

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON PUBLIC HOUSING

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September 27, 2012

Start: 1:43 p.m.

Recess: 4:51 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:
ROSIE MENDEZ
Chairperson

COUNCIL MEMBERS:
Maria del Carmen Arroyo
Daniel J. Halloran
Melissa Mark-Viverito
James G. Van Bramer
Margaret Chin

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

John Rhea
Chairman
New York City Housing Authority

Andreas Spitzer
Executive Vice President and Chief Financial Officer
New York City Housing Authority

Ray Ribeiro
Executive Vice President for Capital Projects
New York City Housing Authority

Gregory Floyd
President
Teamsters Local 237

Anthony Wells
President
Social Service Employees Union Local 375

Judith Goldiner
Attorney in Charge, Civil Law Reform Unit
Legal Aid Society

Victor Bach
Community Service Society

Ann Valdez
Community Voices Heard

Diane Blanford
Community Voices Heard

Vernell Robinson
Community Voices Heard

Shirley Jones
Community Voices Heard

Andrea Jones
Community Voices Heard

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

Shirley Williams
President
Tenant Association

Sonia Persia

Louis Cholden-Brown
Co-chair, Housing Committee
Manhattan Community Board 7

CHAIRPERSON MENDEZ: Good

afternoon, this hearing will come to order. I am Councilwoman Rosie Mendez and I chair the Committee on Public Housing, and today we are here conducting a hearing for the purpose of reviewing the Boston Consulting's Group report concerning the New York City Housing Authority.

As many may recall, back in June during the executive budget hearing, we had some questions of the authority regarding the BCG, the Boston Consulting Group report and we requested a copy of the report at that time and we were told at that time that parts would be released.

In August, Speaker Christine Quinn and I renewed our request for a release of the report and it was shortly thereafter released, a 111 pages of a PowerPoint presentation, to me, not quite a report. I have feedbacks from many residents who find it hard to follow and understand. Anyway, but the concern of us has been the amount of money that was paid for this report and this analysis, \$10.31 million that was approved by the Authority in two payments, originally for 6.05 million, and then an

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2 additional 4 and change million was added to that
3 contract.

4 We are unclear; I am unclear why
5 this report could not have been done in-house. I
6 do think you have some talent that could have
7 gotten this analysis and this research done, but
8 of utmost concern to us is to see whether this
9 report will be valuable to the Authority in its
10 effort to better serve the residents of public
11 housing.

12 And just to note, 'cause I did the
13 math, Bill Clinton says it's arithmetic, right?
14 Ninety-three thousand dollar per PowerPoint page,
15 so that's a lot of money.

16 I look forward to hearing from the
17 Authority and from the public. And just for
18 everyone's reminder, if you want to testify, you
19 need to fill out one of these white, little cards
20 and you can do so with the Sergeant-of-Arms, over
21 to our left.

22 And now I turn it over to the
23 Housing Authority.

24 JOHN RHEA: Thank you. Chairwoman
25 Rosie Mendez, members of the Committee, and other

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2 distinguished members of the City Council, thank
3 you for this opportunity to discuss the findings
4 of the Boston Consulting Group based on the work
5 it performed for the New York City Housing
6 Authority. I am John B. Rhea, Chairman of the New
7 York City Housing Authority. Executive Vice
8 President and Chief Financial Officer, Andreas
9 Spitzer, and Executive Vice President for Capital
10 Projects, Raymond Ribeiro, join me this afternoon.

11 This past June, I spoke with you
12 about NYCHA's fiscal and operational challenges
13 and the ambitious steps we're taking to tackle
14 them, taking a hard look at the efficiency and
15 sustainability of our organization. We know that
16 the quality of life for many NYCHA residents is
17 well below our standards. We must expedite
18 maintenance and repairs and building improvements
19 and enhance security measures. Our commitment to
20 addressing these issues head-on has helped us make
21 real in-roads on behalf of public housing
22 families, but it's clear that business as usual
23 won't get us to where we need to go. We can do
24 better with the resources we already have, and
25 transform our approach to generating new revenues

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2 for future generation of NYCHA residents.

3 Our work with BCG, an investment of
4 \$10 million that has identified \$70 million in
5 annual savings by 2016 is a major step in that
6 direction, one that will directly and
7 substantially benefit NYCHA families. Along with
8 the highlights of BCG's findings and
9 recommendations, I will share with you the early
10 initiatives we are pursuing to reduce our deficit,
11 identify operational efficiencies, tap new funding
12 sources, and redirect resources to our front line-
13 -all for the sake of preserving and sustaining
14 public housing in New York City.

15 As I've shared with this Committee
16 on several occasions this year, NYCHA faces
17 serious challenges brought on by chronic under-
18 funding, aging infrastructure, regulatory
19 constraints, and increased demand for better
20 services with fewer resources. Since 2002,
21 NYCHA's annual capital subsidies have been cut in
22 half in real terms. While over the past decade,
23 we received \$1.4 billion less in operating
24 subsidies than is required by an already
25 inadequate federal funding formula. And compared

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2 to seven years ago, we have 3,000 fewer employees
3 serving essentially the same number of families.
4 Given these facts, some have called on us to give
5 up on public housing and tear down buildings like
6 other large cities have done; others say do
7 nothing, but neither choice is practical or
8 consistent with this city's values. We're
9 charting an innovative third way to revitalize and
10 restore NYCHA.

11 That's why, with the invaluable
12 support of Mayor Michael Bloomberg and his
13 Administration, we embarked on a multiyear process
14 to develop Plan NYCHA, a strategic roadmap guiding
15 NYCHA's transformation into a stronger, more high
16 performing organization. We heard from partners,
17 employees, and, most importantly, residents that
18 we specifically needed to increase resources and
19 improve customer service at the property level.

20 As a result, one core Plan NYCHA
21 imperative calls for shifting resources from
22 administrative and central support functions to
23 the front line housing operations, that's where
24 critical work like maintenance and repairs for
25 apartments gets done.

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2 In line with this aim, two years
3 ago, NYCHA began a comprehensive examination of
4 central support functions in areas such as IT,
5 human resources, procurement, and finance to
6 identify cost savings and service improvements, as
7 well as opportunities to streamline operations and
8 reduce administrative burdens. This endeavor was
9 just one component of the overall Plan NYCHA
10 strategy to reduce our operating deficit while
11 enhancing customer service, but we made it a top
12 priority due to the large opportunity for savings
13 it represented, as well as the fact that it holds
14 the minimal risk of disrupting vital housing
15 services for residents in the short-term.

16 It became clear during this
17 assessment that NYCHA would benefit from the
18 perspective and resources of an independent,
19 unbiased party, one who could not only analyze the
20 current state of our operations and performance,
21 but also share best practices and a framework for
22 the future. And given our resource constraints,
23 we needed technical and analytical support from a
24 highly capable third party while NYCHA staff
25 continued the everyday work of serving residents.

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2 By utilizing the piggyback process, a commonly
3 used and accepted method of procurement, we were
4 able to expediently and cost effectively begin
5 this crucial work immediately.

6 We tasked BCG with, one, performing
7 a comprehensive current state assessment of
8 NYCHA's central services and borough office
9 support functions; two, developing and
10 recommending changes based on its assessment with
11 the goal of improving and enhancing the efficiency
12 and effectiveness of NYCHA's current business
13 model, particularly the central support functions,
14 while leveraging best practices of organizations
15 such as leading public housing authorities,
16 property management companies, and best-in-class
17 private sector companies; and three, providing
18 strategic, tactical, and technical support to
19 NYCHA for implementation of its comprehensive
20 business transformation plan.

21 BCG also performed uncompensated
22 work beyond its original scope to provide NYCHA
23 with additional support in the areas of board
24 governance, operations, Section 8 program spend,
25 finance IT systems, capital projects,

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2 quantification of Plan NYCHA initiatives, and
3 procurement.

4 BCG's work was accomplished over
5 the course of more than a year. Beginning in the
6 spring of 2011, working closely with us to
7 identify improvements that will lead the way to a
8 better, stronger NYCHA, BCG analyzed functional
9 support areas, as well as the administrative
10 components of Operation's borough offices,
11 community programs in development, and capital
12 projects. The team focused on identifying
13 opportunities in four areas: Business process
14 improvements, information technology systems
15 enhancements, organizational structure redesign,
16 and capabilities and cultural change.

17 BCG and NYCHA also assessed the
18 potential impact that modifications to support
19 functions would have on the front line. NYCHA
20 employees across the organization were actively
21 engaged in this transformation effort, which was
22 organized into five phases: Review of current
23 state operating, model design, implementation
24 planning, operationalizing the plan, and execution
25 support.

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2 During the first three phases of
3 its work, the joint NYCHA BCG team focused on
4 diagnosis, analysis, and recommendation
5 generation, as well as some high-level
6 implementation planning. And during the last two
7 phases, on launching the multiyear implementation
8 program, including road mapping and establishing
9 the Executive Project Management Office, or EPMO.

10 During the course of its work, the
11 joint NYCHA BCG team identified numerous
12 hypotheses that, upon deeper review, were deemed
13 not worth pursuing. Ultimately, at the conclusion
14 of this exhaustive effort, BCG identified over 100
15 short and long-term potential business
16 improvement, potential savings of up to \$70
17 million annually by 2016, and potential
18 opportunities to realize Section 8 voucher savings
19 and revenue reallocation of approximately \$55
20 million annually by 2016, making the cost of BCG's
21 work a worthwhile investment in NYCHA's future.

22 You have the final BCG report and
23 so I will not go through the findings in detail,
24 but when compared to best practices in top
25 performing companies, nonprofit organizations, and

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2 other public housing authorities, NYCHA has some
3 gaps. These gaps were decades in the making so we
4 know that they won't be bridged overnight. The
5 [off mic] operations of many departments hinder
6 efficiency, communication, project management, and
7 accountability; duplicated functions are less than
8 optimal use of staff and money; and our
9 organization is too weighted toward central office
10 and support functions, rather than front line
11 activities that add value to residents' quality of
12 life.

13 We know that there is much room for
14 improvement and we have already begun to take
15 action in several areas. Over the past several
16 months, we have been moving forward on several of
17 the most important BCG recommendations that will
18 deliver near-term cost savings and revenue, as
19 well as support our efforts to enhance safety and
20 security, maintenance and repairs, and building
21 improvements. Our revised five-year operating
22 plan shared this summer outlines \$38 million in
23 support and administrative function annual salary
24 and fringe savings by 2016 as a result of these
25 efforts. Cumulatively, we expect to deliver \$100

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million in savings through 2016.

While cost reductions are being made in administrative functions, our five-year plan redirected 27 million annually toward the front line. Thanks to these identified savings of 10 million--these identified savings and 10 million in funding from the City Council, we have added hundreds of maintenance and caretaker staff, all of whom are NYCHA residents and we'll add hundreds more by 2016.

We have also moved to streamline our procurement process. We instituted and expedited RFP process, shortening the process from 10 to 20 months to 3 to 5 months. As a result, we reduced the procurement cycle time by 7 to 15 months. We have also captured value from better sourcing techniques using components of advanced sourcing strategies. For example, a request for proposal for a contingent labor was successfully implemented yielding projected annualized savings of up to \$1 million, representing savings of 15 to 20%. As another example, an RFP for the purchase of maintenance, repair, and operations, or MRO parts, and materials resulted in a number of

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2 proposals from vendors, allowing us to save up to
3 1 million annually by using 5% fewer MRO
4 suppliers. We continue to evaluate other
5 materials that NYCHA utilizes, such as paint and
6 tile, for additional strategic sourcing savings.
7 This is just the beginning of this process.

8 To achieve a more efficient supply
9 chain structure, we are working to consolidate our
10 four buying groups into a single procurement
11 organization. We're also working to improve our
12 materials management and logistics functions.
13 Improvements here will allow us to better manage
14 our inventory levels and move materials more
15 effectively to locations where work must happen.
16 Where appropriate, we will take advantage of just-
17 in-time inventory, as well as vendor-managed
18 inventory. This effort will ensure that on-the-
19 ground staff have ready access to the materials
20 they need to perform crucial maintenance and
21 repair work. We expect these efforts to lead to
22 increased productivity among our maintenance and
23 skilled trade's workforce.

24 The capital projects division made
25 progress toward becoming a proactive asset manager

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2 by instituting a dashboard to support
3 accountability and measurement, developing metrics
4 to track the performance of both people and
5 projects. The rollout of a newly designed
6 operating model to deliver projects on time and on
7 budget has already begun. A high-level capital
8 planning process was developed that includes a
9 framework for capital plan alignment with the Plan
10 NYCHA priorities and the identification of
11 organizational and process changes that will
12 reduce the time to obligate and expend funds and
13 significantly accelerate the delivery of capital
14 improvements. As a result of the recommendations
15 that are being employed, CPD is planning to reduce
16 future capital award obligation timelines to 18
17 months and future expenditure timelines to 36
18 months, versing HUD's 24-month obligation and 48-
19 month expenditure requirements respectively.

20 NYCHA's finance department is now
21 focusing on outsourcing select non-core functions
22 such as parking permit administration and utility
23 payment processing. Also, to tap into ancillary
24 revenues, we are pursuing new advertising and
25 sponsorship activities, and subleasing excess

1 office space within our administrative portfolio.
2 We are working to improve the budgeting process by
3 developing more accurate budgets and improving
4 spend control and business monitoring.
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6 Human resources has begun
7 instituting an employee performance management
8 system, which will clearly set expectations,
9 ensure that employees have the tools and skills to
10 perform their job duties, and hold staff at all
11 levels accountable for carrying out those duties.

12 Our efforts to address our
13 challenges also include the creation of the
14 senior-level enterprise management Program
15 Management Office, which oversees NYCHA-wide
16 projects, including implementation of Plan NYCHA
17 goals, BCG recommendations, as well as all
18 significant projects by better tracking and
19 reporting to ensure that the work of
20 transformation gets done. It will also ensure
21 cross-departmental shared ownership of delivering
22 the budgeted financial benefits from BCG's
23 recommendations.

24 We have committed to numerous
25 recommendations outlined by BCG in order to

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2 realize operational efficiencies and achieve
3 financial savings, however, we continue to review
4 the findings and recommendations internally and
5 with key stakeholders, including residents, labor
6 leaders, particularly Greg Floyd, President of
7 Local 237, and elected officials to flush out and
8 prioritize the most critical opportunities. Cecil
9 House, a deputy filling his new role as NYCHA's
10 general manager, is overseeing an action plan that
11 will enable us to continue providing updates on
12 our transformation progress. We are proud to have
13 achieved real business--real milestones and to
14 have realized financial benefits as a result of
15 our efforts to-date. With the EPMO capabilities,
16 roadmaps, and project teams, we now have not just
17 the ideas, but the infrastructure to successfully
18 build and grow in line with key strategic
19 priorities, and we are identifying further
20 opportunities for savings beyond the 70 million
21 annually outlined in BCG's report, investing
22 significant activity to improve front line
23 operations.

24 NYCHA will be reaping the value of
25 this work for years to come, employing its

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2 recommendations to transform into a new enterprise
3 model enabled by best-in-class support functions,
4 operating at lower cost and with greater
5 effectiveness. The changes we are making are
6 designed for long-term strategic value and
7 investment. Although we have made progress, there
8 is certainly considerable work to be done. Most
9 changes recommended by BCG will not be easy to
10 implement and will require investment and systems
11 and capabilities, as well as new employee training
12 and development. It will also call for tough
13 choices, thoughtful collaboration, and strategic
14 partnership to successfully move forward.

15 We appreciate the City Council's
16 support and advocacy of our vital mission to
17 provide and preserve public housing. Your
18 continued support is essential to realize this
19 crucial transformation we are undertaking. I look
20 forward to continuing to apprise you of the
21 progress we're making in positioning NYCHA for a
22 healthy future. I am happy to answer any
23 questions you may have. Thank you.

24 CHAIRPERSON MENDEZ: Thank you, Mr.
25 Chairman.

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2 For the public, sitting with us
3 today are members of the Committee. To my far
4 left Council Member Maria Carmen Arroyo from the
5 Bronx, and next to her is Council Member Dan
6 Halloran from Queens. And there are several
7 hearings going on as we speak, so more members may
8 be coming in and out.

9 Mr. Chairman, thank you for your
10 testimony. My first question is about why this
11 report was necessary. Since I've been chair of
12 the then-Subcommittee and now Committee on Public
13 Housing, NYCHA put out a seven-point plan to
14 preserve public housing and then a plan to
15 preserve public housing, so why was this report
16 necessary and why did we need to get an outside
17 consultant and pay them \$10 million?

18 JOHN RHEA: Well as I stated in my
19 testimony, it became clear during our internal
20 assessment while preparing Plan NYCHA that we
21 would benefit from the perspective of an
22 independent unbiased party, who could not only
23 analyze the current state of our operations and
24 performance, but also share best practices and a
25 framework for our future. So we tasked BCG with

1 performing a comprehensive current state
2 assessment of NYCHA's central services and borough
3 office support functions, developing and
4 recommending changes based on its assessment, and
5 providing strategic support to NYCHA for
6 implementation for our new business plan.
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8 CHAIRPERSON MENDEZ: So NYCHA
9 couldn't develop this report on its own.

10 JOHN RHEA: We could not.

11 CHAIRPERSON MENDEZ: Okay. And
12 what about the plan to preserve public housing and
13 the seven-point plan to preserve public housing?
14 Many of those measures were not implemented, so
15 that was done in-house, was there anything from
16 those reports that made you think that we needed
17 to do this, you know, outsource this report and
18 have someone else work on it?

19 JOHN RHEA: I think there are a
20 couple questions there, the first one is, again, I
21 repeat, as we worked on Plan NYCHA it became very
22 apparent to us that we would benefit from expert
23 third party insights and support. Secondly, we
24 are implementing the initiatives in Plan NYCHA and
25 we will continue to fully flesh those out, engage

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2 our stakeholders to move the Plan NYCHA
3 initiatives forward. Third, BCG was asked and
4 tasked with helping us actually put more detail
5 roadmaps and implementation planning around one of
6 the Plan NYCHA initiatives, which was how to
7 streamline our support functions and our central
8 office [off mic] structure and move more resources
9 to the front line. So fundamentally, Plan NYCHA
10 drove the engagement of BCG and the work we
11 pursued with them.

