correct.

CHAIRPERSON REYNA: The MBAT [phonetic] program, if I could just understand, why are we moving the MBAT program into Business Express?

ROBERT WALSH: I--

CHAIRPERSON REYNA: Or am I miss--

ROBERT WALSH: It's not into Business Express--

CHAIRPERSON REYNA: --interpret--

ROBERT WALSH: --I think, I guess to points that Council Member Koo and others have raised is to find a home for what was a pilot, you know, the Business Acceleration Team, and to have it part of the culture, if you will, of a Business Solutions Center when a small business comes into one of the centers in the five boroughs and they need help in terms of opening up a restaurant, you know, it's a--in fact, Kevin Kelly, who's been working with us for the last eight years, is going over to the Mayor's office to help us, you know, pull all this stuff together. And--

CHAIRPERSON REYNA: [Interposing]

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So as far as the--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --Business Solutions Centers are--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --concerned, do they have similar to what is expected of the IBZ providers? They have four areas of concentration and one of them is financing, the other is recruitment--

ROBERT WALSH: [Interposing] I would put this on--

CHAIRPERSON REYNA: --the other is--
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ROBERT WALSH: --yeah, I would put this under the category of navigating government.

CHAIRPERSON REYNA: Correct, and so--

ROBERT WALSH: That's a nice word.

CHAIRPERSON REYNA: --that is exactly what is expected to be reported?

ROBERT WALSH: Yes.

CHAIRPERSON REYNA: So there's a CRM system that will follow or track this work?

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ROBERT WALSH: That's right, that's right.

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CHAIRPERSON REYNA: And so what is the--do you have the capacity for the CRM business solution workers to--

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ROBERT WALSH: [Interposing] We have--let's be frank about this, we're going to have to build that out. Okay.

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CHAIRPERSON REYNA: Okay. So--

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ROBERT WALSH: We have, you know, lack of better word, I'm going to get myself in trouble on this, you know, we have a call center of folks who are handling this, but we're going to need to--

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CHAIRPERSON REYNA: [Interposing] How many?

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ROBERT WALSH: Three or four people who are in that, and they deal with everything. You know, calls that come in--

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CHAIRPERSON REYNA: Entering data.

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ROBERT WALSH: --lining people up for courses, data entry. We're going to have to strengthen that area--

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CHAIRPERSON REYNA: And so--

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ROBERT WALSH: --there's no doubt.

CHAIRPERSON REYNA: --what is the expected positions that will be filled?

ROBERT WALSH: How many position, I think there's about 17, if I'm not mistaken--

[Crosstalk]

CHAIRPERSON REYNA: So you're expecting to grow?

ROBERT WALSH: And the 17 positions would be part of it.

CHAIRPERSON REYNA: So 17 positions from the MBAT are going to be--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --brought in, not--

ROBERT WALSH: That's right.

CHAIRPERSON REYNA: --as vacancies, but filled positions--

ROBERT WALSH: That's correct.

CHAIRPERSON REYNA: --of trained individuals--

ROBERT WALSH: Mm-hmm.

[Crosstalk]

CHAIRPERSON REYNA: --correct?

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MALE VOICE: --five or six
vacancies part of that.

ROBERT WALSH: There's five or six?
Okay.

[Crosstalk]

ROBERT WALSH: Okay. He's saying
there's five or six vacancies.

DANNY: Of those lines.

ROBERT WALSH: Of those 17 lines.

CHAIRPERSON REYNA: So you have
three to four currently--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --through the
Business Solution Center--

ROBERT WALSH: [Interposing] Right,
but that, you know--

CHAIRPERSON REYNA: --overseeing--

ROBERT WALSH: --the 17 that I'm
talking about, a lion's share of those are on the
front line. You know, I think of folks like
Robinson Hernandez, you know, that are on the
front line that are dealing with businesses, that
are making the connections with Buildings
department, fire department, Consumer Affairs,

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and, you know, doing the work, and the good work that they've done with the restaurant initiative--

CHAIRPERSON REYNA: At MBAT.

ROBERT WALSH: --and retail.

Right. So that what we have--and we don't have the blueprint, that's why the smart guy is going over to the Mayor's office is to figure out, you know, how to make that as seamless as possible--

CHAIRPERSON REYNA: Right.

ROBERT WALSH: --and also the training of our folks at our Business Solutions Center, so they know when to--

CHAIRPERSON REYNA: Right.

ROBERT WALSH: --refer it over.

CHAIRPERSON REYNA: Commissioner, I just want to point out, you know, the issue of the turnaround of information entered into the database doesn't seem to be as seamless as one would want it to be because there is an issue of delay, providers entering information for--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --their accreditation of work completed and the CRM not acknowledging that. And so at the CRM level, is

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it a staffing issue? Is it too much, too long?
You know, I'm trying to understand whether or not
there is a hole at the CRM level of staffing at
SBS.

[Off mic]

ROBERT WALSH: Go ahead.

KELVIN COLLINS: I can, if you're
specifically asking about the industrial
providers, certainly since we've brought the
providers on board and they've sort of benefited
from CRM on the demand, which is a system of
collecting customer interaction data, we've worked
really hard on training them on the--

CHAIRPERSON REYNA: [Interposing]

Right, I understand that--

KELVIN COLLINS: --process of
entering--

CHAIRPERSON REYNA: --I'm not
referring to the process of training them, I'm
referring to are Business Solution workers
entering into the IBZs?

KELVIN COLLINS: Yes.

CHAIRPERSON REYNA: Why?

KELVIN COLLINS: Whether or not--

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CHAIRPERSON REYNA: They shouldn't

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be.

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KELVIN COLLINS: --whether or not

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NYC Business--

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[Crosstalk]

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CHAIRPERSON REYNA: You have

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providers.

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KELVIN COLLINS: Yes, NYC Business

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Solutions Centers, we've carved out sectors

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outside of industrial that the centers are focused

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on retail, food and accommodation, professional--

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CHAIRPERSON REYNA: [Interposing]

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But this is not retail--

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KELVIN COLLINS: --services.

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CHAIRPERSON REYNA: --industrial

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services.

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KELVIN COLLINS: So industrial

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services focus on construction, manufacturing,

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transportation, wholesale, and waste management.

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We've carved out separate focus, so all activities

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within CRM for the industrial providers are all

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industrial, all activities within CRM for the

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centers are all non-industrial.

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CHAIRPERSON REYNA: So how do you

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2 know that the Business Solution Center workers are
3 not referring to the industrial the way they're
4 supposed to be?

5 KELVIN COLLINS: So we've worked
6 really hard, we brought the two teams together,
7 we've made warm introductions to--

8 CHAIRPERSON REYNA: [Interposing]
9 Kelvin, it's not enough.

10 KELVIN COLLINS: Sorry?

11 CHAIRPERSON REYNA: It's not
12 enough, and so there is an issue of work that's
13 being done on one end that's not getting entered
14 and not credited to the solution providers--or not
15 credited to the industrial providers, but credited
16 to the solution providers because they're entering
17 into the IBZ areas. And so we need to clean this
18 up and--

19 [Off mic]

20 CHAIRPERSON REYNA: --I hope to
21 follow up on this.

22 ROBERT WALSH: Yeah.

23 CHAIRPERSON REYNA: I want to make
24 sure that there is an ability to understand better
25 how the land use matters, the one comes to mind in

1
2 Greater Jamaica where Council Member Comrie was
3 alerted by the industrial provider on a land use
4 matter and DCAS was going to be selling off
5 property. They were able to work with DCAS to
6 stop that from happening for the wrong uses and
7 turned it around into a positive. But that land
8 use matter doesn't get captured and so that's one
9 of the issues that I continue to raise with you.
10 We hope that that's going to be credited under
11 navigating government and that is something that
12 is crucial to the industrial sector.

13 ROBERT WALSH: Okay.

14 CHAIRPERSON REYNA: So I want to
15 thank members of the Committee and the Department
16 of--

17 [Crosstalk]

18 CHAIRPERSON REYNA: Yes, oh, Levin
19 came, excellent. Council Member Levin was the
20 last person on the list and we were waiting.
21 Thank you.

22 COUNCIL MEMBER LEVIN: Thank you
23 very much, Madam Chair. Commissioner Walsh, I
24 just want to thank you personally for playing such
25 an instrumental role in supporting small

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businesses--

[Crosstalk]

COUNCIL MEMBER LEVIN: --in my district by restoring four to seven parking on Atlantic Avenue.

ROBERT WALSH: Yeah.

COUNCIL MEMBER LEVIN: Commissioner Rob Walsh, I appreciate your efforts.

ROBERT WALSH: Thank you.

COUNCIL MEMBER LEVIN: Thank you.

ROBERT WALSH: I'll take that question.

[Laughter]

CHAIRPERSON REYNA: And I want to just, you know, echo a lot of the sentiments of my colleagues--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --who have said just--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --how excellent--I'm sorry? Council Member Comrie is here, we've been joined by Council Member Comrie. Hi, Comrie.

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I want to--do you have a question,
Comrie?

COUNCIL MEMBER COMRIE: No, no.

CHAIRPERSON REYNA: Okay.

Fantastic. So I just wanted to thank--

[Crosstalk]

CHAIRPERSON REYNA: --I want to
thank the team at the Department of--

ROBERT WALSH: Yeah, thank you.

CHAIRPERSON REYNA: --Small
Business Services. You have an amazing staffing--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --of great
individuals who are making the city function.
There's always room to improve--

ROBERT WALSH: Yeah, we have that.

CHAIRPERSON REYNA: --just like on
our side, we have to do the--

[Crosstalk]

CHAIRPERSON REYNA: --same and we
want to work together--

ROBERT WALSH: Yeah.

CHAIRPERSON REYNA: --and that is
why I think we see so much success. And so--

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ROBERT WALSH: Right.

CHAIRPERSON REYNA: --I thank you for all the work and service and to your great team, I salute you, thank you. And--

ROBERT WALSH: I appreciate it, and you've been everywhere, thank you.

CHAIRPERSON REYNA: Thank you. Council Member Koslowitz would like to say a few words.

CHAIRPERSON KOSLOWITZ: I just also want to thank you publicly for your interest in the communities that we represent--

ROBERT WALSH: Yeah.

CHAIRPERSON KOSLOWITZ: --and coming out there and working with us, thank you so much.

ROBERT WALSH: And I want to go back at your issue again because there's a need there.

CHAIRPERSON KOSLOWITZ: Okay.

ROBERT WALSH: Let's not give up on that one.

CHAIRPERSON KOSLOWITZ: Okay.

ROBERT WALSH: All right, thank

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2 you.

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CHAIRPERSON KOSLOWITZ: Thank you.

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ROBERT WALSH: Thank you guys,

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appreciate it, thank you. Thanks very much, I

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appreciate it.

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[Pause]

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CHAIRPERSON KOSLOWITZ: EDC is

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going to be coming in now, we're going to start

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that hearing.

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[Crosstalk]

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CHAIRPERSON KOSLOWITZ: Be careful.

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[Crosstalk]

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MALE VOICE: --now or more?

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CHAIRPERSON KOSLOWITZ: Oh no,

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we're going to need more.

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MALE VOICE: An hour and a half?

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CHAIRPERSON KOSLOWITZ: We're going

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to need--well it's--

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[Crosstalk]

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CHAIRPERSON REYNA: Absolutely.

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[Crosstalk]

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CHAIRPERSON KOSLOWITZ: I would say

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2 o'clock.

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FEMALE VOICE: Two? All right, let

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me call.

CHAIRPERSON KOSLOWITZ: How are you? Sorry to keep you waiting.

[Crosstalk]

CHAIRPERSON KOSLOWITZ: No, and then it turns off the commissioners, they come late--

[Crosstalk]

CHAIRPERSON REYNA: Yeah, like we're doing this on purpose.

CHAIRPERSON KOSLOWITZ: Right, right.

CHAIRPERSON REYNA: Kelvin, you're going to talk?

KELVIN COLLINS: We're going to talk, I'll try to set it up--

[Crosstalk]

CHAIRPERSON REYNA: All right, I'll get that done.

[Crosstalk]

CHAIRPERSON REYNA: I know, this is going to be--

[Crosstalk]

MALE VOICE: Attendance for our

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committee is complete, everybody from our
committee has come except for Wills.

CHAIRPERSON KOSLOWITZ: Right.

MALE VOICE: So--

CHAIRPERSON KOSLOWITZ: Okay.

MALE VOICE: --unless he comes,
everybody else is--

[Crosstalk]

CHAIRPERSON KOSLOWITZ: You look.

[Crosstalk]

[Pause]

CHAIRPERSON RECCHIA: --wants to
leave earlier--

[Crosstalk]

CHAIRPERSON KOSLOWITZ: I know, but
there's--I'm not going to be able to 'cause we
have something that after I do it--

[Crosstalk]

CHAIRPERSON RECCHIA: Okay. No,
no, no, when it is appropriate.

CHAIRPERSON KOSLOWITZ: Okay.

[Crosstalk]

CHAIRPERSON KOSLOWITZ: Domenic's
not coming?

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2 MALE VOICE2: He's coming back, he
3 say he's coming back.

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CHAIRPERSON REYNA: But we're not
5 waiting, right?

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CHAIRPERSON KOSLOWITZ: No. No.

7

[Crosstalk]

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FEMALE VOICE1: You can go, right?

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CHAIRPERSON KOSLOWITZ: But I'm not
10 going to read his testimony.

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FEMALE VOICE1: No, no, no, no.

12

FEMALE VOICE2: Tell him to try not
13 to read it, this is a lot. [Pause] This is a
14 lot, tell him to--

15

CHAIRPERSON KOSLOWITZ:

16

[Interposing] Well he's not here.

17

FEMALE VOICE1: No, no, no, no,

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this is Seth, this is Seth.

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CHAIRPERSON KOSLOWITZ: Oh.

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FEMALE VOICE1: This is what Seth

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is reading. Usually he reads like everything, but

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we want to get to the questions so tell him as

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much as possible--

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CHAIRPERSON KOSLOWITZ: Okay.

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FEMALE VOICE1: --highlight and to,

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you know, move--

[Crosstalk]

MALE VOICE2: [Interposing] This is going to be introduced into the record no matter what.

FEMALE VOICE1: Right, so he doesn't need to read it all--

CHAIRPERSON KOSLOWITZ: Okay.

FEMALE VOICE1: --he can just, you know, highlight.

[Crosstalk]

CHAIRPERSON KOSLOWITZ: All right.

[Crosstalk]

MALE VOICE2: No, Nick, this is Legal Aid. This is Legal Aid. This is not--this is EDC. No, we're not doing Legal Aid here.

[Pause]

CHAIRPERSON KOSLOWITZ: Okay. Can everybody take their seats?

SERGEANT-AT-ARMS: Quiet, please. Quiet, please.

[Crosstalk]

CHAIRPERSON KOSLOWITZ: Okay. I want to call this meeting to order. My opening--

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SERGEANT-AT-ARMS: Quiet, please.

[Off mic] everybody moves outside.

CHAIRPERSON KOSLOWITZ: My opening statement starts with good morning, but I'm going to change that to good afternoon. I'm Council Member Karen Koslowitz, Chair of the Council's Committee on Economic Development. Today the Committee will be presiding over the Fiscal 2013 Executive Budget for the Economic Development Corporation. This is a joint hearing with the Committee on Small Business and the Committee on Finance.

The Committee on Economic Development is very interested in learning about EDC's capital plan, how much is the total capital plan that is managed by EDC. Of the capital plan amount, how much has been committed by EDC and for what purpose. Capital projects span multiple years and it is common for EDC to roll unspent capital funds into future fiscal years. How much capital plan funding went unspent and why. The Council and the public should be informed as to how certain capital projects are funded, how much capital funds are planned, and of that amount, how

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much are committed and how much go unspent and stays in EDC's budget.

In addition, the Committee and the public want a clear understanding of the revised plans for Willets Point redevelopment. The capital plan funding for Willets Point was approximately 403 million and the EDC has committed approximately 215 million of that amount. Where did EDC commit these funds? How much of the project will have to be redone because of the revised plans? This is about transparency and clarity. The Council and the public have the right to know how City capital dollars are spent. We are holding EDC and the administration accountable in managing the City's capital projects.

I would like to thank EDC's president, Seth Pinsky, for joining us, and we will now hear his testimony. But I'm going to ask you if you can please condense--

[Crosstalk]

SETH PINSKY: --quickly.

CHAIRPERSON KOSLOWITZ: --your testimony?

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2 SETH PINSKY: Absolutely. Good
3 afternoon, Chairwoman Koslowitz, Chairwoman Reyna,
4 and members of the Committees. I'm Seth Pinsky,
5 President of the New York City Economic
6 Development Corporation and, together with Kyle
7 Kimball, our Chief Financial Officer, I am pleased
8 to provide to you testimony relating to EDC's
9 executive budget for fiscal year 2013. I have a
10 brief presentation relating to our agency's agenda
11 for the coming year, as well as our operating and
12 capital budgets that support this agendas, some of
13 which will, I think, answer the questions that you
14 asked, Chairwoman Koslowitz. And, of course,
15 after the presentation, I'll be happy to take any
16 questions that you have.

17 Overall, New York City's economy
18 continues to experience strength relative to the
19 economy in the rest of the country. For example,
20 in 2012 alone, statistics from New York State's
21 Department of Labor put private sector employment
22 growth at approximately 60,000 jobs. This
23 represents the strongest four-month gain for the
24 City in 60 years. As a result of this robust job
25 growth, as of April 2012, not only has the City

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2 recovered all of the jobs lost during the
3 recession, we've actually significantly exceeded
4 our pre-recession private sector employment level.
5 This at a time when the nation as a whole has only
6 recovered 40% of private sector lost jobs.

7 Despite these promising signs, we
8 know that many New Yorkers remain deeply affected
9 by the recent recession. We also note that, while
10 falling in recent months, our city's unemployment
11 rate remains stubbornly high. Over time, it's our
12 expectation that, assuming continued growth in the
13 private sector, the divergence between job growth
14 and our city's unemployment rate will begin to
15 abate. In the interim, however, we have asked our
16 economists to look more closely at this issue,
17 which we currently believe to reflect a
18 combination of several variables, including the
19 reliability of the household survey used to
20 extrapolate unemployment relative to the
21 reliability of the data used to calculate job
22 growth. We hope to have a more complete
23 explanation of this divergence to share with you
24 and the general public in the next couple of
25 months.

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2 While we believe there are a number
3 of encouraging signs for our economy, we recognize
4 that we're not yet out of the woods, especially
5 with global uncertainty in the Eurozone and
6 elsewhere. We also recognize that the City's
7 fiscal picture remains challenging. For that
8 reason, we're pleased to do our part to contribute
9 to the City's budget. As you know, these
10 contributions take numerous forms, including
11 annual contract payments that are required to be
12 made to the City, as well as Payments to Eliminate
13 the Gap, or PEGs, that, in the case of EDC, take
14 the form of additional contributions to the
15 general fund, rather than cuts in tax levy
16 received.

17 Today, the payments being made by
18 EDC to the City are at historic highs, having
19 reached approximately \$49 million in fiscal year
20 2012. In fiscal year 2013, we expect our total
21 payments to the City to reach almost the same
22 level, including PEG payments of \$27 million. In
23 total, between fiscal year '7 and fiscal year '14,
24 pursuant to current projections, EDC will have
25 made payments to the City totaling more than \$350

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2 million--a sum which excludes tens of millions of
3 dollars per year in payments that we make to the
4 City in connection with our asset management
5 functions.

6 Turning now to our capital budget,
7 as you can see from the chart before you, our
8 total capital budget for fiscal year 2012 through
9 fiscal year 2016 comes to approximately \$2.4
10 billion. As I discussed with you at our last
11 hearing, of this \$2.4 billion capital budget, 6%,
12 or \$136 million, flows through our budget to the
13 Brooklyn Navy Yard Development Corporation, and
14 12%, or \$282 million, flows through our budget to
15 the Trust for Governor's Island, both of which
16 manage their own capital budgets. Putting aside
17 these expenditures in addition to the 1% of our
18 capital budget that is managed by other City
19 agencies, we're left with what we at EDC call our
20 core capital budget. This core capital budget
21 totals approximately \$2 billion.

22 As I also mentioned when I spoke to
23 you in March, when we look at our budget, we
24 assign projects to one of the following six
25 categories: Area-Wide Redevelopment projects;

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2 Infrastructure and Transportation; Not-for-Profit
3 and Community Organizations; Open Space;
4 Industrial; and Miscellaneous. Though these
5 categories are different from those currently used
6 in our budget as presented in the documents that
7 you receive from the City, we believe them
8 actually to provide a more accurate picture of our
9 budget. For this reason, we are actively working
10 with the Office of Management and Budget to align
11 future budget documents with our internal
12 categories. Our goal is to have each project
13 classified in this respect in time for the
14 September budget. I'm, therefore, going to use
15 though these categories for purposes of my
16 testimony today.

17 As you can see from the chart
18 before you, approximately \$387 million, or 20%, of
19 our core capital budget is allocated to Area-Wide
20 Redevelopment projects. This category includes a
21 number of EDC's major projects, including Willets
22 Point, Hunter's Point South, and Coney Island.
23 The expenditures for these projects encompass a
24 broad array of uses, ranging from infrastructure
25 to site acquisition to strategic planning. The

1
2 major change in this category since my testimony
3 in March is the addition of approximately \$28
4 million in funds relating to the new Cornell-
5 Technion project on Roosevelt Island, which has
6 been accelerated from out-years and now appears in
7 our five-year capital budget.

8 Meanwhile, approximately \$381
9 million, or 19%, of our core budget is allocated
10 to infrastructure and transportation. This
11 includes expenditures that are designed to improve
12 the City's piers, streets, railroads, and water
13 systems. Since March, the funds allocated to this
14 category have increased by \$39 million. This is
15 primarily the result of the receipt of capital
16 from the Department of Environmental Protection
17 and the Department of Transportation, which is to
18 be used for the next phase of the Springfield
19 Gardens drainage project on which we have been
20 working for a number of years. This project will
21 alleviate chronic flooding and enhance the
22 neighborhood around Springfield Boulevard in
23 Queens.

24 Approximately \$734 million, or 37%,
25 of our core budget is allocated to investment in

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2 the City's not-for-profit and community
3 organizations. Since I spoke to you last, the
4 percentage of funds allocated to this category has
5 decreased slightly, by less than 1%, and reflects
6 the cumulative impact of a number of small
7 adjustments to several projects. Approximately
8 \$221 million, or 11%, of our core budget is
9 allocated to investments designed to enhance and
10 increase open space in the city. Since March, the
11 funds allocated to this category have remained
12 essentially unchanged.

13 Approximately \$160 million, or 8%,
14 of our core budget is allocated to investments in
15 the city's industrial sector. This includes
16 expenditures in EDC-managed sites, such as the
17 Brooklyn Army Terminal and the South Brooklyn
18 Marine Terminal. Since March, the funds in this
19 category have increased by \$26 million, primarily
20 as a result of \$19 million in new mayoral funds,
21 as well as the acceleration of \$3 million from
22 out-years into our current five-year capital
23 budget to cover costs relating to the deal
24 currently under negotiation with the Hunts Point
25 Produce Market.

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2 Finally, approximately \$96 million,
3 or 5%, of our core budget is allocated to
4 miscellaneous investments. This category includes
5 investments in City-managed public markets and
6 other miscellaneous items. Funding in this
7 category, again, remains essentially unchanged
8 since I spoke to you last.

9 Our capital and operating budgets
10 support an ambitious slate of projects, each
11 intended to promote the transformation of our
12 city's physical plant. In just the few months
13 since I spoke to you last, a number of these
14 projects have reached significant milestones.
15 Last week, with Mayor Bloomberg, we celebrated the
16 beginning of the summer season in Coney Island and
17 announced the opening of the Scream Zone's second
18 phase, which includes a new thrill ride and a Go-
19 Kart track, representing another important step in
20 this incredibly successful collaboration between
21 the administration and the Council.

22 Another project that the
23 administration continues to advance is the
24 redevelopment of the Seward Park sites on the
25 Lower East Side. Using community-generated

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2 guidelines as a framework, this development would
3 accommodate a wide range of uses, including mixed-
4 income housing, 50% of which would be affordable
5 in perpetuity, retail and other commercial space,
6 open space, and the potential for a new larger,
7 Essex Street Market. The project certified into
8 ULURP in March and last week, Community Board 3
9 voted unanimously to support the plan. The
10 administration looks forward to continuing to work
11 closely with the community, local elected
12 officials, and the entire Council to bring this
13 much-awaited project to fruition.

14 At the same time that we continue
15 to work to improve our city's physical
16 infrastructure, we also recognize that we must
17 keep rethinking the way that we as a city do
18 business. That's why we continue to devote
19 significant time and effort to programs aimed at
20 diversifying and growing the city's economy. To
21 this end, we're working to help New York's legacy
22 industries to develop 21st century business
23 models, attract new growth industries to the city,
24 and spur entrepreneurship more generally,
25 regardless of the industry. In a major

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2 development that we think will have a long-term
3 impact on the competitiveness of our city's
4 economy, last month, Mayor Bloomberg announced the
5 second winner of our NYC Applied Sciences
6 Initiative: the Center for Urban Science and
7 Progress, or CUSP. This project, which is being
8 developed by a consortium of international
9 academic institutions and leading private sector
10 companies led by New York University, is to be
11 located in the heart of Downtown Brooklyn. There,
12 CUSP will cement Brooklyn's leadership position in
13 the innovation economy, generating nearly 8,000
14 jobs and more than \$5 billion in economic impact
15 over the next three decades.

16 Underlying all of our economic
17 development efforts is a belief that, unless
18 success is spread throughout the entire
19 population, we will not truly have a healthy 21st
20 century economy. That is why we're more focused
21 than ever on supporting traditionally
22 disadvantaged groups, such as minority, women-
23 owned, and disadvantaged business owners and
24 immigrant entrepreneurs. Take, for example, our
25 efforts relating to M/W/DBE businesses. Since the

1
2 inception of our M/W/DBE program, EDC has awarded
3 over \$111 million in subcontracts and prime
4 contracts to M/W/DBE firms. During the period
5 from the start of 2011 through the present, we're
6 pleased to report that we have substantially
7 exceeded our internal M/W/DBE goals, with a
8 participation rate of 29% for construction
9 projects and 69% for professional services
10 projects, versus our targets of 25% and 30%
11 respectively. In addition, thanks to our
12 Blueprint for Success program, we're now offering
13 a number of promising M/W/DBE firms additional
14 opportunities for growth, including the
15 opportunity to receive personalized technical
16 assistance. Meanwhile, through our Kick-Start
17 Loan Program, we now offer M/W/DBE firms working
18 on EDC construction projects with access to
19 capital to finance their mobilization efforts.

20 With respect to our efforts to
21 assist immigrant entrepreneurs, when I spoke to
22 you in March, I described the suite of pilot
23 initiatives we announced earlier this year to
24 support this important community. Since we
25 launched these programs, we have, working with the

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2 Department of Small Business Services and others,
3 helped more than 150 immigrant entrepreneurs take
4 business assistance classes in their native
5 languages. We also held a competition that
6 encouraged the creation of innovative new programs
7 developed by community-based organizations
8 throughout the city. These new programs included
9 one created by the Queens Economic Development
10 Corporation that assists immigrant contractors to
11 improve their chances for success in the city by
12 ensuring that they are properly licensed and
13 permitted. Finally, later this month, we will
14 announce the four food manufacturing companies
15 selected to showcase their products at a national
16 food trade show as part of our effort to connect
17 local entrepreneurs to a broader array of buyers
18 and markets. With our successful pilots of these
19 programs now complete, we look forward to sharing
20 more news about our future plans for them in the
21 coming months.

22 As you can see, EDC is continuing
23 to make tangible progress towards our goal of
24 economic transformation. While the City faces
25 real challenges, with the continued support of,

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2 and partnership with, the City Council, I have
3 every confidence that we will successfully achieve
4 the Mayor's goal of transforming the city into a
5 capital of innovation and prosperity for the 21st
6 century. I'd now be happy to answer any
7 questions.

8 CHAIRPERSON KOSLOWITZ: Thank you.
9 And thank you for speeding it up. And before we
10 start, I want to acknowledge my colleague, Council
11 Member Wills joined us.

12 On the capital funds, over the last
13 two years, how much was EDC's capital plan?

14 SETH PINSKY: Our five-year capital
15 plan is largely unchanged, it's about \$2 1/2
16 billion in total. Of that, about \$500 million is
17 allocated to the Trust for Governors Island and to
18 Brooklyn Navy Yard, where we really just act as a
19 passthrough. So what we consider our core capital
20 budget is around \$2 billion.

21 [Pause]

22 CHAIRPERSON KOSLOWITZ: Now unspent
23 money that's not going to be used in the, you
24 know, in the span of the multiple years, what is
25 done with that money?

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2 SETH PINSKY: We expect virtually
3 all of the money that we have in the budget to be
4 spent on the projects that it's allocated to. As
5 you know, the City went through a capital cut a
6 year and a half or so ago and in that process we
7 were really required to show which of our projects
8 we thought were viable and which were less so.
9 And we essentially eliminated all of the projects
10 that were questionable, and we're really now down
11 to projects that we expect to occur.

12 As you pointed out, this is a five-
13 year capital budget so it's not all going to be
14 spent this fiscal year, but we do expect the vast
15 majority of these sums to be spent in the five-
16 year period on the projects that they're assigned
17 to.

18 CHAIRPERSON KOSLOWITZ: So
19 nothing's going to be rolled over.

20 SETH PINSKY: Well I don't want to
21 say nothing, but we don't, at this time, we don't
22 have any expectations that there is fat in our
23 budget.

24 CHAIRPERSON KOSLOWITZ: Okay. On
25 the Cornell-Technion Applied Science and

1
2 Engineering campus, does EDC anticipate using the
3 entire 71.66 million in fiscal 2013 for the
4 construction costs of the new Cornell campus?

5 SETH PINSKY: Well first of all,
6 the total is going to be \$100 million, that's one
7 of the things that I mentioned in my testimony is
8 changing. There was money in the budget that was
9 in the ten-year capital program but not in the
10 five-year capital program that's now being moved
11 up into the five-year capital program. That money
12 will start to be spent in 2013, it will probably
13 be spent over a couple of years, but we're going
14 to need to commit to spending the entirety of it
15 as of fiscal year '13.

16 CHAIRPERSON KOSLOWITZ: And now
17 explain the Google and Cornell University and
18 Google's--

19 SETH PINSKY: Sure.

20 [Crosstalk]

21 CHAIRPERSON KOSLOWITZ: --space?

22 SETH PINSKY: So we think that this
23 is a very encouraging sign for this new campus.
24 As you know, one of the goals of this entire
25 Applied Sciences Initiative has been not just to

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2 increase the amount of Applied Sciences' academic
3 activity, but to marry that with the business
4 sector in the city. And one of the most important
5 technology companies, not just worldwide but also
6 here in New York, is Google, which today has
7 almost 3,000 employees and has been growing
8 extraordinarily rapidly. The plan for the Cornell
9 campus, the Cornell-Technion campus, is that
10 construction will begin on that campus sometime in
11 2014 or 2015 and they are required to be on
12 Roosevelt Island by 2017. That means that between
13 now and 2017, they needed to find temporary space.
14 In, again, what I think is a very promising sign,
15 they've reached an agreement with Google whereby
16 Google is going to provide them with free space
17 that they'll be able to use in Google's New York
18 headquarters until the Roosevelt Island campus is
19 ready.

20 CHAIRPERSON KOSLOWITZ: The Hunts
21 Point market, EDC's fiscal 2013 executive capital
22 commitment plan includes approximately 57.82
23 million for the Hunts Point market for fiscal 2012
24 to 2016. Of this amount, 51.5 million is budgeted
25 for fiscal 2013. Please explain to the Committee

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2 what the 51.5 million is budgeted for in fiscal
3 2013?

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5 SETH PINSKY: Sure. So as you
6 know, the Hunts Point market is one of the most
7 important economic engines in the city, but
8 certainly in the South Bronx. It directly employs
9 about 3,000 people, it's really the heart of a hub
10 that employs about 10,000 people, and it supplies
11 about 60% of the fresh fruits and vegetables to
12 the consumers of the city, with a much higher
13 market share among bodegas and smaller markets, so
14 in lower income neighborhoods it's an even more
15 important asset. The market currently operates in
16 antiquated facilities, and I think it's generally
17 acknowledged that those need to be updated.

17

18 We have been in discussions with
19 the market for a number of years and, as of a
20 couple of years ago, the state of New Jersey made
21 a very aggressive offer to the market to move them
22 out of New York City. We think it's critical to
23 keep the market here in the city, but we also
24 acknowledge that the financial burden of building
25 a new facility is something that probably will
require some public assistance. So the project

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2 that we're working on with the market will involve
3 a split between public sources and private
4 sources. This is a City-owned facility, and the
5 50 odd million dollars that you reference is part
6 of the public contribution, the State of New York
7 has also put in \$50 million, and we're looking for
8 federal money and other sources of funding.

9 CHAIRPERSON KOSLOWITZ: Okay.

10 Excuse me. What's happening with the 90-day
11 negotiations?

12 SETH PINSKY: So I actually spoke
13 to a senior official at the co-op this morning.
14 He was very optimistic about the direction of our
15 discussions. I will say, though, that this is a
16 very complicated project and that I don't want to
17 over-promise, so I think we're headed in a good
18 direction, but until we're actually there, I don't
19 want to be overly confident.

20 CHAIRPERSON KOSLOWITZ: Okay.

21 Because it's really important that we work hard to
22 keep the Hunts Point market in the city--

23 SETH PINSKY: [Interposing] No, we
24 agree 100% with that. And by the way, I also
25 should mention that the Speaker has been a strong

1 supporter and has put money into the capital
2 budget for this and we're speaking to some of the
3 Council Members as well about providing
4 assistance, and the borough president.
5

6 CHAIRPERSON KOSLOWITZ: Okay. Now,
7 our favorite subject, Willets Point. Can you
8 update the Council on the capital plan funding for
9 Willets Point? I know that we sat down and we
10 talked and, you know, I'm sorry to say, but
11 everything I read about Willets Point is in the
12 newspaper before I hear anything, and we would
13 like to know what's going on before we read it in
14 the newspaper, I think we're entitled to that.

15 SETH PINSKY: No, and we agree with
16 that, and as I've mentioned to you and to Council
17 Member Ferreras and others, the way this has been
18 playing out is not ideal and we certainly consider
19 the Council to be an important partner in this
20 project and we intend to work with you going
21 forward in that spirit.

22 What I can say about Willets Point
23 at this point is that it is an extraordinarily
24 challenging project and that we're in a very
25 difficult financing environment for projects of

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2 any kind, especially complicated projects like
3 this one.

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5 That being said, we are making
6 progress on a deal with development partners that
7 is along the lines of what has been printed in the
8 newspaper. We are not yet finished with that, we
9 hope to be able to announce something shortly, and
10 when we do, we will, of course, expect that there
11 will be a lot of opportunities for discussion,
12 both privately and also in public about the plan.

12

13 The intention that we have, though,
14 is for the Willets Point plan to move forward as
15 it has been presented to the Council, as it was
16 approved by the Council in 2008, and to make sure
17 that over time we get to exactly the place that I
18 know that the Council feels very strongly about
19 getting us to.

19

20 CHAIRPERSON KOSLOWITZ: Now the
21 people that were picked were the Mets and related.
22 The Mets have been in financial straits for a
23 while, do you feel that they would be able to see
24 this through--

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25 SETH PINSKY: Well--

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CHAIRPERSON KOSLOWITZ: --

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financially?

SETH PINSKY: --I want to be a little bit careful because we haven't finished all of the terms of the agreement, so we haven't--I wouldn't put it into past tense like that. We haven't actually finally and entirely selected a development partner, it is likely that we will end up there. One of the things that we are now going through as we finalize the agreement is our due diligence to ensure that we feel confident that the project will move forward and we are also structuring the agreement in a way that there will be real requirements with real dates attached to them and real consequences if those requirements are not met.

CHAIRPERSON KOSLOWITZ: I just want to add that it seems that in all the other boroughs, and, you know, I don't like to be NIMBY, but in all the other boroughs, any big project never has as much trouble as Willets Point has had. Willets Point has been, in my view, I would say for the last 25 years that I'm aware of, that people talked about Willets Point and what they're going to do with Willets Point, and every other

1
2 big project that has been developed in other
3 boroughs didn't have the same complications as
4 Willets Point has. Can you explain--

5 SETH PINSKY: [Interposing] Yeah, I
6 would half agree and half disagree. I think the
7 fact is that all of our large development projects
8 in all of the boroughs face challenges, I mean,
9 there's a reason why the City gets involved in
10 these projects, if--

11 CHAIRPERSON KOSLOWITZ:
12 [Interposing] No question, but this seems like--

13 SETH PINSKY: Yeah, and--

14 CHAIRPERSON KOSLOWITZ: --and this
15 is 25 years--

16 SETH PINSKY: Yeah, yeah--

17 CHAIRPERSON KOSLOWITZ: --in
18 talking about it, and here we are that nothing has
19 even started.

20 SETH PINSKY: So the place where I
21 will half agree with you is that this is a
22 particularly challenging site. It not only is it
23 very large--62 acres--it also is incredibly
24 polluted, there's no infrastructure there. So
25 it's there's a lot of time that's required,

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2 there's a lot of effort, and there's a lot of cost
3 associated with it.

4 I do think, though, that actually a
5 lot has been achieved already on Willets Point.

6 The first and most important was the approval by
7 the Council of the comprehensive plan for the
8 development of Willets Point, which is something
9 the people have been trying to do for decades.

10 But that's not enough. What we've also done since
11 then is we've broken ground on offsite

12 infrastructure, which has never existed in the

13 area. We're about halfway done with that, we

14 expect to be finished completely with that by

15 sometime next year. We have been acquiring

16 property, we are at about 90% of the first phase

17 of development that the City controls, which is

18 substantial progress, and incidentally is, I

19 think, consistent with what we said through the

20 entire process, that our goal is to try to reach

21 negotiated agreements with as many landowners as

22 possible.

23 And then the third thing that we've

24 done is we've issued an RFP and, though you're

25 correct that we haven't come out yet publicly and

1
2 officially described the project in detail, I
3 think we're pretty close and we're pretty close to
4 announcing something that I think will get this
5 project moving in the very near term and will
6 ultimately get us to exactly where we had all
7 intended to be with the project when we went
8 through the process in 2008.

9 CHAIRPERSON KOSLOWITZ: And I ask
10 that we be a part of it before we read it--

11 SETH PINSKY: Yes.

12 CHAIRPERSON KOSLOWITZ: --in the
13 newspapers, that is really very important.

14 SETH PINSKY: Yes, that point is
15 noted and I agree entirely with that.

16 CHAIRPERSON KOSLOWITZ: Okay. I'm
17 going to turn this over to Council Member
18 Ferreras.

19 SETH PINSKY: So we can change the
20 subject away from Willets Point.

21 CHAIRPERSON KOSLOWITZ: Right,
22 right.

23 [Laughter]

24 COUNCIL MEMBER FERRERAS: Sorry.
25 Just like we thought this hearing was going to--

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CHAIRPERSON KOSLOWITZ:

[Interposing] To be continued.

COUNCIL MEMBER FERRERAS: --start

at 11.

SETH PINSKY: Yeah.

COUNCIL MEMBER FERRERAS: Good

morning, President Pinsky.

SETH PINSKY: Good morning.

COUNCIL MEMBER FERRERAS: I wish I

could talk about all the other things that you're doing throughout the city, and I'm sure that it's really amazing, but Willets Point is what keeps me up at night. And, again, just like the Chair mentioned, it's really frustrating to hear about such a huge project, an important project, to read about it in the Wall Street Journal or to have someone from the press call to ask for an update on this project. We've had a private discussion and, you know, I'm hoping that that never happens again, but the reality is that I'm still hearing little pieces of the project in the paper. So you don't know what's true, what's being leaked, it's the worst kept secret in EDC. So I don't know if it's you, or related, or whoever it is, the

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2 players are, but I think it's unfair to us as
3 elected officials to have to read this in the
4 newspaper.

5 SETH PINSKY: Well I can't speak to
6 what rumors you're hearing from reporters, I can
7 tell you that the information that we provided you
8 is a complete picture of where we are currently.
9 As I mentioned, we are not done, we still have I's
10 to dot and T's to cross, and we will continue to
11 keep you apprised of our progress. Again, to the
12 extent that this has not played out exactly as we
13 would have intended, I apologize for that and
14 we'll correct that going forward.

15 COUNCIL MEMBER FERRERAS: So I know
16 that in your statement you talk about the Lower
17 East Side project that, you know, using community
18 to generate guidelines and, you know, to
19 accommodate a wide range of uses and mixed use
20 income housing and 50% of it which would be
21 affordable in perpetuity, and it seems like this
22 is something that you've applied here in this
23 project. But in our talks with Willets Point, it
24 seems that the affordable housing is like the
25 economy doesn't call for it or no one is

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2 responding to it. So I don't understand how the
3 economy can call for it in one part of the city,
4 but in my part of the city, it can't.

5 SETH PINSKY: Well, you know,
6 we'll, I think, have an opportunity to discuss
7 this in much greater length once we know exactly
8 what the project is. But different neighborhoods
9 are different, and what the market has told us
10 through the RFP process is that housing in this
11 location, given the challenges that are associated
12 with it, is something that likely will take longer
13 than we had anticipated. That being said, we
14 fully intend to honor the agreement that we struck
15 through the ULURP process with the Council, not
16 only to create a significant number of new housing
17 units in Willets Point and have Willets Point be
18 the mixed use neighborhood that we all have
19 envisioned, but that we also will ensure that 35%
20 of that housing will be affordable, as we had
21 agreed upon.

22 You are right that it may take
23 longer to get there than had been anticipated.
24 Again, we're still finalizing our agreements and
25 we'll know more when we get to that and I know

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2 we'll have longer discussions about that, but the
3 fact is that, you know, different neighborhoods
4 have different financial and economic dynamics
5 attached to them.

6 COUNCIL MEMBER FERRERAS: I just
7 think that, you know, the economic reality of
8 Willets Point is something that was created by our
9 city, right? It's an area in our city that has no
10 infrastructure, it's been abandoned by--for years,
11 everybody knew that it was there. All of a sudden
12 now, this has become an issue in the conversation,
13 and I wouldn't say all of a sudden, I think it's
14 been a part of it, I just, you know, the
15 surrounding district, my district is the third
16 most populated Council district in the city, so
17 it's great for businesses. For whatever reason,
18 businesses--and I think that when you talk about
19 the strategy, of course, they're going to want a
20 mall because the people are there for the mall, of
21 course, you know, the businesses want to open up
22 shop.

23 And the numbers that you may be
24 relying on, I think that you also have to look at
25 the community. The amount of people that are

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2 going to be coming into the community. What are
3 we giving back to the community after they've
4 purchased this land because this is land that
5 we've purchased, and to turn around and say--and I
6 know that you're in the negotiations of this and,
7 clearly, we're going to have more conversations
8 and hearings and all this other stuff in the
9 future, but I just think that you really need to
10 take into account the neighboring community and
11 the needs that we have. Because I understand that
12 you're the Economic Development Corporation and
13 you're looking at the economic engine of our city,
14 but you also have to look at the needs of the
15 surrounding community, and I never hear the needs
16 as a priority in a lot of our conversations.

17 SETH PINSKY: Well, look, the needs
18 of surrounding communities is always something
19 that we are considering. This project grew out of
20 a community planning exercise, as you know. Also,
21 you know, you're correct that for generations this
22 site has been an environmental issue and has not
23 had infrastructure, it is only the Bloomberg
24 administration working with the City Council, this
25 City Council, that has been able to get us to the

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2 point where infrastructure is finally going in and
3 we have the chance to remediate and we have the
4 chance to build.

5 The project, as it's currently
6 being negotiated, we believe is going to create
7 significant benefit to the surrounding
8 communities, including your district from the
9 start, including jobs which are of critical
10 importance, including remediation, which is
11 obviously one of the primary goals here, and
12 including many other aspects, which we've talked
13 about before and which we'll obviously be talking
14 about going forward.

15 But again, I just want to be clear.
16 I hear what you're saying, I understand that this
17 process is going to have to address the needs, not
18 just of the developers on the site, but of those
19 who live around it, and that is something that we
20 intend to work with you on.

21 COUNCIL MEMBER FERRERAS: I want to
22 give an opportunity for other Council Members to
23 ask questions, I just have two small ones. I know
24 that it's not official but it's all over the
25 newspaper related and the Wilponds [phonetic] and

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cats, I don't remember their company off the--
Sterling, is it?

MALE VOICE: Sterling.

COUNCIL MEMBER FERRERAS: Yeah.

Now we've already gotten to a deal where we
invested \$400 million to rebuild City Field and
there was a community benefits package that was
tied to that. For whatever reason, I can't find
the community benefits package, do you have a copy
of that and how consistent has this organization
that's already partnered with the city, what is
their track record on what they've given back
already on something that we already contracted
with them? You know, I went to a game the other
day at City Field so they got their part of the
deal, where is the community's part of the deal?

SETH PINSKY: So--

COUNCIL MEMBER FERRERAS: And I'm
not talking about 100 baseballs.

SETH PINSKY: Yeah, so I'm not sure
that the \$400 million number is correct, but there
was clearly assistance that was provided in
connection with that project. As you know, the
Mayor has spoken out very forcefully about the

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2 issue of community benefit agreements and is
3 generally not supportive of them, so I don't
4 believe that we were actually a party to that
5 agreement.

6 That being said, it's a fair
7 question, we will try to get you the answer to
8 that.

9 COUNCIL MEMBER FERRERAS: I would
10 greatly appreciate it. And we'll follow up, we'll
11 probably be talking again today. But thank you,
12 Madam Chair.

13 And I'm glad to hear that it's not
14 final, because I think there's still a lot of room
15 for to clarifying this deal that you have moving
16 forward and, you know, keeping our voices as part
17 of this deal that's going to eventually happen is
18 greatly appreciated, thank you.

19 SETH PINSKY: Thank you.

20 CHAIRPERSON KOSLOWITZ: And I just
21 want to mention that I'm working very closely with
22 the Council Member, we're like two peas in a pod
23 on this. So, you know, we want to keep being
24 updated on this.

25 SETH PINSKY: Thank you.

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CHAIRPERSON KOSLOWITZ: Council

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Member Sanders. Oh--

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COUNCIL MEMBER SANDERS: Thank you,

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Madam Chair.

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CHAIRPERSON KOSLOWITZ: --before

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you start, I just want to--

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COUNCIL MEMBER SANDERS: Yes.

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CHAIRPERSON KOSLOWITZ: --recognize

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we've been joined by Council Member Foster and

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Council Member Koppell.

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COUNCIL MEMBER SANDERS: Thank you,

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Madam Chair. I first want to start--good

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afternoon, good afternoon. I do want to underline

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my colleague's point of the need for affordable

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housing at Willets Point. I would love to speak

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with you about, you spoke of jobs and the city's

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gaining jobs, the segmented market that we are

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creating where the jobs are a few jobs for the

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technical elite, if you wish, and many jobs for

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others, and those are low-paid. But instead of

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that, I will speak of Comptroller Liu's audit,

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sir, and I will speak of the Industrial

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Development Agency, especially the claw back

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abilities. How are we using the claw back ability

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2 of the City in terms of the monies that we have
3 invested through subsidies and other tax breaks--
4 pilots, whatever we want to call these--and the
5 amount of jobs that we were expected to receive
6 and have not received?

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SETH PINSKY: So a few things.

8 First of all, we took issue with a number of
9 findings in the Comptroller's audit, I think that
10 there were just a number of factual errors in the
11 audit that was completed.

12

13 But I think in order to understand
14 what's going on with the Industrial Development
15 Agency, there are a few things that are important
16 to know. First of all, the types of transactions
17 that we do through the Industrial Development
18 Agency broadly fall into two different categories.
19 There are what we refer to as commercial deals,
20 which are the ones that are with large companies
21 or developers, and then there are everything else,
22 which are generally industrial and in the past
23 not-for-profit corporations.

24

25 Historically, when we did the
second category we did not require as part of our
agreement that the projects have certain new job

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2 creation. What we are looking for, because these
3 businesses tended to be marginal businesses, was
4 for them to make a new investment in the city,
5 that was the philosophy behind the IDA, was that
6 what we were looking for from these industrial
7 businesses, from not-for-profits was that they
8 make investments in the city and that that was
9 their commitment to New York. And in particular,
10 what we didn't want to do with businesses that
11 operate on very thin margins was to create
12 penalties where if they started to lose jobs we
13 would assess a penalty against them, which would
14 make their business even more marginal which would
15 require them to lose even more jobs and put them
16 into a trap.

17 On the commercial deals, on the
18 other hand, we did put in job commitments and we
19 do regularly enforce those. During this
20 administration we've clawed back about \$85 million
21 in benefits, which I think is a very strong record
22 of enforcement. What's also, I think, important
23 to understand about the IDA is that under this
24 administration we've been much more judicious in
25 our use of the IDA than in past administrations.

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2 The number of transactions that we're doing is
3 down significantly, especially in the last five
4 years or so. The benefits per transaction that
5 we're doing are down from earlier administrations;
6 a much higher percentage of the benefits that
7 we're offering are now going to the boroughs other
8 than Manhattan; we are giving much more to smaller
9 businesses, businesses with fewer than 50, even
10 businesses with fewer than 20 employees; and the
11 percentage of projects that we're doing on the
12 commercial side, as opposed to the industrial
13 side, is also shrinking.

14 From time to time, we do think that
15 it makes sense for us to invest in projects--
16 commercial projects and larger projects--and when
17 we do our underwriting and we believe that it's in
18 the City's interest and that there will be a
19 positive return from the City's investment, we
20 will make that investment. But as I mentioned, we
21 are trying to be much more judicious than I think
22 prior administrations have been with the IDA.

23 COUNCIL MEMBER SANDERS: I agree
24 with you that wise investments in a timely manner
25 are good things and I agree with you that it is

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2 also wise to make sure that we do not penalize the
3 smallest of corporations, but some of the largest
4 corporations in New York City receive these
5 subsidies--Bank of America quickly comes to mind--
6 corporations that are by no means on the edge of
7 not making it--

8 SETH PINSKY: [Interposing] And in
9 those cases, we have very strict requirements, we
10 regularly audit them, and as I said, we've clawed
11 back about \$85 million during this administration.

12 COUNCIL MEMBER SANDERS: I will
13 leave to my further colleagues who will go into
14 that further with you. Two more points and then
15 I'm through. Why can you--on M/WBE, you have
16 exceeded your goals, I'm just curious, how come
17 you can do this and every other agency in New York
18 City can't do it? What are you doing that they
19 are not? Are your goals so low, are theirs too
20 high?

21 SETH PINSKY: No, our goals--

22 COUNCIL MEMBER SANDERS: Why--

23 SETH PINSKY: --our goals are the
24 same as those that are set by the City Council for
25 all agencies.

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COUNCIL MEMBER SANDERS: I see.

SETH PINSKY: I think that there are three things that we've put into place in the last--actually four things--in the last year or so, which I think have been very helpful and we're working with other City agencies. Some of what we're doing is modeled on what other agencies that have been successful have done, and some of it is new and innovative and we're sharing it with other agencies. But the four things are: One is just more boots on the ground. We're doing more outreach events, making sure that we're touching more businesses and they understand what it is that we have to offer.

The second thing that we're doing is that we're adding transparency to our bidding process. So M/W/DBE firms now can more easily find out which prime contractors are bidding on projects earlier in the process, and in reverse, the prime contractors can find the M/W/DBE firms more easily.

The third thing that we're doing is one of the things that we've heard from M/W/DBE firms makes it difficult for them to bid on

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2 contracts is that it's difficult for them to get
3 startup capital for projects. And so we've put in
4 place a loan mobilization program that makes it
5 easier for them to get that startup capital and,
6 therefore, makes them more confident in bidding
7 for projects.

8 And then the fourth thing that
9 we're doing is something that we call our
10 blueprint to success where we've identified, and
11 we will continue to identify, promising M/W/DBE
12 firms and putting them through an intensive boot
13 camp that helps them to move from one level to the
14 next level so that they can bid on bigger
15 contracts and bid on more contracts.

16 And I think it's a combination of
17 those things that's allowed us to be successful.

18 COUNCIL MEMBER SANDERS: Please
19 accept two points of praise. One is the
20 development, the infrastructure development in
21 Springfield Gardens is so necessary to the relief
22 of flooding, I commend you and your organization
23 for that. And your new initiatives that you're
24 doing on micro-economic development are really
25 cutting edge. Some of this is you're about to, if

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2 you are successful, you are about to take some of
3 the cutting edge of the nation with some of these
4 initiatives.

5 SETH PINSKY: Thank you. And we
6 really appreciate the input from you and your
7 staff on those initiatives and look forward to
8 working with you on them. Thank you.

9 COUNCIL MEMBER SANDERS: Thank you.
10 Thank you, Chair.

11 CHAIRPERSON KOSLOWITZ: Council
12 Member Lander.

13 COUNCIL MEMBER LANDER: Thank you,
14 Madam Chair. Nice to see you, President Pinsky.
15 I'll start with my notes of praise, particularly
16 around the Port NYC work, I mean, obviously,
17 especially as it relates to the Red Hook port, but
18 really more broadly across the city, I really do
19 appreciate--

20 SETH PINSKY: Thank you.

21 COUNCIL MEMBER LANDER: --the work
22 that your team has been doing, and hopefully,
23 before too long, we'll have some good news about
24 some additional tenants there and the ability to
25 work with the port and achieve a good agreement

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there, so I look forward to that.

And I also look forward--I know we're meeting soon to talk about the Industrial Business Zones they're mapping and this hotel special permit issue, so we look forward to continuing that conversation as well.

SETH PINSKY: [Interposing] Yeah, and just to very quickly, one, thank you for your support on the port facilities in Brooklyn, it's been enormously helpful. And also second of all, on the second issue with the IBZs, we are expecting to move forward with the process very shortly and our goal is actually to increase the coverage of IBZs in the city.

COUNCIL MEMBER LANDER: Great, so that's great to know, we look forward to finding out a little more on the timetable and then continuing the conversation that we started at the preliminary budget hearing about this narrow, but important, issue about hotels--

SETH PINSKY: Great.

COUNCIL MEMBER LANDER: --and keeping them out of there as well. I do want to follow up on a couple of issues that my colleagues

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2 have raised and let me start on the subsidy and
3 the claw backs and recaptures, which you also
4 talked about a bit at the preliminary. Thanks
5 largely to data that you guys have put out--so I
6 guess additional thanks for moving forward in
7 transparency and enabling us to kind of understand
8 what the deals are, and we have a better picture
9 of what's been clawed back and what hasn't. So I
10 guess I do want to ask about a couple of deals,
11 specifically, I mean, one actually that Council
12 Member Sanders asked. 'Cause there are a few
13 cases like Bear Stearns, like MetLife, where you
14 guys did go in and clawed back significant amounts
15 of money, but I guess there are two from within
16 the Bloomberg administration so that I don't think
17 have this problem that they were written sort of
18 in the--where it looks to me like they owe us a
19 lot of jobs and we still are giving them a lot of
20 money and I'd like to understand--and so the first
21 one is that Bank of America deal, you know, where
22 we authorized almost \$50 million in assistance and
23 they owe us somewhere around 1,500 jobs, but I
24 don't think there's yet been any claw back or
25 recapture. Can you give us an update on the

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2 status--

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[Crosstalk]

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SETH PINSKY: [Interposing] Yeah, I

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can't give you a specific response to that, I can

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come back to you, I don't have the information in

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front of me. But I will say that when companies

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are out of compliance, we will enforce the

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agreements as we're permitted under the agreement.