12 CHAIRPERSON MENDEZ: So the seven-
13 point plan to preserve public housing and the plan
14 to preserve public housing were not adequate? Are
15 you familiar with those plans, Chairman?

16 JOHN RHEA: I'm intimately familiar
17 with those plans. Those plans are a roadmap for
18 our future, each one of those initiatives that you
19 were referencing in Plan NYCHA has substantial
20 amount of work underlying it that we not only have
21 to engage our stakeholders and partners and
22 employees in designing and implementing, but also
23 ensuring that we capture all of the economic and
24 financial value in those plans. So this is one
25 component of Plan NYCHA reducing our central

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office cost structure and moving those resources and savings that are identified and captured to our front line where residents are served.

CHAIRPERSON MENDEZ: Mr. Chairman, how many NYCHA staff was working with BCG on this report?

JOHN RHEA: Well over 100 members of the NYCHA staff--

[Crosstalk]

CHAIRPERSON MENDEZ: [Interposing]
How many?

JOHN RHEA: Well over 100.

CHAIRPERSON MENDEZ: You don't know exactly?

JOHN RHEA: No, I don't have an exact number. Well over 100.

CHAIRPERSON MENDEZ: Two hundred, three hundred?

JOHN RHEA: Probably closer to 150.

CHAIRPERSON MENDEZ: Okay. And so how many staff people in NYCHA at the 250 office?

JOHN RHEA: Well we don't look it at the 250 office, we have--

CHAIRPERSON MENDEZ: [Interposing]

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Okay. So how many overall?

JOHN RHEA: --we have central, we have central support functions and central office and that number is between, call about 2,500 people.

CHAIRPERSON MENDEZ: And so BCG did any work with staff outside of 250?

JOHN RHEA: Yes, they did.

CHAIRPERSON MENDEZ: They did, so they went out into the developments.

JOHN RHEA: They went out into the borough offices and they went into some of the development offices where we have central support functions in those offices.

CHAIRPERSON MENDEZ: So what expertise does a third party like BCG bring to doing a report like this?

JOHN RHEA: Principally, analytical and technical support.

CHAIRPERSON MENDEZ: Oh, that's concise answer, okay. So can you tell me about the procurement process or how the bidding was done to select BCG to do this report?

JOHN RHEA: As I said in my

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testimony, we used a piggyback method of procurement.

CHAIRPERSON MENDEZ: What does that mean?

JOHN RHEA: It's a common practice that government entities have the ability to utilize contracts that other government agencies have publicly competitively procured services.

CHAIRPERSON MENDEZ: So you piggybacked off of?

JOHN RHEA: An existing contract that BCG had with another public housing authority.

CHAIRPERSON MENDEZ: Where was this other public housing authority?

JOHN RHEA: In Atlanta.

CHAIRPERSON MENDEZ: Okay. So you can piggyback all over the nation?

JOHN RHEA: Yes, we have the ability to piggyback all over the country with various governmental entities.

CHAIRPERSON MENDEZ: And so BCG was doing a similar type of analysis for the Atlanta public housing authority?

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JOHN RHEA: That is correct.

CHAIRPERSON MENDEZ: And how big is the Atlanta public housing authority, just out of curiosity.

JOHN RHEA: [Interposing] I can't, I don't have the specifics with me today.

CHAIRPERSON MENDEZ: Anybody has the specifics?

JOHN RHEA: It's one of the largest--

[Crosstalk]

CHAIRPERSON MENDEZ: [Interposing] Council Member Halloran, you want to Google that for us? You're always good at finding--

COUNCIL MEMBER HALLORAN:
[Interposing] Was actually in the process of doing that.

CHAIRPERSON MENDEZ: See, I knew that. So he will get us the answer in just a second, I could always count on him for that. Now initially, the contract was for a little over \$6 million, and that was at a March board meeting that I attended, and when I was there, it was unclear to me what we were exactly getting. And

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2 then in September, six months later, \$4 million
3 additional were added to the contract. Can you
4 tell me what we initially contracted for 6 million
5 and why an additional 4 million was necessary?

6 JOHN RHEA: We expanded the work to
7 include substantially more implementation planning
8 and implementation work and implementation support
9 for BCG. So the actual areas that we were
10 investigating in terms of doing the diagnostic, in
11 terms of making recommendations to improve our
12 operations and to begin to resource and plan that
13 remained the same, but we expanded the amount of
14 support that would be required in order for us to
15 turn those recommendations into realizable savings
16 and to ensure that we had the organization
17 resourced and planned to execute.

18 CHAIRPERSON MENDEZ: Now--

19 COUNCIL MEMBER HALLORAN:

20 [Interposing] Point of information, Council
21 Member?

22 CHAIRPERSON MENDEZ: Yes.

23 COUNCIL MEMBER HALLORAN: So you
24 know, there's 8,200 federalized private housing
25 units in Atlanta and there's 17,000 in total in

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the city of Atlanta.

CHAIRPERSON MENDEZ: Seventeen thousand units, federalized units?

COUNCIL MEMBER HALLORAN: No, 17,000 in total, 8,200 of which are federal.

CHAIRPERSON MENDEZ: Oh, okay. Seventeen--

COUNCIL MEMBER HALLORAN: That's at least according--

CHAIRPERSON MENDEZ: --thousand total--

COUNCIL MEMBER HALLORAN: --to the New York Times, I'm assuming they're correct.

CHAIRPERSON MENDEZ: --and in New York City we are 300, what, 300 and?

COUNCIL MEMBER HALLORAN: Fourteen thousand--

CHAIRPERSON MENDEZ: [Interposing] Three hundred and seventy-eight thousand units?

[Off mic]

CHAIRPERSON MENDEZ: One, thank you. I just had 200,000 extras, okay. Okay. Do we know by any chance, Chairman or Council Member Halloran, how much Atlanta paid for their contract

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that we piggybacked on?

[Off mic]

CHAIRPERSON MENDEZ: Atlanta paid
10 million as well?

[Off mic]

JOHN RHEA: Correct.

CHAIRPERSON MENDEZ: Correct, wow.
Okay. So maybe we got off cheap? I don't know.
I'm going to in a minute turn it over to my
colleague for some questions, but what was of
interest to me was what topics were being analyzed
by BCG and areas that were out of scope,
particularly NYPD, which this housing authority
pays close to 75 million in expense to the police
department, and then a couple additional million
for capital purchasing their automobiles. So why
did the Authority not have BCG look at that? That
would be a huge cost savings to the Authority.

JOHN RHEA: As I said before, the
scope of the work was looking at our central
office cost and support functions, the NYPD
contract is not part of that.

CHAIRPERSON MENDEZ: How did you
pick what was going to be focused on and how it

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got expanded?

JOHN RHEA: As I referenced in my testimony, and my follow--your first follow up question about Plan NYCHA, reducing our central office cost structure and becoming more efficient with our support functions was a fundamental goal of Plan NYCHA and we needed to have additional support in order for us to explore that area because we knew there were large savings to be achieved in that area, and that's what the scope of the work was intended to accomplish.

CHAIRPERSON MENDEZ: I'm going to call on Council Member Halloran and give him an opportunity to ask some questions.

COUNCIL MEMBER HALLORAN: Thank you, Madam Chair. It's good to have you here, Chairman, I appreciate your testimony. I know that at times we have gone back and forth and I appreciate the chair's answers, but I want to try to bang down some information. According to the report that was made, it indicates that there were huge variations in costs amongst your supply vendors, I believe one of the ones that the Daily News cited was that it was an \$8 a gallon paint

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2 can in one location and a \$28 for the same gallon
3 of paint at another location. Are you planning on
4 having inventory control methods in place that
5 will parallel or track your vendors and their
6 supplies to ensure that those costs become uniform
7 across NYCHA? And is there a reason why you would
8 be using procurement methods outside of the City's
9 normal channels, which would perform--which would
10 create costs for the same items as they do in
11 every other City agency across the city of New
12 York?

13 JOHN RHEA: Well I can't speak for
14 the City's procurement methodologies; I can only
15 speak for NYCHA's. We are an independent public
16 benefit corporation to the extent that there are
17 opportunities from the City's procurement
18 practices, that's why we went through benchmarking
19 exercises from not City agencies, but private
20 corporations, other public housing authorities,
21 and others and we're looking to take those
22 recommendations and prove how we procure
23 materials.

24 Your question about our, you know,
25 the paint or any individual purchased item is not

1
2 an inventory issue, as you suggested, it's a
3 procurement issue and one of the things in BCG's
4 recommendations is to reduce from four procurement
5 organizations buying groups within NYCHA to one
6 centralized procurement organization, and we're
7 pursuing that to get more uniform purchases, as
8 well as better pricing and better delivery.

9 COUNCIL MEMBER HALLORAN: Well just
10 on that vein, simply having one uniform
11 procurement location does not a savings make.
12 Certainly, there have been times where the
13 Pentagon has had uniform procurement and it's
14 related in \$400 toilet seats. So I don't know
15 that simply having one procurement agent is the
16 answer.

17 I guess my follow up to that is
18 what will you do to ensure that we have the lowest
19 but best costs effective methodology in place with
20 regards to those type services?

21 JOHN RHEA: As I mentioned in my
22 earlier testimony, some of the areas we're
23 pursuing are strategic sourcing, that's obviously
24 a planning effort to ensure that you're buying the
25 right things at the best possible price. I

1
2 mentioned that we were looking to move to things
3 like just-in-time delivery of materials so that we
4 don't actually have to buy things, store them in
5 warehouses and have additional cost through
6 handling and moving those materials around; and
7 then, third, I mentioned things like vendor-
8 managed inventory, which would, again, reduce our
9 costs. So there's a series of things that we're
10 looking to do to reduce the expense of our supply
11 chain.

12 COUNCIL MEMBER HALLORAN: Okay.
13 Now speaking of inventories, way back when at a
14 hearing when I was a freshman three years ago we
15 started a discussion about the inventorying of
16 NYCHA properties which was happening in various
17 phases, and apparently that is something that
18 NYCHA hadn't done before, you were in the process
19 of doing it, it was, I think, a three-phase
20 process. Is that process now complete?

21 JOHN RHEA: I'm sorry, Council
22 Member, could you ask the question--

23 COUNCIL MEMBER HALLORAN: Sure.

24 JOHN RHEA: --a different way, when
25 you say inventorying of our proprieties--

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COUNCIL MEMBER HALLORAN:

[Interposing] Inventorying of your properties that are not currently built on but could be built on; there was a series of three different--two different Council hearings where we had that discussion. Do you recall that, Mr. Chairman?

JOHN RHEA: So the BCG work did not look at opportunities to realize value from our real estate.

COUNCIL MEMBER HALLORAN: Okay.

JOHN RHEA: We are looking at that as part of Plan NYCHA, as Chair Mendez asked earlier about the Plan NYCHA initiatives and I said we are aggressively pursuing what we outlined in Plan NYCHA with a substantial amount of engagement of our stakeholders and partners. One of the things that we're looking at is how to realize value from our real estate.

COUNCIL MEMBER HALLORAN: Yes, and I believe that when you testified--and, again, my memory is sometimes not always perfect--was that it was a two or three-phase process first identifying the properties and locating them, I believe that had been done. And then there was

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some timetable set for you to go forward. Are we in-line with those timetables? 'Cause for some reason the fall seemed to click to me as being one of those deadlines. Are we making it or not?

JOHN RHEA: Yes, we are.

COUNCIL MEMBER HALLORAN: Okay.

JOHN RHEA: And earlier this week, I referenced some of our plans that we're engaging our broader stakeholders to develop some of our properties going forward, that is built off of a process of inventorying and understanding the opportunities at each of those sites.

COUNCIL MEMBER HALLORAN: But so far as you're concerned, the report that was issued had no contact or no input in relationship to those uninventoried, previously uninventoried properties and whether they're developable or utilizable in some way for financial resources.

JOHN RHEA: Right, BCG's report did--

[Crosstalk]

COUNCIL MEMBER HALLORAN:
[Interposing] Does not talk about that.

JOHN RHEA: --at all.

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COUNCIL MEMBER HALLORAN: Okay.

Has there been or was there in this report any analysis looking at the fact that NYCHA properties, public housing is exempt from our normal PLA and union construction, sort of, projects here in New York City, and whether or not there's a cost effectiveness analysis that could be done to determine whether upkeep maintenance or rework by these non-union sources will impact the economics of what you're doing and how NYCHA is doing it?

JOHN RHEA: PLA specifically was not evaluated as part of BCG's work. Again, BCG did look at certain areas so that work would--what you just asked about, a PLA, for example--would impact our capital projects work.

BCG did look at the administrative and support functions of the capital project area, but what you're referring is really--

[Crosstalk]

JOHN RHEA: --about the construction piece of it and that was not within scope.

COUNCIL MEMBER HALLORAN: And

1
2 finally, and then I'll turn it back over to the
3 chair, a previous Mayor, Rudy Giuliani, had a
4 something called the broken window philosophy that
5 if you fix the broken windows, things tend to get
6 better image-wise and I know that our chair has
7 been very interested in ensuring that the security
8 door monitoring, intercom, entryway projects were
9 going forward and a lot of that had been stalled.
10 I know the report points out that over \$995
11 million was unspend, of \$1.2 billion that's come
12 down from HUD. Can you tell just a little bit
13 about whether this report discussed those types of
14 bureaucratic holdups and the impact--economic,
15 safety, and otherwise--that may be caused by those
16 kinds of red tape snafus, which are clearly not
17 your fault, they're simply the function of a big
18 government that's not able to figure out where all
19 the necessary PEGs are, so could you talk to that
20 issue, please, for me, Mr. Chair?

21 JOHN RHEA: So the first thing I
22 want to say in response to that is we are very
23 focused on maintenance and repair and doing things
24 to change the quality of life for residents first
25 and foremost. The effort with BCG is

1
2 fundamentally about creating savings that we could
3 reinvest at the front line where residents feel
4 the benefit and that's why we believe these
5 identified savings that, as I said in my
6 testimony, that would generate \$100 million by
7 2016 cumulatively to reinvest at the property
8 level to fix those broken windows and those doors
9 that you reference, Council Member, is exactly
10 what we should be doing as part of Plan NYCHA.

11 Secondly, the BCG work report did
12 look at how we can do a better job of expediting
13 our capital planning timeline, and in my report I
14 referenced that we are going from 24 months to
15 obligate to 18, and going from 36 months to expend
16 down to 24--I'm sorry, 48 to 36, so that's a 25%
17 increase or reduction in the time it takes us to
18 plan and expend for capital projects that improve
19 the quality of our developments and ensure that
20 the buildings are in a state of good repair.

21 So the BCG work did look at that
22 component of what you're referring to and we
23 believe that there are material benefits that
24 residents will receive as a result of that.

25 COUNCIL MEMBER HALLORAN: Thank

1
2 you, Mr. Chair and Madam Chair, I appreciate what
3 you've been doing in this department and I know
4 that there are many Council Members, some of
5 who've left this body at this point, who have
6 given money towards those types of improvements to
7 not see them happen, so hopefully, we will get
8 that on the fast track. Thank you.

9 CHAIRPERSON MENDEZ: Thank you,
10 Council Member. We've been joined by Council
11 Member Melissa Mark-Viverito from Manhattan and
12 Council Member Jimmy Van Bramer from Queens. And
13 as I mentioned, there are other hearings going on
14 and actually the Council Member's going to go
15 chair her own hearing across the street, but thank
16 you for joining us for a little bit.

17 And now Council Member Arroyo.

18 [Pause]

19 COUNCIL MEMBER ARROYO: You're not
20 supposed to hold it--

21 [Pause]

22 COUNCIL MEMBER ARROYO: Good
23 afternoon, Mr. Chair. Thank you, Madam--

24 JOHN RHEA: Good afternoon.

25 COUNCIL MEMBER ARROYO: --Chair. A

1
2 couple of numbers in your testimony and I'm trying
3 to understand which one we should be celebrating.
4 The savings and revenue reallocation of
5 approximately \$55 million annually by 2016 on page
6 four; 70 million in annual savings by 2016 on page
7 one; on page five, the revised five-year operating
8 plan shared this summer outlines 38 million in
9 support and administrative function annual salary
10 and fringe savings by 2016. So all of it is 100
11 million or are we looking at different things?

12 JOHN RHEA: So we're looking at
13 different things and I'll try to make them very
14 discreet and clear. The BCG report identifies up
15 to \$70 million of savings that NYCHA can achieve
16 by changing processes, better planning,
17 redesigning how we do work. They also identify
18 what they refer to as \$55 million of potential
19 revenues. Now the revenue thing is a little bit
20 hard to understand and I will just try and do it
21 as clearly as I can. The principal revenue
22 opportunities that BCG identifies deals with our
23 Section 8 program and what they're looking at are
24 ways in which we can reduce how much we pay for
25 each individual voucher, so savings per voucher.

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2 And if we make those savings, how that can serve
3 more people. So it's not actually more money
4 coming to the Housing Authority, but it's taking
5 the money that we do receive and being more
6 efficient with it so we can serve more people.

7 COUNCIL MEMBER ARROYO: So you can
8 serve 55 million--

9 JOHN RHEA: [Interposing] Fifty-
10 five million dollars worth--

11 COUNCIL MEMBER ARROYO: --worth--

12 JOHN RHEA: --of more people.

13 COUNCIL MEMBER ARROYO: --of more
14 people.

15 JOHN RHEA: Right. So it's not
16 technically revenue, but they refer to it as a
17 revenue as opposed to as a cost saving which is a
18 cost saving would be get that can of paint
19 cheaper. So they distinguish between those two
20 areas.