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I don't know, you know, in many cases the way that

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these agreements work is that there are buffers

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that if you hit a certain buffer you're given a

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warning; if you hit then a further buffer, then

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you start to owe money, and when that occurs, when

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that's triggered, we certainly will go after

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businesses. My guess is that in the case of Bank

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of America, that they have actually maintained the

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number of jobs that they promised that they would

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in the agreement, but we obviously are monitoring

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closely. I'll give you, though, a better answer

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to that with more information as soon as I have

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it.

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COUNCIL MEMBER LANDER: Okay. And

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the other deal, I guess, that would be great if

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you would do the same for is the Hearst

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2 Corporation. We authorized about \$35 million in
3 assistance, I think they owe us about 2,000 jobs.
4 It looks to me like you have--we have clawed back
5 a little bit shy of 200,000, but that's a far cry
6 from what was clawed back on Bear Stearns or on--

7 [Crosstalk]

8 SETH PINSKY: [Interposing] All
9 right, so we'll get you more information on that.

10 COUNCIL MEMBER LANDER: And as I
11 mentioned at the preliminary hearing, again, this
12 is as a result of data that you guys have
13 provided, I do think providing a little more
14 visibility to the claw backs, whether that's with
15 a press release or a claw back report, you know,
16 nothing incentivizes compliance like the sense
17 that if you don't, there'll be consequences. And
18 so, you know, I'll appreciate what you get to us
19 on those two deals, but I think if we could think
20 more about that.

21 One more question on reporting. I
22 know the mayor yesterday vetoed the Living Wage
23 bill, which we've had many, many chances to
24 disagree about publicly and privately, but one
25 piece in there that I feel that didn't get much

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2 reported in the press is the reporting piece of
3 that, just giving us some better data on what
4 wages are. The current reporting data is still
5 pretty high and so really understanding the low
6 end is something that's not provided by current
7 reporting and it's something that's in that bill.
8 So I guess I would like to ask you to take a look-
9 -even understanding his veto and our likely
10 override and the likely administration choice not
11 to enforce the bill--whether you could take a look
12 at the reporting provisions and think about
13 whether for the remainder of deals--and Fresh
14 Direct is a great example, Fresh Direct is going
15 to subsidize a lot of jobs, and a lot of jobs that
16 might well be low-wage jobs, and it would be very
17 helpful if we could at least have a picture of
18 what they're paying. And I think it would be a
19 very strong gesture on the part of the
20 administration, even if the bill is vetoed, to
21 choose to implement some or all of the recording
22 components of--

23 [Crosstalk]

24 SETH PINSKY: [Interposing] So,
25 obviously, on that particular issue, we'll have to

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2 have some consultations with others in the
3 administration. But just two comments, one on
4 Fresh Direct, since you raised it. That company,
5 as you know, average wages are about \$16 an hour,
6 which is well above the living wage threshold that
7 was set in the bill, although it's true that
8 that's an average and not every job. But that
9 means, though, that there are a number of jobs
10 that are substantially above that as well.

11 With respect to reporting, I
12 actually am a firm believer in transparency and
13 believe that every opportunity that we have to
14 make data available to the public is actually a
15 good thing. That being said, what I would just
16 request of the Council generally is that we now
17 have a mandate to provide a number of different
18 reports about a number of different things, and
19 one of the things that I've noticed in my time in
20 this job is that there are often small, but
21 important, differences in the way the data is
22 requested to be presented that becomes extremely
23 burdensome for us. And our--just to give you an
24 idea, our compliance department probably spends a
25 quarter of the year producing the reports that are

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2 required and not actually enforcing the
3 agreements, I mean, they're obviously doing that
4 too, but I would say about a quarter of their time
5 each year is spent on these reports. And I think
6 that there would be a way for us to present more
7 information in a more useful way that would be
8 less burdensome to us and it would be very
9 interesting for me to be able to have that
10 conversation with you and your colleagues.

11 COUNCIL MEMBER LANDER: I mean, I'd
12 be delighted to take part, I'm sure there's
13 willingness, obviously, we have some folks like
14 Good Jobs New York in the room who could help us
15 as well. You know, the goal--and we do this a
16 lot, we pass one bill, and then another--

17 SETH PINSKY: Yeah.

18 COUNCIL MEMBER LANDER: --so, you
19 know, and just as you said on the budget, I
20 appreciate your working with OMB to align things.
21 So, you know, I think there's a good opportunity
22 there. I do think getting at the wage data below
23 \$25,000 is very important and if we can find a
24 way, you know, to achieve that so that on future
25 deals like Fresh Direct, we're able to understand

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2 better what the specific jobs that we're
3 subsidizing are, it would go a long way to helping
4 us make good policy in the future.

5 Thank you.

6 [Pause]

7 CHAIRPERSON KOSLOWITZ: Council
8 Member Wills.

9 COUNCIL MEMBER WILLS: Good
10 afternoon, President Pinsky. I have a quick five
11 questions and, for the sake of time, please feel
12 free to just send the information over to my
13 office. The one thing is I did want to start with
14 giving you some accolades about the Springfield
15 Gardens drainage project, as Council Member
16 Sanders did, but could you give us a little more
17 detail on the timeline of that project? Because
18 the drainage is something that is something that
19 actually has affected us or impacted us negatively
20 for about 20 years, so this is a major development
21 within our community.

22 SETH PINSKY: And so on that, the
23 next phase--and I'll show you where that phrase is
24 separately--but which we call Phase D is a \$70
25 million phase and the construction is supposed to

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2 start this summer and our goal is to be done by
3 the fall of 2014 with that phase. And I believe
4 that's the last phase of this project.

5 COUNCIL MEMBER WILLS: Great. As
6 you noted, your thresholds for the M/ W/DBE
7 businesses were higher than where your actual
8 levels that you had set, but what I wanted to know
9 was could we have a little more--a breakdown with
10 a little more specificity on who got what? Could
11 that be forwarded over?

12 SETH PINSKY: [Interposing] Yeah,
13 we can give you that information.

14 COUNCIL MEMBER WILLS: Okay.
15 Great. Now if the Kick-Start Loan program--and I
16 told you these would be really quick--it says that
17 the firms working on New York City EDC
18 construction projects with access to capital to
19 finance their mobilization efforts. I understand
20 what mobilization efforts means as a contract or a
21 construction firm, but could you give more of a
22 breakdown in the terminology of mobilization
23 efforts? And are these Kick-Start loans given to
24 the contractor that won the BID after they have
25 won the BID or is that part of the consideration

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for the BID when they apply for it?

SETH PINSKY: [Interposing] Yeah--
[Crosstalk]

COUNCIL MEMBER WILLS: --have the--
[Crosstalk]

SETH PINSKY: --you know, that's a
good question. I'll need to get you the answer on
that. I think it's the firms that have won get
access to it, but--

COUNCIL MEMBER WILLS: Okay.

SETH PINSKY: --I will get back to
you on that. The type of costs that can be
covered with this loan program are long lead
equipment, material, labor, bonding, insurance,
things of that nature.

COUNCIL MEMBER WILLS: Right. But
it would just be more helpful to know because if
this was a requirement that you had already
approved the groups and that would help them win a
bidding contract would be a lot easier in the long
term--

[Crosstalk]

SETH PINSKY: [Interposing] Yeah,
let me--I need to check on that, so I'll get back

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to you to let you know which of them it is.

COUNCIL MEMBER WILLS: Okay. Now my last question is one of the programs that you said the Queens Economic Development Corporation had developed assists immigrant contractors to improve their chances for success in the city by ensuring that they are properly licensed and permitted. I think besides myself, Weprin, Ferreras, and Dromm probably have the largest amount of immigrant contractors in Queens, but I don't know anything about this project and I don't know if it was a lack of outreach to my office 'cause I'm constantly in contact with your office--
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SETH PINSKY: Yeah.

COUNCIL MEMBER WILLS: --by the QEDC, but--

[Crosstalk]

SETH PINSKY: [Interposing] Yeah, so let me explain. We ran a competition as part of our immigrant entrepreneur pilot program, we partnered with Deutsche Bank and what we did was we came up with a number of our own projects and then we said, you know, there are probably

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2 problems that we're not even aware of that
3 community organizations would know about best and
4 they would probably be best at coming up with
5 solutions. So what we did in the competition was
6 we said to community organizations throughout the
7 city, come to us and propose a new program that
8 you don't currently have that is going to help
9 immigrant entrepreneurs. We selected five of
10 those as finalists and we gave them a seed prize
11 that allowed them to begin a pilot of those
12 programs--

13 COUNCIL MEMBER WILLIS: Okay.

14 SETH PINSKY: --then based on the
15 performance of those five finalists, we selected a
16 winner--we actually ended up selecting two winners
17 because it was so successful--and gave them a
18 bigger prize so that they could actually ramp up
19 that project and take it from a pilot to something
20 that could be offered borough-wide, city-wide.

21 The QEDC project was the pilot that
22 we thought was the most promising and, therefore,
23 won the grand prize, so they're now going to start
24 to roll it out to more communities, so we'll be
25 happy to put you in touch with them--

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COUNCIL MEMBER WILLS: Okay.

SETH PINSKY: --and this is something which I think holds a lot of promise.

COUNCIL MEMBER WILLS: No, it definitely does, that's why I wanted to ask that. One second, please. [Pause] Thank you very much.

SETH PINSKY: Okay. Thanks.

CHAIRPERSON KOSLOWITZ: Council Member Comrie.

COUNCIL MEMBER COMRIE: Thank you, Madam Chair. Good afternoon, good to see you, sir. I wanted to just echo the sentiments of Council Member Koslowitz and Council Member Ferreras regarding Willets Point. I won't recite everything they said, other than to say that I support them wholeheartedly, and it's actually three peas in a pod, not two, so, you know, that's--

SETH PINSKY: Duly noted.

COUNCIL MEMBER COMRIE: And at the end of the day, we want to make sure that there are opportunities that happen for that entire area.

I wanted to also just echo and re-

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2 emphasize the need to maintain Hunts Point Market,
3 and what we need to do to make that investment
4 because we need to keep those jobs in the city as
5 well. And also the need to have fresh products
6 within the city for restaurants and other concerns
7 that have to travel to New Jersey, which just
8 being an expense that they would definitely impact
9 the quality of our restaurants and our nightlife
10 in this city, and I think we need to make sure
11 that the Hunts Point Market and also the Brooklyn
12 Terminal Farmers Market--I forget where that is,
13 do you know where that is exactly?

14 SETH PINSKY: Yeah, it's in South
15 Brooklyn and we actually--

16 COUNCIL MEMBER COMRIE: It's in
17 South Brooklyn.

18 SETH PINSKY: --just sold it to the
19 members of the--

20 COUNCIL MEMBER COMRIE: I hope
21 that--

22 SETH PINSKY: --market.

23 COUNCIL MEMBER COMRIE: --hope that
24 there was some infrastructure improvement as well
25 as there. I purchased a Christmas tree from there

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2 two years ago and that was my first time going
3 there. I didn't know that that was there.

4 SETH PINSKY: Yeah, and actually
5 the--

6 COUNCIL MEMBER COMRIE: --I stay
7 out of Brooklyn most of the time, but you know,
8 but yeah, so well, you know, I drive through
9 Brooklyn every day, but you know, I think that
10 that's an important market also. But we need to
11 keep those markets in so that our local
12 restaurants can have fresh produce without having
13 to pay 14 or \$20 to go across the bridge or
14 through a tunnel--

15 SETH PINSKY: Agreed.

16 COUNCIL MEMBER COMRIE: --so and I
17 think the benefits of that are key. I did want to
18 talk to you about QEDC and congratulate you for
19 picking them and I wanted to know what else you
20 could do to help them as they increase their
21 budget and outreach as well. I think that they're
22 doing some very other innovative projects and
23 ideas and they really need to get an increase in
24 their budget, and I would hope that you could help
25 us with making that happen.

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SETH PINSKY: Well we've now partnered with them in a few different ways. The competition is one way and they'll get a fair amount of funding from that. We also are partnered with QEDC on their incubator in Long Island City, which has been enormously successful. They're looking now to extend their term and we--

COUNCIL MEMBER COMRIE: Right.

SETH PINSKY: --agreed to help fund that as well. So--

COUNCIL MEMBER COMRIE: Okay.

SETH PINSKY: --we think that they're doing a great job too and we're always open to ways in which we can partner with them.

COUNCIL MEMBER COMRIE: So you are picking up the incubator cost?

SETH PINSKY: We're not picking up the entirety of the cost, but we're making a contribution, which will allow them to continue it.

COUNCIL MEMBER COMRIE: So you can't pick up the whole thing?

SETH PINSKY: They didn't ask us for that and--

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COUNCIL MEMBER COMRIE: Well I'm asking. I always, you know, I think that that--or at least give them an opportunity to maintain and increase it because they are also getting a lot of small--

SETH PINSKY: Yep.

COUNCIL MEMBER COMRIE: -- entrepreneurs that are utilizing that incubator at a regular basis.

SETH PINSKY: No, they're doing a great job with that.

COUNCIL MEMBER COMRIE: All right. And then I appreciate you working with them on that as well. I just wanted to also echo, you know, as you know, I was a big supporter of the Technion idea, the campus, and I'm glad to see that happening and also the NYU expansion in Brooklyn I think is an important project. And I think that we need to make sure that those things happen because of the revenue that can be generated and the opportunities that can be generated down the line. But I'm interested in what also is there as far as a major expansion plans for, or other opportunities for encouraging

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2 economic development that would be coming out from
3 your shop in the next six months that we can be a
4 part of so the help that we can generate jobs and
5 other opportunities for the city down the line and
6 how we can also utilize that to ensure that there
7 is an increase in the--I'm sorry--an increase in
8 the dollars that are coming back to the city from
9 those projects as well.

10 SETH PINSKY: Well we are in active
11 negotiations with a couple of other institutions
12 that participated in the applied sciences
13 competition. The Mayor and others have referred
14 to them to both Colombia and Carnegie Mellon which
15 have very interesting projects that they've
16 proposed. Our hope is that we'll have
17 announcements relating to those.

18 It's also important to note that
19 the efforts that we're making in the technology
20 sector are not just at the highest end, but that
21 we're also looking at the high school and earlier
22 levels as well. An important part of the Cornell
23 project with Technion is a promise from them,
24 which is actually in our contract with them, that
25 they would create programs that would touch every

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2 year, not just 200 public school teachers, which
3 is a lot, but 10,000 public school students every
4 year. We're working now to open a new software
5 high school in Union Square. And what's important
6 about this high school is that it's not like Bronx
7 Science or Stuyvesant, which are incredible
8 schools where you have to test in, but it will be
9 generally open to the public. And we're looking
10 at other examples of that kind of educational
11 program throughout the five boroughs.

12 COUNCIL MEMBER COMRIE: All right,
13 well I'm glad to hear that as well. And I just
14 want to congratulate you on coming up with those
15 ideas.

16 I just wanted to also encourage you
17 to try to make sure that the capital plan that
18 you're realizing is actually monies that can be
19 spent down throughout the next two years. So
20 whatever we can do to work with you on that,
21 please don't hesitate to reach out to my office or
22 the Council in general because we want to make
23 sure that we create economic opportunity. And I
24 think it's the City's prime responsibility, which
25 is why I agree with the Comptroller's idea to

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2 increase our capital spending in the city so that
3 we can create more jobs and stimulate the economy
4 ourselves, so whatever we can do to make that
5 happen, you know, from the City side, if we can
6 help to create construction jobs by creating a
7 more robust capital budget makes sense to, I
8 think, everyone.

9 SETH PINSKY: Thank you. And just
10 so you know, we actually met with the
11 Comptroller's office yesterday to see if there are
12 ways that we can partner on their initiative, so
13 we're supportive of that as well.

14 CHAIRPERSON RECCHIA: Thank you.

15 COUNCIL MEMBER COMRIE: Well great,
16 thank you. Thank you.

17 [Crosstalk]

18 CHAIRPERSON RECCHIA: All right, to
19 all Council Members, I just want to make you
20 aware, we're running way behind schedule, so if
21 you could just be direct, ask your questions, and
22 I'll ask Mr. Pinsky to answer them as clearly as
23 short as possible, okay? Ms. Koslowitz?

24 CHAIRPERSON KOSLOWITZ: Council
25 Member Reyna.

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[Pause]

COUNCIL MEMBER REYNA: I promise I'll be quick. I wanted to just touch base with you, President Pinsky, just to understand since the hiring of Mikhala Crater [phonetic], who has been an amazing individual, navigate on behalf of manufacturing and industrial initiatives that have been set forth by your agency, what has been some of the progress that we've seen? I did not hear in your testimony in relationship to her role and any of the initiatives that the 22--

SETH PINSKY: Yep.

COUNCIL MEMBER REYNA: --symbolic goals that were met to be reached.

SETH PINSKY: Yeah, and all--in the interests of time, I can go through in more detail, but we have made progress on all 22 of them, everything from the federal building in Sunset Park, which has now been disposed of by the federal government and it is being renovated for a new 1.3 million square foot industrial project; we are putting in place the committees that we said we would so that we can have regular feedback from the industrial community; we're renovating

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2 industrial buildings around the city to modernize
3 them, break them into smaller spaces, which is
4 what the industrial companies in New York tend to
5 be looking for; we are expanding the IBZs.

6 So it's a long list and I'd be
7 happy to sit with you and give you much more
8 information about that.

9 COUNCIL MEMBER REYNA:

10 [Interposing] And when you mentioned you're
11 expanding the IBZ, will there be a convening of
12 the commission?

13 SETH PINSKY: Yes, the boundary
14 commission is expected to be convened in the next
15 couple of months. There will be some adjustments,
16 there is some cleanup that may reduce some of the
17 boundaries of the IBZs where, for example, some
18 residential districts were included in IBZs rather
19 than manufacturing districts, but--

20 COUNCIL MEMBER REYNA:

21 [Interposing] Are we referring to the illegal
22 conversions of residential?

23 SETH PINSKY: No, no, where there
24 was actually residentially zoned areas that had
25 been included erroneously in the IBZ boundaries.

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2 But on net, there will be a significant increase
3 in the amount of space in the city that is
4 encompassed by the IBZs.

5 COUNCIL MEMBER REYNA: Outside of
6 the Staten Island new zone?

7 SETH PINSKY: Yeah, it will remain
8 roughly the same in the existing IBZs with some
9 areas where it will shrink a little bit, some
10 areas where it will grow, but overall, that will
11 be almost exactly the same. And then the Staten
12 Island IBZ will add a substantial amount of new
13 land to the IBZs.

14 COUNCIL MEMBER REYNA: When will
15 those particular details be shown to my committee
16 as far as--

17 SETH PINSKY: We'll be coming--

18 COUNCIL MEMBER REYNA: --these
19 boundaries are concerned?

20 SETH PINSKY: --we're still
21 finalizing the proposal so we'll be coming to you
22 in the coming weeks.

23 COUNCIL MEMBER REYNA: And I hope
24 that it's not going to affect where we're going to
25 reward the illegal conversions of--

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2 SETH PINSKY: [Interposing] That is
3 not the intention.

4 COUNCIL MEMBER REYNA: Fantastic.
5 And as far as the \$160,000 PEG, is it the
6 expectation of the administration for the Council
7 to pick up the \$160,000 PEG?

8 SETH PINSKY: Which PEG is this?

9 COUNCIL MEMBER REYNA: There's a
10 \$96,000 cut in fiscal year '12, and another 64 in
11 fiscal year 2013.

12 SETH PINSKY: This is for which--

13 COUNCIL MEMBER REYNA:
14 [Interposing] For the industrial manufacturing
15 business program.

16 SETH PINSKY: That, I believe, runs
17 through Department of Small Business Services. As
18 you know, EDC agreed to cover that cost--

19 COUNCIL MEMBER REYNA:
20 [Interposing] Which I want to--

21 SETH PINSKY: --in an interim
22 period--

23 COUNCIL MEMBER REYNA: --absolutely
24 recognize--

25 SETH PINSKY: --but you'll have to

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 speak to Commissioner Walsh about that.

 COUNCIL MEMBER REYNA: The
unfortunate part was that he said to speak to you.

 SETH PINSKY: All right, well we'll
have to clear that up and get back to you.

 COUNCIL MEMBER REYNA: And this is
part of the issue I have as far as having two
different sources deal with what would be the
industrial policy.

 SETH PINSKY: All right, well we'll
get back to you with a clear answer.

 COUNCIL MEMBER REYNA: I appreciate
that. And I just want to thank you for all your
work. The efforts in trying to coordinate a lot
of the issues that remain or have been resolved
within the IBZs, your commitment to manufacturing,
and the hiring of Mikhala Crater as the point
individual, and I look forward to working with
you. Thank you.

 SETH PINSKY: Thank you.

 COUNCIL MEMBER REYNA: And don't
forget La Marketa in--

 SETH PINSKY: Yes.

 COUNCIL MEMBER REYNA: --

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Williamsburg, please.

SETH PINSKY: Thank you.

COUNCIL MEMBER REYNA: We haven't moved that and Grant Street rescaping. I didn't hear any of the capital dollars that relate to the Council. How much of it is pending or stalled or not approved and has been rescinded or will be rescinded? And that was part of what I thought we were going to hear here.

SETH PINSKY: Sure, we can get you that information.

COUNCIL MEMBER REYNA: Thank you.

CHAIRPERSON RECCHIA: Thank you. Just to address one issue that she brought, you know, I think maybe next year's the budget hearing, we are going to have a half-hour where you and Mr. Walsh will sit at the table together--

SETH PINSKY: Great.

CHAIRPERSON RECCHIA: --so we can clarify some of these issues 'cause--

CHAIRPERSON KOSLOWITZ: Right.

CHAIRPERSON RECCHIA: --several Council Members have brought this up to me that they really need to have the both of you there to

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2 answer questions so they get clarity on what's
3 going on and we get direct answers. Okay. Mr.
4 Levin will be the last person to ask questions and
5 he has one quick question.

6 COUNCIL MEMBER LEVIN: Thank you
7 very much, Mr. Chairman. Thank you, President
8 Pinsky. I just want to thank you for, first, for
9 EDC really working with my office. Mikhala, you
10 know, being in constant contact over a lot of
11 issues that we have in North Brooklyn, Greenpoint
12 section, and also for your interest and for coming
13 out to my district to do a town hall about the
14 arts and economic development.

15 I want to ask you just a quick
16 question about IDAs and when a proposal comes in
17 for IDA funding, what's the mechanism by which EDC
18 lets local elected officials or the community
19 boards know? Because there's been some IDA
20 proposals in my district and my office didn't
21 really know about it and I'm just wondering if you
22 we could coordinate better so that, you know, if
23 there's certain issues that we have with them, if
24 we could address them.

25 SETH PINSKY: So we get a lot of

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2 proposals, dozens and dozens, probably hundreds of
3 them a year. Most of them we end up not taking to
4 the IDA board because we decide that it's not an
5 appropriate use of city resources. Every project
6 that goes to the IDA board, we notify the local
7 elected officials.

8 We actually--it's good that you
9 raise this because we had this conversation with
10 another Council Member about a different project
11 where she said that she hadn't been informed, in
12 fact, we had sent an e-mail, but maybe e-mail
13 isn't the best way of communicating or maybe we're
14 sending it to the wrong address. So we should
15 talk to you separately and find out what the best
16 way to inform you is and we'll make sure that you
17 are informed.

18 COUNCIL MEMBER LEVIN: Okay.

19 Great. And then lastly, in my district site--

20 [Crosstalk]

21 CHAIRPERSON RECCHIA: One quick
22 question, I have to go. One quick question.

23 COUNCIL MEMBER LEVIN: In my
24 district, there's parks that EDC has built, there
25 is one that they're building right now that

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2 they're doing more quickly than the Parks
3 department has done on similar parks. I would
4 encourage EDC to look at ways in which with slow-
5 moving capital projects in the Parks department,
6 that maybe you guys take them off their hands,
7 that there's a mechanism and we could--

8 [Crosstalk]

9 CHAIRPERSON RECCHIA: Okay.

10 COUNCIL MEMBER LEVIN: --have a
11 conversation to Council about that.

12 CHAIRPERSON RECCHIA: Thank you.

13 COUNCIL MEMBER LEVIN: Thank you,
14 Mr. Chairman; thank you, Madam Chair.

15 COUNCIL MEMBER KOPPELL: One
16 comment.

17 CHAIRPERSON RECCHIA: Make one
18 comment, Oliver Koppell just joined us. Go ahead,
19 one quick comment.

20 COUNCIL MEMBER KOPPELL: I'm sorry
21 that I had to go out, I was here before, and I
22 won't ask a question, but just say that I read in
23 your statement with interest that underlying all
24 our economic development efforts, there's a belief
25 that, unless success is spread throughout the

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2 entire population, we will not truly have created
3 a healthy 21st century economy. That was the idea
4 of our living wage legislation, which, in fact,
5 was quite limited by the Speaker and was
6 nonetheless vetoed by the Mayor.

7 My only comment is that,
8 unfortunately, I don't believe that that sentence
9 in your testimony is justified.

10 SETH PINSKY: Well I know that
11 wasn't a question, but it is a comment, but I do
12 feel like I need to respond to that. I think we
13 all share the same goal. As you know, we did an
14 analysis and we believe that actually the law as
15 proposed will end up costing jobs, not creating
16 jobs. That being said, we recognize the good
17 intentions of the Council, I hope the Council
18 recognizes our good intentions, and I believe that
19 the work that we're doing creating more jobs New
20 Yorkers is moving the city forward towards
21 achieving this goal And we recognize that there's
22 more work to be done and we look forward to
23 working with the Council on that.

24 CHAIRPERSON RECCHIA: Okay.

25 COUNCIL MEMBER KOPPELL: I won't

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2 say more, Mr. Chairman--

3 [Crosstalk]

4 CHAIRPERSON RECCHIA: Thank you.

5 CHAIRPERSON KOSLOWITZ: Thank you.

6 CHAIRPERSON RECCHIA: All right?

7 CHAIRPERSON KOSLOWITZ: Thank you.;

8 CHAIRPERSON RECCHIA: Okay. Thank

9 you, Mr. Pinsky, this will end the Economic
10 Development, we--

11 CHAIRPERSON KOSLOWITZ: Thank you.

12 CHAIRPERSON RECCHIA: --we will
13 begin with Corrections. Is the Correction
14 Commissioner here? Bring her in, please, let's
15 go.

16 CHAIRPERSON KOSLOWITZ: Okay.

17 CHAIRPERSON RECCHIA: We're running
18 behind schedule. And you could take your charts
19 with us--with you.

20 CHAIRPERSON KOSLOWITZ: I'm going.

21 CHAIRPERSON RECCHIA: You should
22 print those up so our members have copies of
23 those. You know, that would be nice for future so
24 we could see exactly what was up there.

25 [Crosstalk]

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[Long pause]

CHAIRPERSON RECCHIA: Okay. Could everyone kindly find their seats? We would like to begin, we have the Commissioner here.

[Crosstalk]

FEMALE VOICE: Do you think 2:30 is a good guesstimate for Fire?

SERGEANT-AT-ARMS: Quiet, please.

CHAIRPERSON RECCHIA: We have Correction, Legal Aid, yeah.

FEMALE VOICE: Okay.

CHAIRPERSON RECCHIA: Okay.

[Crosstalk]

[Long pause]

CHAIRPERSON RECCHIA: Okay. We will now--

SERGEANT-AT-ARMS: Quiet, please.

CHAIRPERSON RECCHIA: Shh. We will now resume the City Council hearing on the Mayor's executive budget for fiscal 2013. The Finance Committee has now been joined by the Committee on Fire and Criminal Justice. We will hear from the Department of Corrections, and then following Corrections, we will have three more agencies to

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hear from today, okay. So at this time, we will hear from the Corrections Commissioner.

Commissioner, thank you for coming today.

DORA SCHRIRO: My pleasure.

CHAIRPERSON RECCHIA: And we have copies of your testimony?

SERGEANT-AT-ARMS: Yeah, I got it.

[Pause]

CHAIRPERSON RECCHIA: Who told you?

[Pause]

CHAIRPERSON RECCHIA: Go ahead, Commissioner.

DORA SCHRIRO: Good afternoon. For the record, my name is Dora Schriro, I'm the Commissioner, New York City Department of Correction, and I'm joined today by First Deputy Commissioner Lew Finkelman, Chief of Department Michael Hourihane, Deputy Chief of Department Carmine Labruzzo, and other members of our staff are here as well.

I'm very pleased to be before you again today and to bring you up to speed and tell you what we're doing and how we're using the

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monies that are being appropriated to us and other monies that we hope that you will consider.

Just as a fast recap, the Fiscal Year 2013 Executive Budget is a little over a billion dollars, with authorized headcount of 800--sorry, 8,854 uniformed and 1,716 civilian staff. It also includes \$41 million for correction officer salaries--that was added in the November plan--and that enables us to hire an additional 332 additional full-time officers this year.

As you know, uniformed personnel is the majority of our workforce and the majority of our budget, a full 88% of the total amount of the monies that are appropriated to us. And that obviously, reflects the way in which we get our work done, which is through the uniformed staff who have day-to-day contact with the prisoner population. They are indeed the most critical component of our operation. And here, I'm very pleased to be here to talk to you about how they deploy their time and their talent so as to achieve the department's critical goals.

Over the past two years, and with your support, our total authorized headcount has

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2 increased from 10,288 to 10,453. And to make the
3 highest and best use of this opportunity, we've
4 refined our selection process, then streamlined
5 and accelerated the hiring of officer recruits,
6 and this ensures that we will fill all of our
7 authorized uniform headcount--both the 332 new
8 positions, as well as the reoccurring vacant
9 positions--this July.

10 In addition to the annual operating
11 budget, the Mayor's executive budget also includes
12 a five-year capital program, also \$1.05 billion,
13 equally critical to our safety and security. It
14 includes monies to complete longstanding fire
15 safety projects--we talked at length about them
16 last time--as well as projects addressing
17 sanitation, ventilation, lighting, and other areas
18 that remain in the Benjamin litigation. It also
19 enables us to continuously upgrade security
20 equipment, which includes most recently, acquiring
21 full-body imaging scanners for every jail so as to
22 better intercept dangerous contraband--we talked
23 about it last time and I have some updates for you
24 this time.

25 Now the DOC Workforce as of May 25

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2 consisted of 8,603 uniformed staff and 1,447
3 civilian personnel. And, again, most of them are
4 deployed within the jails and the courts and are
5 directly involved in the care, custody, and
6 control of the population. Another 7% are
7 allocated to transportation and central security
8 posts--and you might remember that greater than
9 10% of our population is on buses to and from the
10 courts on any given day--and that the remaining 5%
11 are assigned to other important support services
12 responsibilities.

13 So we are ahead of attrition right
14 now and we will also fill the 332 newly authorized
15 posts this coming July. And we are committed to
16 continue our aggressive hiring schedule in the
17 next fiscal year. Right now, we anticipate three
18 classes of somewhere between 300 and 400 recruits
19 each, and this will ensure that we keep pace with
20 attrition and also fill next year 208 additional
21 uniformed positions that are necessary so as to
22 reopen the Queens Detention Center, and that's
23 anticipated to occur in about January.

24 Now the inclusion of the 332 FTE
25 this year and the 208 next year is really

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2 significant but, unfortunately, we are still left
3 with an appreciable shortfall in our headcount
4 which is necessary to man all of the critical
5 security posts. Our actual operating level--the
6 number of people that we actually need to fill
7 every post on straight time--is appreciably
8 greater and, although we have made a request in
9 the executive plan review for an additional 800--
10 more than 800 positions, unfortunately, at this
11 time, the executive budget does not provide any
12 new resources to resolve this ongoing shortfall.
13 And so I continue to redouble my efforts through
14 your assistance and also to reaffirm my commitment
15 that we will take every step necessary to secure
16 those positions and in the meantime to continue to
17 manage those positions the only way that we can,
18 which is on overtime--not the preferred way to do
19 it, of course. Where there are opportunities to
20 be more efficient and those measures do not affect
21 security, we will continue to take those steps as
22 well.

23 Now I just want to recap for you a
24 little bit because virtually all of our budget is
25 based on managing the population, highlight for

1
2 you those several really crucial safety and
3 security initiatives which are key to our
4 continuing improvement. Most housing units on
5 most days are incident-free and the vast majority
6 of inmates is not involved in rule violations and
7 don't sustain injuries. And the same can be said
8 for our staff, the majority leave work as they
9 arrived--safe and sound. Nevertheless, the risk
10 of harm is ever present in every correctional
11 system, and that includes ours. Our primary focus
12 has and continues to be on those inmates who
13 present the most risk and evidence the greatest
14 need than do other inmates, and those are four
15 groups: Those are high-custody inmates, SRG
16 members, the mentally ill, and adolescents. These
17 four groups of inmates account for the vast
18 majority of incidents that occur in jail and the
19 highest rates of failure out on the street. And
20 when these groups overlap with each other, that
21 is, have more than one characteristic, for
22 example, an adolescent who is also mentally ill
23 and high-custody, their risk to self and to others
24 and need for intervention just jumps. Our
25 initiatives are focused on these populations to

1

2 reduce risk in jail and the community after
3 release.

4 So just touching briefly on maximum
5 custody inmates, and of course, many of these
6 strategies will apply across the board. Max
7 population is only about 15% of the ADP, our
8 average daily population, however, they are
9 disproportionately involved in incidents, about
10 42%, and that, of course, makes sense, that's why
11 they've been classified as maximum custody. And
12 so attention needs to be made both to prevention
13 and enforcement so as to achieve successful
14 management of this group.

15 We continue first about contraband
16 interdiction and enforcement to step up our
17 interdiction efforts of contraband, weapons,
18 drugs, and other dangerous articles with more
19 searches and arrests and removing more weapons-
20 grade materials from the jail and acquiring the
21 latest in detection technology. The number of
22 searches for contraband has increased another 7%
23 this year, and SST, our special search team
24 shakedowns, has gone up 76%.

25 In March, I mentioned to you about

1
2 the state-of-art full body scanner machines and
3 I'm pleased to report that we've acquired six of
4 those pieces of equipment now and they're
5 installed in the six jails that have the
6 populations with the highest propensity for
7 violence. These scanners have vastly improved our
8 search capability for items that might otherwise
9 evade discovery. They aided enforcement.
10 Approximately 40% of all inmate arrests have been
11 for contraband, they also serve as a powerful
12 deterrent. Through these equipment we've
13 performed an additional 5,400 searches and
14 recovered a variety of contraband, including
15 scalpels, razors, money, and drugs. These, of
16 course, have been found not only on the person,
17 but--forgive me--but in the person.

18 We continue to arrest visitors who
19 are found with contraband and aggressively pursue
20 criminal charges against them, as well as inmates
21 who engage in trafficking. This fiscal year up to
22 now, arrests of visitors are up 14% and of that,
23 42% are for drug finds.

24 There are some additional
25 enforcement strategies that we have pursued. Our

1 intelligence unit continues to arrest more inmates
2 for other criminal acts committed in jail.

3
4 Overall, inmate arrests are up 8% compared to a
5 year ago, and for criminal acts against staff,
6 inmate arrests are up 18%. It is our belief that
7 more inmates could and should be arrested and
8 prosecuted more quickly, however. I'm very
9 pleased to report that the office of the Bronx
10 District Attorney has agreed with DOC to make more
11 summary arrests, particularly when the crime is
12 captured on video or there are staff witnesses,
13 and to an expedited process for indicting inmates
14 who assault staff or other inmates. Now included
15 in this budget are seven additional investigators
16 and we will evaluate whether or not that is
17 sufficient and may come back to you for additional
18 investigators if still needed.

19 In addition to infracting offending
20 inmates and seeking their arrest and prosecution,
21 city-sentenced inmates, of course, are subject to
22 the taking of their good time through the
23 disciplinary process. And DOC has also reached
24 out to the Department of Probation to develop a
25 mechanism so that we can inform the court through

1
2 the pre-sentence investigation whenever an inmate
3 behaves in an unlawful manner in jail and get that
4 information to the court before approving a plea
5 agreement or imposing a sentence as yet another
6 deterrent.

7 We have, as you know, worked hard
8 to expand punitive segregation, and over the past
9 two years, we have effectively addressed the
10 chronic shortage of punitive segregation capacity.
11 Today, there are 44% more beds and what was a
12 1,000-plus backlog of inmates awaiting placement
13 into CPSU has been resolved. Bed utilization has
14 also been strengthened through a dedicated deputy
15 warden. We've also modified the operation of
16 MHAUII and now are working with DOHMH to expand
17 the capacity for restricted housing. And when I
18 talk about mentally ill [off mic], I'll go into
19 that in a little bit more detail.

20 It's also important to note that
21 this population, like other populations that
22 present less risk, virtually all them go home.
23 Very few, fewer than 15%, go to DOCS, and so
24 thinking about discharge planning and pre-release
25 preparation for this group is every bit as

1
2 important. And as a result of that, we have
3 revisited RIDE, which is our first generation
4 effort at discharge planning, and it will be
5 replaced shortly with a new initiative called I-
6 CAN. We released an RFP in April to which we
7 received ten responses, which is a very robust
8 reply, and we expect that the new program will
9 start this fall. The appreciable difference is it
10 is now available to pretrial, as well as city-
11 sentenced inmates, which is the majority of our
12 population, and placement is predicated both on
13 assessed need and risk.

14 The second of our major groups are,
15 of course, security threat groups, and here we've
16 done considerable work as well. They make up
17 about 11% of our ADP, our average daily
18 population, and, again, are disproportionately
19 involved in incidents, and particularly
20 disproportionately involved in some of the more
21 violent infractions, for example slashing and
22 stabbings. And so obtaining accurate information
23 is essential to making sound housing assignments.
24 We currently monitor eight security risk groups,
25 as well as ten watch groups, and they are

1
2 disbursed across the city's 12 jails where we are
3 able to monitor their activities closely and make
4 whatever adjustments are necessary. The recent
5 recalibration of our custody classification system
6 and the adoption of an objective validation
7 instrument ensures accurate assessments upon which
8 we now rely. There are right now about 1,100
9 currently incarcerated inmates who are active,
10 validated SRG members and the majority of them
11 tend to be members of one of four groups, and we
12 all are familiar with them--the Bloods, Latin
13 Kings, Crips, and Trinitarians. There are other
14 groups of smaller contingents and less
15 organizational capacity, and we monitor them as
16 well.

17 The mental health strategies is
18 extremely important in our agency. The percentage
19 of those with mental illness in the department
20 continues to increase, today it's greater than a
21 third who has a diagnosed mental illness. There's
22 a subset of this group who are placed in MO
23 housing, they are acutely mentally ill, and both
24 of these groups, again, are disproportionately
25 involved in untoward incidents. Again, a third,

1
2 34%, of ADP, but 45% involved in incidents, and
3 the MOs in particular are 6% of the ADP, but
4 involved in 19% of the incidents.

5 We started with the MO group first
6 so as to improve institutional safety and start to
7 work on their long-term outcomes. Starting first
8 with a pilot at AMKC, it has now been expanded to
9 several other jails, including the adolescents at
10 RNDC and will go department-wide in the next
11 several months. So far, this effort has reduced
12 violence in that population by greater than 25%.

13 Now the mentally ill present other
14 challenges for all of us in the city: They remain
15 in custody longer and they return to jail more
16 frequently than do inmates who are not members of
17 the Brad H group. So as to lower their time in
18 detention and improve long-term results, DOC has
19 been leading a citywide effort, and we've been
20 fortunate to have two of the Council Members here
21 who have served on that steering committee, and
22 that's the Mayor's Citywide Justice and Mental
23 Health Initiative. The work of this committee
24 will be released later this summer with the
25 expectation that those recommendations will be

1
2 adopted and implemented immediately thereafter.
3 The goal is to divert more of those individuals
4 with mental health needs to community-based
5 alternatives where they can be managed safely and
6 also be better served.

7 And then finally, when we met last,
8 I had announced that DOC, in collaboration with
9 DOHMH, would open several restricted housing units
10 and I'm pleased to report that the first of these
11 three housing units is open and we started first
12 with the adolescents at RNDC who are also
13 diagnosed as [pause] and that the two remaining
14 30-bed units tailored to the adult population will
15 open at AMK [pause] summer.

16 Now the adolescents is the next and
17 the most challenging of our groups. They're just
18 7% of the daily population, but make up more than
19 about 28% of all the incidents and are over-
20 represented in fights in particular where they
21 actively engaged in about 20%. Interestingly
22 enough, they are also the least likely amongst
23 these four high risk groups to engage in slashings
24 and stabbings, their behaviors are largely
25 impulsive and not premeditated, which is usually

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what's [pause] with the carrying of weapons.

The adolescents come to us as a really challenging group. Twice as many of the adolescents--four-fifths of all of the admissions, in comparison to two-fifths of the adults--have been accused of committing violent felonies. And due to the serious nature of their charges, their bails are higher and that, coupled with their age, they tend to remain in detention a lot longer, about 71 days compared to 50 days for the adult population. And as I mentioned before, many of them, almost half are diagnosed with mental illness. And yet, having said all of that, the vast majority go home, as is the case with all the other inmates, and so taking a long-term perspective and considering discharge planning is equally important.

And so we have a three-part initiative specific to the adolescents so as to manage their needs and address their risks, and that is, first, enhanced staffing and staff training; second, customized inmate management; and third, enriched programming.

About the enhanced staffing and

1
2 staff training, as you know, we've dedicated a
3 deputy warden, also a second tour commander so
4 that all the hours that inmates that are locked
5 out of the cells, they have additional onsite
6 managerial presence. Beyond that, we are adding
7 additional captains so as to reduce that span of
8 control as well. We've redeployed a training
9 captain and two training officers from the academy
10 to RNDC to assist the staff in modifying their
11 day-to-day management to meet the needs of the
12 adolescent population. Most recently we've added
13 an integrity control officer and also to recruit
14 more staff who have greater seniority and an
15 interest in working with adolescents, we have
16 offered specialty pay and dedicated or allocated a
17 number of posts at RNDC that will be eligible for
18 that. Much of this work that we're doing is in
19 coordination with COBA [phonetic] and we're
20 hopeful that we'll attract a large number of
21 interested staff who will work there.

22 We've also worked at reached out
23 and continue to work with the National Institute
24 of Corrections, which is part of the Justice
25 Department. They're providing peer-to-peer

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2 technical assistance. They started last month and
3 they'll continue to work with us through the
4 summer.

5 The second of the piece is with the
6 adolescents is enhanced custody management. And
7 one of the important things that we're engaged in
8 at the moment is reassigning as many of the
9 adolescents from dormitory housing units to cell
10 housing units. This will enable us to achieve
11 better control of the population during the lock-
12 in hour and afford us additional opportunities
13 during the lock-out times. We also have
14 approached the Board of Correction and look
15 forward to working with them on a proposal to
16 modify the way in which lock-out is exercised
17 specific to that population.

18 To augment the supervision provided
19 by all of our uniformed personnel--which I
20 neglected to mention includes adding additional
21 officers, now five rather than three, to each of
22 the adolescent housing units--we continue to add
23 more cameras so that we can achieve surveillance
24 both during and afterwards. Today RNDC has 481
25 cameras, an additional 71 are still to be

1
2 installed this fiscal year. These cameras run
3 24/7 and they're monitored daily by ranking
4 managers both in the jail and at headquarters.
5 And these cameras have a number of important
6 purposes: To identify and discipline inmate
7 assailants, to expedite investigations, to provide
8 documentation to aid in the prosecution of the
9 perpetrators, and to identify and address staff
10 training opportunities. They also serve, of
11 course, as an important deterrent to committing
12 crimes.

13 Now specific to the adolescents,
14 we've added 32 punitive segregation beds at RNDC
15 and, as I mentioned, we've opened a 30-bed
16 restricted housing unit that's modified
17 specifically to meet the needs of the adolescents
18 with mental illness.

19 And so in summary a little bit
20 about the kids, the tactical searches in
21 adolescent areas are up 37%, and when we use
22 force, and when it becomes necessary to do so, we
23 do our best to make sure that no one is seriously
24 injured, and that happens much of the time. In
25 half of all instances now, there is no injury to

1
2 either inmate or staff. Incidents involving
3 inmate assault on staff and serious injury to
4 inmates have remained flat and, although
5 adolescents do not engage a lot in slashings and
6 stabbings, as I mentioned, these incidents are
7 also down from five to three.

8 About the enriched programming,
9 we're making considerable progress towards
10 providing adolescents with the skills they need
11 while they're in jail to prepare for the street.
12 I've talked to you in the past about our first
13 focus was the academic program working with DOE,
14 the adolescents, particularly those of compulsory
15 school age, all of them are enrolled in school,
16 and then those who are 18 to 21 have the
17 opportunity to participate as well. And they have
18 the option now to pursue either a Regents track or
19 a GED or both. And this next year, we redouble
20 our efforts when it comes to the technical
21 classes, which is particularly attractive to the
22 older adolescents.

23 We also have a plan and are in the
24 process of securing private funds so as to secure
25 counselors and recreation coordinators who will

1
2 begin to work in the three adolescent facilities
3 starting this summer, which will be important when
4 summer school is not in session. We've also
5 introduced a system of incentives and continue to
6 develop that so as to encourage the adolescents to
7 make more good choices and to be recognized when
8 those good choices occur.

9 [Pause]

10 There are a couple other additional
11 safety and security performance indicators that I
12 wanted to touch on briefly. Force is sometimes
13 necessary to defend staff, protect an inmate, or
14 prevent escape or destruction of property. And
15 we've taken exceptional steps, as I've mentioned
16 before, to increase the use of OC spray when force
17 is warranted. I'm pleased to report that OC
18 utilization is now used in virtually half of all
19 the incidents and the utilization of OC when force
20 is necessary enables or ensures that we do not
21 have physical contact and continues to minimize
22 the risk of injury to officers and inmates alike.
23 As a result of these concerted and ongoing
24 efforts, this fiscal year, there's now an increase
25 of now 44% of all uses of force result in no

1
2 injury to either party, and where there is an
3 injury, 49% is only a minor injury, and so that's
4 the vast majority of instances. Likewise, where
5 there are occasions that staff is assaulted by an
6 inmate and suffers a serious injury has decreased
7 an additional 5%, now 35--I'm sorry, 35 incidents,
8 down from 37 in the last year. And of course, we
9 continue strive for none.

10 There continues to be incidents
11 that result in staff hospital runs; fortunately,
12 the majority resulting from an incident was for
13 assessment only, no treatment was needed. And
14 fully one-half of these runs are the result of
15 general illness or an accident, which is why staff
16 health and wellbeing continues to be a high
17 priority for us.

18 And we continue to focus on inmate-
19 on-inmate slashings and stabbing incidents. There
20 have been 47 this fiscal year to date, 9 of them
21 required no medical care. We count them all,
22 which is a change that I reported to you several
23 years ago, because we believe that any of them
24 could have turned out badly, although we're
25 pleased to report that that's frequently not the

1
2 case. The majority of inmates who engage in this
3 activity, as I mentioned before, are high custody
4 adult males with gang affiliation.

5 Just briefly about the capital
6 budget, we continue to make substantial progress
7 in our facilities plan. During the first week of
8 February, we re-opened the Brooklyn Detention
9 Complex, that's a 759-bed facility, and that will
10 be fully occupied this month. We opened the 800-
11 bed annex at the Rose M. Singer Center, and that
12 was fully occupied in March. And next year, in
13 January, we will reopen the Queens Detention
14 Complex, its capacity is 456 beds. And this most
15 recent opening is reflected in next year's budget,
16 which includes \$9.6 million in '13, as well as
17 \$19.2 million in 2014 so as to employ the 208
18 additional uniformed staff, plus 26 civilians. It
19 also includes \$1.2 million for critical capital
20 upgrades so as to open the facility as a fully
21 operational jail.

22 Our capital budget also includes
23 monies which will enable us to build the new
24 central admissions facility. That design is
25 underway and we expect construction to begin in

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2 2014.

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I'm pleased to report as an update that we are continuing to make terrific strides to address critical infrastructure needs and investments, and that includes \$1.4 million to replace the fire safety systems and to address other critical fire safety conditions; 1.72 million for critical infrastructure projects, including heating, ventilation, plumbing, and other structural upgrades; \$66 million to build the cogeneration power plant on Rikers Island; and \$18 million for critical contraband detection security equipment, state-of-art radios, and personal body alarms that will enhance communications.

Now safety of both staff and inmates is, of course, of paramount concern and that's the reason why it's specifically to give you an update when it comes to fire safety. As you know, there wasn't one fully operating fire alarm system in any of the jails for years. In the past two years, we've secured the funds with your assistance and installed fully operational fire alarm systems in three of the facilities, and

1
2 are close to completing installation in the
3 fourth. Since the last hearing in March, work has
4 also begun in two additional jails, and we remain
5 committed to installing a working fire alarm
6 system in every jail by the end of calendar 2013.

7 Also critical to the health and
8 wellbeing of staff and inmates is sanitation. To
9 help improve sanitation conditions in the jail, we
10 have voluntarily taken an aggressive schedule to
11 rehabilitate the shower areas; we have completed
12 renovations in 92 out of the 181 housing units
13 that have been identified. Renovations in the
14 remaining areas will also be completed by the end
15 of calendar 2013.

16 So in closing, I want to thank you
17 again for your time and your attention and your
18 continued support, it makes all the difference in
19 the world. The work that we do at DOC can be
20 daunting, difficult, and occasionally dangerous.
21 It's always important. We welcome your input and
22 are ready to answer your questions.

23 CHAIRPERSON RECCHIA: Thank you,
24 Commissioner. And we have my colleagues who have
25 questions. We've been joined by Koppell, Crowley,

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Mathieu Eugene.

At this time, I turn it over to my co-chair, Liz Crowley, who has questions.

CHAIRPERSON CROWLEY: Thank you, Chair Recchia. Good afternoon, Commissioner. I'd like to focus on your management plan of your inmate population, and in particular, the plan for increasing the headcount of correction officers and where we are with incidents of violence currently happening in the jails. I'd like to also focus on the number of infractions and how many of those are occurring because of people who are considered inmates with mental health issues. And then also talk a little bit more about arresting those that are committing the acts of violence and the process of punitive segregation.

So to date, the department is spending what appears to be an outrageous amount on overtime. Last year, over \$100 million, 107 million, and this fiscal year over 105, and you're proposing to decrease the amount spent on overtime significantly next year. So if you could talk to first how the department plans to significantly decrease the amount of money spent on overtime for

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fiscal year 2013.

DORA SCHRIRO: Madam Chair, good afternoon, thank you for the opportunity to answer your questions.

The best way to reduce the spending of overtime is by fully funding on straight time all of the longstanding posts that the department has operated without authorization to actually hire fresh and expressly dedicated officers. As you know, the last time I appeared before you, we had requested 838 additional FTE and I reported to the Committee that we were able to receive partial funding of that new needs request. In fact, we received approval to hire 332 staff and, as I've mentioned this afternoon, we are well underway to hiring all those additional 332, the last of them are in the academy now and all of them will be on board in July.

That left us with an outstanding need, however, for additional new positions of 506 coupled with continuing new needs, and those are specific to continuing to advance our commitment to you to expand the restricted housing units for the Brad H population in need of placement for

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2 infractions and the expanded coverage that we've
3 been providing the adolescent housing units. And
4 so that brought us up to a total new needs request
5 of 822 individuals. And as I mentioned, that full
6 request was presented through the executive plan
7 review process and, unfortunately, as I reported,
8 none of that need is currently addressed in the
9 executive budget. And so that's perhaps an
10 opportunity for us to talk about today.

11 I also mentioned that these
12 positions are critical, we have no intention of
13 discontinuing them, but that means as a result
14 that they need to be maintained on overtime until
15 such time as straight time funding can be provided
16 through the authorization of additional positions.

17 CHAIRPERSON CROWLEY: So I just
18 want to make it clear, in the management report
19 that you have here, what the needs are for over
20 800 additional correction officers, but the plan
21 currently funds only 300 and some odd correction
22 officers--

23 DORA SCHRIRO: That's correct.

24 CHAIRPERSON CROWLEY: --so that
25 puts you over 500 below needed headcount.

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DORA SCHRIRO: Well it puts us actually 822 below what we need today.

CHAIRPERSON CROWLEY: And how many are you expecting to retire or retrit out over the next couple of months?

DORA SCHRIRO: Well that's attrition and that's a different question. We have a hiring plan in place so as to keep pace with attrition, we're actually a little bit ahead of attrition now, and by running three classes next year that will have 3 to 400 officer recruits each, we will be able to keep pace with attrition next year as we are this year.

CHAIRPERSON CROWLEY: But your plan does not cover the need, correct?

DORA SCHRIRO: Well it's not our proposal, but the budget consideration before you today is short 822.

CHAIRPERSON CROWLEY: And that's why the plan to spend 40 some odd million dollars on overtime is within the budget?

DORA SCHRIRO: The 41 million additional dollars were added this year and will be continued--yes, continued?

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MALE VOICE: Mm-hmm.

DORA SCHRIRO: Continued next year, but that only partially addresses the shortfall. The preferred way in which you would operate a correctional system is to fully staff all of the re-occurring posts and reserve overtime utilizations solely for its intended purpose, which are occasional needs, emergent needs, and emergencies.

[Pause]

CHAIRPERSON CROWLEY: How is the department doing with the incidents of violence, has it increased since last year, this fiscal year?

DORA SCHRIRO: There are some improvements and then we're pretty much in a range, but it goes up and down, we're still continue to be in historical lows. I reported to you, for example, with the adolescents, there continue to be some improvements. Where there are increases with the adult population, serious injuries, nevertheless, are still down, although there are some increases up. I reported that, for example, uses of force when necessary are

1
2 utilized, but the serious injuries resulting from
3 uses of force continue to decrease.

4 CHAIRPERSON CROWLEY: Commissioner,
5 how many inmates are awaiting punitive
6 segregation?

7 DORA SCHRIRO: I'm pleased to
8 report that, for those who are not designated as M
9 or Brad H inmates, that chronic backlog of some
10 1,000 plus is abated, and so the increased
11 capacity that we've added over the last two years
12 has resolved that issue.

13 There was this other group who are
14 Brad H who require clearance before they can
15 either be placed in CPSU, which is the bing, if
16 you will, or placement into the alternative which
17 are restricted housing units for those who cannot
18 be successful in a CPSU setting. And I provided
19 an update that we have begun to expand with DOH
20 those beds, 30 have opened up, first focusing on
21 the adolescents; an additional 60 coming online in
22 the next little bit for the adult population.

23 Based on the rate at which we
24 resolved the backlog of the CPSU population, it's
25 our belief that, within six to nine months, we

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2 will have resolved the backlog that exists today
3 with the Brad H group pending imposition of an
4 infraction.

5

CHAIRPERSON CROWLEY: I'm just
6 looking for a basic number, Commissioner. How
7 many in general population are waiting for a spot
8 in the CPSU and how many in--

9

DORA SCHRIRO: None.