21 Now what we've said in our--the 38
22 million and 100 million that you refer to is we
23 have taken of BCG's identified opportunities,
24 we've already taken 38 million of those, and
25 that's an annual number so by 2016 we would

1
2 actually be saving \$38 million every year going
3 forward, so not one time, but every year NYCHA
4 would have \$38 million less of expenses than we
5 currently do today based upon implementing a
6 number of BCG recommendations. So we've already
7 programmed those into our budget, we've committed
8 to deliver against those.

9 And just as the last point, so you
10 have the 100 million. And the 100 million is
11 basically saying between now and 2016--and I can
12 take you through the exact numbers--but it's a
13 build up to get to that 38 million. So in year
14 one, it's X million; in year two, it's X million
15 plus; by year 2016, it's 38 million, and if you
16 add up that cumulative period between now and
17 2016, that adds up to \$100 million of real savings
18 in NYCHA's five-year budget.

19 COUNCIL MEMBER ARROYO: I think I
20 got that.

21 JOHN RHEA: Okay.

22 COUNCIL MEMBER ARROYO: So the
23 savings over the--the revised five-year operating
24 plan in support and administrative function annual
25 salaries and fringe benefits, that sounds like

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people and jobs. Are you or does this plan call for the elimination of positions in NYCHA?

JOHN RHEA: Headcount reductions are considered in the BCG report and, in fact, as part of the \$70 million in savings, BCG calls for 550 person reduction in staff.

COUNCIL MEMBER ARROYO: But in your testimony, you say that you're going to be hiring more people, so isn't that a contradiction?

JOHN RHEA: Actually, no, it's not a contradiction at all. We are reshaping the organization, what we are attempting to do from the very beginning, just go back to the simple, kind of--the fundamentals of this effort is to reduce our central office and support functions cost and to take those savings and to reinvest it in our front line where residents get served. So if we can hire more caretakers, we can hire more plasterers, we can hire more housing assistants-- the people who actually serve residents every day versus the central office and support functions that, obviously, are important to NYCHA because you can't run an agency without people who do finance and accounting and human resources--

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COUNCIL MEMBER ARROYO:

[Interposing] So the 150 is coming from your
central operation--

[Crosstalk]

CHAIRPERSON MENDEZ: [Interposing]

Is it 150 or 550?

COUNCIL MEMBER ARROYO: Five fifty?

JOHN RHEA: You meant people--

CHAIRPERSON MENDEZ: [Interposing]

The headcount reduction.

JOHN RHEA: I'm just--please, when
you said 100, were you referring to the money or
were you referring to the--

COUNCIL MEMBER ARROYO:

[Interposing] No, well I thought I heard 150 FTEs--
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JOHN RHEA: [Interposing] No--

COUNCIL MEMBER ARROYO: Five--

[Crosstalk]

JOHN RHEA: --550.

COUNCIL MEMBER ARROYO: Okay. I
stand corrected. So that 550 will be from the
NYCHA central office operations?

JOHN RHEA: Central office and

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support functions, correct.

COUNCIL MEMBER ARROYO: And that
550 number gets redeployed out to the developments
in what number and in--

JOHN RHEA: [Interposing] The vast-

-

COUNCIL MEMBER ARROYO: --

plasterers and handymen--

[Crosstalk]

JOHN RHEA: --the vast, the vast,
the vast majority of it. So, I mean, I mentioned-

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COUNCIL MEMBER ARROYO:

[Interposing] But at the end of the day, how many
FTEs are you reducing?

JOHN RHEA: As I mentioned in the
testimony, of the 38 million that we're committing
to by year 2016, \$27 million of that is being
reinvested into the front line--

COUNCIL MEMBER ARROYO: Okay.

JOHN RHEA: --into more FTEs in the
front line to serve residents, and only 8 million
of it is going to reduce NYCHA's budget deficit.

COUNCIL MEMBER ARROYO: Okay.

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2 JOHN RHEA: So as I said, the vast
3 majority is being reshaped from central support
4 functions to staff and operations that support
5 residents' quality of life on a daily basis.

6 COUNCIL MEMBER ARROYO: And 27
7 million hires how many, roughly?

8 ANDREAS SPITZER: We estimate about
9 225 in our--

10 COUNCIL MEMBER ARROYO:
11 [Interposing] Speak up a little bit or closer to
12 the mic.

13 ANDREAS SPITZER: We estimate about
14 225 in our--in the plan that we--

15 [Crosstalk]

16 COUNCIL MEMBER ARROYO:
17 [Interposing] That we can expect and--

18 CHAIRPERSON MENDEZ: [Interposing]
19 Excuse me--

20 COUNCIL MEMBER ARROYO: Yes.

21 CHAIRPERSON MENDEZ: --one is you
22 need to identify yourself for the record.

23 COUNCIL MEMBER ARROYO: I'm sorry.

24 ANDREAS SPITZER: Andreas Spitzer,
25 Chief Financial Officer.

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CHAIRPERSON MENDEZ: And the second is for the general public, FTE is full time--

COUNCIL MEMBER ARROYO: I'm sorry.

CHAIRPERSON MENDEZ: --equivalent, okay? All right.

COUNCIL MEMBER ARROYO: Or people on the ground doing the--

CHAIRPERSON MENDEZ: People.

COUNCIL MEMBER ARROYO: --work. Sorry about that. So 27 million in new on the front line in the development workforce.

JOHN RHEA: Yes.

ANDREAS SPITZER: Yes.

COUNCIL MEMBER ARROYO: Okay. And when can we expect to see that begin to happen?

JOHN RHEA: Well we've actually started to hire in advance of achieving these savings so we are aggressively running in parallel. Partially utilizing some of the funds that the City Council was so generous to provide to us of \$10 million and partially because we've already begun generating some of these savings we discussed, so we've already hired a number of these full-time equivalents.

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2 COUNCIL MEMBER ARROYO: And you did
3 say are all of these individuals going to be NYCHA
4 residents; is that a commitment that's being made
5 by the Authority?

6 JOHN RHEA: Well I just was
7 referencing what we have done to-date. The money
8 that the City Council provided to us was for
9 improving maintenance and repair at, you know,
10 within our developments and to use that money to
11 provide employment for public housing residents
12 doing that maintenance and repair work. And so
13 that portion has definitely been 100% residents.
14 We're not saying going forward that all of the
15 savings from central office that would go to hire
16 more people on the front line would solely be
17 residents, but we would hope they're the vast
18 majority and the lion's share of them would be
19 residents.

20 COUNCIL MEMBER ARROYO: And what
21 are we doing to prepare our residents to compete
22 for those jobs?

23 JOHN RHEA: So we--

24 COUNCIL MEMBER ARROYO: My
25 preference would be that they be all NYCHA

1
2 residents, but to be an equal opportunity
3 employer, I'm not--I don't know if that's
4 something you can get away with, but how do we
5 prepare our residents to compete for those jobs?

6 JOHN RHEA: So we could spend a lot
7 of time on that, I'll just try to give you two
8 examples, we specifically created the NYCHA Robin
9 Hood Training Academy which trains residents for
10 construction jobs, for property management, and
11 for extermination, and we've hired our residents
12 directly out of that program. Secondly, we've
13 worked very closely with Greg Floyd and the team,
14 the Local 237, to come up with additional training
15 programs and our--in particular caretaker program
16 that we created, which is a new title, a new role,
17 to bring more maintenance people into public
18 housing through resident training and employment.
19 And third, we are expanding our Jobs Plus program
20 with a grant that the City and NYCHA were able to
21 secure, which also will not only do outreach to
22 public housing residents, but employment link
23 training and other supports for work.

24 So there are a number of
25 initiatives that are going on to ensure that our

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residents have the expertise and the skill set to get these jobs.

COUNCIL MEMBER ARROYO: One of the things I'd like to know, and we can go offline on this conversation, is how do I get this information out into the 13 developments in my district.

JOHN RHEA: Okay. Love to work--

COUNCIL MEMBER ARROYO: 'Cause I think that--

JOHN RHEA: --with you on that.

COUNCIL MEMBER ARROYO: --you will have more than enough candidates for the jobs that you are looking to fill.

And then the last question, how many--I haven't read the report, sorry, how many recommendations in total and how many did you adopt and how far in the process are you on implementing them?

JOHN RHEA: There, as I said in my testimony, there were over 100 recommendations contained in the report, we are supportive of those recommendations. As we said, we've already programmed many of those recommendations into our

1
2 existing budget. And I said in my testimony that
3 we continue to evaluate some of the
4 recommendations, not because we reject them but
5 because they're risk in some of the
6 recommendations in terms of potential disruption
7 to our workflows, and obviously, we serve 600,000
8 residents every day, we have to be very conscious
9 about disruption to our workflows.

10 Secondly, there are resource
11 constraints, not just management time and
12 attention to implement these programs, but also
13 many of the recommendations require investments in
14 things like IT and other kinds of supports in
15 order to make those recommendations
16 operationalized.

17 And third, we need substantial
18 engagement with our stakeholders, whether it be
19 our employees, whether it be our labor unions,
20 whether it be other stakeholders who will be
21 ultimately residents ultimately impacted by some
22 of the proposed recommendations, and we need the
23 opportunity for that engagement process.

24 COUNCIL MEMBER ARROYO: Okay. And
25 I want to thank you and your staff, Raymond and

1
2 Michael and the other folks in Capital, for all of
3 the attention you've put into the security systems
4 implementation process. We've had some very good
5 conversations in my district with the tenant
6 leaders there and I want to thank you for the
7 attention that you've put to that process, I
8 really appreciate it.

9 RAYMOND RIBEIRO: Thank you, you're
10 welcome.

11 CHAIRPERSON MENDEZ: Thank you,
12 Council Member. Mr. Chairman, getting back to BCG
13 and the Atlanta Housing Authority, was--do you
14 know if their scope on--

15 [Pause]

16 CHAIRPERSON MENDEZ: --their
17 consultant work was similarly limited or the same
18 scope as NYCHA's?

19 JOHN RHEA: Yes, NYCHA scope and
20 the Atlanta scope was fundamentally the same.

21 CHAIRPERSON MENDEZ: And did you
22 see a copy of the Atlanta report when NYCHA
23 decided to piggyback on?

24 JOHN RHEA: I did not.

25 CHAIRPERSON MENDEZ: And how did

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2 you find out that Atlanta was using BCG as a
3 consultant?

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JOHN RHEA: We were looking at our
5 options to find this type of support and we found
6 out that the Boston Consulting Group was engaged
7 with the Atlanta Housing Authority in similar
8 work.

9

CHAIRPERSON MENDEZ: Okay. So that
10 just came to you or is there, like, meetings of
11 all the Public Housing Authorities or did HUD
12 mention that there was a similar project going on
13 with Atlanta or...?

14

JOHN RHEA: I can't tell you
15 exactly, all of above.

16

CHAIRPERSON MENDEZ: All of the
17 above, okay.

18

JOHN RHEA: All of, yeah, we're a
19 member of the Council of Large Public Housing
20 Authorities, we speak with our peers, management
21 within NYCHA speaks with its peers at other
22 Housing Authorities, you know, professional
23 services organizations tout the work that they're
24 doing, all of the above.

25

[Long pause]

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2 CHAIRPERSON MENDEZ: In the
3 executive budget hearing, I believe it was Chair
4 Recchia of Finance asked about your work for BCG,
5 you apparently worked for them, I believe you said
6 17 years ago, and were--was HUD or anyone else
7 informed about that relationship prior to any
8 piggybacking?

9 JOHN RHEA: I can't say whether HUD
10 was informed about that relationship prior to
11 piggybacking, I can say that my employment history
12 and record is well documented as part of my
13 employment with the City, as part of my department
14 of--my DOI clearance process, on my resume, you
15 know, in many, many ways, and so my employment 17
16 years ago with BCG was known. I can't say whether
17 HUD was specifically apprised prior to us entering
18 into the contract.

19 CHAIRPERSON MENDEZ: And how about
20 the Board, was the Board informed or was their
21 memories refreshed as to your employment history
22 before they voted on piggybacking BCG?

23 JOHN RHEA: It was common knowledge
24 throughout the Authority and with the Board
25 members of my prior employment with BCG 17 years

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ago.

CHAIRPERSON MENDEZ: Thank you.

[Pause]

CHAIRPERSON MENDEZ: So the Authority is pleased with the recommendations and you're moving forward with implementation of the--

JOHN RHEA: [Interposing] Yes, we're very pleased with the recommendations, with the opportunity to realized hundreds of millions of dollars of savings to reinvest in our front line operations.

CHAIRPERSON MENDEZ: And--

[Pause]

CHAIRPERSON MENDEZ: So well let me--and I mentioned this in my opening, this report to me is not really a report, it's like a PowerPoint presentation, it's not easy to follow, certainly for the everyday, average New Yorker who's looking at this. Is there going to be any kind of plain English report for the public?

JOHN RHEA: BCG published their report which we made immediately available to the public, and that's the report.

CHAIRPERSON MENDEZ: So since you

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mentioned that, in June executive budget hearing, you told us here at the City Council and on the record that the report was finished but you were not going to release, you would release parts as you determined was appropriate. So now you're saying you released it as soon as you released it so which one is it?

JOHN RHEA: Well two things, number one, you're paraphrasing what I said; I didn't say what you just said--

CHAIRPERSON MENDEZ: [Interposing]
Yeah, I don't have the minutes here so I can't--

JOHN RHEA: Okay. So--

CHAIRPERSON MENDEZ: --tell you exactly what you said so--

JOHN RHEA: --so I just want to be clear, I didn't say what was just said. I did, however, misspeak, the report was not complete and once the report was complete we immediately released it to the public. And we never had any intentions of cherry picking pieces of the report to make available to the public and keeping pieces from the public, so we released the full report as soon as we received it.

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2 CHAIRPERSON MENDEZ: Okay. And is
3 there going to be any kind of report that will be
4 easy for the public to follow, as opposed to this
5 PowerPoint presentation that is currently the 111
6 pages of report?

7 JOHN RHEA: Not from BCG, however,
8 as I said in my testimony, we continue to engage
9 our stakeholders in the recommendations that we're
10 implementing, and the goal is to make sure that
11 the important affected parties understand what
12 we're doing, why we're doing it, and how they can
13 help us achieve the financial benefits. So we
14 will continue at NYCHA to communicate around
15 these--and there are multiple ways to do that, we
16 did it through the budget process, for example,
17 when we talked about what's in our budget and that
18 many of the \$38 million that's showing up in the
19 budget between now and 2016, we talked about
20 specific examples of how we were achieving that.
21 So whether it's through our budget process,
22 whether it's through the Plan NYCHA communication
23 initiatives, there will be--whether it's through,
24 you know, one-on-one conversations with the
25 affected heads of the stakeholders involved, we

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2 will continue to communicate in very plain English
3 what we're doing, why we're doing it, and seeking
4 their support and partnership.

5 CHAIRPERSON MENDEZ: So you're
6 moving forward now with implementation of this BCG
7 report, correct?

8 JOHN RHEA: That is correct.

9 CHAIRPERSON MENDEZ: What is BCG's
10 role at this given moment?

11 JOHN RHEA: They are no longer
12 involved.

13 CHAIRPERSON MENDEZ: So you're just
14 implementing this on your own now.

15 JOHN RHEA: That is correct.

16 CHAIRPERSON MENDEZ: Okay. So BCG
17 is completely done?

18 JOHN RHEA: That is correct.

19 CHAIRPERSON MENDEZ: Okay. BCG
20 mentioned they did another \$5 million additional
21 something or other side--

22 JOHN RHEA: [Interposing] That's
23 their assessment, again, that's BCG's report,
24 that's their assessment of work that was out of--
25 outside of the scope of what we hired them to do

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2 and paid them to do. We appreciate the work that
3 they performed without compensation, but we can't
4 tell you that it was \$5 million or \$2 million or
5 \$10 million worth of work, it's their assessment
6 of the value--of how much they invested in order
7 to provide that and produce those recommendations.

8 CHAIRPERSON MENDEZ: Thank you.

9 Mr. Chairman, can you give me an example of what
10 was out of scope that they claimed they did the
11 additional 5 million work? Just like an idea so
12 we can...

13 JOHN RHEA: I mean, there was a
14 list of things in their report, but, for example,
15 we asked them--or they offered and we accepted to
16 quantify the potential value of the Plan NYCHA
17 initiatives. So as you mentioned earlier, there's
18 a lot in Plan NYCHA and many of those things in
19 Plan NYCHA have real economic value to NYCHA and
20 to NYCHA's residents, and so they took a look at
21 many of those initiatives and quantified it, came
22 up with how much money could it ultimately produce
23 for NYCHA and benefit to the residents. So that's
24 an example, it wasn't part of the scope at all,
25 but they recognized that our fundamental goal here

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2 is to find ways to either save money or create
3 revenues and resources to invest in our front
4 line.

5 CHAIRPERSON MENDEZ: Mr. Chairman,
6 in your testimony, you say there are 3,000 fewer
7 employees at NYCHA. Now was that through
8 attrition or, you know, was it people retiring and
9 positions that were not filled or a combination?

10 JOHN RHEA: All of the above,
11 including--

12 [Crosstalk]

13 JOHN RHEA: --some layoffs.

14 CHAIRPERSON MENDEZ: And those
15 positions were not just front line, they were also
16 central staff?

17 JOHN RHEA: Yes, but given the
18 shape of the organization and the dynamics of
19 attrition and other decisions, the vast majority
20 were in the front line.

21 CHAIRPERSON MENDEZ: Vast majority.
22 And now we're talking about another 550 additional
23 from...?

24 JOHN RHEA: This would be from
25 central office and support--

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CHAIRPERSON MENDEZ: [Interposing]

Central office.

JOHN RHEA: --and support

functions.

CHAIRPERSON MENDEZ: And--

JOHN RHEA: And some of those

support functions are in, not just the 250 and 90

Church, they may be at a borough office, but it's

doing finance or IT, not doing property

management.

CHAIRPERSON MENDEZ: And so now

with that cost savings, you're talking about

replenishing that front line staff that in the

years past--

JOHN RHEA: [Interposing] That's

exactly correct.

CHAIRPERSON MENDEZ: --was--

JOHN RHEA: [Interposing] Depleted.