10

CHAIRPERSON CROWLEY: --the Brad H
11 population?

12

DORA SCHRIRO: None, none on the
13 GP, and on the Brad H...

14

MALE VOICE: Was it 400?

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DORA SCHRIRO: It's 400 and
16 something, I'll get a specific number for you.

17

CHAIRPERSON CROWLEY: So when we
18 met the last time a few months back, the number
19 was over 1,000, you brought that down by nearly
20 600 or more?

21

DORA SCHRIRO: It's all abated when
22 it comes to GP.

23

CHAIRPERSON CROWLEY: And you have
24 a plan in the budget to increase or to build a new
25 restrictive housing unit that would be for people

1
2 in particular with a mental health
3 classifications. My question is how are you going
4 to staff--what's the plan to staff this new unit,
5 how many beds are in the unit, and do you have
6 enough officers to do so?

7 DORA SCHRIRO: Thank you. The
8 expansion is 90 beds, 30 beds are online and that
9 was focusing on the adolescent population first.
10 The 60 additional beds are coming online at AMKC
11 this summer. And, again, that's part of the
12 difference between the prior new need and the
13 current new need before you because we've opened
14 those housing units and that required additional
15 staffing. So in short, those posts are being
16 filled on overtime; our preference, of course, is
17 that they be filled on straight time with new FTE.

18 CHAIRPERSON CROWLEY: Commissioner,
19 our tables are showing that there's been an
20 increase in violence, especially at the RNDC
21 facility. Can you explain why there is an
22 increase in violence in this facility?

23 [Pause]

24 DORA SCHRIRO: I'm not sure I have
25 the numbers that you're looking [pause].

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2 CHAIRPERSON CROWLEY: Our
3 information is coming from your quarterly reports
4 on the DOC website. Incidents of use of force
5 involving adolescents that result in serious
6 injury at 67 this third quarter of fiscal 2012
7 compared to 25 in the fiscal year 2011 budget.
8 Fights infractions written against adolescents
9 this year 566 versus last year 469. Average
10 number of daily fights, 6.2, versus last year 5.2.
11 Assaults on staff by adolescents, 20 this fiscal
12 year versus 17 last year. Chemical agents used,
13 91 versus 25 last year.

14 DORA SCHRIRO: Right. Well as we
15 testified, we have urged staff to use OC to
16 intercede earlier and the utilization of OC has
17 reduced in a reduction of injuries to both staff
18 and inmates. So increases in utilization of OC,
19 we view as a positive indicator. Likewise, fight
20 infractions we view as positive because it deals
21 with identifying and enforcing and infracting
22 individuals who are engaged in misconduct.

23 CHAIRPERSON CROWLEY: Can you
24 explain what happens when a correction officer is
25 working a certain amount of overtime every week?

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2 Like, is there a point when the department says
3 the officers are working too much overtime and
4 they need a break?

5 DORA SCHRIRO: Yes--

6 CHAIRPERSON CROWLEY: And what is
7 the average amount of overtime our correction
8 officers are working a month?

9 DORA SCHRIRO: The department has
10 set a self-imposed cap of 57 hours a month. The
11 majority of officers are working far less than
12 that--32% are working ten or less hours--

13 [Crosstalk]

14 CHAIRPERSON CROWLEY: [Interposing]
15 But there are officers that are working beyond the
16 cap.

17 DORA SCHRIRO: There are 4% of the
18 officers who are working overtime are in excess of
19 57 hours. And that's a total of 331 FTE.

20 CHAIRPERSON CROWLEY: You know, I'm
21 just frustrated in that the department sees the
22 clear need for more correction officers, there has
23 to be a definite correlation to the number of
24 incidents, the number of acts of violence
25 increasing within the jails, particularly the

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2 adolescent facility, and the decrease in number of
3 correction officers. The staff ratio, and coupled
4 with the amount of overtime, puts the people in
5 our jails--the inmates and the correction officers
6 working there--in danger. And it's just wasteful
7 spending to spend over \$100 million a year on
8 overtime when the clear need is more staff and
9 more correction officers.

10 DORA SCHRIRO: Madam Chair, we
11 couldn't agree more with you, that's why we have
12 raised with you today, as we have in the past,
13 there is still this unmet need for authorizing
14 additional FTE and providing the funding to go
15 along with that. We are seeking assistance as you
16 see fit to fund all of the 822 positions that are
17 currently filled by overtime. And as I've
18 mentioned, particularly because we share this
19 concern when it comes to the adolescents, we have
20 not waited for the authorization to do everything
21 that we thought was necessary to protect the staff
22 and to protect the population. That's why when I
23 iterated that list of additional staff that had
24 been added, for example, specifically, to do the
25 adolescents increasing correction officers and

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2 housing units from three to five and bringing on a
3 second tour commander and dedicating a deputy
4 warden and things of that sort, adding additional
5 captains, we are doing that on overtime because it
6 is preferable to do that than to do nothing at
7 all. But the best option is to authorize those
8 positions and to provide the straight time
9 funding.

10 CHAIRPERSON RECCHIA: Okay.

11 CHAIRPERSON CROWLEY: Just to
12 clarify, how many new correction officers will be
13 hired next year?

14 DORA SCHIRO: At this point in
15 time, 208 to open the Queens Detention Center.

16 CHAIRPERSON CROWLEY: But there is
17 a need for over 800.

18 DORA SCHIRO: That's correct.

19 CHAIRPERSON CROWLEY: Okay. Thank
20 you.

21 CHAIRPERSON RECCHIA: Yeah. I just
22 have one quick question and then we'll turn it
23 over to Oliver Koppell to ask a question. Will
24 Department of Corrections see a savings by hiring
25 more officers?

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2 DORA SCHRIRO: Mr. Chair, depending
3 on how you answer the question, the short answer
4 is yes, for about five years, and then at some
5 point when the earning increases to a certain
6 point, then the overtime becomes less expensive.
7 But from our perspective, the cost benefit goes
8 well beyond the dollars. Depending on what year
9 you look at, there is the benefit of having
10 officers fresh to report to work--

11 CHAIRPERSON RECCHIA: Yes.

12 DORA SCHRIRO: --and fully familiar
13 with their post rather than catching people--

14 [Crosstalk]

15 CHAIRPERSON RECCHIA: [Interposing]
16 I just wanted to know if Department of Correction
17 will see a savings, so you answered the--

18 DORA SCHRIRO: [Interposing] You
19 will in the first several years--

20 CHAIRPERSON RECCHIA: Yes.

21 DORA SCHRIRO: --yes.

22 CHAIRPERSON RECCHIA: Okay. 'Cause
23 that's very, very important. And I think, you
24 know, you said you need 822 officers, you know,
25 right now, you're just having hiring enough for

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2 the Queens House of Detention, right? Who did you
3 ask--have you had discussions with Mr. Page about
4 hiring more and, you know, what did he say the
5 reason why?

6 DORA SCHRIRO: As I mentioned, the
7 full request was included in the executive review
8 plan so this was fully documented, as was the 838
9 in our previous discussions. And I think there's
10 interest and there's empathy, but there was no
11 favorable response this time around.

12 CHAIRPERSON RECCHIA: Right, but
13 they didn't give you a reason why besides just
14 that there's not funding. Okay. Of course, Mr.
15 Page will be testifying before us on June 6, and
16 we will definitely bring this to his attention and
17 ask him, you know, why, because if we hire more
18 officers, we could keep the violence down, we
19 could have less incidents, and less lawsuits, you
20 know, and pay out less in damages. Okay. Oliver
21 Koppell.

22 COUNCIL MEMBER KOPPELL: Thank you,
23 Mr. Chairman. Commissioner, as you mentioned, we
24 participated in a task force with respect to
25 mental health in the corrections facilities and on

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2 discharge, and I'm glad that some steps are being
3 taken to deal with this, and I compliment the
4 steps that you mentioned in your testimony. As
5 Chair of the Mental Health Committee of the
6 Council, we certainly support those efforts.

7

8 I know you in your statement dealt
9 fairly extensively with issues of violence in the
10 correction facilities, but as I believe I'm
11 properly stating that the newspapers reported a
12 new class action or a punitive class-action that
13 was commenced charging rampant lack of proper
14 supervision and proper conduct by correction
15 officers, is that correct?

16

17 DORA SCHRIRO: Well it's not--why
18 don't you--

19

20 MALE VOICE: Yes. That's true, a
21 class action has been filed last week against the
22 department.

23

24 COUNCIL MEMBER KOPPELL: Well let
25 me ask you, I realize that I know you issued a
statement denying the validity of the charges in
that complaint, however, what I'm wondering from a
programmatic area is whether--what staff you
allocate to deal with problems where there are

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2 charges against officers for mistreating inmates,
3 for trying--the charges are that inmates are taken
4 outside of surveillance and violence committed
5 upon them in private or in secret. What kind of a
6 staff do you--do you have a substantial staff
7 devoted to investigation and taking remedial
8 measures in such instances so that we don't face
9 this? I mean a class action could result, as the
10 chairman just indicated, in lawsuits--in this
11 lawsuit recovering many, many millions of dollars
12 from the City. So it's probably worth spending
13 some money to avoid these problems.

14 DORA SCHRIRO: Prevention is always
15 preferable. The answer has several components
16 because the investigations start--first, as I
17 mentioned, we have both staff that are assigned to
18 the housing units and then the cameras that I
19 described as installed and continuing to be
20 installed that are reviewed on a daily basis by
21 managers in the facilities as well as in
22 headquarters, and so that's where the inquiry
23 starts. The investigations continue up through
24 the uniform ranks. Where there is an appearance
25 that there is staff involvement, those referrals

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are forwarded within the Department of Correction to our investigation division where there are investigators.

I mentioned that included in this budget for next year is an increase of seven investigators, and that was an [off mic] we made so as to continue to accelerate that process as well. And as I mentioned in today's testimony, if it's determined that additional investigators are still warranted, that we would certainly come back and make that request.

COUNCIL MEMBER KOPPELL: Do you have a special unit [off mic] the Department of Education, they have an--I don't exactly remember the title--Inspector General or an office of that sort--

DORA SCHRIRO: Yeah.

COUNCIL MEMBER KOPPELL: --in the Correction department?

DORA SCHRIRO: Well we have the investigative division, but then through DOI, they have an inspector general who is assigned to the Department of Correction and several other agencies.

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COUNCIL MEMBER KOPPELL: And that Inspector General, is that Inspector General responsible for reviewing charges against officers for improper behaviors, such as, as being alleged by the punitive class action?

DORA SCHRIRO: Whenever there is a first indication that an employee's conduct may have been outside of color of law, the notification is made to DOI and it's their determination whether or not to keep that case or refer it back to us. In the majority of instances, it's referred back to the department and then it's handled by our investigative division.

COUNCIL MEMBER KOPPELL: So every charge against an officer is referred to DOI? Is that what you're saying?

DORA SCHRIRO: Well it could be prior to a charge, when there are indications that there may be misconduct.

COUNCIL MEMBER KOPPELL: What about charges by, let's say, by an inmate? What happens if an inmate says--comes forward and alleges that he was beaten, let's say, what happens with that?

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Does that go to DOI right away or how is that--

DORA SCHRIRO: [Interposing] Well the inmates can also make their own notification. And so it can go to DOI, it depends on where the inmate refers it. They frequently make allegations of, for example, of unlawful force to us and, again, we the provide it to DOI and make our own investigation.

COUNCIL MEMBER KOPPELL: Well could we get--obviously, not here--get a report at least with respect to the--I think there was seven cases, seven specific cases that were alleged in the punitive class action and the litigation, could we get a report to the extent you're allowed to do it of what happened in those cases?

MALE VOICE: I mean at this point, given the pendency of litigation, we're probably constrained from doing such a thing at this point. I might add that the complaint identifies seven to ten incidents over the span of a three-year period. We're firm in our belief that doesn't constitute a policy or practice, as they're alleging.

COUNCIL MEMBER KOPPELL: Well let

1
2 me just say, it's very troublesome to me to see
3 these allegations. And one would have hoped,
4 since I have a certain degree of respect for the
5 people bringing the action, that some sort of
6 settlement could have been reached absent going to
7 court, that is both with respect to individual
8 cases, but more importantly, with respect to
9 procedures. And it's very troublesome to see
10 another one of these class actions that can result
11 in very major cost to the City, and it should be
12 resolved by--

13 CHAIRPERSON RECCHIA: Okay.

14 COUNCIL MEMBER KOPPELL: --
15 settlement, not by this litigation--

16 CHAIRPERSON RECCHIA: Okay.

17 COUNCIL MEMBER KOPPELL: --just let
18 me leave that comment.

19 CHAIRPERSON RECCHIA: Thank you,
20 Council Member. We have to move on, we're running
21 late. I just have one follow up question. Will
22 the new I-CAN discharge planning program increase
23 cost, and has OMB given Department of Corrections
24 funding to support this?

25 DORA SCHRIRO: We're basically

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2 working within the same resources, but believe
3 that we will better--

4 CHAIRPERSON RECCHIA: [Interposing]
5 Into the microphone.

6 DORA SCHRIRO: Oh, excuse me.
7 We're working within comparable resources, as we
8 have now for RIDE, but, again, we believe that
9 we'll be making the program available to those
10 individuals in greatest need and presenting the
11 greatest risk of re-arrest.

12 [Pause]

13 CHAIRPERSON RECCHIA: Thank you,
14 Commissioner, and Liz Crowley, my co-chair, is
15 going to close it up.

16 CHAIRPERSON CROWLEY: Commissioner,
17 can you just clarify how much money has been spent
18 this year, or you intend to spend by the end of
19 the year on overtime?

20 FEMALE VOICE: On uniformed--

21 [Crosstalk]

22 MALE VOICE: A hundred forty-five
23 million is what we're expecting--

24 [Crosstalk]

25 CHAIRPERSON CROWLEY: [Interposing]

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Hundred and forty-five million.

MALE VOICE: That's correct.

CHAIRPERSON CROWLEY: And what is your total budget?

MALE VOICE: Our overtime budget?

CHAIRPERSON CROWLEY: No, no, no, your department's budget.

DORA SCHRIRO: It's one--

MALE VOICE: [Interposing] One point oh-five million--billion.

DORA SCHRIRO: Yeah.

CHAIRPERSON CROWLEY: So what percentage of your budget are you spending right now on overtime?

MALE VOICE: Approximately 15%.

CHAIRPERSON CROWLEY: Fifteen percent.

MALE VOICE: Yeah, that's what it comes out to, yeah.

CHAIRPERSON CROWLEY: And, Commissioner, I thank you for coming today with your thorough testimony and the plans for next fiscal year. It's just hard to believe that the plans are going to be carried through with because

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2 of the staffing demands. And with the amount of
3 money being spent on overtime and the number of
4 classes that you're planning to do next year, it's
5 just not efficient enough to meet the goals that
6 you have set forth in your budget plan. And at
7 the end of the day, the department is wasting
8 hundreds, you know, tens of millions of dollars,
9 over \$140 million, God knows how much it's going
10 to be next year on overtime expenses. And while I
11 know that you're limited with your resources, you
12 need to go back to the Mayor and say that he's not
13 giving you enough money to run the department
14 efficiently.

15 CHAIRPERSON RECCHIA: Okay.

16 DORA SCHRIRO: We continue to talk
17 to OMB, but the next step is really to present our
18 needs before this Committee and seek your support.

19 CHAIRPERSON RECCHIA: Well we will
20 definitely work with you, we'll definitely present
21 it to Mr. Page, we look forward for him answering
22 this question next week, and we'll let you know
23 what happens. Hopefully, we'll be able to
24 increase your funding and, you know, work it out,
25 all right?

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DORA SCHRIRO: That'd be a good thing.

CHAIRPERSON RECCHIA: That's it. Thank you very much. Okay. After Correction, we'll now hear from Legal Aid. Legal Aid is up next.

[Off mic]

CHAIRPERSON RECCHIA: We want to thank the staff, like to thank Liz Crowley's staff, want to thank my staff, the staff of the Finance under the leadership of Preston Niblack, Deputy Director Regina. [Off mic] Like to thank Rob, John Lisianskiy, Liz.

FEMALE VOICE: I'd like to stay over there.

CHAIRPERSON RECCHIA: We got everybody here. Okay. Corrections is going, Legal Aid, Mr. Banks, have a seat at the table. We're moving, we have the Fire Commissioner coming at 2:30.

[Long pause]

CHAIRPERSON RECCHIA: Okay. All right. We will now hear from the City Council hearing on--

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SERGEANT-AT-ARMS: Quiet, please.

CHAIRPERSON RECCHIA: --the Mayor's Executive Budget, the Finance Committee, the Committee on Fire and Criminal Justice chaired by my colleague and co-chair, Liz Crowley, we'll hear from Legal Aid. Okay? After Legal Aid, we will hear from the Fire Commissioner. And we're moving forward, Mr. Banks, we welcome you. Ms. Crowley, would you like to say hello to Mr. Banks?

CHAIRPERSON CROWLEY: Hello, Mr. Banks, so thank you for being here today to testify on your executive budget.

Just to make it clear to the Council Members that are here, the administration is fully funding the criminal defense part of the Legal Aid's budget, but the civil legal services is still not in the baseline budget, and that's \$2.2 million that the City Council funded last year. So we look forward to your overview of the criminal and civil legal services that you render within the Legal Aid Society. And thank you, again, for being here today.

STEVEN BANKS: Thank you both, thank you, Chair Recchia and Chair Crowley and

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2 Council Member Koppell. We appreciate the support
3 of the Council over the years. I'm here today
4 with Adriene Holder, who is the attorney in charge
5 of our civil practice and--

6 MALE VOICE: Yes.

7 STEVEN BANKS: --I just want to
8 acknowledge representatives from 1199 and the UAW
9 that are here, Deborah Wright, who is the
10 president of the Association of Legal Aid
11 Attorneys, United Auto Workers, Lillie Carino
12 [phonetic], and Stacy Gray on the staff of 1199
13 SEIU, and also Irma Camacho [phonetic] and Maria
14 Hosa [phonetic], who are members of 1199 who work
15 in our organization, and we appreciate their
16 interest in these issues.

17 As Chair Crowley noted, the
18 proposed executive budget maintains the same
19 funding that was in the preliminary budget, which
20 restores the \$11.3 million that had, over a number
21 of years, been a Council add to maintain our
22 criminal defense services, and we have worked out
23 a new contract with the City in terms of
24 maintaining that baseline and meeting other needs
25 that we have for FY '13. The contract is not

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final, but we're in the process of bringing it to a conclusion.

As you know, in the RFP process, the Legal Aid Society has maintained its role as the primary criminal defense provider and our role in Staten Island was restored and we've maintained our role as the--

CHAIRPERSON RECCHIA: [Interposing]
Thank God, right?

STEVEN BANKS: Thank you very much.

[Off mic]

STEVEN BANKS: Appreciate all of your efforts to make that happen and I think God might have been involved as well.

We appreciate also the City's agreement to continue our role as the primary provider of parole revocation defense services. I should add with regard to Staten Island, that this was a decision of the prior administration and the current administration restore our role in the RFP process, obviously, with the support of the Council.

On the criminal defense side, our contract is now for a set number of cases as

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2 opposed to before where it was an open-ended
3 number of cases, and, together with the state
4 criminal defense case cap rule, we're able to be
5 making progress in reducing our caseloads to meet
6 the state standards with the funding that the City
7 is providing and with the State implementation
8 plan.

9 There are funding uncertainties on
10 the criminal side, however, that result from the
11 continued 18-B litigation that will be argued in
12 the Court of Appeals in September. The trial
13 courts and the appellate court had found that the
14 City had the right to allocate cases to the Legal
15 Aid Society as part of its new criminal defense
16 allocations in the RFP process, and the allocation
17 of conflict cases has been held up pending the
18 litigation. This is of critical importance to us
19 since there's an associated funding with the
20 additional cases which affects our ultimate
21 staffing on the criminal defense side.

22 And a additional factor on the
23 criminal side is some uncertainty still at the
24 state level with regard to our federal passthrough
25 funding to provide services to clients that are

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2 mentally ill and chemically addicted. Our micro-
3 funding has been cut as a result of the
4 passthrough federal cut, and the state is still
5 evaluating how much impact that will have on us.

6 But the centerpiece of our concerns
7 that we bring to the Council today involve our
8 civil legal services funding, and there, as Chair
9 Crowley points out, for every year we face the
10 same battle and we again need your support, and we
11 appreciate your past support. There are three
12 critical programs that have traditionally been
13 Council-funded programs: Citywide Civil Legal
14 Services, it's a \$1.5 million program of which the
15 Legal Aid Society has allocated \$750,000; the
16 Unemployment Insurance Supplemental Security
17 Income program, it's a \$1 million program, of
18 which the Legal Aid Society has allocated a half a
19 million dollars; and the HPD Anti-Eviction Legal
20 Services program, a \$2 million program, of which
21 the Legal Aid Society has allocated approximately
22 \$700,000, together with various smaller programs
23 in some of the boroughs. And in addition, there
24 is the Immigration Opportunities Initiative that
25 we rely upon Council funding to provide those

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2 services, and those funds are removed from the
3 budget as well.

4 In a word, these cuts by the
5 administration are pennywise and pound-foolish.
6 The programs that have been eliminated all are
7 programs that save money and bring in economic
8 activity into the communities. The Citywide Civil
9 Legal Services program is estimated to save \$3.13
10 million, basically more than twice the cost of the
11 program, the UISSI program has been projected to
12 save \$2.6 million, and the HPD Anti-Eviction
13 program is projected to save \$8 million, that's
14 based upon, for example, state analysis that shows
15 even many years ago, not adjusted for inflation,
16 that for every dollar a program costs for anti-
17 eviction program is \$4 in shelter costs are saved.
18 So this is a cut that makes no sense.

19 Similarly, the cut in unemployment
20 insurance and SSI Legal Services makes no sense in
21 that the efforts in these programs shift costs
22 from the local budget to the federal budget by
23 getting people federal disability benefits and
24 shift welfare costs to the unemployment insurance
25 fund at no cost to the City, but it's savings to

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the city, and, therefore, that cut does not make sense either.

But there's a human impacts that our staff, our front-line staff, 1199 members UAWLA members see every day and that is, even at current funding levels, before these cuts are taken into effect--taken into account, we can only help one out of every nine New Yorkers that seek our services. We're providing more services with less dollars, but still the need has increased so much in the continuing economic downturn that we have to turn away eight out of every nine people, and can only help one. Let me just give you some statistics for the record that show you the increased need during the continuing difficult economic times. There's been a 29% increase since the economic downturn began in requests for help with unemployment benefits and employment issues; a 40% increase in requests for help with health law problems and Medicaid and Medicare and health care access issues; a 12% increase in requests to help obtain food stamps and federal disability benefits and public assistance; a 16% increase in requests for help with domestic violence and

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2 family law aid; a 15% increase in requests for
3 help to get the low income taxpayer tax credit,
4 which obviously circulates money back into the
5 local economy; a 21% increase in requests for help
6 with eviction prevention; and an 800% increase in
7 requests for foreclosure defense representation.

8 Now even more troubling, these
9 requests--these increases are based upon a
10 baseline before the economic downturn in 2008, but
11 in just recent months we've taken another look and
12 we've seen further increases above these
13 increases, such as a 54% increase in requests for
14 help with employment and unemployment problems; an
15 additional 18% increase in requests for help with
16 housing problems; an additional 12% increase in
17 requests for help with domestic violence and
18 family matters; an additional 23% increase in
19 requests for income support assistance; and an
20 additional 11% increase in requests for health law
21 matters.

22 The truth is that we need even more
23 funds than the restorations that we're requesting
24 to meet these increased needs, but we certainly
25 will see even greater reductions in the requests--

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2 in our ability to meet the need, particularly
3 considering the increase needs that we're seeing,
4 if these cuts are not restored. Every dollar
5 counts.

6 Since the economic downturn, we've
7 seen a 59% reduction in that civil legal services
8 program, a 60% reduction in the citywide--I'm
9 sorry, in the UISSI program, and a one-third
10 reduction in the HPD program over the amounts that
11 we had gotten in FY '08. We understand the tough
12 times that the Council has had to deal with, but
13 the reality is we can't sustain any further cuts
14 given the urgent and dire needs that our clients
15 are facing. And we know that we're an extension
16 of your constituent services staff and we're the
17 place where cases are sent when there's no place
18 else to send them. We understand that that's our
19 traditional role and we want to continue to play
20 it in partnership with you.

21 A word about our staff. As I said,
22 they're in the front-lines every day dealing with
23 the hardest thing that I think our staff is asked
24 to do, which is to say no to people who we
25 otherwise could help. We know we can prevent

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2 wrongful deportations of people that have lived in
3 this country for many years and have been paying
4 taxes and then, because of something that reaches
5 out and grabs them from their distant past,
6 they're going to be deported from the country; we
7 know we can prevent evictions for people we have
8 to turn away; we know we can prevent domestic
9 violence from continuing; we know we can help
10 people get unemployment benefits; we know we can
11 help people get federal food stamp benefits, and
12 it's only the lack of resources that's causing our
13 staff to have to turn away people every day who
14 could be helped.

15 So we appreciate your support and
16 we look forward to continuing the current budget
17 process.

18 CHAIRPERSON RECCHIA: Okay. Thank
19 you. We've been joined by Council Member Jackson.
20 And before I ask a few questions, I'll turn it
21 over to my co-chair, Liz Crowley, who has
22 questions.

23 CHAIRPERSON CROWLEY: Thank you,
24 Co-chair Recchia.

25 I wanted to know what the current

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status is of the case cap law.

STEVEN BANKS: The law was passed by the state legislature in 2009 and the chief administrative judge promulgated regulations in 2010, which are effective April 1, 2014. And with additional supplemental state support, we are expected to begin to reduce the average annual weighted caseloads down to the guidelines. The--

CHAIRPERSON CROWLEY: [Interposing] And what--sorry, what are your annual average weighted caseloads per attorney?

STEVEN BANKS: Right. Prior to the implementation of the law, our average annual weighted caseload was 682 cases. The guideline or the rule requires us by the fiscal year that begins April 1, 2014, to be down to an average weighted annual caseload of 400. So you could see the gap when the law started and where we're supposed to be.

CHAIRPERSON CROWLEY: That's like 50% less--

STEVEN BANKS: Correct.

CHAIRPERSON CROWLEY: --or more than 50%. So does that mean that you're hiring

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more attorneys to meet those needs?

STEVEN BANKS: I can also report to you that we've been able to reduce the average annual caseload to 533 by December 31st, 2011, from that 682 number that the chair correctly pointed out was where we began. So we've been able to reduce it from 682 to 533, but as you can see, we still have a way to go to get to the April 1 deadline, but we've been getting support from the Office of Court Administration to achieve that. The state law was passed and giving the state Office of Court Administration the authority to allocate funds to enable us to get to that goal, and we're proceeding to get to it.

CHAIRPERSON CROWLEY: How do you get to that goal? Do you hire more attorneys or do you just--you're just not able to take the defense work?

STEVEN BANKS: Well on the criminal side, since we are the primary provider and there's a constitutional and statutory requirement to provide counsel, we, with the State support, have been able to hire additional staff to bring down the caseload. But we still have a ways to go

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and we're expecting in the next cycle additional support from the State.

CHAIRPERSON CROWLEY: And then just to have a question on your civil practice, you mentioned earlier that the majority of cases are turned away due to lack of resources.

STEVEN BANKS: That's correct.

CHAIRPERSON CROWLEY: Which is upsetting and disconcerting. There's so many people who have needs here in the city, I see in my own Council office. Now what is the actual number, percentage of people being turned away?

STEVEN BANKS: Well I think from our front-line staff analysis we can see that out of every nine, we're able to help only one out of every nine. I should add, though, that we're working on in a typical year in excess of 40,000 individual cases and matters as it is, and that's with a limited total staff, including lawyers and paralegals and support staff, of approximately 261 in the civil practice. So it's an enormous workload that the civil staff are taking on, but in part, it's because of the dedication and commitment and seeing people in great need, but

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2 there's only so much that they can do, and with
3 more resources, we could serve more people. But
4 the danger for us in the current proposed budget
5 is with less resources, we won't be able to
6 maintain the staff that we've got and we'll have
7 to turn away even more people.

8 CHAIRPERSON CROWLEY: And one final
9 question, your resources--we as a Council have
10 given 2.2 in years priors, but where else do you
11 receive resources to fund your civil program?

12 STEVEN BANKS: We've received
13 substantial private resources to fund the civil
14 program as a result of the support of the private
15 bar. It's traditionally leading law firms have
16 supported us, but there's no more money to be
17 gotten in that area. We receive some money from
18 the Office of Court Administration, some money
19 from the interests on lawyers accounts. Every
20 place we could possibly get money for, we go to.
21 The person I'm sitting next, to Adriene Holder, is
22 a tireless fundraiser for the civil practice,
23 aside from leading it, and we leave no stone
24 unturned to find any other dollars.

25 I can assure you, however, that

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2 there is no other place to go to replace the funds
3 that we get from the Council. If there was such a
4 place, we would honestly tell you we're getting
5 money from someplace else, but please give us the
6 money that you use to give us anyway because we
7 can begin to bridge the gap between the nine
8 people that come to us and the eight people we
9 have to turn away.

10 CHAIRPERSON CROWLEY: And what is
11 the total budget of your civil litigation unit?

12 STEVEN BANKS: It's approximately
13 \$32 million.

14 CHAIRPERSON CROWLEY: Wow, okay.
15 No further questions. Thank you, Co-chair.

16 CHAIRPERSON RECCHIA: Okay. Thank
17 you. And Council Member Jackson has a quick
18 question.

19 [Pause]

20 COUNCIL MEMBER JACKSON: Thank you,
21 Chair Recchia.

22 CHAIRPERSON RECCHIA: And Jackson
23 will ask the last questions.

24 COUNCIL MEMBER JAMES: Just give
25 Legal Aid more money, that's all.

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COUNCIL MEMBER JACKSON: Chair
Recchia and Chair Crowley--

STEVEN BANKS: [Interposing] Thank
you, Council Member James.

CHAIRPERSON RECCHIA: Knew Tish was
going to say that.

COUNCIL MEMBER JACKSON: Letitia
James, my colleague from Brooklyn--

COUNCIL MEMBER JAMES: That's
right.

COUNCIL MEMBER JACKSON: --who is
an attorney at law, she knows what the deal is,
give them more money, right?

COUNCIL MEMBER JAMES: That's
right.

COUNCIL MEMBER JACKSON: So I guess
my question is, considering that you basically
represent one out of nine individuals that come to
you for civil litigation, if the current budget
stays exactly as it is, assuming that you'll get
the same amount of funds that you received from
the Council last year, will that remain the same
or will that increase to like one point--to 9.5 or
1 to 10? And I ask that because, normally, all

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2 expenses go up every year and we were having a
3 Department of Education hearing where the budget
4 was going to stay flat, but everything still goes
5 up so you have to reduce somewhere. So that's
6 what my question is, if, in fact, it stays flat as
7 it did last year, what would happen as far as the
8 number of people you're representing?

9 STEVEN BANKS: I think the Council
10 Member is absolutely right that we have increased
11 costs for healthcare every year, we have increased
12 other costs every year, although I have to say
13 that the Legal Aid Society, having almost gone
14 bankrupt eight years ago, has no more fat
15 anyplace. Our staff has been without cost of
16 living increases since 2008 and that is an issue
17 that's of great concern to us. So though we have
18 increased costs, we don't have the kind of
19 increased costs that we'd like to have. But I
20 think you're absolutely right, Council Member,
21 that we're in great danger of seeing the one to
22 nine number become worse if all we get is what was
23 cut. But in the current economic times, if we
24 could ask for more than a restoration, we
25 certainly would, but we understand where--what

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you're grappling with.

 However, I will say that if we get less than the restoration amount, it'll certainly get worse in the sense that we won't be able to help one out of every nine, it'll be, as you said, one out of every 10 or one out of every 11, hard to say how much exactly, but--

[Crosstalk]

COUNCIL MEMBER JACKSON:

[Interposing] And considering everything else, when we talked about, you know, there's going to be cuts to daycare and all the other things, and I think that there's going to be more need for legal representation all over the city in many areas. Do you know what percentage of an increase you would need in order to, I guess, keep the one to nine caseload? Is it a 5% increase, is it a 10% increase, or what, do you know? Or do you have a guesstimate?

 STEVEN BANKS: I see the Chair of the Budget Committee and the Chair of the Fire and Criminal Justice Committee bracing themselves for what I'm about to say--

COUNCIL MEMBER JACKSON: I thought

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they were smiling.

STEVEN BANKS: --but--

[Crosstalk]

CHAIRPERSON RECCHIA: --smiling.

STEVEN BANKS: --honestly, if you were to meet our needs by going back to our FY '08 funding levels, that would get us a long way towards protecting against further erosion, given increased costs, and meeting what we expect to be the continued increase needs. Note that all these increases and needs that I presented are before the kinds of cuts that you described in terms of daycare and after school and all the other things. So I think you're quite right that there's going to be an increased need in the community and the ability to get back to where we were in FY '08 is an important issue for us, however, we do understand there to be no enhancements available so we've asked for a restoration. If we are freed from the restriction of asking for enhancements, we'd be happy to do so.

COUNCIL MEMBER JACKSON: Well I think you're restricted, I'm asking you as a member of this City Council, what--you said to get

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2 back to '08, what was that number in '08? I don't
3 have it in front of me, I can always ask our
4 financial--

5 STEVEN BANKS: No, I--

6 COUNCIL MEMBER JACKSON: --people
7 down the road, but--

8 STEVEN BANKS: --no, I can give you
9 the--I can certainly give you the number. The
10 number for Citywide Civil Legal Services in FY '08
11 was \$3.676 million for Citywide Civil Legal
12 Services as opposed to 1.5 million.

13 COUNCIL MEMBER JACKSON: One point
14 five million, you mean in 2012?

15 STEVEN BANKS: Two thousand twelve,
16 number is 1.5 million, and that's split between
17 Legal Aid and Legal Services, so in FY '08, we got
18 3.676 million and that was split between Legal Aid
19 and Legal Services. For the UISSI program, that
20 was \$2.5 million and that one's been reduced to a
21 million and that was split between Legal Aid and
22 Legal Services; and the HPD program was \$3
23 million, and that was split between Legal Aid and
24 Legal Services and some smaller programs. And
25 similarly, the Immigration Opportunities

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Initiative, we received approximately \$600,000 and currently we're getting \$241,000.

COUNCIL MEMBER JACKSON: Okay. So clearly you painted a picture as to what was it then and what is it now and it's very clear the numbers, we could see the drastic reductions in the amount of money and, obviously, as results that the services, the demand for services are increasing and you're almost turning away more people than you're actually helping.

STEVEN BANKS: That's correct, but I, of course, I would be concerned in the event-- and I appreciate you're not making this point, but I want to make it--in the event that we got less than our restoration amount, 40,000 plus legal matters a year is still a lot of legal matters citywide, and we would hate to see that reduced if we didn't get a full restoration. But you're quite correct, if we were to get back to FY '08 numbers, we could increase the amount of services that we're providing.

COUNCIL MEMBER JACKSON: Okay. Well I commit to you we will do everything we can. I mean, you have Domenic Recchia, who is the Chair

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2 of the Finance Committee, and he loves Legal Aid,
3 and you have Elizabeth Crowley, the Chair of Fire
4 and Criminal Justice, and she loves Legal Aid too,
5 and Letitia James and myself, so you have a
6 unanimous caucus here of four.

7 CHAIRPERSON RECCHIA: Okay.

8 COUNCIL MEMBER JACKSON: Thank you,
9 Mr. Chair.

10 CHAIRPERSON RECCHIA: We're almost
11 done. Tish James has to ask her question. One
12 quick question, I have the Fire Commissioner--

13 COUNCIL MEMBER JAMES:

14 [Interposing] Yes, yes, yes, yes, yes, yes, yes--

15 CHAIRPERSON RECCHIA: --outside.

16 COUNCIL MEMBER JAMES: --thank you,
17 sir. So question, if the 1,500 families lose
18 their Advantage subsidies, that will obviously
19 increase your caseload, what will happen if 1,500
20 families lose subsidies, lose the Advantage
21 program, which is anticipated, because it's not in
22 the budget. The Governor has refused to fund it;
23 the Mayor of the City of New York, you know, he
24 doesn't recognize poor people, what would happen
25 if 1,500 people lose their subsidies?

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2 STEVEN BANKS: By way of
3 background, there are currently, at least the last
4 data that the city provided to the court, there
5 were 8,000 families and individuals who were
6 remaining in the program, in other words, they
7 hadn't timed out as of February. I think, as you
8 know, the stay that we had was lifted in February
9 and no rent has been paid in February, March,
10 April, and May. I argued it yesterday in the
11 Court of Appeals for a reversal of the lower court
12 rulings and for continued rent payments. We're
13 hopeful that there will be a decision.

14 The sad news, however, is that with
15 the City's termination of these payments when the
16 stay was lifted in February, we've already seen
17 cases coming into the Housing Courts and we can
18 expect a flood of 8,000 cases in a very short
19 period of time. The program is constructed so
20 that people will time out gradually, that was a
21 flaw in the program, not something that we thought
22 was a good thing to have people time out and then
23 return to the shelter system. There's data we
24 provided previously, but the large numbers of
25 families and individuals that have come back to

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2 the system. But even with that flaw, it would be
3 much worse if all of a sudden all of the remaining
4 families are in Housing Court, it would flood the
5 Housing Court, and it would ultimately flood the
6 shelter system. I think from our understanding
7 many of the landlords are small landlords or not-
8 for-profit landlords, they're waiting to see what
9 the outcome of the Court of Appeals case is.

10 As I said, that was argued
11 yesterday and we're hopeful there'll be a decision
12 in due course. But if there is not a decision
13 forthcoming, or on unfavorable decision is issued,
14 there would be a disastrous situation for low-
15 income tenants.

16 COUNCIL MEMBER JAMES: So I thank
17 you for the correction, again, to the Chair and to
18 my colleagues, it's not 1,500, it's 8,000 families
19 who would flood the shelter system and would be on
20 the streets, the vast majority of them being
21 disabled and children. And so I don't think--we
22 can do better than that in the city of New York,
23 and that's why your budget should not be cut, it
24 should be restored so that you can address the
25 least among us.

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Thank you, Mr. Chair.

CHAIRPERSON RECCHIA: Thank you. I want to thank you for coming today, we hear you loud and clearly. Would you like to say anything, your counterpart from--she just sat there quiet.

ADRIENE HOLDER: Thank you very much. I really do appreciate the time that we had to present to you. I also appreciate the really thoughtful questions. For some of the absolute most active Council Members, I'm so glad that you all are here this afternoon, but I do know how much you all care about the community. And you're right, it is not just in terms of restoration, it is about the fact that we do turn away so many people. And you all always know that we stand ready to be the first responders of all crises whether it's through the elimination of the Advantage program, we went right into the court system to deal with that, or whether it's to deal with alarming high rates of workers coming in to us, low-wage workers talking about the real issues around unpaid wage claims that they have. We have answered the call when it's come to our attention and gotten increased violations of the law that

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immigrants are facing.

And so without your support, we cannot continue to be the first responders for these very--

[Crosstalk]

COUNCIL MEMBER JAMES:

[Interposing] And so I--

ADRIENE HOLDER: --Yorkers.

COUNCIL MEMBER JAMES: --get it, I thank you, and hopefully, we can join heads together and work together to file a lawsuit against the City to prevent 10,000 children losing their child care slots. Thank you.

CHAIRPERSON RECCHIA: We will do it through negotiations.

COUNCIL MEMBER JAMES: Then we can litigate.

CHAIRPERSON RECCHIA: We don't need to litigate, we're going to do it--okay, thank you very much for coming.

STEVEN BANKS: Thank you.

ADRIENE HOLDER: Thank you.

CHAIRPERSON RECCHIA: It definitely was--

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[Crosstalk]

ADRIENE HOLDER: I appreciate our--

CHAIRPERSON RECCHIA: Okay.

ADRIENE HOLDER: --engaged City Council, thank you.

CHAIRPERSON RECCHIA: Okay. Thank you very much. We have the Fire Commissioner. We will take a two-minute break while the Fire Commissioner takes his spot.

[Long pause]

CHAIRPERSON RECCHIA: Okay. Could everyone calmly find their seats?

SERGEANT-AT-ARMS: Quiet, please.

CHAIRPERSON RECCHIA: We're going to hear from our Fire Commissioner. [Pause] Just hold on.

We will now resume the City Council hearing on the Mayor's Executive Budget for Fiscal 2013. The Finance Committee and the Committee on Fire and Criminal Justice, chaired by my colleague and co-chair, Council Member Elizabeth Crowley. We'll now hear from the fire department, okay?

Before we hear from the fire department, we would like to recognize those

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2 Council Members who have joined us. We have
3 Council Member Tish James, Council Member Vincent
4 Gentile, Council Member Jackson, and do we have
5 everybody. Now I turn the microphone over to my
6 co-chair, Elizabeth Crowley.

7 CHAIRPERSON CROWLEY: Thank you,
8 Finance Chair Recchia.

9 Good afternoon. I welcome all who
10 are here today, particularly Sal Cassano, the
11 Commissioner of the Fire Department, Chief of the
12 Department Edward Kilduff, and everybody from the
13 fire department that has come today.

14 My greatest concern with the
15 Mayor's proposal for the fire department is the
16 revival of the plan to close 20 fire companies.
17 The threat of closing fire companies has appeared
18 in budgets for four consecutive fiscal years.
19 Each year, the City Council, with the leadership
20 of Christine Quinn, has kept the fire companies
21 open. The City Council knows that closing fire
22 companies will increase response times to life
23 threatening emergencies. Closing even one fire
24 company will jeopardize the safety of the city
25 residents and visitors. The closure will also

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2 have a devastating economic impact on taxpayers
3 and businesses as a result of the loss of life and
4 increase in the loss of property.

5 Of all the responsibilities of
6 government, life saving services should never be
7 reduced, especially as we meet here today knowing
8 that our city remains the number one target for
9 terrorists. With the pressure of continued budget
10 cuts, I cannot understand why the department is
11 using to take on additional ambulance tours, which
12 have proven to be unprofitable. In fact, the
13 department testified to the Committee in March
14 during the preliminary budget hearing that there
15 is an estimated \$140 million in uncollected bad
16 debt for EMS service fees, yet this budget plan
17 would like to burden private hospitals that
18 participate in the 911 system with dispatch fees
19 that may ultimately cause private hospitals to end
20 their ambulance tours and require the FDNY to
21 assume the responsibly of more tours. If the
22 department writes off \$140 million annually in bad
23 debt, tell me how many firehouses and how many
24 fire companies can be saved if that money wasn't
25 wasted.

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2 Unfortunately, this is not the only
3 area of wasteful spending. Last month, a study
4 commissioned by the Mayor showed that our 911 call
5 taking system, which is hundreds of millions of
6 dollars over budget and years behind schedule, is
7 still not effective. In particular, the new 911
8 call taking process was found to be riddled with
9 ineffective issues: The transmission of wrong
10 information to emergency responders, inaccurate
11 information, including wrong addresses, miscoding,
12 misrouting of incidents. The truth about the 911
13 call taking system is that it has deceptively
14 changed the way the 911 response time is
15 calculated to life threatening emergencies. The
16 City's financial condition remains uncertain. In
17 the face of continued budget pressure, it is
18 vitally important that we look at ways of cutting
19 wasteful spending, however, cutting 20 fire
20 companies is not the answer.

21 So, Commissioner, once you're
22 ready, please begin your testimony. Thank you.

23 SALVATORE CASSANO: Good afternoon
24 Chairpersons Recchia, Crowley, and Council
25 Members. I am joined by Edward Kilduff, the Chief

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2 of Department; Don Shacknai, our First Deputy
3 Commissioner; Steve Rush, my Assistant
4 Commissioner for Budget; our Chief of Fire
5 Operations, Robert Sweeney; and Chief of EMS
6 Operations, Abdo Nahmod, along with many other
7 members of my staff. Thank you for the
8 opportunity to speak with you today about the
9 Executive Budget for FY 2013 for the New York City
10 Fire Department.

11 As you know, over the last several
12 years the fire department has endured a series of
13 very significant budget reductions. We have been
14 able to withstand these cuts and manage our
15 operations while maintaining a high level of
16 service to the public. For example, the 66 fire-
17 related deaths in 2011 were the second lowest
18 total in recorded history--the lowest total was in
19 2010, when 62 people died in fires. The decade
20 since 2002 has been the safest ten-year period
21 since record keeping began in 1916, with 37% fewer
22 fire civilian fatalities than in the previous ten-
23 year period. While I am extremely proud of this
24 performance, we are again preparing for the
25 potential closing of 20 fire companies.

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2 The proposed executive budget
3 contains no new budget reductions for the fire
4 department; however, the 20 fire company closures
5 remain scheduled for FY 2013. As I have said
6 previously, if these closures take effect,
7 response times and our operations through the city
8 will be affected, we will have to make significant
9 adjustments in our operations, and it will be
10 extremely challenging to maintain the same levels
11 of service to the communities we serve.

12 Beyond the proposed company
13 closings, we have reduced the department's
14 budgeted civilian headcount by 35 positions for FY
15 2013. This reduction is on top of significant
16 headcount reductions we have made over the last
17 several years. We continue to face constraints on
18 civilian hiring and may have very limited
19 opportunities to replace critical staff. Units
20 throughout the department are affected, but these
21 headcount reductions pose particular challenges in
22 such areas as fleet, facilities maintenance, and
23 support.

24 We are also scheduled to reduce
25 discretionary or administrative overtime for our

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2 uniformed members for such things as headquarters
3 or other support assignments in the amount of \$3
4 million. This does not affect our roster staffing
5 overtime or overtime that is required to maintain
6 minimum staffing in the fire companies.

7 We have proposed various revenue
8 initiatives to reduce our operating costs.
9 Currently, we are in the final stages of drafting
10 for Council review, a bill that will institute a
11 new fee for periodic fire safety inspections.
12 These inspections, which assess egress,
13 combustible material storage, electrical hazards,
14 and fire protection systems, among other things,
15 are conducted by FDNY field units. These code
16 enforcement inspections that are part of our
17 Building Inspection Safety Program would result in
18 fees of \$400 for buildings at under six stories,
19 and \$500 for above six stories. We expect our
20 field units will perform inspections in
21 approximately 36,000 buildings. This fee
22 initiative is expected to generate approximately
23 9.9 million in new revenue annually.

24 The department continues to
25 struggle with funding constraints, but is facing

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2 no new reductions or major changes to our capital
3 budget. We are fortunate that February 2012
4 Capital Budget reforecast includes 1.6 million in
5 funding for the purchase of a building we are
6 currently leasing at 420 East 83rd Street,
7 Brooklyn, for an EMS station.

8 We are also able to move forward on
9 two other critical EMS capital projects due to
10 funding reallocations. We are constructing a new
11 EMS station to replace trailers at Queens General
12 Hospital. We are also moving forward on a site on
13 West 172nd Street in Manhattan for a new ambulance
14 station. Initially, we will install trailers, but
15 eventually we will have a permanent facility at
16 this location. This Manhattan facility will help
17 us improve ambulance availability in this area of
18 Northern Manhattan, which is the second busiest
19 area in the city in terms of EMS responses.

20 As many of you are aware, the
21 department is prevented from hiring firefighters
22 due to a federal judge's decision in the lawsuit
23 brought by the Department of Justice and the
24 Vulcan Society. As a result, we've worked with
25 experts from all the parties to the litigation

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2 under the supervision of the court to create a new
3 firefighter exam. The exam was administered from
4 March 15th through April 20th, 2012. In advance
5 of the new tests, starting in January 2010, our
6 Recruitment Unit conducted an extensive grassroots
7 campaign. I am pleased to report that the
8 campaign achieved unprecedented success. Of the
9 42,161 people who took the firefighter exam, a
10 record-breaking 46% were people of color. The
11 19,260 people of color who took the exam represent
12 a 130% increase over the previous exam
13 administered in 2007. In addition, more women
14 took this year's exam, 1,952, than the total
15 combined number of women, 1,788, who took the
16 previous three firefighter tests in 1999, 2002,
17 and 2007. I am enormously proud of the effort and
18 dedication that produced these results. I hope
19 that we can commence hiring of firefighters again
20 in late 2012 or early 2013. By that time, we will
21 have gone nearly five years without a probationary
22 firefighter class entering the academy.

23 Even before that new class comes on
24 board, we will face significant challenges by the
25 end of this summer when we expect to be down 600

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2 or more firefighters. While we are confident in
3 our ability to meet these challenges posed this
4 year, it remains imperative a new list be
5 promulgated as soon as possible to avoid critical
6 staffing shortfalls in FY 2014.

7 We are preparing for the
8 eventuality that many of our EMS members will pass
9 the promotional exam for firefighter, thinning the
10 ranks in EMS fairly substantially. To limit the
11 impact of anticipated EMS headcount attrition, we
12 instituted in last year's budget an over-quota EMS
13 hiring plan with OMB, and we are proposing similar
14 scenarios for the upcoming year.

15 I am happy to report that the
16 department will receive funding to support a
17 number of new needs that have been identified
18 since our March budget hearing. These include \$5
19 million to fund computer maintenance contracts,
20 which have underfunded in the past, and 2.6
21 million in technical adjustments for fuel, energy,
22 and leases.

23 Critical new funding in the amount
24 of 1.8 million is being provided for 25 civilian
25 hiring positions in Human Resources, Recruitment

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2 to help us with the stepped-up level of hiring
3 which I just discussed. Otherwise, the current
4 civilian discretionary hiring freeze remains in
5 effect.

6 Funding new needs about which we
7 testified in March include: 2.2 million for the
8 ten ambulance tours assumed from Montefiore
9 Medical Center in March. The funding supports the
10 added tours and the 41 new EMT and paramedic
11 positions associated with them. One point eight
12 million to train 2,300 fire officers as we fully
13 implement the Risk-Based Inspection System--a new
14 inspection program that will help us identify
15 high-risk buildings, prioritize inspections, and
16 expedite code enforcement. It will also help us
17 improve our data sharing using technology to
18 support our mission to advance public safety.
19 Five hundred thousand to purchase updated
20 firefighting equipment, including improved
21 seatbelts for fire apparatus and upgraded face
22 pieces that meet NIOSH-approved standards for
23 self-contained breathing apparatus.

24 Finally, as I said in the past, no
25 Fire Chief and no Fire Commissioner wants to close

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2 companies, but here we are again faced with that
3 prospect. If we close 20 fire companies, we will
4 send the Charter-mandated 45-day notice of closure
5 to every Member of the Council, every Community
6 Board, and all of the Borough Presidents. I thank
7 your Committees and the entire City Council for
8 their ongoing support. And I would be happy to
9 take questions at this time.

10 CHAIRPERSON RECCHIA: Thank you,
11 Commissioner. Before we start, I just want to
12 recognize we've also been joined by Rose Mendez.

13 I'm just going to ask one or two
14 questions and turn it over to my co-chair and then
15 other Council Members. If any Council Member
16 would like to ask a question, please submit your
17 name to John Lisyanskiy.

18 Okay. You said you're going to be
19 down 600 firefighters, what's the total number you
20 have right at the present time?

21 SALVATORE CASSANO: We have 7,721
22 and we're budgeted for 8,278. So we're down 557
23 right now.

24 CHAIRPERSON RECCHIA: Five hundred
25 and fifty-seven down?

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SALVATORE CASSANO: Yeah.

CHAIRPERSON RECCHIA: And what was that total number again?

SALVATORE CASSANO: We are budgeted for 8,278 and we have right now 7,721.

CHAIRPERSON RECCHIA: Okay. And then you have a new class coming in, right?

SALVATORE CASSANO: No, we don't have a list yet.

CHAIRPERSON RECCHIA: You don't have the list yet.

SALVATORE CASSANO: We hope we can get a class in as soon as possible.

CHAIRPERSON RECCHIA: Where are we with that?

SALVATORE CASSANO: Well the test was administered from March until April. Right now, we had a review period for the candidates, it was from May 11th to May 29th, and right now we are in the validation stage where the questions will be validated, and we hope to get that done as quickly as possible so we can get a finalized key and get the exam marked and start to hire some candidates.

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CHAIRPERSON RECCHIA: All right,
when do you think the exam will be marked?

SALVATORE CASSANO: We don't know
yet.

CHAIRPERSON RECCHIA: You don't
know.

SALVATORE CASSANO: Don't know yet.

CHAIRPERSON RECCHIA: And when is
the earliest you think you'll be able to get--and
how many people are in this--do you think you'll
be able to bring on?

SALVATORE CASSANO: Well we usually
have about a class of 300 to 325 at a time, that
really maxes out the amount of training we can do,
but every 18 weeks, we'll have a class and, you
know, we take a week or so in between and then we
hire another class. So we hope to have 320 every
19 or 20 weeks. And that's going to go on for a
while.

CHAIRPERSON RECCHIA: Yeah, I know,
because your overtime budget is pretty--has
increased.

SALVATORE CASSANO: Absolutely, and
that's why we want to hire as quickly as possible

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2 and we want to push everybody that's involved in
3 this process to get the list established. The
4 first class will be made up of mainly our EMS
5 candidates because it's a promotional exam for
6 them. They are our employees, it's a lot easier
7 to do a background check, a lot easier for us to
8 move that process along, so that's why I am hoping
9 to get that class in as soon as possible.

10 CHAIRPERSON RECCHIA: Okay. All
11 right. I'll come back, I have more questions, but
12 I'll turn it over to Liz Crowley.

13 CHAIRPERSON CROWLEY: Thank you,
14 Co-chair Domenic Recchia.

15 Commissioner, do you have the lists
16 of 20 companies that are proposed to close?

17 SALVATORE CASSANO: I don't have a
18 list at this time, no. We had a list last year
19 that was given to the City Council, we're looking
20 at the 2011 numbers to update that list.
21 Operations is looking at that, when they send me a
22 new list that I can look at, I will evaluate it
23 and finalize it. But be assured, you will get a
24 45-day notice before the companies that, if we had
25 to close any, would be scheduled to be closed.

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CHAIRPERSON CROWLEY: How much do you think the response time will increase with the closure of 20 fire companies?

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SALVATORE CASSANO: Citywide, while we've said this before, there will be not a dramatic increase in citywide response time 'cause when we close six companies, response time citywide went about a third of a second, which doesn't seem like a lot, but in the neighborhood that we close a company, it would go up--it can go up anywhere from 25, 30 seconds in that neighborhood, maybe a little bit more, depending on where the neighborhood is. That's why when we do the evaluation, we pick the companies that have the best response times, amongst some of the factors. But in that neighborhood, they will go up for sure.

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CHAIRPERSON CROWLEY: And what criteria do you use--sorry, what criteria do you use?

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SALVATORE CASSANO: Well criteria used are first due response time, second due response time, total workload, medical workload, occupied structural work, and then finally, when

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we do all of that, we bring in our senior staff chiefs and present it to them to say are there any other things that we do not know just by these numbers that you can help us with.

CHAIRPERSON CROWLEY: Is it--

SALVATORE CASSANO: [Interposing]

And that's an important factor in it.

CHAIRPERSON CROWLEY: Based on the list that you provided last year of the 20 companies, is it true that the majority of those companies were in some of the busiest fire-prone areas of the city?