CHAIRPERSON MENDEZ: Depleted,

that's a good way--catchall phrase, great.

[Pause]

CHAIRPERSON MENDEZ: If you can--

and Council Member Arroyo got into some of these

cost savings--if you can tell us a little bit more

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2 about that. And where those cost savings will be
3 realized, we're talking about 70 million in the
4 next four years, but what can we readily see,
5 let's say, in the next year or two and, I'm
6 assuming we're going to rework that money and
7 bring it right into the development so that
8 residents can see some maintenance--

9 JOHN RHEA: [Interposing] So, yes--

10 CHAIRPERSON MENDEZ: --work.

11 JOHN RHEA: --so maybe the best
12 thing we could do is kind of calendarize the
13 savings that we are programming into our five-year
14 budget, and that's one way to answer your question
15 and then if you want maybe some follow up, we can
16 go from there.

17 ANDREAS SPITZER: Sure, so the BCG
18 report had identified \$70 million--

19 CHAIRPERSON MENDEZ: [Interposing]
20 You just pull that a little--

21 [Crosstalk]

22 CHAIRPERSON MENDEZ: --closer to
23 you.

24 ANDREAS SPITZER: So the BCG report
25 identified \$70 million of potential savings by

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2 2016, as the Chairman said earlier. Our adopted
3 plan for 2012 to '16 incorporated initiatives
4 which will get us to \$38 million of savings by
5 2016, they phase-in as follows: 6 million in
6 2012, about 10 million in 2013, 19 million by
7 2014, 27 million by 2015, and then the 38 million
8 by 2016. All of these savings are FTE related,
9 salary and fringe, they encompass 450 personnel.
10 The BCG report addressed a range of 550 I think--

11 CHAIRPERSON MENDEZ: [Interposing]
12 Hold on, there's some noise outside. Can you
13 repeat that? This is 450--

14 ANDREAS SPITZER: [Interposing]
15 Four hundred and fifty. The BCG report had a much
16 higher number because they were suggesting you
17 could get to \$70 million.

18 [Pause]

19 ANDREAS SPITZER: And, again,
20 they're all coming from support functions.

21 CHAIRPERSON MENDEZ: What, aside
22 from FTEs, are going to result in savings for the
23 Authority through this report?

24 JOHN RHEA: And some of the--the
25 largest opportunity beside the FTE savings was in

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2 the area of procurement, and I want to say that
3 the number was in the \$20 million range, and those
4 are the kinds of activities and recommendations
5 that we are continuing to evaluate to ensure both,
6 A, we have the resources to support their
7 implementation; two, that the risk to the
8 organization can be managed; and, three, that
9 we've engaged all the stakeholders that would be
10 affected, but there are those types of non-FTE
11 savings that are large and that we intend to go
12 after once we've assessed those three areas.

13 CHAIRPERSON MENDEZ: The report
14 references this Enterprise Program Management
15 Office and that this will be one of the
16 implemented recommendations. Has this office been
17 created and how many are there and what kind of
18 resources are being dedicated to this, also
19 referred to as EPMO?

20 JOHN RHEA: E-P-M-O.

21 CHAIRPERSON MENDEZ: E-P-M-O, well
22 your staff has been calling it EPMO. I kind of
23 like it 'cause I like Elmo so it sounds like that
24 to me, but...

25 JOHN RHEA: I'll have to talk to my

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staff.

CHAIRPERSON MENDEZ: Okay.

JOHN RHEA: The short answer is yes, the EPMO office has been created, it reports to the general manager, it has staff today and appropriate staff are being added in order to support its work, and it's main role, as I said in my written testimony, is to track and measure the implementation of the recommendations, and not just the BCG recommendations, but actually all of the Plan NYCHA initiatives and to ensure that the savings that have been budgeted get delivered and that there is cross NYCHA ownership of many of those initiatives because they don't fall in one particular department or functional area, many of these opportunities actually require cross-departmental partnership and ownership and the EPMO is the organization and mechanism that ensures that that happens.

CHAIRPERSON MENDEZ: How many staff is in the EPMO and have they been redirected from another area in NYCHA or are these new staff?

JOHN RHEA: I will get back to you with the exact answer on how many, but it's four

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or five, it's not 20.

CHAIRPERSON MENDEZ: Okay.

JOHN RHEA: It will remain a small unit; again, we're not looking to build up our central office staff. And the second part of your question is, it's a combination of moving people internally and maybe picking up a couple of skills from the external market.

CHAIRPERSON MENDEZ: And you said they are under the direction of the general manager?

JOHN RHEA: That is correct.

CHAIRPERSON MENDEZ: So that would be our point person if we had some follow up?

JOHN RHEA: It certainly would be.

CHAIRPERSON MENDEZ: Okay. Thank you. The BCG report at the very end has an appendix which talks about changes to the board. Was that part of the scope and why is it added as an appendix instead of being just part of the body of the report?

JOHN RHEA: Unfortunately, I can't answer that question, this is BCG's report, I would be totally just speculating on why they

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structured it the way they did.

CHAIRPERSON MENDEZ: Okay. But that was part of the original scope? That was in scope? And was that one of the 5 billion bonus--5 million bonus research that they did for us?

[Off mic]

JOHN RHEA: No, but the appendix. She's specifically asking about an appendix. You're specifically referring to an appendix in--

CHAIRPERSON MENDEZ: [Interposing] I saw it listed as part of the appendix, the board recommendations.

JOHN RHEA: Well, okay, I'm, unfortunately, I'm--

CHAIRPERSON MENDEZ: [Interposing] It's the second appendix, I'm being told.

JOHN RHEA: Okay. So are you--just so I can be sure what your question is, are you asking about the board work, the governance work or are you just asking more generally about anything that's in the appendix?

CHAIRPERSON MENDEZ: I'm asking about the board 'cause it was put later so instead of being put--I already asked, you said you don't

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2 know why they structured it the way they did,
3 however, there are recommendations in there and we
4 also know, as been announced and highlighted in
5 the media, there will be changes to the board that
6 are being recommended. Were these part of BCG's
7 recommendations or are you moving forward--the
8 Mayor, the Administration--with some part of their
9 recommendations on changes to the board?

10 JOHN RHEA: So a couple things,
11 okay, I see the structure you're referring to
12 beginning on page 94, there's an appendix, so to
13 the balance of the work of their report is an
14 appendix. I haven't looked at everything that's
15 in the appendix, but I looked at a couple of
16 things that are in the appendix like the board
17 governance work, and the short answer to your
18 question is, yes, that was outside of the scope of
19 the original work. Having said that, we are
20 implementing--NYCHA is implementing many of the
21 recommendations in BCG's board governance section
22 and many of those things have nothing to do with
23 the structure of the board--no, actually, the
24 BCG's recommendation, actually, none of them have
25 anything to do with the structure of the board so

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2 the Mayor's decision to pursue a new structure for
3 NYCHA's governance is unrelated to BCG's work.

4 CHAIRPERSON MENDEZ: Thank you.

5 We've been joined by Council Member Margaret Chin
6 from Manhattan.

7 The BCG report recommends a
8 property management demonstration project where
9 private management companies will come in and
10 manage some of the NYCHA properties as a test
11 case. Can you tell me where we are with that?

12 JOHN RHEA: The private management
13 company model recommendation is one of those
14 recommendations that we are continuing to evaluate
15 to make sure that the risk inherent in the
16 proposal can be managed, that we have the
17 resources in order to effectuate it in a proper
18 way, and, third, and most importantly, that we've
19 engaged all of the important stakeholders who
20 would be concerned about that proposal. So we are
21 continue to evaluate it.

22 CHAIRPERSON MENDEZ: Does the
23 Housing Authority have any privately managed
24 properties now?

25 JOHN RHEA: Yes, we do.

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CHAIRPERSON MENDEZ: And where would that be?

JOHN RHEA: At one point, we had as many as 4,000; today, we have about 2,200, and they're throughout our portfolio.

CHAIRPERSON MENDEZ: Twenty-two hundred units.

JOHN RHEA: That is correct.

CHAIRPERSON MENDEZ: Has this idea of a test been proposed before in some other public housing authorities, did BCG make such a recommendation, let's say, for Atlanta or--

JOHN RHEA: [Interposing] BCG's recommendation is based upon a series of factors that's in their report, but one of the core observations through their benchmarking exercise was that most public housing authorities have a substantial amount of their property management functions outsourced to property management companies as opposed to doing it themselves internally. And so as they went through their benchmarking exercises and looked at the impact of that around cost and complexity and a host of things, that was one of their recommendations that

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we pursue a pilot.

CHAIRPERSON MENDEZ: And this is public housing authorities in the United States or--

JOHN RHEA: [Interposing] That's correct.

CHAIRPERSON MENDEZ: --throughout the country?

JOHN RHEA: Throughout the country in the United States.

CHAIRPERSON MENDEZ: Throughout the--

JOHN RHEA: The United States.

CHAIRPERSON MENDEZ: Well, okay. But BCG has not looked at, like, other public housing authorities outside of the United States.

JOHN RHEA: Not that I'm aware of.

CHAIRPERSON MENDEZ: Okay. And so where we are--we are nowhere with this demo yet? You're still evaluating it, whether you will implement it?

JOHN RHEA: That is correct.

CHAIRPERSON MENDEZ: And at that point you'll let us know on what properties or

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units will be put into this demo project?

JOHN RHEA: The potential demonstration project will not move forward without substantial consultation with important stakeholders, without us understanding very clearly what the investment cost is in order to implement it, and, third, understanding what the risk are to our property management activities and to resident quality of life. Until that happens, we continue to evaluate it.

CHAIRPERSON MENDEZ: Okay. I'm going to turn it over to my colleague, Council Member Chin.

COUNCIL MEMBER CHIN: Thank you. Thank you, Chairman Rhea, sorry I missed your testimony, we had--

JOHN RHEA: Thank you for being here.

COUNCIL MEMBER CHIN: --Education on the other side. But I do have a couple of questions. One was concern is that in the report it calls for automating the eviction process, so this is a bit disturbing, given the severe consequences of wrongful eviction. So what

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exactly do they mean automated in the report, and will the appeal process also will be automated too?

JOHN RHEA: Can you tell me which page you're on, please? I just wanted to make sure, we're referring to Section 8, we're referring public housing.

MALE VOICE: I don't remember us talking about [off mic].

JOHN RHEA: Council Member Chin, is it possibly, I don't know if you have the report in front of you, but on page 75--

COUNCIL MEMBER CHIN: [Interposing] Yeah, 75.

JOHN RHEA: Okay. So this is with respect, I want to be just very clear for the Council, it's terminations is the title, not evictions because it's referencing Section 8 voucher recipients and not public housing residents.

And secondly, what this is looking at is--the Section 8 program is highly regulated, public housing authorities are given clear guidelines on how the termination process works

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2 and how to implement the termination process in
3 terms of how we notify residents about the
4 potential breach, their opportunity to cure the
5 breach, and then when the termination would become
6 effective if that breach isn't cured.

7 As BCG looked at how NYCHA
8 implements those termination procedures, which
9 we're doing by regulatory guidelines, somehow--
10 there is some flexibility and some Housing
11 Authorities are more stringent in how they
12 implement that flexibility and some are more
13 lenient. NYCHA is more on the lenient side and
14 because of that, BCG's observations were that if
15 you were to be more in line with other Housing
16 Authorities across the country in implementing
17 your termination procedures, there's the
18 possibility that you would have money that would
19 free up from a resident--or excuse me, a voucher
20 holder who doesn't no longer should be receiving
21 it because they haven't followed the protocol and
22 you would terminate them sooner and be able to
23 redeploy that money to someone on your waiting
24 list, and, therefore, you serve more people. And
25 this is--you weren't here earlier when we trying

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2 to describe how BCG, you know, calculated
3 "revenues." In many cases, it's not new money;
4 it's just that that money would be deployed faster
5 to a different Section 8 voucher holder. So it's
6 focusing on how we implement the termination
7 process within the guidelines, compared to other
8 Housing Authorities. I know it may be a bit
9 confusing, but--

10 [Pause]

11 COUNCIL MEMBER CHIN: Yeah, we just
12 want to make sure that, you know, tenants don't
13 get automatically, kind of, have to leave without
14 a process where they could appeal and they can
15 have their--

16 JOHN RHEA: [Interposing] So
17 nothing that BCG was recommending violates the
18 procedures that are highly regulated by HUD on the
19 termination process and voucher holder rights, but
20 within that, whether you give someone 10 days or
21 22 days, either of which is within the regulatory
22 guidelines, obviously, is where there's a degree
23 of freedom on making those kinds of changes and
24 BCG was recommending that we tighten that up,
25 that, obviously, it would put more pressure on

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2 voucher holders to comply faster, and if they
3 didn't comply in the allotted and appropriate
4 period of time, then the termination would move
5 forward.

6 COUNCIL MEMBER CHIN: Now, in the
7 report it also recommended shifting management
8 functions away from the central and the borough
9 level and really move it towards the development
10 themselves, so do you see--I mean, it sounds, to
11 me, I think a lot of time the development,
12 hopefully, that will means that money that you're
13 able to save will go towards really enhancing the
14 services at the local development, I mean, is that
15 the--what you think that by decentralizing the
16 NYCHA management that way will definitely save
17 money that can go back to the local development?

18 JOHN RHEA: That's the essence of
19 the--why the report and the work was commissioned
20 in the first place, reducing our central office
21 cost and our support functions, taking those
22 dollars and moving them to the development level
23 where residents get served. BCG's recommendations
24 drive us in that direction and, as we stated and
25 discussed before you arrived, we've already begun

1 hiring more employees at the development level.
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3 And we believe that just as a operating model,
4 that we need to be smaller and more efficient in
5 our support functions and our central office, and
6 we need to have more staff at the development
7 level with decisions being made at the development
8 level about how to improve residents' quality of
9 life.

10 COUNCIL MEMBER CHIN: So I assume
11 that also would mean the maintenance, the repairs,
12 I mean, those are the greatest concern among
13 residents in the development in terms of getting
14 quick respond to repairs.

15 JOHN RHEA: That's exactly where
16 we're putting the resources.

17 COUNCIL MEMBER CHIN: Okay. And
18 one last question is on the tenant selection and
19 application. The report noted you have already
20 begun a policy planning project regarding tenant
21 selections and application. The status of that?

22 JOHN RHEA: I'm sorry, Council
23 Member Chin, is there--can you take me to the page
24 again?

25 [Long pause]

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COUNCIL MEMBER CHIN: Seventy-seven.

JOHN RHEA: Okay. I'm on 77, I'm sorry, again, the question was?

COUNCIL MEMBER CHIN: Oh, the, yeah, this is redesign policy and procedures.

JOHN RHEA: So, again, this is underway and being analyzed in terms of where the opportunities are and what the risk are to our residents and to our regular flow of business day-to-day and what kinds of investments we have to make in order to operationalize these recommendations. So we are looking at these, but they are not ones that we've currently programmed into the \$38 million that we've committed to because they need to have additional evaluation based upon those variables that I mentioned.

COUNCIL MEMBER CHIN: Well I guess the question relating to that is our concern in past hearing about, you know, tenant who request transfer, so in the report, you know, in terms of this restructuring are they looking at ways to speed up transferring tenants, you know, from smaller unit to bigger units and--

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2 JOHN RHEA: [Interposing] So,
3 again, that's not part of BCG's work, it was not
4 part of the scope of their work 'cause that's a--
5 at the end of the day, that's an operational
6 function, which, as opposed to a support function.
7 However, having said that, we at NYCHA as part of
8 Plan NYCHA are looking at that aggressively. We
9 say in Plan NYCHA, for example, right sizing
10 apartments is one of our major priorities. In
11 order to do that, we have to speed up and be more
12 efficient in our transfer procedures and
13 processes. And so I don't want to leave you with
14 the impression that we're not looking at that in a
15 very deliberate way, it just wasn't part of the
16 scope of BCG's work.

17 COUNCIL MEMBER CHIN: Well what
18 about you're talking about here about including
19 annual waitlist purge, so they're looking at the
20 waiting lists per development or just the waiting
21 lists in general?

22 JOHN RHEA: Well what they were
23 really looking at there is, again, the efficiency
24 and how many hours and resources we put into, for
25 example, selecting someone off--once an apartment

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2 becomes available, how quickly and how efficiently
3 can we take someone off of a waitlist and move
4 them into public housing, and one of the
5 identified concerns that they analyzed and
6 ultimately to this recommendation was that the
7 waitlist often is stale and so you end up going
8 down a waitlist and realizing that the next person
9 on the waitlist is actually not the person who's
10 available to take that apartment, and so you go
11 through, you know, unnecessary activity managing a
12 waitlist that doesn't reflect the true waitlist.
13 And so the waitlist has to be refreshed and kept
14 up-to-date so that we can be more efficient in
15 managing that waitlist. And so it's really about
16 being more efficient with our activities and
17 getting people into public housing faster who
18 deserve it once a unit becomes available.

19 COUNCIL MEMBER CHIN: Okay. All
20 right, thank you. Thank you, Chair.

21 JOHN RHEA: Thank you.

22 CHAIRPERSON MENDEZ: Thank you. I
23 just have a few more questions. So we, you know,
24 Council Member Halloran touched on the inventory
25 and can you explain to us what the inventory

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problems have been and specifically what NYCHA is doing to fix them?

JOHN RHEA: We're doing a number of things, first and foremost, as part of BCG's recommendations, we're looking at better strategic sourcing, I mentioned that we're looking at implementing just-in-time delivery of materials and supplies, and I mentioned that we're looking at things like vendor-managed inventory, so instead of us taking control and delivery of certain inventory items, that the vendor, the supplier would hold onto that and incur the cost and expense of it until it's actually needed by NYCHA at a resident's apartment or at the building where it's being utilized. So we're looking at a range of things, Council Member.

CHAIRPERSON MENDEZ: Can you tell me to what extent NYCHA's maintenance issues and repair backlogs have to do with the inventory? If at all?