SALVATORE CASSANO: No.

CHAIRPERSON CROWLEY: No?

SALVATORE CASSANO: No. There were some companies on there--

[Crosstalk]

CHAIRPERSON CROWLEY: [Interposing]

Really? Because it seemed like the list that there are especially, not only fire density, but medical runs as well at--

SALVATORE CASSANO: When you when--

CHAIRPERSON CROWLEY: --17 out of the companies.

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SALVATORE CASSANO: Not--

[Crosstalk]

SALVATORE CASSANO: --17 out of 20 companies were not 17 of our busiest companies. Now I don't have the list in front of me--

CHAIRPERSON CROWLEY: [Interposing]

Oh, but 17 of the 20 companies were in the areas where you have the most emergencies happening. That pretty much was the question.

SALVATORE CASSANO: No, that's not.

CHAIRPERSON CROWLEY: No?

SALVATORE CASSANO: No, they wouldn't make the list if that was the case. When you start to get to companies like 15, 16, 17, 18, well they'll be in some of our busier--not in the companies in the beginning of the list, no.

CHAIRPERSON CROWLEY: And what is your average response time to a fire emergency?

SALVATORE CASSANO: It's probably in the four minute and two second range for our structural fires. Last year, our response time was 4:02, right now, year-to-date, our response times for our structural fires is 3 minutes and 59 seconds. So we're a little bit--

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CHAIRPERSON CROWLEY: But that's not including--

SALVATORE CASSANO: --we're a little bit ahead of--

CHAIRPERSON CROWLEY: [Interposing] Right, that's not including the minute and a half it takes to process the call?

SALVATORE CASSANO: Well you asked me for the response times that we calculate. Our response times is 3 minutes and 59 seconds, we've never counted anything other than when it comes into the fire department's dispatch center. We've counted it previously that way and we count it that way now.

CHAIRPERSON CROWLEY: Did you review the study that the Mayor did on the unified call taking system?

SALVATORE CASSANO: Yes, I did.

CHAIRPERSON CROWLEY: Did you see in the study that the call processing time is much longer than the average response call taking time that was prior to the unified call taking system?

SALVATORE CASSANO: I'm not so sure that it said that. It said that the call taking

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2 time in the 911 center was calculated and not put
3 on our response time. It's not any longer than it
4 was prior to UCT.

5 CHAIRPERSON CROWLEY: From the
6 report and from the testimony of police officials
7 and the communication department, Chief Dowd, he
8 said himself that today on average the processing
9 time is well over a minute, sometimes two minutes,
10 and that that's not included on the response time.
11 And I bring up this question because there are
12 federal guidelines that set standards of fire
13 response in the area under four minutes and we
14 appear to be within those standards, but we're not
15 calculating the processing time which now takes
16 much longer than it used to take due to the new
17 process brought on by the unified call taking
18 system. So it's concerning to me as the Chair of
19 the Committee, as we, you know, review the impact
20 of the 20 firehouses, 20 fire companies closing,
21 when we really don't know what our actual response
22 times are because this UCT study has shown that
23 the process is no more effective, and in a lot of
24 ways less effective, of taking a call and
25 processing that call and delivering that call to

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2 the emergency response team. And because when the
3 Mayor says, and often you've said it yourself, our
4 response times are quicker than ever before, it
5 brings into question, are they really? And how
6 could that be truthful if our call processing time
7 is taking so much longer and so often is riddled
8 with mistakes.

9 SALVATORE CASSANO: I've said our
10 response times are better than ever because the
11 way we calculate response times, they are better
12 than ever. It's calculated from the time it comes
13 into the fire department dispatch center, that's
14 the way it's always been. We've never had any
15 other numbers to use. Now the CPR report, CPR 911
16 report, has put a governance committee together
17 and part of that governance committee is the fire
18 department, along with DoITT and along with the
19 police department--and it's not DoITT, it's OEM,
20 police department, fire department, and the Deputy
21 Mayor of Operations, and these are some of the
22 things that we are going to look at. So I think
23 we should give it a chance to look at the
24 Governor's committee to look at the way it's done.
25 That's what the report says.

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2 CHAIRPERSON CROWLEY: Right, but
3 the report has identified critical mistakes in the
4 system. And I'm not going to, you know, belabor
5 it too much more, I want to concentrate now on
6 medical emergencies because so often--

7 CHAIRPERSON RECCHIA: [Interposing]
8 Hold on.

9 CHAIRPERSON CROWLEY: --our fire
10 engines--

11 CHAIRPERSON RECCHIA: I just want
12 to just jump in here, you know, you talk about
13 this governance committee, you know, it's all well
14 and good, it's a good idea, but I really believe,
15 Commissioner, if you really want to have a true
16 governance committee, I think you should have
17 representation from the two different fire unions
18 on that committee, and I also think you should
19 have a member of the City Council. You know, the
20 Departments of Corrections was in here earlier and
21 they put a task force together to look into some
22 of the issues the Department of Corrections was
23 having and the City Council, and, you know, they
24 included two members of the City Council on that
25 committee with other members from the outside to

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2 be part of that committee. So I strongly
3 recommend, you know, if you really want to have a
4 true governance committee, that you should have
5 representation from the two different fire unions
6 and a representation from the City Council, so
7 therefore, everyone is at the table and they could
8 really--you could have real true input. Because
9 this is something, you know, we've been talking to
10 the Bloomberg Administration that if you want to
11 close firehouses, the right way to do it is to
12 form a task force and to do an overall study once
13 and for all and to see where we might need to
14 close firehouses or we might even learn that we
15 need--we're understaffed or underserved in certain
16 communities because different communities have
17 grown over the years. Like Staten Island, do we
18 have, you know, the right number of firehouses
19 considering it's really growing in different parts
20 of Brooklyn. So I really, you know, you talk
21 about this governance committee, it's a step in
22 the right direction, but I think if we really want
23 to be a true governance committee, you should have
24 representation from both unions--

25 SALVATORE CASSANO: Okay.

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2 CHAIRPERSON RECCHIA: --and the New
3 York City Council.

4 All right, Madam Chair, continue,
5 I'm sorry for interrupting.

6 CHAIRPERSON CROWLEY: Just to
7 follow your thoughts on that. Commissioner, do
8 you feel that your department is too big? Do you
9 think that you can afford to lose companies?

10 SALVATORE CASSANO: I don't think
11 it's too big, no, but I have to run the department
12 with the budget that I'm given. So that's, I
13 mean, the dilemma that we're in.

14 CHAIRPERSON CROWLEY: [Interposing]
15 And you do believe that your engines and companies
16 are strategically placed in the city to respond--

17 SALVATORE CASSANO: [Interposing] I
18 like where my engines and ladder companies are
19 placed. I mean, if we want to do a full study,
20 that might be a little different, but--

21 CHAIRPERSON CROWLEY: [Interposing]
22 But you have the experts within your department to
23 know.

24 SALVATORE CASSANO: I would like to
25 keep the resources that I have, yes.

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CHAIRPERSON CROWLEY: What is your average response to a medical emergency?

SALVATORE CASSANO: Yeah, okay. The average response time citywide is 6 minutes and 23 seconds just for EMS. When you add the fire onto that, it's lower. You know, when the engine gets there on certain calls, it's lower. It's they're 4 minutes and 9 seconds for medical emergencies for our engine companies.

CHAIRPERSON CROWLEY: And engine companies are usually always going to these medical emergencies.

SALVATORE CASSANO: Well they'll go to segment 1, 2, and 3, which are the most life--

CHAIRPERSON CROWLEY: [Interposing] Most life threatening--

SALVATORE CASSANO: Oh, yeah.

CHAIRPERSON CROWLEY: And so they're there in under--

SALVATORE CASSANO: Yeah.

CHAIRPERSON CROWLEY: --five minutes.

SALVATORE CASSANO: Sure.

CHAIRPERSON CROWLEY: But it's

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important just because you don't have much more than that amount of time, if you do--

SALVATORE CASSANO: It's very important.

CHAIRPERSON CROWLEY: --if you're in cardiac arrest or in any life threatening situations.

Can you talk to me a little bit about the \$140 million in bad debt that is owed--

SALVATORE CASSANO: Sure.

CHAIRPERSON CROWLEY: --the fire department and what your plan is to collect on that debt?

SALVATORE CASSANO: I think the number is 120, if I'm not--it's \$120 million bad debt.

CHAIRPERSON CROWLEY: [Interposing]
All right, I am only getting the 140--

SALVATORE CASSANO: [Interposing]
Okay. No, okay--

CHAIRPERSON CROWLEY: --figure from the budget--

SALVATORE CASSANO: --it's 120--

[Crosstalk]

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SALVATORE CASSANO: --and that's not like we gave anybody a free pass to say, okay, you're on your own, that's money that we couldn't collect.

CHAIRPERSON CROWLEY: Right.

SALVATORE CASSANO: So what the plan is to do is we got an okay if we can get back to the people that owe us that money, write it off 50% and collect 50%, we'd settle for that, which would give us another--

CHAIRPERSON CROWLEY: [Interposing] Well you will find a company that'll try to collect--

SALVATORE CASSANO: [Interposing] No, we're going to try to do it ourselves, right?

MALE VOICE: Right.

SALVATORE CASSANO: Yeah.

CHAIRPERSON CROWLEY: Well why not try to collect 100% of it?

SALVATORE CASSANO: Look, we can't get it now, so we figure if we can get 50% of it, we're way ahead of the game.

CHAIRPERSON CROWLEY: Well if you got 50%--

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SALVATORE CASSANO: And a lot of them can't pay.

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CHAIRPERSON CROWLEY: --of it, you'd be able to keep all 20 fire companies--

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[Crosstalk]

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SALVATORE CASSANO: Well--

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CHAIRPERSON CROWLEY: --open.

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SALVATORE CASSANO: --I can make that point. We're going to try to collect the debt.

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CHAIRPERSON CROWLEY: At the same time, you're expanding your tours. It seems, you know, that each time you expand the number of EMS tours you run, your bad debt increases. And when we're looking at ways of cutting spending and being fiscally responsible, does it really make sense to expand the number of tours that you're currently operating when we're looking at closing fire companies?

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SALVATORE CASSANO: I've expanded the number of EMS tours so I can keep my EMS response time down. The number one way to save lives through our EMS command is to keep the response time low. And as hospitals give up

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2 tours, we look at the tours that they give up, we
3 don't put them all in if we don't have to, but we
4 certainly are going to cover our EMS tours to keep
5 the response times down. To me, keeping them down
6 and saving lives is a little bit more important
7 than having some bad debt, and I think that is
8 incumbent--

9 CHAIRPERSON CROWLEY: Absolutely
10 right.

11 SALVATORE CASSANO: --upon the
12 department to do that.

13 CHAIRPERSON CROWLEY: Absolutely
14 right, and I appreciate everything that you and
15 your department does for the people of the city of
16 New York. And I know that you ultimately want to
17 make sure we keep New York as safe as it possibly
18 can be. And so I bring up the reason, you know,
19 because of fiscal costs, the \$120 in bad debt--
20 \$120 million in bad debt, the costs will grow,
21 it'll more debt most likely with the expansion of
22 tours. If the expansion of tours are needed,
23 then, you know, I don't disagree with the fire
24 department expanding, I just think that you need
25 to consider that as you propose to close fire

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2 companies, it doesn't make sense because then
3 response times will increase to both medical
4 emergencies and fire emergencies when you close
5 fire companies.

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SALVATORE CASSANO: That's correct,
7 but when we have to pick up--when hospitals will
8 give up tours, and some hospitals are giving up
9 their tours, it's incumbent upon us--

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CHAIRPERSON CROWLEY: [Interposing]
11 But they're giving up their tours, why are they
12 giving up their tours? Because it's too expensive
13 to run tours. At the same time, in this budget,
14 there's a plan to put fees on dispatching to
15 private hospitals that will likely encourage more
16 of them to give up running their ambulance tours.

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SALVATORE CASSANO: Well some
18 hospitals are closing and there's no way to pick
19 up those tours but us, so that's another reason
20 why--

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CHAIRPERSON CROWLEY: But right--

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SALVATORE CASSANO: --such as
23 Peninsula General closed, we've had to pick up
24 tours because Peninsula General closed. St.
25 Vincent's closed, we picked up those tours--

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CHAIRPERSON CROWLEY: [Interposing]

And thank you, and I'm glad that we did, and I know it's necessary and it's important, however, what I'm saying is that the dispatch fee, is it necessary to put dispatch fees on hospitals, further burdening their ambulance tours when so many are closing, isn't that ultimately going to cause more hospitals to stop running their ambulance tours?

SALVATORE CASSANO: Well I think that hospitals that's participating in the 911 system can pay for some of our dispatch fees. I think that they should. We have not done it yet, and we're working with them to see if we can come up with another agreement, but I think that they should, you know, foot some of the costs for being dispatched through us.

CHAIRPERSON CROWLEY: I just think that ultimately that will mean that you're running more tours. I feel comfortable with the fire department running tours because I do think that you run your tours efficiently, except that it is expensive, and when you're looking at cutting costs, your impact is going to increase many of

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your costs by running more tours.

SALVATORE CASSANO: Yeah, but we'll also be saving more lives.

CHAIRPERSON CROWLEY: Good, so let's keep those fire companies open too so they can save more lives. Council Member Jackson.

COUNCIL MEMBER JACKSON: Well thank you, Chair Crowley. Commissioner, I have a couple of questions, if you don't mind.

SALVATORE CASSANO: Sure.

COUNCIL MEMBER JACKSON: You talked about the 25 companies that are on the chopping block, and I have the lists from last year, and there is the two engine companies that were in Manhattan--Engine 4, Engine 26, and Ladder Company 8. So obviously, everyone is concerned about fire companies closing because of the safety issue that will impact everyone. And you talked about increased response time, you indicated the type of response time, I believe you said a couple of seconds, so forth and so on. But I thought about myself when I drive around Manhattan with the now new bike lanes and the new parking, sort of like mediums that used to be where it was street, and

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2 then people getting out--passengers getting out of
3 their car basically literally in the traffic lane,
4 and then you have the dedicated bus lanes. So to
5 me, traffic is even more backed up. How has that
6 impacted, if at all, the response time for FDNY
7 responders both from a fire or for a medical
8 emergency, if at all?

9 SALVATORE CASSANO: Well we do work
10 with DOT. When they are proposing some of these
11 changes in street patterns and all, we work with
12 them. We'll take our rigs out there to see if
13 they impede our response times. And that's why we
14 are using--we're getting the latest figures, the
15 2011 figures, to put in there. We just don't use
16 one year, we use three years to see is there a
17 change in the response times for those particular
18 companies, especially in Manhattan where you said
19 it's very congested, and it's reflected in the
20 response times, and that's one of the things that
21 we look at it. And those companies that you've
22 mentioned that we've looked at, their response
23 times are good compared to some other places.

24 Now that's not saying we want to
25 close those companies, but the traffic additions

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and the traffic patterns are taken into account because we look at their response times.

COUNCIL MEMBER JACKSON: How much money would it take in order to make sure that these 25 companies remain open?

SALVATORE CASSANO: The latest number that OMB gave us was \$59 million.

COUNCIL MEMBER JACKSON: Fifty-nine million.

SALVATORE CASSANO: Mm-hmm.

COUNCIL MEMBER JACKSON: Do you know how much money it was last year? Because my understanding--and you can correct me if I'm wrong--these companies, or at least the 20, the same number, has been on the chopping block several years, in which this City Council, along with discussions with the Mayor and OMB, have responded from a positive point of view on behalf of the people of New York City. What was it last year, this 59 million?

SALVATORE CASSANO: Last year it was 55 million, but again, with the reduction in headcount--

COUNCIL MEMBER JACKSON: Right.

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2 SALVATORE CASSANO: --there's more
3 overtime required to fund those companies, that's
4 why it's gone up a little bit.

5 COUNCIL MEMBER JACKSON: I see. So
6 basically these fire companies that are scheduled
7 to be closed that remained open as a result of the
8 budget process that we've gone through, is that
9 basically your overtime money or is that straight
10 time?

11 SALVATORE CASSANO: Well it's a lot
12 of the funding of companies is that we're down
13 almost 600, we're down 557 firefighters, so to
14 keep those 20 companies open, an overtime figure
15 is calculated into that. It's a mixture of
16 overtime and straight time.

17 COUNCIL MEMBER JACKSON: Okay. Now
18 you had indicated that there has not been a class
19 going into the academy for several years as--

20 [Crosstalk]

21 SALVATORE CASSANO: [Interposing]
22 July of '08 was the last class we had in the
23 academy--

24 COUNCIL MEMBER JACKSON: --as a
25 result of the litigation and the lawsuit and what

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2 have you, and when you were talking about that,
3 what came to my mind was, I think, \$128 million or
4 something like that that the judge has set aside
5 for claims against, I guess, the City of New York,
6 and they basically said that if you took the fire
7 company exam between a certain period of time and,
8 I believe it said if you're a black or Latino, you
9 can file an application, there's X amount of
10 dollars set aside for possible, I guess, a
11 resolution.

12 SALVATORE CASSANO: Yes.

13 COUNCIL MEMBER JACKSON: So I guess
14 what came to my mind is that that \$128 million
15 that's been set aside by the judge or the certain
16 amount of money, is that coming out of FDNY budget
17 or the General Fund of New York City?

18 SALVATORE CASSANO: [Interposing]
19 It's coming out of the general--it's not coming
20 out of our budget.

21 COUNCIL MEMBER JACKSON: Okay. Not
22 coming out of your--

23 SALVATORE CASSANO: No.

24 COUNCIL MEMBER JACKSON: --budget.
25 So that has no impact on your 2013 executive

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budget.

SALVATORE CASSANO: No.

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: And, Councilman Jackson, it's up to 128 million--

COUNCIL MEMBER JACKSON: Up to.

SALVATORE CASSANO: --it could be a lot less--

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: --depending on certain factors.

COUNCIL MEMBER JACKSON: Okay. So but you expect commencing a new fire academy of training new recruits in late 2012, early 2013.

SALVATORE CASSANO: Yes, yes, we are.

COUNCIL MEMBER JACKSON: Now from as far as meeting basic needs of all of the companies we have now, assuming that the 20 companies are not closed, how many more as a result of incoming fire--what do you call them, cadets or what do you call them?

SALVATORE CASSANO: Probies, yeah.

COUNCIL MEMBER JACKSON: Probies,

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probationary, probies, how many would you need in order to come up to full staffing level?

SALVATORE CASSANO: Well between-- we don't think we're going to come up to full staffing level 'til probably 2015. Well every 18 weeks we're going to have a class of 300 to 325--

COUNCIL MEMBER JACKSON: Three hundred to 325--

SALVATORE CASSANO: Yeah.

COUNCIL MEMBER JACKSON: --every--

SALVATORE CASSANO: Every 18 to 20-- well 20 weeks, just say every 20 weeks.

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: And that's approximately 600 and something a year--

COUNCIL MEMBER JACKSON: In each class.

SALVATORE CASSANO: --but we have-- no, 325 in each class--

COUNCIL MEMBER JACKSON: Three hundred and twenty--

SALVATORE CASSANO: --a little attrition so we get down to 300--

COUNCIL MEMBER JACKSON: Okay.

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SALVATORE CASSANO: --so that's every 20 weeks, but we have retirements every--in the area of 3 to 400 people, so we're not really gaining a lot by hiring 600 probies 'cause we're going to lose 300 through the retirements and other.

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COUNCIL MEMBER JACKSON: So--

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SALVATORE CASSANO: That's why it's going to take about three or four years to catch up.

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COUNCIL MEMBER JACKSON: Well what if you hired--can you actually, your training facilities take in more in order to meet your need or that's basically the max?

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SALVATORE CASSANO: That's the max, yeah, we...

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COUNCIL MEMBER JACKSON: Okay.

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SALVATORE CASSANO: Our training academy is--it would be running at the max with a class of 325 and they give the candidates a fair shake, you know, it takes a certain amount of instructors per candidate and then there's no more room.

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COUNCIL MEMBER JACKSON: Okay.

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2 Okay. Now you had talked about the \$9.9 million
3 in new revenues, is that a realistic number that
4 you really expect based on the 36,000 inspections
5 that you're going to do?

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SALVATORE CASSANO: Yes, and it's
7 probably a number that is on the lower side giving
8 some buildings, we're going to be taking out--you
9 know, there was a study that was done and it's 9.9
10 million, it's a realistic number.

11

COUNCIL MEMBER JACKSON: And you
12 had in your testimony said that six story
13 buildings or lower, you're putting forward a bill,
14 hopefully it will be passed into law, \$400, and
15 anything above that, 500. And so if I owned a
16 six-story building and I'm paying 400 and then
17 you're going to inspect a building 40-stories high
18 and they're only paying \$100 more, that doesn't
19 seem fair to the little guy.

20

SALVATORE CASSANO: Well we had to
21 make a distinguishing factor. And some of those
22 high-rise buildings pay other fees, high-rise
23 inspection fees and different types of fees, so
24 they're paying additional money already.

25

COUNCIL MEMBER JACKSON: Oh. And

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2 when do you feel that this bill will come forward
3 and expect it--assuming that it passes by the City
4 Council?

5 SALVATORE CASSANO: We're drafting
6 it now, is that mark, correct?

7 COUNCIL MEMBER JACKSON: So it
8 could be this year?

9 SALVATORE CASSANO: This month
10 we're hoping to get to Council to vote on it.

11 COUNCIL MEMBER JACKSON: You mean,
12 the--

13 [Crosstalk]

14 SALVATORE CASSANO: [Interposing]
15 And then it would be for 2013.

16 COUNCIL MEMBER JACKSON: Okay.
17 Madam Chair, I'll stop for now and to see if any
18 of my colleagues, I may have one or two more
19 questions, but I'll go to my other colleague. No,
20 go, Vincent Gentile, I'm sure has a million of--

21 CHAIRPERSON RECCHIA: [Interposing]
22 Of course, Vincent Gentile.

23 COUNCIL MEMBER GENTILE: I have
24 some questions for you. Is the mic on?

25 CHAIRPERSON RECCHIA: Vincent

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Gentile has one question.

COUNCIL MEMBER GENTILE: Are you asking me or telling me, Mr. Chairman?

CHAIRPERSON RECCHIA: It's up to you, the Fire Commissioner will love to spend a Friday afternoon in the summer with Vincent Gentile asking him questions.

COUNCIL MEMBER GENTILE: Yeah.

SALVATORE CASSANO: And a Friday night.

[Laughter]

CHAIRPERSON RECCHIA: Let's not get carried away.

COUNCIL MEMBER GENTILE: Commissioner, thank you, thank you for being here. I'm curious, what parts of the DOJ decision is the City appealing and what parts are you not appealing?

SALVATORE CASSANO: We are appealing the intentional discrimination part of the lawsuit. The exam of 1999 and 2002, we are not appealing that.

COUNCIL MEMBER GENTILE: So the exam of 2000--

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SALVATORE CASSANO: [Interposing]
Nineteen ninety-nine and 2002.

COUNCIL MEMBER GENTILE: Nineteen
ninety-nine and two--

SALVATORE CASSANO: We're not
appealing that, we are going to go along with the
judge on that, but the intentional discrimination
charge is the one we are appealing.

COUNCIL MEMBER GENTILE: So now the
aspect of the back pay, is that part of the
intentional discrimination part--

[Crosstalk]

SALVATORE CASSANO: [Interposing]
No, that's part of the 1999, 2002 exam, there's
approximately 293 people that we will look to see
their jobs--you know, those are the candidates
we're looking at who's possibly could be hired.

COUNCIL MEMBER GENTILE: And with
that back pay that--

SALVATORE CASSANO: Well, yeah.

MALE VOICE: That's in addition to-

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SALVATORE CASSANO: Okay. In
addition to the other candidates--not other

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candidates, people that were on that list that never got hired.

COUNCIL MEMBER GENTILE: And you're making provision for that back pay, you're not--

SALVATORE CASSANO: [Interposing]
Well we are making provisions once we find out all the numbers, the statistics, the people that come forward. It's a long process, it's going to be a long process.

COUNCIL MEMBER GENTILE: I see, okay. So that that back pay issue is part of that portion that you're not--

SALVATORE CASSANO: [Interposing]
Well we are not liable for the back pay either, right?

MALE VOICE: Unless they're hired.

SALVATORE CASSANO: If they're hired, that's different, yeah.

COUNCIL MEMBER GENTILE: Right.

CHAIRPERSON RECCHIA: If I could just jump in here--

SALVATORE CASSANO: Sure.

CHAIRPERSON RECCHIA: --for a minute. When Michael Cardozo testified before

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2 this committee the other day, we went into the
3 whole ramifications of the lawsuit, where it's at,
4 and when he's planning to appeal, and he went
5 through the process that each individual has to be
6 by a monitor, has to go--

7

SALVATORE CASSANO: Right.

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CHAIRPERSON RECCHIA: --through the
9 damage part of it. Once they set that all out,
10 then New York City will file its appeal. He went
11 through it thoroughly at the hearing, just so I
12 could set the record straight. Go on, Council
13 Member Gentile.

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COUNCIL MEMBER GENTILE: Okay.

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Thank you.

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SALVATORE CASSANO: And Michael
knows more about it than I do.

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CHAIRPERSON RECCHIA: Just a little
bit more.

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COUNCIL MEMBER GENTILE: I'm
curious about the exam that was just given in
March through April. Does the judge now have to
certify this test, approve it or certify it? I'm
not sure what the verbiage is here.

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SALVATORE CASSANO: [Interposing]

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Well I think we say validate it.

COUNCIL MEMBER GENTILE: Validate--

SALVATORE CASSANO: Yeah.

COUNCIL MEMBER GENTILE: --it?

SALVATORE CASSANO: Validate it,
yes.

COUNCIL MEMBER GENTILE: So he has
to do this.

SALVATORE CASSANO: Yes.

COUNCIL MEMBER GENTILE: And hasn't
done that--

SALVATORE CASSANO: No, no.

COUNCIL MEMBER GENTILE: --has not
done that--

SALVATORE CASSANO: No.

COUNCIL MEMBER GENTILE: --yet.

SALVATORE CASSANO: But every step
of the way, we are confident that the special
master appointed by the judge, DOJ, the Vulcans,
have been involved in the process from day one,
and we are confident that that test is going to be
validated because we've gotten approvals every
step of the way, along with PSI, our consultant
who was hired to administer the exam.

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COUNCIL MEMBER GENTILE: So when do you expect to have some kind of a validation from the court on this exam that you just gave?

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SALVATORE CASSANO: We don't have a time--I'll let Commissioner Shacknai just answer that.

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DON SHACKNAI: We were told that we should have a report from the testing consultant in September that would then lead fairly quickly to a court hearing about the results.

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COUNCIL MEMBER GENTILE: I see. So there still exists some possibility that the court could throw this exam, not certify it.

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DON SHACKNAI: Yes.

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COUNCIL MEMBER GENTILE: I see. So all right, well we'll see.

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Let me just go on another topic for quickly. On the firehouse closings, are we to anticipate that if you put out a list, that list for the most part would be similar to the list that you put out last year in terms of the firehouses that are on the list?

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SALVATORE CASSANO: Yes, I don't expect huge changes in the list because the

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2 numbers don't change dramatically, but we still
3 look at it because we want to make sure that if we
4 select companies, that nothing has changed.

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COUNCIL MEMBER GENTILE: So what
6 you're telling us is that if a firehouse from our
7 area was on that list, be ready.

8

SALVATORE CASSANO: Well I'm saying
9 it's a possibility, I'm not saying it is, just
10 we're looking at the numbers from 2011.