JOHN RHEA: And a lot of what you-- of the maintenance and repair activities and initiatives are out of scope for the BCG work, however, one of the areas they looked at is around

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2 the planning and administration of how we process
3 work orders, and so where it is related is
4 ensuring that the supply chain, the delivery of
5 materials and supplies is available at the right
6 locations when the skill trade or NYCHA employee
7 is there to do the work. And that's the piece of
8 the planning and the integration of operations and
9 maintenance and repair with inventory management
10 that was within the scope of BCG's work, but not
11 looking at the work order backlog and how we're
12 fixing it, that's part of a different set of work
13 that we are undertaking separate and apart from
14 BCG's analysis.

15 CHAIRPERSON MENDEZ: Now the report
16 does recommend reducing NYCHA's inventory, can you
17 tell me how that will affect maintenance, repairs?

18 JOHN RHEA: Well that's why I say
19 we are moving very thoughtfully and judiciously
20 around that as opposed to just implementing a
21 recommendation, because we are very concerned
22 about disruption to operations, to residents'
23 quality of life and getting the services that they
24 deserve, and so we're looking at what are the
25 investments we need to make in order to make their

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2 recommendations happen, we're looking at the risk
3 that we need to manage in moving to a new model,
4 and we are engaging all of our stakeholders in
5 that discussion. So that's an area, as I said in
6 the testimony, where we're spending a lot of
7 additional time evaluating how to move forward.

8 CHAIRPERSON MENDEZ: Thank you. If
9 you could just give me one second?

10 [Long pause]

11 CHAIRPERSON MENDEZ: So in the
12 report it recommends that NYCHA stop providing
13 direct community services and shift these
14 responsibilities to a third party, in fact, during
15 a financial crunch some years back, the Authority
16 had started to do that. Can you tell me if there
17 is a plan to transition all those community
18 service to a third party controller oversight?

19 JOHN RHEA: There is not a plan to
20 transfer our community programs and development
21 work to a third party, we are evaluating it.
22 Again, it's very similar to my response around
23 inventory management. A lot of NYCHA residents
24 and employees are affected by any decision we make
25 in that area so we will continue to engage our

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2 stakeholders. Obviously, the quality and
3 availability of our programs are important; we
4 will continue to evaluate that. What the Mayor
5 said in this area is that, based upon BCG's
6 analysis, it's clear that it costs NYCHA more to
7 deliver those programs than it does our sister
8 agencies who do that every day and, given the fact
9 that we have substantial constraints on resources,
10 we have a responsibility to try to figure out how
11 we can get our cost in delivering those programs
12 in alignment with the way our sister agencies do
13 it, and so we're going to work and collaborate
14 with them to figure out how to make that happen.

15 CHAIRPERSON MENDEZ: And has there
16 been any resident feedback or impact? Have--

17 JOHN RHEA: [Interposing] We've--

18 CHAIRPERSON MENDEZ: --you gauged
19 their pulse and--

20 JOHN RHEA: --we've begun that
21 engagement process and you can rest assured that
22 each step of the way as we look at and evaluate
23 the--which services, the quality of them, and how
24 we deliver them, residents will be consulted and
25 engaged through that process.

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2 CHAIRPERSON MENDEZ: Thank you, Mr.
3 Chairman. Now, Council Member Chin, if you do
4 have any more questions, 'cause then we're going
5 to turn it over to the public.

6 COUNCIL MEMBER CHIN: Did you get
7 asked a question about the capital projects?

8 JOHN RHEA: There were capital
9 projects questions, yes, yeah.

10 COUNCIL MEMBER CHIN: So this thing
11 about the report indicated you'd begun a new pilot
12 for capital project and design units. Did you ask
13 that question already?

14 [Pause]

15 RAY RIBEIRO: So as the--

16 JOHN RHEA: Identify yourself.

17 RAY RIBEIRO: I'm sorry, Ray
18 Ribeiro, Executive Vice President for Capital
19 Projects. As the analysis and report indicated,
20 there were a number of processes that could be
21 improved within capital projects to improve the
22 efficiency of the delivery of our capital
23 projects, so what we have begun to do within CPD
24 is to actually implement some changes in process
25 to a small section of our portfolio to gauge our

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success and, in essence, beta test them before we roll them out to the entire portfolio.

JOHN RHEA: But what was referenced in the formal testimony and in some of the follow up Q & A, Council Member Chin, was our commitment to shorten the time in which we obligate and expend on our capital projects, a 25% reduction in the time and that's--that was principally part of the BCG recommendations.

COUNCIL MEMBER CHIN: So which is the pilot projects? Have you got any result yet or which is the program that you picked to be in this pilot project?

RAY RIBEIRO: There were 11 different projects throughout the portfolio that were selected to be managed through this pilot program.

COUNCIL MEMBER CHIN: Can you give some examples?

RAY RIBEIRO: I believe there's a-- one of the projects in particular is a gas line replacement at Edenwald Houses was an example of one of the projects that we progressed through the new process.

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COUNCIL MEMBER CHIN: Was the security cameras on the project list?

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RAY RIBEIRO: The overall management of the safety and security system, yes. You know, we've taken a new approach to how we deliver those projects, we use a job contract, there were a number of improvements that we've made to the process to improve the delivery of those projects, yes.

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COUNCIL MEMBER CHIN: Yeah, because we actually are working with you on that and our development is really moving along, so I assume it was part of it or you just are just making sure that we're getting those services as quickly as possible.

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RAY RIBEIRO: Yes, it's part of it, yes.

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COUNCIL MEMBER CHIN: Thank you.

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CHAIRPERSON MENDEZ: Thank you, Mr. Chairman; thank you, gentlemen, for being here and answering our questions. As always, I hope you will keep staff here 'cause the public usually raises a lot of important issues, and--

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[Pause]

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JOHN RHEA: And thank you, Chair.

CHAIRPERSON MENDEZ: Thank you. So the panel, the first public panel will be Gregory Floyd, President of Teamsters Local 237; and Anthony Wells--

[Pause]

CHAIRPERSON MENDEZ: --Swells, I'm sorry, Swells?

ANTHONY WELLS: Wells, yeah.

CHAIRPERSON MENDEZ: President of SSEU, Local 371, thank you for joining us. And, you know, I'm just going to try to get as many panels up here and if--at the table, Victor Bach from the Community Service Society, and Judith Goldiner from the Legal Aid Society can join us on this panel. And we can get started.

[Pause]

CHAIRPERSON MENDEZ: Mr. Floyd, always a pleasure to see you. So--

GREGORY FLOYD: Thank you; it's a pleasure to see you also.

CHAIRPERSON MENDEZ: We'll just take one second for everyone to quiet down.

[background noise]

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SERGEANT-AT-ARMS: Thank you.

CHAIRPERSON MENDEZ: And if you're ready, you can begin, sir.

GREGORY FLOYD: Hello, my name is Gregory Floyd, I'm the president of Teamsters Local 237. More than 9,000 of my union members work at NYCHA, and 30% of them also live in NYCHA.

This report by the Boston Consulting Group cost \$10 million and two years to produce. No one asked us our opinion before this report was released. We would have given advice for free and also given it right away.

Also, the cost of \$10 million--

CHAIRPERSON MENDEZ: [Interposing] I'm sorry, can you tell them to be a little bit quiet back there? Thank you, sir. I'm sorry about that, can you please continue?

GREGORY FLOYD: Okay. Also, for the cost of \$10 million recommendations are meager, I have to ask where are the details? The report's findings do not make one important point, that is there a culture--the report does make one important point that is there, a culture of fear is felt by many of our employees. That's true.

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2 And the recommendations for
3 outsourcing found throughout this report, page 111
4 of the report, certainly add to a climate of
5 mistrust and felt by many of our members. In
6 fact, we find the BCG report to be inconsiderate
7 of NYCHA employees.

8 My members know public housing from
9 the standpoint of both working there and also
10 living there. Just let them do their jobs; they
11 have the experience and know-how. This report
12 should have asked them how do we make public
13 housing work better. I know the report claims
14 that workers were questioned, but I have yet to
15 find one who says he was interviewed.

16 Also, I have a problem with the
17 recommendations that are discuss selling off
18 assets. It seems like they forgot that NYCHA's
19 assets are not just property, they must remember
20 that the people who call those assets home or
21 their jobs. Actually, one of my biggest
22 criticisms of this report and that NYCHA in
23 general is that over the last several years, there
24 has been a disregard of history and intent. NYCHA
25 housing is not a co-op in Riverdale or a condo in

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2 Bayside. It is not an entrepreneurial enterprise.
3 NYCHA used to be, and should be, and continue to
4 be a great source of municipal pride and a shining
5 example of families working to get a piece of the
6 American dream.

7 For the report we have some ideas
8 on how to make NYCHA work for those families. We
9 are certain that our recommendations can make a
10 big difference and they are few and free. First,
11 the NYPD should conduct a survey to determine
12 where and how to place security cameras. Two, our
13 police force is second to none and, with their
14 guidance, I am confident that NYCHA housing will
15 be safer.

16 Second, the repairs are two years
17 behind. End the call center and return to the
18 practice of having the managers schedule repairs.
19 This would result in getting real work done in
20 real time.

21 Third, take recommendations from
22 people who live, work, and are experts in public
23 housing; you will find that what they say is very
24 doable and cost-efficient. Toward that end, I
25 created a task force with representatives from

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2 NYCHA tenant groups and well-respected
3 organizations headed by individuals such as Bishop
4 Mitchell Taylor, David Jones, Sondra Youdelman,
5 and Nicholas Bloom, who authored the book highly-
6 regarded entitled, Public Housing That Worked. I
7 also wrote all of my NYCHA members and asked them
8 for their suggestions. Soon we will have a
9 comprehensive report with recommendations from
10 real experts. NYCHA should pay close attention to
11 this--those suggestions and don't delay, put them
12 in play as soon as possible.

13 I know I share the same goal of
14 many people in this room--we want NYCHA residents
15 and workers to feel safe and have a sense of pride
16 where they live and work. We also want to--want
17 NYCHA to reclaim its stature as the premier public
18 housing agency in the nation that would make all
19 New Yorkers proud.

20 Thank you for this opportunity to
21 speak.

22 ANTHONY WELLS: Good afternoon, my
23 name is--

24 [Pause]

25 ANTHONY WELLS: Good afternoon, my

1
2 name is Anthony Wells, I'm the president of the
3 Social Service Employees Union Local 375. We
4 represent over 400 workers in NYCHA, primarily in
5 community operations, social services, and senior
6 services.

7 As my colleague, Mr. Floyd, has
8 said so overly succinctly, NYCHA has not shown a
9 real genuine effort to work with us. For example,
10 he has seen the report, they never shared the
11 report directly with the unions, they did not do
12 that. I heard the chairman say earlier that he's
13 talking to stakeholders, well we're one of the
14 biggest stakeholders, he has not shared that.

15 I just want to make a couple of
16 points, actually. So he has not done that.
17 Actually, he stated today that what he wants to do
18 with the unions is do the recommendations in the
19 report and tell us about them and then say how
20 he's going to implement them, he never said he
21 wanted to have a dialogue or a discussion.

22 Mr. Floyd also said that we have
23 people who not only work in the Housing Authority,
24 but they live in these, and they live in the
25 residences and, therefore, they have expertise and

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2 knowledge that could be shared and, as you said,
3 at reduced or no cost, and we're always prepared
4 to work with them.

5 I think the City Council, and
6 particularly you, Councilwoman, in this has--you
7 have been a fighter in the forefront of NYCHA and
8 we received reports. They are not shown this
9 willingness, they think that they have the answers
10 and that what they believe should be implemented
11 will be done.

12 Also, he talked about front line
13 staff, that front line staff does not include
14 social service staff where they have either
15 contracted out many of the programs, the Mayor got
16 on TV and said he was going to outsource social
17 services and he was going to outsource it to two
18 other agencies, both agencies that he mentioned--
19 Department for the Aging and Department for Youth
20 and Community Development--do not provide direct
21 services, they oversee contracts, no direct
22 services. So, in essence, what he's saying is
23 that NYCHA wants to get out of the social services
24 business altogether, they want to get out of it,
25 they want to contract it out. And it does not

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take a big part of their budget.

The Housing Authority and the residence are more than brick and mortar, it--yes, they must have elevators fixed in need of repairs, but what also adds to their quality of life is the services they receive. And you cannot compare NYCHA and New York City public housing to any other public housing system in this country; it is unique in its size, in its history, and its operation.

Also, assets. We've been talking about NYCHA assets and you indicated to them that they pay New York City \$75 million for police protection, they also pay for sanitation services, they also pay for fire services. These could represent cost savings. So one part of the city says pay me, and the other part of the city says we're going to cut you 'cause we have no money, and they're the only, only ones who pay for services, NYCHA does, and we've said this over and over again.

They also have other assets that do not affect residents directly. NYCHA owns other properties in this city which have great value

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2 which are not public housing properties. And
3 we've talked to them over and over again about
4 looking at using those resources and, if
5 necessary, yes, to release, sell some of those
6 assets to provide real services to the residents
7 of New York City Housing.

8 Atlanta is getting out of public
9 housing business, Chicago did so a few years ago,
10 and we also asked where did the people go, but
11 they didn't have the same dynamics as New York.
12 We have public housing properties all over this
13 city, Chicago had them in areas, they just blew
14 them, Cabrini-Green being the most notable one.
15 You can't do that here, you just can't get out of
16 public housing in New York City. Not that way.

17 So when the Housing talks about
18 they pay \$10 million for a service to get--to find
19 out how to do business, did not work with the
20 stakeholders within the Housing Authority, and
21 they did at cost of \$10 million, as you pointed
22 out to them, they didn't look at other ways. They
23 didn't even talk to us about what kind of
24 questions should they ask. They didn't have any
25 dialogue.

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2 So when you have reports such as
3 they've done, spending the kind of money they've
4 done in a crisis where they don't have any money,
5 and then you say we're going to just implement the
6 results and we're having discussions ongoing,
7 they're not being truthful and also they're not
8 being prudent in terms of their spending.

9 They're running--I'm not sure how
10 they're running, you know? When the chairman came
11 in, you know, he came in with all his business
12 credentials and he was going to make the Housing
13 Authority more efficient, but not at the price of
14 providing real services to the residents of the
15 Housing Authority. And that includes social
16 services, community operations, thousands of kids
17 who go to these community centers after. We told
18 them they have so many centers with only a single
19 coverage, where there's only one resident--there's
20 only one professional staff member there, and
21 we've told them this is a big problem. How can
22 you provide for security, adequate care, run real
23 programs if you don't have a real commitment to
24 staffing it appropriately?

25 So I thank you for the opportunity,

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2 I did not have a prepared statement, actually the
3 chairman kind of generated some of my responses, I
4 listened to him. It's nice, it's sounds nice, but
5 he does not have all the stakeholders at the
6 table, and he does not have the stakeholders to
7 not only represent our interest, we care about the
8 residents because we are the residents. Thank you
9 for the opportunity.

10 [Applause]

11 SERGEANT-AT-ARMS: Keep it down,
12 please, keep it down--

13 [background noise]

14 CHAIRPERSON MENDEZ: Thank you,
15 gentlemen. So I may have some questions and I
16 have some comments. So I will go back to the
17 chairman, my recollection is regarding social
18 services that they said they were looking at it,
19 not that they were moving forward implementing it,
20 and that what the chairman did say is that sister
21 agencies are doing the work for less than the
22 Housing Authority, I'm not quite sure why so we
23 should find out why. I actually think, and when
24 my personal opinion and when I speak to others is
25 that the work being done out of the NYCHA centers

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are actually more in tuned and the youth there appreciate it more than some of the ones that have actually been outsourced, so maybe if NYCHA is paying more, it's actually might be more effective in certain other ways.

But that is a conversation I will follow up with the chairman; we could certainly continue this dialogue with the chairman, who is still here--thank you, Mr. Chairman, for staying and listening.

[Off mic]

CHAIRPERSON MENDEZ: Now, President Floyd, you mentioned, so I just wanted to clarify this, you mentioned about the police and about getting the police engaged and doing security where these security cameras should be at, so I wanted to say in NYCHA's defense, because I think this has been working very well and I have been a part of this process, we have been going back to the developments and we are sitting with the residents, with the police, with management and staff, and collectively, everyone is determining where the cameras should be placed. And it's a real give and take and through this discussion

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2 because oftentimes there's not enough money to put
3 cameras everywhere we want them and need them, but
4 through this, we have been having a real
5 meaningful discussion and we're moving forward,
6 we're putting those cameras in there, and the
7 residents are really feeling good about that,
8 about the fact that they're in the process and the
9 fact that the PSAs and the police officers and
10 that management are all sitting at the table
11 shoulder to shoulder making these decisions
12 together. And I want to thank the Authority for
13 moving forward with that, and it is a method that
14 is now going to be utilized at every development
15 that they are putting cameras in. So I wanted you
16 to know that.

17 GREGORY FLOYD: Yeah, it's not that
18 they need defending, it's that we need to know
19 what's going on and we need to be reassured
20 because I'm getting e-mails from our members when
21 there are shootings and they're afraid to work in
22 these developments. So I'm not here for a
23 defense, I'm here for results, and if you're
24 telling me these things are happening--

25 CHAIRPERSON MENDEZ: Yes.

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2 GREGORY FLOYD: --I'd like to know
3 about them and, this way, I could make sure I
4 inform my members that something's being done and
5 something's being done right away. So that's all
6 I'm here--

7 [Pause]

8 ANTHONY WELLS: If I may--

9 CHAIRPERSON MENDEZ: Yes.

10 ANTHONY WELLS: --Council Member--

11 CHAIRPERSON MENDEZ: Yes.

12 ANTHONY WELLS: --you made two
13 points and I want to elaborate on those two points
14 if I may just for a minute. Once again, the other
15 agencies that are maybe doing it cheaper, once
16 again, are doing oversight. DFTA and DYCD do not
17 provide direct services, okay? And as we've been
18 finding out over the years in this city, when you
19 contract out, the costs are cut because they're
20 cutting personnel services and what they pay the
21 workers, that's usually the difference in cost.
22 Okay?