11

COUNCIL MEMBER GENTILE: Okay. I
12 just want to follow up also on something that
13 Councilman Jackson brought up and that's the new
14 revenue you're proposing for the periodic fire
15 safety inspections. In your testimony, you came
16 at that issue in terms of the revenue that it
17 would bring the fire department and the City of
18 New York, but much like Councilman Jackson, I look
19 at it from a particularly different perspective,
20 and that's the perspective upon whom these costs
21 would be imposed and it didn't seem anywhere in
22 your testimony that you had any appreciation or, I
23 guess, sensitivity toward the people upon whom
24 these costs would be imposed. Do you want to
25 respond to that?

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2 SALVATORE CASSANO: I am very
3 sensitive to the peoples who we would impose this
4 on, but I also am looking for different ways to
5 keep fire companies open, to pick up ambulance
6 tours when hospitals close and don't want to pick
7 them up, and I understand the sensitivity to the
8 issue of putting a fee on somebody's building, but
9 I'd much rather be able to have a fire engine or
10 an ambulance respond to that building and charge
11 that person to inspect it and make sure that
12 everything is safe, and have them pay the fee.

13 COUNCIL MEMBER GENTILE: Let me ask
14 you whether or not in drafting this legislation
15 that you're going to submit to us, whether or not
16 you're looking at any types of exemptions. For
17 example, for any nonprofit entity, any fraternal
18 entity, such as a veterans' hall, veterans'
19 building, any type of exemptions of that nature
20 that you're looking at in terms of this fee.

21 SALVATORE CASSANO: [Interposing]
22 We are looking at some nonprofits, some schools,
23 some churches, you know, buildings associated with
24 them, we are.

25 COUNCIL MEMBER GENTILE: Right.

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2 Well just--and I'm not sure you're even aware of
3 this, but as it stands now, some of the additional
4 fines that you have been levying on fraternal
5 organizations like the veterans' halls, have been
6 so onerous on these veterans who are, for the most
7 part, elderly and do not bring in a lot of money
8 for their organization, that they have switched
9 from giving the money that they raise to children
10 in scholarships and instead use that money to pay
11 the fines imposed by the fire department. And
12 they have said if it gets any worse, we'll be
13 seeing veterans' halls closing throughout this
14 city 'cause they cannot withstand this bevy of
15 summonses that come from the fire department.

16 SALVATORE CASSANO: We are looking
17 at that and you brought that up the last time we
18 spoke and Commissioner Rush was instructed to look
19 at it to see how we can maybe make that burden a
20 little less. We've done something with the gun
21 salutes that were being imposed on these veterans'
22 halls and coming up with an annual fee instead of
23 every time they do a salute, things like that
24 we're looking at. I'm working closely with
25 Terrance Holliday, Commissioner for Veterans'

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2 Affairs, to see how we can make it better for our
3 veterans. I know I understand the plight.

4 COUNCIL MEMBER GENTILE: Especially
5 in this week of Memorial Day that it would be nice
6 if we could tell our veterans that the money they
7 raise for--throughout the year can go to
8 scholarships and good things like that instead of
9 having to pay fees and fines from the fire
10 department, wouldn't you agree with that?

11 SALVATORE CASSANO: I convey that
12 to Commissioner Holliday before Memorial Day to
13 let people know that we're calling 'cause he was
14 getting a lot of calls on it.

15 COUNCIL MEMBER GENTILE: All right.
16 Okay. Well we're hopeful then that that's
17 something we'll--

18 SALVATORE CASSANO: [Interposing]
19 We'll continue to work on it, absolutely.

20 COUNCIL MEMBER GENTILE: Okay.
21 Thank you, Commissioner.

22 CHAIRPERSON RECCHIA: Okay. Before
23 we call on Councilman Vallone, then Councilman
24 Jackson has a question, I just have to make a
25 comment, a statement by Councilman Jimmy Vacca,

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2 who says that if you have to go on the list, he
3 wants to make sure that the City Island Ladder
4 Company is not on the chopping block. He wrote a
5 letter to make it an official part of the record
6 and that's the thrust of his letter, not to--City
7 Island's always on the chopping block, the--

8 SALVATORE CASSANO: Okay.

9 CHAIRPERSON RECCHIA: --ladder
10 company, and we know how the Mayor feels that
11 there's no high-rise buildings on City Island, so
12 what do you need a ladder company, right,
13 Commissioner? Is that what you're going to say?

14 SALVATORE CASSANO: The Mayor
15 listens to what I tell him.

16 CHAIRPERSON RECCHIA: Okay.

17 SALVATORE CASSANO: And my
18 recommendations, he's--

19 CHAIRPERSON RECCHIA: [Interposing]
20 Okay. And the other thing I just want to say is
21 that, you know, talked about the governance
22 committee and I brought up, you know--but it
23 should really be inclusive, you know what I mean?
24 And try to--like I said, the unions, the City
25 Council, and also the dispatchers, you know what I

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mean?

SALVATORE CASSANO: I understand,
yeah.

CHAIRPERSON RECCHIA: Make
everybody a part of it and really have a say and I
really think you could be productive--

[Crosstalk]

SALVATORE CASSANO: [Interposing]
The governance committee was a recommendation from
the consultant, Windborn [phonetic], and they--
but, you know, I understand, and part of the
discussions will be when we meet, I'll bring it
back to them.

CHAIRPERSON RECCHIA: And you know
what? You didn't have to pay the City Council
millions of dollars, we told you years ago that
you should form a task force to study this issue.

Okay. Council Member Vallone.

SALVATORE CASSANO: Good afternoon.

[Crosstalk]

COUNCIL MEMBER VALLONE: --Chair,
I'll be quick. Good afternoon. The bill that
you're drafting, it says for periodic fire
inspections, when you try to do the fees for

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2 ambulances, it wasn't through a bill, in fact, we
3 put in a bill to stop that from happening, but
4 this time you're doing it through a bill, why is
5 that?

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SALVATORE CASSANO: Well we set the
7 ambulance rates and so we can set them, and when
8 we did that, you know, we looked at the
9 voluntaries try to get this passed, we have to go
10 through City Council.

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COUNCIL MEMBER VALLONE: Okay. So
12 then I would not anticipate that happening.

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SALVATORE CASSANO: Okay.

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COUNCIL MEMBER VALLONE: It's kind
15 of like the Health Department charging for grades
16 for restaurants, we don't have a choice, they have
17 to do these inspections, it's not something
18 they're opting to do and it's just more cost to
19 our building owners and our store owners, and--I
20 think I'm speaking for the whole Council and say
21 that's not going to happen, and I would not count
22 on that income.

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When it comes to the firefighters'
24 class, I'm so glad you're finally having one.

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I've been on your side throughout that--

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SALVATORE CASSANO: Yes, sir.

COUNCIL MEMBER VALLONE: --I know what you're going through. How much--now that we're hopefully nearing the end of this fiasco, how much additional overtime did you wind up paying, how much did this court decision cost you?

SALVATORE CASSANO: It was about, by the time we finish, it's going to be approximately \$160 million from the period of only 2010 'til 2015.

COUNCIL MEMBER VALLONE: A hundred and sixty million dollars, that's a lot of firehouses.

SALVATORE CASSANO: Yeah. Well that's you just said it was about overtime, we're not talking about back pay or any damages to the lawsuit, this is just the overtime because we don't have a class. There's consultants' fees that have to be paid, there's studies being done, there's so many, you know, attorneys' fees. But I'm--

COUNCIL MEMBER VALLONE: Wow.

SALVATORE CASSANO: --talking about just strictly overtime to staff, the companies

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because of the reduction of headcount.

COUNCIL MEMBER VALLONE: Wow, those are the real world consequences when judges in ivory towers make decisions like this, it's just an outrage and we have to deal with the budgetary ramifications of that. But thank you for all you've done, not only to keep us safe, but in standing strong throughout that situation.

And I'm done, Mr. Chair, thank you for the--

[Crosstalk]

CHAIRPERSON RECCHIA: [Interposing] Yeah, just as a follow up, I'll repeat my message for Council Member Vallone, when Mr. Cardozo testified, we went into this and he made it very clear that he doesn't--they will eventually file an appeal, but it's many years away because the special master has to figure out how much damage for each one of those individuals, they have to assess that, and then at the end, they will file an appeal. And that's why the number--we didn't even know what the number, how much it's going to cost us, it's going to be much more than that after you pay all the--once they assess the damage

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2 and then they're going to appeal. Who knows if
3 have to pay it.

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Okay. Council Member Jackson.

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COUNCIL MEMBER JACKSON: Thank you.

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CHAIRPERSON RECCHIA: [Interposing]

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Does any other Council Member want to ask a

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question after Council Member--I know, yeah.

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COUNCIL MEMBER JACKSON: Well thank

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you. I just have a couple questions,

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Commissioner. The fire department, my

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understanding, is allocating \$1.8 million and I

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don't know if it's in this executive budget, for

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25 additional recruits or EEOs and other support

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positions in fiscal 2013, my understanding this is

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as a result of an order to comply with the judge's

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order to better address the previous found

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discriminatory practices. Can you tell me what

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that breakdown is going to be as far as staff, do

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you know what positions you're going to be hiring

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them in?

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SALVATORE CASSANO: Well we're

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hiring lawyers, we're going to hire people to do

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recruiting, we need some clerical assistance to--

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COUNCIL MEMBER JACKSON: Okay.

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SALVATORE CASSANO: --do some databases. We're taking a very active proactive approach--

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: --to our EEO, our recruitment, diversity of the department and that's why we needed additional staffing. It'll be in all different positions.

COUNCIL MEMBER JACKSON: Okay. And you had--

SALVATORE CASSANO: Yeah.

COUNCIL MEMBER JACKSON: -- indicated that there's a reduction in, I guess, civilian staff and you had talked about sometimes it's at a critical stage. Are you replacing, I guess, administrative staff or with the firefighters and putting--

SALVATORE CASSANO: [Interposing]
No. No.

COUNCIL MEMBER JACKSON: Because most everybody would want the firefighters to be on the front line--

SALVATORE CASSANO: Me too.

COUNCIL MEMBER JACKSON: --fighting

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fires.

SALVATORE CASSANO: That's not happening.

COUNCIL MEMBER JACKSON: So whenever you come to a critical point as far as that type of staff, you go to OMB and ask--

SALVATORE CASSANO: Yes.

COUNCIL MEMBER JACKSON: --for an exception, is that correct?

SALVATORE CASSANO: Yes, absolutely.

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: We want all our firefighters in the field as many as we can get.

COUNCIL MEMBER JACKSON: Okay. Because you're understaffed, and my opinion based on the numbers you indicated, I know there must be a--is there a safety issue concerning the amount of overtime firefighters are currently assigned? And I raise that because that's an appropriate to ask, but I do know, unfortunately, one of the fire officers at a fire or immediately thereafter had a heart attack and passed away. So obviously, the stress on firefighters is a very, very important

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2 issue. I know that you're sensitive to that, but
3 you indicated that when you walked in here, that
4 you as the Fire Commissioner, you're in charge
5 with carrying out the duties and responsibilities
6 within the budget in which you have, so that's why
7 I raise that issue.

8 SALVATORE CASSANO: No, that's a
9 valid and a fair question. Unfortunately, we lost
10 Lieutenant Nappi, you know, the officers' overtime
11 is not running through the--you know, it's not
12 through the roof so it wasn't a matter of working
13 too many hours 'cause the lieutenant's overtime is
14 fairly stable. Firefighters' overtime is going
15 up, but we're not anywhere near a critical stage
16 where I think it's a safety issue for the amount
17 of overtime that we're working.

18 COUNCIL MEMBER JACKSON: And if it
19 was critical, then you would go to OMB--

20 [Crosstalk]

21 SALVATORE CASSANO: [Interposing]
22 Well I can't go to OMB and tell them--

23 COUNCIL MEMBER JACKSON:
24 [Interposing] They can allocate more money.

25 SALVATORE CASSANO: Can't allocate

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more firefighters, we need firefighters--

[Crosstalk]

SALVATORE CASSANO: --we need staff.

COUNCIL MEMBER JACKSON: Because the officers come up through the ranks, is that correct?

SALVATORE CASSANO: [Interposing] That's exactly right. Yeah, well we've even slowed down our promotions so not to take firefighters out of the firefighter rank and promote them and then have a fair amount of lieutenants and then be short staffed, so--

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: --I've slowed down the promotions to lieutenant so we can have more firefighters in the field until we get that class going.

COUNCIL MEMBER JACKSON: Well I can understand from a practical point of view, but if I was a firefighter, I would want to be promoted.

SALVATORE CASSANO: Yeah, they will get promoted.

COUNCIL MEMBER JACKSON: What is

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the average overtime per firefighter, if you have for this year or last year, if you have that stat?

SALVATORE CASSANO: Yeah, it's about 300 hours is the average.

COUNCIL MEMBER JACKSON: The average.

SALVATORE CASSANO: That's including what we call roster staffing which is 96 hours that is guaranteed--

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: --so it's about 300 hours. You know, I mean, if you want money-wise, that's a little less than--about 18, 19,000.

COUNCIL MEMBER JACKSON: Okay. Let me just--

SALVATORE CASSANO: But it's going up.

COUNCIL MEMBER JACKSON: I'm going to try to be as diplomatic as I can in response to one of my colleagues about judges in ivory towers. Let me just say that we--in the United States of America, we have three branches of government: Executive, Legislative, and Judicial, and sometimes people will have to go through the

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2 judicial process in order to get justice where
3 they feel that they've been wronged. A prime
4 example of that is the Campaign for Fiscal Equity,
5 a lawsuit in which I was the lead plaintiff in, in
6 which we sued the State of New York because they
7 were cheating us out of billions of dollars for
8 our children. And it took 13 years of litigation
9 and we won \$16 billion for our children. So
10 sometimes you have to go the distance in order to
11 get the type of results that you feel that you've
12 been denied. And in this particular case,
13 obviously, there are many people are happy with
14 the decision of this judge in this case and others
15 are not happy, that's part of the process.

16 I think that all of us want to be
17 able to move forward to ensure that FDNY has all
18 of the firefighters that they need in order to
19 fight the fires to keep us all safe. So I thank
20 you for everything that you're doing. Thank you--

21 SALVATORE CASSANO: Thank you,
22 Councilman.

23 COUNCIL MEMBER JACKSON: --Madam
24 Chair.

25 CHAIRPERSON CROWLEY: Thank you,

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2 Council Member Jackson. Commissioner, Council
3 Member Jackson was asking questions about staffing
4 concerns and overtime and it is true, OMB cannot
5 give you more firefighters, but I have a concern
6 with the number of firefighters getting injured,
7 seriously injured fighting fires. It appears the
8 numbers have gone up, they have increased
9 dramatically according to statistics I've read,
10 from 2010 to 2011. Has there really been a 45%
11 increase in burn injuries?

12 SALVATORE CASSANO: No, those
13 numbers that you had been given the last time,
14 we've had to go back and redo them because there
15 was a number of duplicate burn injuries, when
16 somebody went to the medical office and went for
17 their burns was counted. And use--

18 CHAIRPERSON CROWLEY: [Interposing]
19 So there is no increase in injuries?

20 SALVATORE CASSANO: No, no, I
21 didn't say there's no increase.

22 CHAIRPERSON CROWLEY: Oh--
23 [Crosstalk]

24 SALVATORE CASSANO: I didn't say
25 there's not a--I said there's not been a 45%

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increase--

CHAIRPERSON CROWLEY: Yeah, 45%--

[Crosstalk]

SALVATORE CASSANO: --it's gone up,
and you said the amount of serious injuries has
gone up--

CHAIRPERSON CROWLEY: Yes.

SALVATORE CASSANO: --and it
hasn't. Our serious injuries has not gone up
dramatically.

CHAIRPERSON CROWLEY: I consider
burns serious.

SALVATORE CASSANO: No, no, you
said--

CHAIRPERSON CROWLEY: No?

SALVATORE CASSANO: --serious
injuries have gone up dramatic--

CHAIRPERSON CROWLEY: Oh, okay.

SALVATORE CASSANO: --and they
haven't.

CHAIRPERSON CROWLEY: They have
gone up, though?

SALVATORE CASSANO: We have not
seen a rise in our serious injuries. When we're

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2 talking about sprains and strains, they've gone
3 up, but it's slightly. Our burn injuries have
4 gone up slightly, not 45%.

5 CHAIRPERSON CROWLEY: Not at an
6 alarming rate.

7 SALVATORE CASSANO: Not at an
8 alarming rate.

9 CHAIRPERSON CROWLEY: And not--

10 SALVATORE CASSANO: I'd be the
11 first one on the front lines if they did.

12 CHAIRPERSON CROWLEY: But what is
13 the rate?

14 SALVATORE CASSANO: Well I will get
15 you the rate, it's not 45%. You know, our
16 injuries from last year to this year was 1,067,
17 there if that--

18 CHAIRPERSON CROWLEY: [Interposing]
19 What were they last year?

20 SALVATORE CASSANO: No, no, that
21 was last year. This month at the same time, there
22 are 1,054 and last year, they were 1,067, if I can
23 read this correctly. But, again, they fluctuate,
24 month to month, they fluctuate. You got to go
25 through a whole year.

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2 CHAIRPERSON CROWLEY: The reason I
3 ask that is not because you have fewer
4 firefighters today than you had a year ago or
5 whatnot, the staffing concerns are one thing, but
6 you have reduced staffing on your busiest engine
7 companies and--

8 SALVATORE CASSANO: Yes.

9 CHAIRPERSON CROWLEY: --whereas,
10 you know, OMB can't give you more firefighters,
11 you can staff more firefighters on those busy
12 companies that you once had five firefighters on.

13 SALVATORE CASSANO: We have not
14 seen a dramatic rise in those companies since the
15 roster staffing of February of 2011, that was a
16 year ago, and we have not seen this dramatic rise
17 in injuries.

18 CHAIRPERSON CROWLEY: But have
19 those injuries been in those areas where those 60
20 engine companies--

21 SALVATORE CASSANO: [Interposing]
22 Well we haven't a dramatic rise in any of our
23 areas. You know, we have procedures in place
24 where we took away the fifth firefighter where a
25 company will start to stretch a hose line, the

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2 backup company comes, and they help them with
3 that, so you have actually six firefighters
4 stretching that line instead of four. I mean, we
5 have these procedures in place and we have not
6 seen a dramatic rise in injuries.

7

CHAIRPERSON CROWLEY: You have
8 previously testified that closing fire companies
9 could dramatically affect your response to
10 critical emergencies, like large-scale
11 emergencies, such as terror attacks.

12

SALVATORE CASSANO: Mm-hmm, but we
13 need a lot of units, and if we had 20 less units,
14 we wouldn't have them to respond.

15

CHAIRPERSON CROWLEY: Could you
16 tell us how that would affect your response to a
17 massive terror attack?

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SALVATORE CASSANO: Well we'd have
19 to take units from different parts of the city
20 that would have to fill in for holes, so, yeah, it
21 would affect us in that respect. Luckily, we
22 don't get many of these mass casualty incidents--

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CHAIRPERSON CROWLEY: [Interposing]
24 No, no, of course, luckily--

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SALVATORE CASSANO: --thank God,

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but--

CHAIRPERSON CROWLEY: --but

unfortunately--

[Crosstalk]

SALVATORE CASSANO: --but we would have to take units from other parts of the city. We have units trained in every borough, we have decon engines in every borough, we have our rescue support ladder companies in every borough, and that's why we decentralized so that we will be able to do that.

CHAIRPERSON CROWLEY: But fair to say it would impact your response to terror attacks.

SALVATORE CASSANO: Well 20 less companies, sure.

CHAIRPERSON CROWLEY: Sure. And is it counterterrorism within the fire department understanding that the next type of terror attack could be multiple fires in multiple locations like--

SALVATORE CASSANO: Could be it--

CHAIRPERSON CROWLEY: --the Mumbai style terror--

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[Crosstalk]

SALVATORE CASSANO: [Interposing]

We're ready for anything, it could be a Mumbai style attack, it could be a simple earth--simple, there's no simple, it could be a hurricane, it could be a blizzard, it could be an earthquake. We're ready. Those are dramatic injuries just as a terrorist event is where it was going to strap our resources. But we've trained enough companies in all parts of the city so that if we have to fill in with a company, we'll be able to do that.

CHAIRPERSON CROWLEY: I have no further questions. Thank you, Co-chair.

CHAIRPERSON RECCHIA: All right.

CHAIRPERSON CROWLEY: I want to thank the fire department for once again--

CHAIRPERSON RECCHIA: [Interposing]
Well hold on, Robert Jackson has a--

CHAIRPERSON CROWLEY: Okay.

CHAIRPERSON RECCHIA: --before we close it out.

CHAIRPERSON CROWLEY: But no further--

CHAIRPERSON RECCHIA: And, you

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know, I just hope we don't have anymore snow disasters, we're not too good with those.

SALVATORE CASSANO: We're well prepared.

CHAIRPERSON RECCHIA: Now we are, hope so. In 2011, there were like 344 pre-hospital saves, what is a pre-hospital save?

SALVATORE CASSANO: A pre-hospital save is when an engine company gets to somebody in cardiac arrest and revives that person, that person goes to the hospital with a heartbeat, that's a pre-hospital save.

CHAIRPERSON RECCHIA: So they saved them.

SALVATORE CASSANO: Actually, well they've gotten them to the hospital and we feel like that's very important for our engine companies, that's why we want to keep our engine companies in service, they don't just fight fires.

CHAIRPERSON RECCHIA: So these engine companies, they're the one who actually get there and may save the--

SALVATORE CASSANO: [Interposing]
Well yeah, and then the EMTs--

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CHAIRPERSON RECCHIA: --they
perform--

SALVATORE CASSANO: --and
paramedics will come, put them in an ambulance,
package them, take them to the hospital, and
hopefully we can get them out of there and let
them go home.

CHAIRPERSON RECCHIA: Because the
pre-hospital saves, they were up 284 in 2010,
that's, you know, from--in 2011, they were up
drastically and I noticed that. And so this is
very important for these engine companies that
they perform this when they first get to--

[Crosstalk]

SALVATORE CASSANO: [Interposing]
Extremely important.

CHAIRPERSON RECCHIA: Okay. And
among the engine companies on last year's closing
list, how many of those companies were involved in
pre-hospital saves?

SALVATORE CASSANO: No, I don't
know the number, but I'm sure almost all of them
were involved in pre-hospital saves because--

CHAIRPERSON RECCHIA: Right.

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SALVATORE CASSANO: --these--

CHAIRPERSON RECCHIA: [Interposing]

Could we get--

SALVATORE CASSANO: Sure.

CHAIRPERSON RECCHIA: --a number
and we'll follow up with the letter, the number of
pre-hospital saves by those engine companies that
were on the closure list?

SALVATORE CASSANO: For last year.

CHAIRPERSON RECCHIA: Right.

SALVATORE CASSANO: Okay.

CHAIRPERSON RECCHIA: On the
closure list for last year.

SALVATORE CASSANO: Okay.

CHAIRPERSON RECCHIA: I would like
to see those--

SALVATORE CASSANO: We could do
that.

CHAIRPERSON RECCHIA: --because,
you know, it's very, very important. Okay?

SALVATORE CASSANO: Yeah, we could
do that.

CHAIRPERSON RECCHIA: Council
Member Jackson has one quick question and then

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we'll close it down.

COUNCIL MEMBER JACKSON: I'm sorry.
I forgot to ask about Northern Manhattan. I live
in Northern Manhattan, I represent Northern
Manhattan, you had indicated in your testimony
that I think you plan on either building or
purchasing a building, what do you plan on doing--

[Crosstalk]

SALVATORE CASSANO: [Interposing]
We have property, we finally got property--

COUNCIL MEMBER JACKSON: In
Northern Manhattan.

SALVATORE CASSANO: --in Northern
Manhattan.

COUNCIL MEMBER JACKSON: You said
West 172nd Street.

SALVATORE CASSANO: Yeah.

COUNCIL MEMBER JACKSON: Where?

SALVATORE CASSANO: Well--

MALE VOICE: On Amsterdam.

SALVATORE CASSANO: --on Amsterdam,
we--

COUNCIL MEMBER JACKSON: Okay.

SALVATORE CASSANO: --finally got a

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2 piece of property where we would strategically
3 place an EMS station, which we've been trying to
4 do for 10 to 15 years--

5 COUNCIL MEMBER JACKSON: Okay.

6 SALVATORE CASSANO: --but we need
7 it so badly, we're going to put trailers on that
8 property first and like we did in Chelsea under
9 the highline in seven battalion, put trailers on
10 there so we can get our ambulances up and running
11 quickly and then have a plan to build a building
12 there. It's a great spot for us.

13 COUNCIL MEMBER JACKSON: So that
14 means that there's going to be more ambulance
15 service in Northern Manhattan, or you're just
16 going to have a place to--

17 SALVATORE CASSANO: [Interposing]
18 No, a place to put the ambulances, but when we
19 have a better spot for it, it increases--decreases
20 our response time because changeover, tour change-
21 -

22 COUNCIL MEMBER JACKSON: I see.

23 SALVATORE CASSANO: --going back
24 and stocking up is faster and that turns out to
25 be--

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COUNCIL MEMBER JACKSON:

[Interposing] If this helps--

SALVATORE CASSANO: --much better.

COUNCIL MEMBER JACKSON: --

facilitate everything you're doing better.

SALVATORE CASSANO: Absolutely.

COUNCIL MEMBER JACKSON: How would

that impact the whole situation as far as Columbia
Presbyterian and their runs and everything like
that?

SALVATORE CASSANO: We'll

coordinate with them, that's what we're going to
do, we'll coordinate, yeah.

COUNCIL MEMBER JACKSON: Now the

quick question on that, if someone gave an example
concerning the lieutenant, if someone, if
firefighter Peter Vallone gets promoted to
lieutenant, but he passed the exam but his actual
placement as lieutenant is delayed, let's say, 12
months or something like that, does he get back
pay or is it only--

SALVATORE CASSANO: No.

COUNCIL MEMBER JACKSON: --when

they got promoted.

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SALVATORE CASSANO: Only when you get promoted.

COUNCIL MEMBER JACKSON: Yeah, that's what I assumed, but I had--

SALVATORE CASSANO: Yeah, well, yeah, yeah.

COUNCIL MEMBER JACKSON: --to ask the question.

SALVATORE CASSANO: No, when you get promoted is when your time starts.

CHAIRPERSON RECCHIA: Okay. Thank you.

COUNCIL MEMBER JACKSON: Thank you.

CHAIRPERSON RECCHIA: Okay. Thank you. This concludes our hearing for today. On Monday, the Finance Committee will resume its executive budget hearings for fiscal 2013. The hearing will be located in this room beginning at 10 a.m. On Monday, we hear from the Office of Medical Examiner--

SERGEANT-AT-ARMS: Quiet, please.

CHAIRPERSON RECCHIA: --the Health and Hospitals Corporation, and the Department of Health and Mental Hygiene.

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2 As a reminder, the public will be
3 able to testify on June 6 at 4:30. For members of
4 the public who wish to testify but cannot make it,
5 you could fax your testimony to Tanisha Edwards,
6 my attorney, (212) 788-7061.

7 The hearing is now adjourned.

8 COUNCIL MEMBER JACKSON: Thank you.
9 Thank you. Thank you, Crowley.

10 [Crosstalk]

11 CHAIRPERSON RECCHIA: Okay.

12 FEMALE VOICE: Okay.

13 [Pause]

14 CHAIRPERSON RECCHIA: I want to
15 thank my whole Finance staff under the leadership
16 of the--Regina and John and--who else is there?

17 FEMALE VOICE: Eisha.

18 CHAIRPERSON RECCHIA: Eisha.

19 FEMALE VOICE: Jeff.

20 CHAIRPERSON RECCHIA: Jeff in Liz
21 Crowley's office and my office.

C E R T I F I C A T E

I, Tammy Wittman, 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

Tammy Wittman

Date June 24, 2012