23 On the second piece, we are
24 prepared and have been prepared, and I've told the
25 chairman and anybody who works for him, this

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2 union's always been prepared to sit down and have
3 discussions about revamping and changing and being
4 cooperative and finding out where this cost
5 savings can happen, but not at the expense of
6 workers and not at the expense of services to the
7 residents. You know, yes, things are changing and
8 we're prepared to do that, but just to look at it
9 as if it's a--as you're doing widgets, social
10 services can never be viewed that way because
11 people are not widgets. So we're prepared and
12 have been prepared to do that, but you can't
13 compare housing service--and you did in the
14 positive in terms of the quality of services and I
15 will match the quality of services of public
16 servants to anyone, but also, as you said, you
17 cannot compare those kind of savings, those kind
18 of cuts to what you're giving in the Housing
19 Authority. And we're doing more with less and
20 it's time to say put a commitment back to provide
21 the social services in the centers for seniors and
22 the kids, who are two most vulnerable populations.
23 Thank you very much.

24 CHAIRPERSON MENDEZ: Thank you.

25 And, in fact, when the New York City Housing

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2 Authority was created here in this great city,
3 they did not have social services, this is
4 something that the Authority determined that was
5 necessary and needed to be done and that the
6 residents needed it. As time went on and it has
7 been of great benefit to residents, like me, who
8 benefited from those community centers way back in
9 the day, and so I look forward to seeing the
10 Authority reach out to, Mr. President, and follow
11 up on these issues, and it's something that's
12 certainly very important to us.

13 Gentlemen, question, President
14 Floyd, you mentioned that none of your members
15 were part of a survey or participated in a survey-
16 -

17 GREGORY FLOYD: [Interposing] Can't
18 find one.

19 CHAIRPERSON MENDEZ: Okay. And,
20 President Wells?

21 ANTHONY WELLS: Not to my
22 knowledge, we actually had a discussion--I was a
23 little shocked to find out that it's done because
24 I think they developing the survey and we said we
25 would participate in the development of that

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survey, so I'm a little confused. But once again, having not seen the report, I can't even make a comment about the--

CHAIRPERSON MENDEZ: [Interposing] Okay. And your members do not know of anyone else who has participated in this--

ANTHONY WELLS: [Interposing] Not to my knowledge--

CHAIRPERSON MENDEZ: --survey?

ANTHONY WELLS: --I don't think so, but I can't say definitively that anyone has participated didn't even see a survey.

CHAIRPERSON MENDEZ: Well there was a lot head shaking in the audience when you both gave your testimony so--and there's a lot of residents out there, so just for the record that the public and the residents are in agreement with many of your comments on the record today--

GREGORY FLOYD: Thank you very much.

CHAIRPERSON MENDEZ: --I want to thank you both for being here.

ANTHONY WELLS: Thank you very much for the opportunity.

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2 CHAIRPERSON MENDEZ: And we will
3 move on to Victor Bach and Judith Goldiner, and
4 then the next panel after this one will be Ann
5 Valdez, Diane Blanford, and Shirley Jones, and
6 Vernell Robinson, if you're here, you can come up
7 to the front and sit down and get ready to go on
8 to the next panel to make it easier.

9 Hi, whenever you're ready and
10 whoever's ready.

11 JUDITH GOLDINER: Hi, this is
12 Judith Goldiner, I am the Attorney in Charge of
13 the Civil Law Reform Unit at the Legal Aid
14 Society, and we appreciate the leadership that
15 Council Member Mendez has always given on public
16 housing issues, and so thank you for holding this
17 hearing.

18 I wanted to focus on something that
19 there hasn't been a lot of discussion about,
20 although Council Member Chin did raise this issue,
21 which is the Section 8 program. The--I'm sorry,
22 the implementation of the new computer system at
23 the Housing Authority was rightly looked at--

24 [Crosstalk]

25 CHAIRPERSON MENDEZ: [Interposing]

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2 Hold on one second. Mr. Chairman, you don't want
3 to stay for this testimony?

4 JUDITH GOLDINER: Apparently not.

5 [Off mic]

6 CHAIRPERSON MENDEZ: Okay. Just
7 double-checking since you were kind enough to stay
8 for part of the testimony. And who is here from
9 the Housing Authority?

10 MALE VOICE: Brian's up there.

11 [Off mic]

12 CHAIRPERSON MENDEZ: All the way up
13 there, Brian, thank you. I'm just making sure you
14 have--

15 [Crosstalk]

16 CHAIRPERSON MENDEZ: --staff here.

17 [Off mic]

18 JOHN RHEA: --they can call me
19 anytime.

20 CHAIRPERSON MENDEZ: They can call
21 you anytime? That's on the record.

22 JOHN RHEA: It's on the record.

23 CHAIRPERSON MENDEZ: Okay. Thank
24 you, Mr. Chairman.

25 JUDITH GOLDINER: The Boston

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2 Consulting Group Report points out that there were
3 many, many flaws in the rollout of the
4 computerized system for the Section 8 program.
5 What we have seen in the process of bringing
6 three--four separate lawsuits, one yesterday,
7 against the Housing Authority is that the process
8 of rolling out this computer system has led to
9 extreme hardship for Section 8 residents. So what
10 we've seen is people being terminated for no good
11 reason, you know, documents not being scanned so
12 the computer doesn't recognize that the people
13 have recertified.

14 CHAIRPERSON MENDEZ: [Interposing]
15 Excuse me, Judith. Can the, Sergeant, can you
16 just go to the back and let them know that their
17 voices are echoing here in the Chambers? Thank
18 you.

19 JUDITH GOLDINER: So we remain
20 concerned that in terms of the report's analysis
21 of the problems in the Section 8 program and, as I
22 said, four separate lawsuits that we've brought
23 against the Housing Authority because of
24 mismanagement of the Section 8 program, that we've
25 seen no appreciable improvement for residents,

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2 including this week, when we analyzed some of the
3 files we had gotten in disclosure, finding out
4 that they had terminated an 85-year old woman who
5 had sent in her documents, but the computer did
6 not recognize that. And those are the kind of
7 problems we are seeing over and over with the
8 Section 8 program.

9 Yesterday, we filed a lawsuit
10 because the Housing Authority is taking months,
11 sometimes over a year, to issue people transfer
12 vouchers, leading to many residents getting
13 evicted. And something must be done about these
14 problems.

15 You know, it's interesting that the
16 chairman talked about parts of the BCG report that
17 they were going to implement, but he did not talk
18 about efforts to improve the Section 8 program,
19 even though that was an area that BCG had pointed
20 out was problematic.

21 Their entire computer system as it
22 relates to the Section 8 program is extremely
23 problematic and they really need to take a good
24 look at how they're managing that program, why
25 they are terminating so many residents, how they

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2 are interacting with the public. Because before,
3 there used to be housing assistants who Section 8
4 tenants could talk to and who would help them
5 through the process, and the efforts to
6 computerize the entire system have taken away that
7 human interaction and has worsened the ability of
8 Section 8 residents to maintain their assistance.

9 So, you know, I think in addition
10 to looking at what BCG has said about it, it would
11 be great to have another hearing on what's going
12 on with Section 8. Thank you very much.

13 VICTOR BACH: Okay. I'm Victor
14 Bach with Community Service Society. I'd like to
15 use our time to just comment on the BCG report and
16 its broader implications for the future of NYCHA
17 and its public housing communities.

18 We do believe the report identifies
19 significant shortcomings in current NYCHA
20 operations and forwards some useful
21 recommendations for management reform and
22 structural change that might produce greater
23 efficiencies and effectiveness. Many of the
24 identified problems we're already too familiar
25 with--long resident waits for repairs,

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2 inexplicable delays in capital improvements for
3 which the money is already allocated, and a
4 automated voucher system--I'll listen to Judith--
5 that issues eviction notices before residents have
6 a chance to recertify. A number of us have been
7 pressing NYCHA on these issues for some time.
8 Those issues are not new.

9 That said, I think it's important
10 given the media context through which the report
11 was leaked and what has happened since, at least
12 to take a moment to acknowledge NYCHA's
13 exceptional history. For over 75 years, it has
14 been operating--it's incomparable, it's been
15 operating the largest public housing program in
16 the country, even as federal starvation funding
17 gets worse and state and local government pull
18 back their support. It has survived in an
19 industry that's littered with many large-city
20 Housing Authorities that are casualties--Chicago,
21 St. Louis, Newark, and Atlanta, I gather today, an
22 authority on which we've piggybacked, I believe
23 Atlanta is close to zero in any further public
24 housing units. Many of them have experienced
25 insolvency of a kind NYCHA has not, and undertaken

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2 wholesale demolition of public housing, which
3 NYCHA has not. The overall picture is one in
4 which NYCHA's 340 public housing communities still
5 stand, albeit in declining condition, and continue
6 to struggle with these problems. It confirms that
7 the Authority, its public housing program, and its
8 resident communities still have great strengths;
9 the question is how to preserve and deepen those
10 strengths while NYCHA undertakes the operational
11 and structural reforms it needs to improve itself
12 and find the resources to assure its future.

13 What are the major implications of
14 the BCG report? Here are a few observations: The
15 report sounds an important alarm that NYCHA should
16 undertake major reforms in its management
17 operations and its structure, but it is not a
18 simple matter to make such changes in a 75-year
19 old bureaucracy 12,000 employees. The central
20 question the Council and the rest of us need to
21 ask NYCHA Chair, John Rhea, are what operational
22 and structural changes are in store specifically,
23 and how those reforms will be staged and
24 implemented in a way that doesn't jeopardize NYCHA
25 communities. Some of those questions have already

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been asked today.

Secondly, NYCHA needs to be more cautious--Judith's comments are of the best example--needs to be more cautious of high-tech approaches that are implemented on a large scale but not adequately tested in advance in terms of whether they offer real performance improvements for residents and communities. In addition to the computerization of the voucher system that Judith has outlined, we have on the repair side, the call center and the Maximo systems--two major centralized macro-information systems that labor hard and long, only to come out with the result that your repairs for any resident who's filed a complaint, your repairs are a year or two out. Now, no matter how sophisticated a system you have in place, if that's the result, there's something not working. And maybe Greg and the other previous testifier are talking about how to make things work at the ground level and we need more attention to that, perhaps as much attention as to high-tech approaches to information.

Another caution, the BCG report should not be used by NYCHA as a license for

1 instituting rapid operational and structural
2 changes behind closed doors without openly
3 engaging residents, advocates, concerned
4 officials, and other stakeholders. I was at a
5 Monday morning breakfast at which John Rhea
6 announced that in January there would be a list of
7 developments that would be going through property
8 disposition and leasing that we've been waiting
9 for a comprehensive plan. That list will be out,
10 it's very important that that be done with care
11 and due process, that includes going through the
12 requirements for federal Section 18 disposition,
13 that means going through a process in which there
14 is a written plan, an opportunity to review it,
15 and a chance for comments from the larger public.
16 Judith and I and other advocates have also argued
17 that the directly affected residents should be
18 provided with funds for independent technical
19 assistance so that when NYCHA comes in with a
20 disposition plan that it wants to promote, no
21 matter how good or problematic that plan is, that
22 residents have the technical resources they need
23 to promote their interest as part of those
24 property transfers. So there's a lot that needs
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2 to be done to assure that as NYCHA moves rapidly
3 to make corrections and mobilize resources, that
4 due process is observed and that residents and
5 others have a chance to respond to what NYCHA is
6 planning.

7 Finally, the report identifies
8 NYCHA's shortcomings indeed and we know some of
9 them are quite real and unavoidable, but the
10 report, unlike some of the media, should not be
11 used to brand NYCHA as incompetent or as an excuse
12 for proposing sweeping changes in its public
13 housing mission. That I think is a risk that the
14 criticisms that are made by an independent
15 consultant are used by some outside in order to
16 diffuse the existing mission and make sweeping
17 changes that are really not called for. I think
18 that's a risk we're taking. Despite the problems
19 identified in the report, we have to remember
20 NYCHA already has an outstanding track record, it
21 has weathered decades of unfavorable shifting
22 federal and local funding priorities; it has
23 opened homes to returning veterans; taken on the
24 displacement burdens of local urban renewal, slum
25 clearance, and relocation efforts; survived waves-

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2 -periodic waves of crime and trafficking that
3 threaten its communities; and faced the
4 accelerating deterioration that comes with chronic
5 under-funding. Until 2005, it also opened its
6 doors to the homeless here in the city. Unlike
7 the public housing authorities of many large
8 cities, it has preserved nearly all of its ailing
9 housing infrastructure -without major demolition
10 and redevelopment. As NYCHA takes the necessary
11 steps toward reform and mobilizing the revenue it
12 needs to continue, we should, all of us, see that
13 NYCHA persists in its public housing mission,
14 continues to provide affordable homes for low-
15 income New Yorkers.

16 Thank you.

17 [Applause]

18 CHAIRPERSON MENDEZ: Now, Judith,
19 you mentioned there are four lawsuits, so--and
20 we've been at this for three years, so I'm
21 assuming that either the lawsuits are bringing up
22 another issue that has not been addressed from one
23 of the previous ones and that we are still not in
24 a place where we're having, clearly, all these
25 issues resolved. Can you tell me how the BCG

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2 reports reflects or any of the experiences, and
3 any real recommendations that BCG did not come
4 forward that we are making?

5 JUDITH GOLDINER: Well, you know,
6 what BCG did point out was that the rollout of the
7 new computer system for the Section 8 program was
8 done in, you know, a way that maximized disruption
9 for both landlords and tenants. We agree with
10 that wholeheartedly, that's exactly what we've
11 seen; we have not seen improvement in that,
12 unfortunately. But what BCG doesn't talk about,
13 because I think overall they're in favor of
14 computerizing these kind of functions, is that the
15 absence of real people who can resolve problems.
16 And I think the CCC is a classic example of that.
17 So CCC is what both Section 8 residents and public
18 housing residents have to use, public housing
19 residents only for repairs, but Section 8
20 residents for everything, is you call CCC and they
21 don't know anything, and if it's not in the
22 computer, they can't tell you anything and they
23 certainly can't resolve anything and they can't
24 get you to a person who can. And that's not a
25 system that works. You know, so we have clients

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2 who will call up and say, look, I'm confused, I
3 don't understand how I'm supposed to fill out this
4 Section 8 document, my case manager used to help
5 me with this. The CCC people can't help them, and
6 they just say we can't help you, no one can help
7 you, you know, do the best you can, and that's how
8 people get terminated.

9 You know, there is a sense when
10 you're dealing with a population, especially in
11 the Section 8 program, that's predominantly
12 elderly and disabled that having a system that
13 just has every trigger goes to termination is not
14 maybe the right way we want to do it. And we've
15 said this to them over and over, like, why is it
16 that the trigger is termination? Why is it that
17 everything that happens is going to end up on
18 termination rather than someone looking at that
19 and deciding whether auto posting is the right
20 way.

21 So what the Housing Authority has
22 done is they've taken failed welfare policies that
23 mean when you--which mean if a worker doesn't do
24 something then the trigger is termination, they've
25 done the same thing in the Section 8 program.

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2 So everything is assumed that the
3 tenant didn't do right, rather than seeing whether
4 the Housing Authority did it right or not. So
5 that has to change, I mean, that, again, it's not
6 really the computer's fault, it's a programming
7 problem, you could program it to not automatically
8 terminate people, but they haven't done that.

9 CHAIRPERSON MENDEZ: Thank you.

10 Let me--Vic, you said a lot, so I can't even
11 remember half the questions I was going to ask
12 you, but let me just ask the both of you this:
13 You have, during your many years as advocates,
14 dealt with NYCHA and many of their staff there, do
15 you believe that this report could not have been
16 done in-house and that it was necessary to have a
17 third party determine--irrespective of cost--
18 determine what was wrong with NYCHA and how to
19 move forward?

20 VICTOR BACH: Well I really
21 shouldn't comment for a couple reasons. One, I'm
22 a policy wonk, not a management wonk, and so I
23 don't know a thing about how to administer staff
24 of one. But it is not an unusual practice for an
25 organization, we've done it at CSS, for instance,

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2 to go outside for consulting assistance so that
3 someone takes an independent view of what's
4 happening in the organization and helps to deal
5 with its strategic planning for the near future,
6 it's not an unusual practice. Whether this was
7 done properly, whether Atlanta is the Housing
8 Authority I would piggyback on is another
9 question, but--'cause I think it's a bad example,
10 but it's not unusual. I think the question is
11 whether it had to cost 10 million, whether there
12 were other consulting firms with similar
13 competence that might have done it for less, might
14 have done it better or differently, but I can't
15 really make judgment call on that.

16 JUDITH GOLDINER: I think the other
17 interesting part is that they've only released,
18 essentially, the summary report, they have not
19 released any of the background information that
20 went into the report, and that could be very
21 interesting information, we just don't have it.
22 So it might be that this Committee would want to
23 ask for what were the under--you know, what's the
24 real report because this is just a summary.

25 VICTOR BACH: Certainly, what's the

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evidence--

JUDITH GOLDINER: I mean, you can tell, like, it's really hard to know--

VICTOR BACH: --what's the data.

JUDITH GOLDINER: Right, what's the evidence, what's the data, and are there more specific recommendations, 'cause there probably are.

CHAIRPERSON MENDEZ: Maybe we should get the Daily News to ask, I don't know that--

[Pause]

CHAIRPERSON MENDEZ: --going to see it. But--

JUDITH GOLDINER: I think the Daily News had it leaked to them, so I'm not sure they'll get it that way.

CHAIRPERSON MENDEZ: Margaret, any questions? Okay. I want to thank you--

JUDITH GOLDINER: Thank you.

VICTOR BACH: Thank you.

CHAIRPERSON MENDEZ: --both for your testimony. Ann Valdez, Diane Blanford--the Sergeant will take that--Shirley Jones, Vernell

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Robinson, you can all come up.

[Applause]

CHAIRPERSON MENDEZ: And let me just get the next panel-in-waiting, Andrea Jones, Louis Cholden-Brown, Sonia Persia, I don't know if I'm mispronouncing it. Persia, so you'll be on the next panel. Andrea Jones, Louis Cholden-Brown, Sonia Persia, and Shirley Williams, you will be on the next panel. Whoever's ready, you can take the microphone and start.

ANN VALDEZ: Thank you. As you know, my name is Ann Valdez, and I live in Gravesend Houses, I'm a third generation there, and I'm also a leader at Community Voices Heard. I am going to talk about the Boston Consulting Group report recommendations for NYCHA.

First off, I want to start by saying that this report should not have cost \$10 million. At a time when NYCHA is talking about deficits, you can't throw \$10 million dollars to create a program or a report.

The report lays out how NYCHA is currently mismanaging their supply inventory. I know this firsthand as I see this firsthand in all

1
2 of the developments that Community Voices Heard
3 works with and at Gravesend specifically, as well
4 as Coney Island Houses. Gravesend I have lived in
5 almost 50 years--'cause I'm 46. The report
6 recommended that NYCHA needs to scale down from
7 the current supply chain of over 1,400 suppliers.
8 The report correctly points out that NYCHA needs
9 to work with fewer suppliers to leverage its scale
10 and to be more efficient and to achieve cost
11 savings. It also recommends that NYCHA use the
12 just-in-time delivery with inventory warehoused at
13 each development. This also is in line with the
14 other key recommendations to put more front line
15 staffing at the development level with more
16 skilled maintenance workers. Preferably residents
17 as well. This is not rocket science. We the
18 residents have been saying this for years, but it
19 took NYCHA to spend \$10 million to figure this
20 out.

21 Another key recommendation, and is
22 also layered throughout the report, is for NYCHA
23 to outsource the daily operations and management
24 of our developments to private management
25 companies. This is a trend and a terrible idea

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2 with bad consequences for public housing
3 residents, as well as public housing workers.
4 This would mean there would be less staff on site,
5 and would take away even more from the community
6 model that we have began to create at our
7 developments. Even though NYCHA needs to do a
8 better job at maintenance of the developments, we
9 like knowing maintenance workers at the property,
10 and many of those workers live in public housing
11 as well. But with this proposed private
12 management companies, there would be more severe
13 cuts to the workforce in the name of the bottom
14 line--profits. Public housing was not created for
15 private companies to do poverty profiteering off
16 of low-income communities of color. In the
17 report, it says that this will be tried at four
18 developments as demonstration projects. I would
19 love to know which four developments are they
20 talking about.

21 This recommendation is also wrong
22 from how it was done. They compared NYCHA to
23 other public housing authorities that are not in
24 the business of public housing anymore. The other
25 Housing Authorities they were looking at have

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2 moved to either mixed income, mixed finance, or
3 mixed something or other, and have low levels of
4 tenancy for public housing residents and are much
5 smaller.

6 I am asking the City Council today
7 to tell NYCHA to say no to outsourcing of our
8 developments and to keep our communities whole, as
9 well as to keep our homes, our homes.

10 Thank you.

11 [Applause]

12 CHAIRPERSON MENDEZ: Whoever is
13 ready could just grab the microphone and..

14 DIANE BLANFORD: Hello, my name is
15 Diane Blanford and I am from Staten Island, the
16 forgotten borough. I lived in Staten Island South
17 Beach Houses and I am a long-term member of
18 Community Voices Heard. I am here today to tell
19 New York City Council and NYCHA that they need to
20 do better.

21 NYCHA overspent 10 million to have
22 the Boston Consulting Group tell them what is
23 wrong with their operation. They could have asked
24 the residents, we live here, we know what is wrong
25 with NYCHA, and they could have spent that 10

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2 million towards fixing 100,000 of the nearly half
3 a million of backlog of repairs.

4 This money could have also been
5 used towards hiring more maintenance workers and
6 bringing back the workers that were laid off years
7 ago. This would be in line with one of the key
8 recommendations in the report--to have more front
9 line staffing at the development level with more
10 skilled and maintenance workers. I know that
11 NYCHA has laid off almost over 8,000 workers from
12 NYCHA and [off mic] was 8,000 of those workers
13 laid off live in NYCHA.

14 One of our recommendations that was
15 not in the report is how NYCHA misuses its funds
16 on the scaffolding all throughout the
17 developments. NYCHA spends--and we're talking
18 maybe in one building--\$25 a day for that
19 scaffolding being up, so that comes to about over
20 \$40 million a year just on scaffolding for the
21 developments. While the report makes important
22 recommendations on NYCHA fixing their supply
23 buying and the inventory management, they do not
24 mention the savings that could be had from the
25 scaffolding.

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2 Another important source of revenue
3 that \$10 million did not look at is the \$98
4 million that NYCHA double pays the New York Police
5 Department. This was overlooked. This NYCHA
6 money should be going to NYCHA residents. The 98
7 million could fix every backlog repair and every
8 current repair work order in the system. I want
9 to know what is the City Council doing to make
10 sure that NYCHA stops paying New York Police
11 Department our money. The MOU should be extended
12 immediately and that money should go towards
13 hiring residents and fixing our homes.

14 And I would like to make a comment
15 in there whereas Shaun Donovan, the Secretary of
16 HUD, has met with us and Shaun Donovan is getting
17 ready to subpoena a lot of records 'cause a lot of
18 money that HUD allocates out to certain
19 developments and stuff, they want to know exactly
20 where it's going and how it's being spent. So my
21 question to the Council is: Why don't you
22 subpoena NYCHA records to see what's really going
23 on with the numbers and stuff? Because the
24 chairperson can sit here and tell you one thing
25 and then he guarantees in three to six months

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2 you'll get it, when if you're going to subpoena
3 it, he ain't going to tell you no three to six
4 months, he's going to tell you he's going to have
5 it ready in about two weeks.

6 And NYCHA and HUD do not really
7 communicate, so there's a problem.

8 Thank you.

9 SHIRLEY JONES: Go ahead.

10 [Off mic]

11 VERNELL ROBINSON: Good afternoon.
12 Before I begin, you know, I just want to say, it
13 really--it bothers me to sit here and testify on
14 something that has already been in place, it's
15 being put in place. I'm feeling like, honestly,
16 it's just a waste of my time, but I'm going to put
17 it out here anyway.

18 You know, the bottom line, New York
19 City Housing Authority really needs some
20 oversight; they really do, before they go about
21 implementing things. They really do, you know?

22 All right, my name is Vernell
23 Robinson, and I am a New York City Public Housing
24 authority resident and I'm also a Community Voices
25 Heard leader, and I can thank God for Community

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2 Voices Heard because it's only through that
3 organization that I get information. And, I mean,
4 it's not from the resident council and it's not
5 from New York City Housing Authority.

6 I am presenting this testimony in
7 protest of to how New York City Housing Authority
8 continuously spends money frivolously while
9 allowing repairs in my apartment, my neighbors'
10 apartments, and friends' apartments to be
11 unaddressed. The fact that NYCHA has already
12 wasted \$10 million on the Boston's group report,
13 I'm pleading that the City Council does not allow
14 them to implement many of the very changes which
15 were planned prior to this report to be--and, you
16 know, the other, this is a sidebar 'cause it's not
17 in here, like I was saying, oversight, they really
18 need oversight. They're an authority and they
19 think they're above the law. I'm a tenant, I
20 can't sue them? I'm trying to file a harassment
21 case now.

22 I have lived in public housing
23 since 1968. I have witnessed many of the changes,
24 good to bad to worse, as generations have come and
25 gone. For years, in the past the process for

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2 having residents call into the manager's office to
3 report repairs and then a work ticket would be
4 issued and generated from the office, it worked
5 well. It was a very efficient way of maintaining
6 repairs, however, of course, NYCHA spent millions
7 of dollars, I'm sure, to change the process which
8 has caused the system now to collapse.

9 One of the key recommendations is
10 to go back to the old system with more front line
11 staffing at the development through a property
12 management company. We agree that this would cut
13 down the red tape and would result in better
14 repairs, result in speedier repairs, however, this
15 would also mean that the housing worker, who is in
16 many cases a resident--and you all keep hearing
17 that--who would become unemployed, and ultimately
18 evicted.

19 Outsourcing will create more havoc
20 for families and the community. The outsourcing
21 to private management companies would only speed
22 NYCHA's original plan to privatize. The
23 outsourcing private management companies will only
24 take away from the community model of work at the
25 development to more of an outsider private

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2 company, detached from the community and the
3 development.

4 I have lived in my apartment and
5 raised my four children and my grandchildren
6 within Carleton Manor, which is in Far Rockaway,
7 right dead smack in Arverne-by-the-Sea, million
8 dollar homes, since 1989. I became involved with
9 the resident council in 2000 because of having to
10 take up fighting to receive drinking water and to
11 have NYCHA clear a toxic smell that was
12 eniminating [phonetic] within my apartment from
13 the sewage outside. It took all of 11 years of
14 residents becoming ill before the toxic odor was
15 partially corrected; whereas, the water issue, it
16 has ballooned over the last five years into not
17 having any hot water in my bathroom to properly
18 wash--it's crazy.

19 The bottom line is NYCHA has
20 mismanaged money for years and they have justified
21 their actions by placing the problems within the
22 structure of NYCHA, including needing repairs, on
23 the residents. The fact that the report excludes
24 the \$98 million that NYCHA provides to the police
25 department wasn't looked at should raise some

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questions about the report in itself.

The stop-and-frisk practice that New York City Police Department operates within the developments only perpetuate racial profiling, which contributes to the development of low esteem and other negative factors among our youth.

In my humble opinion, although the federal government has reduced their funding to public housing and there are no real plans to receive, they're not going to--look, the federal government wants out of the business, a plan has to come out, and I agree with that, I get it. No real plan to increase the funding, the City Council and the federal government needs to implement better oversights for NYCHA's board level down to the management. There are individuals collecting thousands of dollars for making poor decisions that has contribute to the reduction of federal funding, havoc in communities, and deplorable living conditions, and the overall health of our seniors and others with disabilities.

The manipulative methods that New York City Housing Authority uses to direct

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2 resident leaders in their agreeing with certain
3 issues needs to also be addressed if overall
4 improvements are to be made for the future of
5 NYCHA.

6 And this is another sidebar, today,
7 New York City Housing Authority leaders are in New
8 Orleans, where housing, forget it, it was--since
9 Katrina, they're not letting those people back in.
10 So my leader is in New Orleans instead of here or
11 anywhere else testified about what's going on and
12 to put their input into this. It's a practice
13 that NYCHA uses and that's why I got off the
14 board, I couldn't stomach it anymore, I really
15 couldn't. I presented a proposal to them to do
16 social programming with the money that the federal
17 government gave us, still to this day, it has not
18 come through. Still to this day.

19 Education is key. Rather than
20 wasting millions of frivolous spending, dollars
21 should go towards true person-centered and social
22 programs, organizing or skill-building
23 opportunities, and work ethic trainings for most
24 of NYCHA staff.

25 The reason why I have them in court

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2 today is because they sent me an eviction, of
3 which I should not have gotten. They raised my
4 rent when they should have been lowering my rent,
5 and so all that we went to court and they owe me a
6 \$2,000 credit, the next day I got another eviction
7 notice that I owe them now \$1,200. So this time I
8 went back to court and, although the inspector
9 came to my house this morning to investigate,
10 ironically, the water was warm in the bathroom in
11 the sink. The tub he never turned on because it's
12 the tub that's always cold, okay? When I filed my
13 HP action against Housing this time, I'm also
14 filing harassment charges because it makes no
15 sense for them to do what they do on the level
16 that they do because they feel they're above the
17 law. I have rights. I have rights. I do not
18 need to be treated disrespectfully and nor do I
19 have to live in deplorable conditions because I
20 can't afford to live anywhere else but public
21 housing at the current time.

22 I've been struggling, struggling
23 for 20 years to hold a job, struggling. I have
24 not been able to hold a job more than three years,
25 but by the grace of God, because of these new

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2 healthcare reforms, not only myself, there'll be
3 more other people that will be able to go to work,
4 keep a job, and be able to prayerfully save some
5 money to have some options to get out of public
6 housing.

7 It's not that I want to be there, I
8 don't, I have no other choice. No other choice.
9 I want better for my life and I want better for
10 the people that I love and all those who's coming
11 behind me that deserve a chance to get a leg up in
12 life to move on to have something better.

13 Thank you all for allowing me to
14 speak.

15 [Applause]

16 SHIRLEY JONES: Good afternoon to
17 the Committee, and I thank you for being here and
18 listening to us. My name is Shirley Jones, I am a
19 member Community Voices Heard, and I have lived in
20 Amsterdam Houses for over 40 years, where the
21 quality of life will never happen, seemingly, in
22 another 40 years.

23 This report that cost \$10 million
24 and took a year of organizing for residents of
25 public housing to finally see it is not worth \$10

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million, it's a shame.

First of all, I'll repeat, it is a shame that NYCHA constantly talks about resident involvement and transparency but would not release a report on how to improve our homes. It took a year and a whole lot of work for us to see.

Anyways, I am not a young chicken, so I have seen a lot over the years living at Amsterdam Houses, which I prefer in the last ten years to call AmsterDam Houses. The report points out something that we all know and experience every day while we are waiting on our second year for a basic repair: NYCHA does not know where its supplies are. Residents get told we have a shortage of supplies, we have a shortage of our workers. According to the report, NYCHA spent 5 million to manage 5 million of active inventory and has over 5,000 storerooms. And the bottom line of the report, you can't pay a NYCHA employee 10 million to find out where the supplies are. Isn't that something? Money, all that money and all of those supplies, and no one knows where it is.

We know this, of course, as public

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2 housing residents, because after waiting two years
3 to get your repair, the maintenance worker will
4 come to your door and will not have the right
5 parts. It took them \$10 million to figure out
6 that--which they could have paid me half or I will
7 taken a quarter of that--I could have told them.
8 But moving forward, NYCHA should work to contract
9 with fewer suppliers and use the just-in-time
10 inventory model.

11 Another disturbing recommendation
12 that was laid out over and over again is NYCHA
13 wants to outsource the daily operations of our
14 developments to private management companies. Let
15 me say this right here: I am 72 years old and I
16 and Community Voices Heard will not support any of
17 the damnation recommendations that will cut the
18 jobs of our union brothers and sisters and that
19 would completely remake the daily life of my
20 public housing community. We know what
21 outsourcing has done to other public housing
22 authorities and it will not happen in New York
23 City--at least for the next 72 years I got left on
24 this earth.

25 What does make sense that is laid

1
2 out in the report is for NYCHA to become more
3 decentralized at the borough level and to focus on
4 having better trained management at the
5 development level. This would mean more front
6 line staffing at the development level with more
7 skilled maintenance workers and speedier repairs.
8 Kind of how it used to be.

9 I want to finish off my testimony
10 by addressing two more issues that is not in the
11 report. When I opened the report and I saw that
12 the report, while talking about how NYCHA can save
13 money here, can save money there, did not mention
14 how NYCHA is giving away our money to the NYPD to
15 do what they are supposed to do. I will give you
16 a report on what would make the hole in my wall or
17 the leaks in my neighbor's apartment better--if
18 NYCHA would end the MOU with the police department
19 and stop giving away the \$98 million and use it to
20 hire public housing residents to make on time
21 repairs for our homes.

22 NYCHA also needs to be real and let
23 residents be part of the decision-making process.
24 We at Community Voices Heard have a proposal for
25 participatory budgeting in NYCHA. This is where

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2 residents decide on how to spend a portion of the
3 capital budget for their developments. Who would
4 know better on what our development needs than the
5 residents of public housing? I urge the City
6 Council to tell John Rhea to meet with Community
7 Voices Heard and ensure that public housing
8 residents' voices are heard.

9 Thank you.

10 [Applause]

11 CHAIRPERSON MENDEZ: Well that was
12 a lot of information, ladies. First let me ask
13 you this: So you all looked at the BCG report, is
14 that correct?

15 SHIRLEY JOINS: Yes.

16 VERNELL ROBINSON: Yes.

17 CHAIRPERSON MENDEZ: Do you find it
18 easy to follow?

19 MULTIPLE VOICES: No.

20 CHAIRPERSON MENDEZ: Okay.

21 SHIRLEY JONES: Oh, no.

22 [Crosstalk]

23 CHAIRPERSON MENDEZ: Someone try to
24 decipher it for you?

25 VERNELL ROBINSON: Yes.

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SHIRLEY JONES: Yeah.

CHAIRPERSON MENDEZ: And you still found it--and that person found--

SHIRLEY JONES: Yeah.

CHAIRPERSON MENDEZ: --it hard to follow.

SHIRLEY JONES: That's true.

CHAIRPERSON MENDEZ: I'm with you.

SHIRLEY JONES: We only have a, you know, a few pointers.

VERNELL ROBINSON: But at least we had that to go on.

SHIRLEY JONES: Right, that's true.

VERNELL ROBINSON: Listen, the board didn't know anything. The president and in Far Rockaway there are six developments, which makes it really unique. We have an opportunity to come together and plot, strategize, or whatever, to come back to the larger picture, none of that happens because NYCHA doesn't allow it, they don't feed them the proper information that they need to really get into the developments to get the people out. They're so despondent, they don't want to even go to meetings. So when the resident council

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2 go to the [off mic] meeting, or whatever, they're
3 going with their opinions and what's in their head
4 from what NYCHA done put there.

5 You know, many of them don't get
6 exposed to, like, Victor's--let me tell you
7 something, CC--CSS, I mean, the policy part of it,
8 I've gone to so many of those meetings and CVH,
9 okay? That's where the information comes from,
10 okay? NYCHA doesn't give it to us, not until the
11 last minute, 'til it's done and over with. You
12 know, I look at the board like rubber stamps,
13 that's why I got off. I needed to really, really
14 get in there to help in my community, and on these
15 outside levels is how it happens.

16 CHAIRPERSON MENDEZ: Okay. So
17 there's a lot of things that were raised and I
18 just want to talk about this very--'cause you're
19 here, so I figured I'd give you the information--
20 this very convoluted and complicated system that
21 we have. So NYCHA is provided funding by the
22 federal government for their daily operations and
23 HUD is the federal agency that oversees it, so
24 they certainly can go and investigate everything
25 that NYCHA has to determine whether the money that

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they're providing is being used appropriately.

We at the city and state also provide funding, but it's not a permanent part of our budget. Many of us, as Council Members, providing funding for specific things in our district and as a result of last month's hearing, we are working on an MOU with NYCHA to give us quarterly reports on how our money is being used.

So the Mayor appoints the board member, legislation on oversight of NYCHA is actually done at the state or federal level, we can make recommendations in forms of resolution that the state or the feds would have to rule on and make happen, so we have at the City Council recommended that many of these pilots and MOUs be undone or at least for a while, while NYCHA's in the financial crunch. We've had hearings on it and we've asked for it in writing, we haven't passed a formal resolution. But at the end of the day, we could pass that resolution, but we wouldn't have the power to make it happen, that power lies right now within the state or the feds.

So just to, you know, but by way of these forums and these oversight hearings, a lot

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2 of information does come forward, and I have to
3 say that the Authority, when we ask for meetings,
4 does meet with us and sometimes takes into
5 consideration some of the proposals we put
6 forward, sometimes they don't, and we have had
7 accountability from them on many things, and have
8 been able to push certain projects forward as we
9 are now doing with the cameras, and I think we are
10 in a better place and I think, you know, that
11 money and those cameras--that money is being spent
12 and the cameras will be coming into the
13 developments. And so it is a process for us now
14 also with the rest of our capital money to make
15 sure it's getting into our developments.

16 So I hope that's--if you didn't
17 know that, I hope that's helpful, and I see
18 someone's got a comment. Yes?

19 VERNELL ROBINSON: Now we've have
20 cameras around our development, we had them for
21 the last five years, we didn't get no money from
22 NYCHA, the congressman of our borough--

23 CHAIRPERSON MENDEZ: [Interposing]
24 Right, none of these cameras, none of these
25 cameras that you see coming in are being put with

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NYCHA's money, it's--

VERNELL ROBINSON: Oh, okay.

CHAIRPERSON MENDEZ: --coming from, usually, elected officials because, since they have been shortchanged so much money from the federal government, whatever capital money they have has to go for the roofs and the pipes and the elevators. So we have been requests from our residents, so we've been putting the capital money in for the cameras and, you know, you actually have a set of the older cameras--

VERNELL ROBINSON: Yes.

CHAIRPERSON MENDEZ: --that they are now trying to figure out how those cameras work more efficiently, which was part of this whole safety and security task force that they developed. So, yes, you are correct, that money is not from NYCHA and it probably won't be for a while because they are still being shortchanged by the federal government in their capital funding.

ANN VALDEZ: As for the issue with the roofs, I think it would have been beneficial when the roofs in Gravesend Houses that was supposed to be repaired seven years ago, if that

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2 work would have been done with an honorable
3 company, in reality it was not an honorable
4 company, it was one man who claimed to be a
5 company and he brought some workers and did a
6 lousy job. The same thing with the brick laying,
7 water is leaking through the buildings, I live on
8 the sixth floor, the building only goes to the
9 seventh floor, and at least six apartments in my
10 building on the sixth floor have such bad water
11 damage that they can't rent them. The scaffolding
12 up there? I have no idea what the scaffolding is
13 for, I've heard three different stories and see
14 nothing getting done.

15 So I think NYCHA really needs to
16 be--I don't put the blame or the pressure on you
17 guys, I think you're doing a fabulous job, but I
18 think they need to keep being questioned and held
19 accountable, and CVH will continue taking it, if
20 we have to, on a federal level.

21 CHAIRPERSON MENDEZ: Yes--

22 ANN VALDEZ: Thank you.

23 CHAIRPERSON MENDEZ: --certainly
24 CVH is in the house today.

25 ANN VALDEZ: Oh yeah.

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CHAIRPERSON MENDEZ: So--

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VERNELL ROBINSON: May I say--

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[Crosstalk]

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CHAIRPERSON MENDEZ: --just about

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the--'cause I need to call up the next panel, just
to say, 'cause I have to rush back to my district,
I have 600 schoolchildren who are displaced from
one of our school buildings, so I'm a little
anxious to get back there, but I want to tell you
about the scaffolding.

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There are laws in this city that
requires every landlord to put up scaffolding when
certain things are triggered. The Housing
Authority also, as a landlord, has to do that, and
whether you're going to do the work or not,
whether you have the money to do the work or not,
it is required by law to put up that scaffolding,
otherwise, they're subject to other fines. So
while it may be costing them a lot of money to put
up the scaffolding, they actually have to do it,
otherwise, they'd be getting fines and other
penalties. And the scaffolding is part of City
law to ensure that nothing else happens. So it
may not be a problem today, but if that

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scaffolding is there and, God forbid, a brick should fall a year from now or a week from now, then it won't fall on someone because that scaffolding is there. So--

[Crosstalk]

CHAIRPERSON MENDEZ: --just wanted to explain that.

So the next panel--

ANN VALDEZ: Thank you.

CHAIRPERSON MENDEZ: --please come on up, Andrea Jones, Louis Cholden-Brown, Sonia Persia, and Shirley Williams. We just had Shirley Jones.

[Crosstalk]

CHAIRPERSON MENDEZ: Okay. Now we got Shirley Williams. No relation to the Partridge Family, right, Ms. Jones?

[Crosstalk]

CHAIRPERSON MENDEZ: Now we're going way back, oh, okay, I'm dating myself here. I'm just double-checking, I have two other people who had signed up to speak: Allan Feinblum, I don't think I see him here, and Joseph Garber, I don't see here, but I don't know if he's out there

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somewhere.

Okay. Whoever is ready on this panel to start their testimony, please grab the microphone and start.

ANDREA JONES: Hi, my name is Andrea Jones and I'm from Staten Island, and I just so happened to be in the Housing Courts and came over here and joined up with this group today, Community Voices Heard, okay?

And I was listening to some of the things that's going on with the \$10,000--\$10 million that was spent in Boston and the \$10 million that was spent in Atlanta. And I was saying myself that's \$20 million, okay? So if you didn't get the results that you needed from Boston, why would you even go back to Atlanta to get something? You understand what I'm saying?

The money could have been, like the other lady said, it allocated and it could have been allocated to the residents of, it could have been allocated to the residents of Staten Island.

I lived in the Markham Home Gardens, are you familiar with that?

CHAIRPERSON MENDEZ: Yes, I am.

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2 ANDREA JONES: Okay. With the
3 Markham Home Gardens, okay, I put it in the paper
4 about the repairs and why the repairs were not
5 being done, the reason why the repairs were not
6 being done because they wanted to phase out the
7 Markham Home Gardens, okay? And they promised the
8 tenants that they would be able to come back into
9 the Markham Home Gardens once they fixed them up.
10 That did not happen, we were not able to go back
11 into the Markham Home Gardens and the rents were
12 not what they were supposed to be, and only
13 several people got Section 8. And this is the
14 practice with New York City Housing Authority,
15 they tell you one thing and they do something
16 totally different.

17 And if they're privatizing, this is
18 the same thing that happened with the Markham Home
19 Gardens, which means that, basically, how far are
20 they going to go throughout the city to privatize,
21 will the projects be what it was supposed to be
22 for low-income homes--families, families?

23 And the next thing that I have a
24 problem with, when you speak out, I called the
25 Staten Island Advance about the repairs then and

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2 the backlash that I got from that was terrible.
3 That was back in 2000, and here it is in 2012, I'm
4 still going through the rebribution [phonetic]
5 behind that. I'm being constantly tormented by
6 New York City Housing Authority, I submit papers,
7 they say that I haven't submit them, I haven't put
8 them in, because I stood up for what I felt was
9 right with the phasing out the Markham Home
10 Gardens. You understand what I'm saying? And if
11 I stood up for what was right and they're still
12 doing this to me now, how do you expect them to
13 tell the truth?

14 I think every borough knows pretty
15 much still what's going on, and if you look
16 around, they said someone would be here from
17 Housing, you don't see anyone here from Housing
18 because they made their--they--is there?

19 CHAIRPERSON MENDEZ: There was
20 someone here up until a little while ago--

21 ANDREA JONES: Yeah, because--

22 CHAIRPERSON MENDEZ: --until this
23 panel, so--

24 ANDREA JONES: [Interposing] But we
25 gave them the opportunity to speak and hear them.

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2 Like your sign says, it says a government for the
3 people by the people--I mean, a government of the
4 people by the people for the people, so we're the
5 people, New York City Housing Authority needs us
6 to run as well as we need them to run. You
7 understand what I'm saying? And if they don't
8 listen to us and they make the decisions
9 themselves, how could we feel that we're a part of
10 anything? We can feel a part of anything.

11 And if you get retaliation behind
12 standing up, you feel like you're alone. I felt
13 like I was alone for a long time. I've been back
14 and forth in court every since I put them in paper
15 since 2000, I've never been in court before.
16 Every since they move me and they act like it was
17 going to be over, that it was going to be
18 something new, and it hasn't been. Because I put
19 them in the papers in 2000 about phasing out the
20 Markham Homes, which I felt was a wonderful thing,
21 why not fix it up and then send the people back in
22 there because it felt like your own home--you had
23 your front yard, your back yard. You understand
24 what I'm saying? And you felt like you had a
25 sense of community. You know what I'm--and I

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2 really don't know why they phased it out to become
3 a part of--that's like another NYCHA program that
4 they're a part of, but it's privatized.

5 So with that, I've been victimized
6 and I've called Senator Gilleband's [phonetic]
7 office, Hillary Clinton, when she was senator, and
8 other senators and other people, and I haven't
9 gotten anywhere. And so I'm just wondering with
10 the money that's spent, is that another excuse
11 from New York City Housing Authority?

12 And the police, another thing, with
13 the 90--

14 SHIRLEY WILLIAMS: Eight.

15 ANDREA JONES: --98 million that
16 they spent, the police department is supposed to
17 do their job anyway, if you're giving them \$98
18 million, what are you giving them for? Then they
19 have the--then NYCHA pretty much still have them
20 in their pocket if you're paying their salary and
21 plus a salary. You understand what I'm saying?

22 So those are just some of the
23 things that I wanted to bring to the forefront
24 because I spoke out, I'm still in court, and
25 facing eviction because I spoke out.

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2 CHAIRPERSON MENDEZ: Let me do this
3 person-by-person so that I can get these questions
4 in my head. So you still live in Staten Island.

5 ANDREA JONES: Yes, I do.

6 CHAIRPERSON MENDEZ: Okay. So you
7 did not return to Markham and Gardens.

8 ANDREA JONES: No, I'm in Toad Hill
9 right now, which is worse.

10 CHAIRPERSON MENDEZ: Okay. All
11 right. And so we should talk after this--

12 ANDREA JONES: Okay.

13 CHAIRPERSON MENDEZ: --to see what
14 else you're going through, but I think you can see
15 from all the people here you are not alone--

16 ANDREA JONES: Okay.

17 CHAIRPERSON MENDEZ: --and you may
18 be out in Staten Island, but you are not alone.

19 ANDREA JONES: Thank you, thank
20 you.

21 CHAIRPERSON MENDEZ: And,
22 unfortunately, we are, you know, many of us in
23 public housing--this has been--you know, I grew up
24 in public housing and I've never seen it like this
25 and it really is disconcerting to see what's going

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2 on. Some of the issues you've raised were when
3 there was a different board in place; I do see an
4 attempt by this board to try to move forward to
5 rectify this. We, you know, there has been a
6 chronic budget deficit, it started in the Bush
7 years and so you're still feeling the crunch of
8 that. Whether I like this report or not, I think
9 it was done with the intention of trying to figure
10 out how they best service their tenants. I, after
11 listening through all this, I really do think
12 that's what they're trying to get to, and I
13 certainly hope that is the end result, 'cause if
14 that is, then certainly the \$10 million is worth
15 it.

16 So I do see them with a plan to go
17 back and take care of the repairs and we just got
18 to make sure we hold them to that plan and where
19 we can, as we're doing now on the City Council,
20 try to advance that plan by putting in the
21 additional funding.

22 ANDREA JONES: Okay.

23 CHAIRPERSON MENDEZ: And so we
24 will--I will talk to you and we will figure out
25 how we can give you additional support and what's

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2 going on in your particular case and, you know, if
3 you need some legal representation, if we can try
4 to see if we can get you that--

5 [Crosstalk]

6 ANDREA JONES: Thank you.

7 CHAIRPERSON MENDEZ: All right.

8 SHIRLEY WILLIAMS: Do you want me
9 to go?

10 SONIA PERSIA: Me.

11 CHAIRPERSON MENDEZ: Whoever--

12 SHIRLEY WILLIAMS: Okay.

13 CHAIRPERSON MENDEZ: --whoever's
14 ready.

15 SHIRLEY WILLIAMS: Go ahead, you
16 want to? Okay. Ninety-eight million dollars the
17 Housing is paying these police every--we hear it
18 every speech, but they're saying in 2016, they
19 want to raise 38 million? So we already have 98
20 million stuck up here that Housing already have.
21 We already have the 38 million.

22 Plus, we have 60 million left
23 because I feel right now the New York Police
24 Department should only get about 10 million, if
25 anything, that's the kind of work I see that they

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2 are really worth. So 50 million, we can be fixing
3 so many things, even with the 50 million.

4 My name is Shirley Williams, I'm
5 live in 830 Amsterdam House, I'm also the TA
6 president. I've been living in Douglass Houses
7 since 1957, so I know the changes from the best,
8 now to the worst. Okay? And I've been in all--
9 everything about Douglass Houses and everything
10 that was happening about that. I spoke on the
11 revenue and I've spoke at these round meetings
12 that has the chairman has been having about the
13 revenue, about the housing, and the people that's
14 living in the housing, and people that's living
15 there all their lives, but now need to move into a
16 smaller place. Okay? I spoke about that with
17 the revenue, but they went around and did it a
18 different kind of way, their way, instead of
19 coming back to the tenants and working with us so
20 that we can work with them. They did it so many
21 different ways that people were dying because they
22 got scared they got to get kicked out of their
23 houses and things.

24 So they talking about revenue, they
25 still need to start working with us, they need to

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2 talk with us. You don't have to spend 10 million
3 to talk outside, you could have gave the man 2
4 million and got more--gave us in here, NYCHA, I
5 mean, the tenants, the \$8 million and we would
6 have told them everything they needed to know and
7 how to work these things out.

8 So everything that my other CVH
9 persons and how we talk and how we learn things
10 through how we are, I can't say I can just
11 piggyback off of them and it'll be time consuming,
12 I could move on to the next one, but I just have
13 to say that all this money that they're wasting,
14 it could have been with us already if they would
15 have worked with us and not against us.

16 That's all I have to say.

17 SONIA PERSIA: My name is Sonia
18 Persia, I come from Dominican Republic but I am
19 American citizen too.

20 [Off mic]

21 SHIRLEY WILLIAMS: Go ahead, girl.

22 [Crosstalk]

23 SONIA PERSIA: I say thank you to
24 the chairman for to taking me here--for to taking
25 the group here because we need health. We are in

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2 endangered away because one day we wake up, we're
3 going to go to bed sleeping and when we're going
4 to go up, we're going to be in the [off mic]
5 because the situation is very hard for housing.

6 I live in Carver House and I live
7 with my three children from 1997, and my three
8 children say, Mommy, you [off mic] to pay a lot of
9 money for the housing. We supposed to go out,
10 this is division, I love to live with my children,
11 I love to live to cook for my children, now I can
12 do nothing because my children leaving. And I
13 pay--when my children be coming to work and the
14 construction, I talk to the manager, I'm very
15 honest with the housing, I'm going to go to the
16 housing and I say my children be coming to work
17 and he goes, he said to me, oh, you're supposed to
18 bring me the check, how many they get every week,
19 and I give it to them. But they putting me the
20 rent 1995--oh, excuse me, I'm sorry--995.60 and I
21 pay that about \$1,000, but me, I don't care
22 because I want to live with my children. And I
23 love to cook and I don't know, I don't want to see
24 the situation about the young people because the
25 young people need to second chance.

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2 In the jungle, the people--in the
3 jungle, the animal, when they are hungry, they
4 kill you, they looking for somebody [off mic] and
5 they kill you the first and they eat. The young
6 people need the second chance, they don't suppose
7 to be endangered away.

8 But I wanted housing to [off mic]
9 to be NYCHA, not another company because another
10 company, they don't be tried to us very nice, they
11 be try like an animal, they be try like people,
12 they don't know nothing, you know, the situation
13 is very, very hard for us. You support to help me
14 to help you the people from the community,
15 especial from the people from the disabled people,
16 you know?

17 FEMALE VOICE: Yes.

18 SONIA PERSIA: We need help, we
19 being endangered away. The government don't
20 taking away, we--

21 [Crosstalk]

22 CHAIRPERSON MENDEZ: [Interposing]
23 Don't cry, I already had someone else crying
24 today.

25 SONIA PERSIA: Okay. Okay.

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[Crosstalk]

CHAIRPERSON MENDEZ: I know it's
hard--

SONIA PERSIA: [Interposing] The
government's supposed to be for the people by the
people for the people like the people. We are the
people, we are the children [off mic] describe, we
are the poor people, we need help.

FEMALE VOICE: Yes.

[Applause]

CHAIRPERSON MENDEZ: Thank you.
Thank you. And it's okay to cry, but when you do
that you break my heart, so I'm just letting you
know.

SONIA PERSIA: I'm sorry, I'm
sorry.

CHAIRPERSON MENDEZ: Okay.

SONIA PERSIA: That's what I feel.

CHAIRPERSON MENDEZ: And let me, if
your kids are leaving and you still want to cook,
I can't cook, I'll come over to your place, you
can cook for me, okay?

[Applause]

SONIA PERSIA: I love to cook

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2 because I watching TV, the 50 [off mic], now I
3 don't have the 50--

4 [Crosstalk]

5 SONIA PERSIA: --because the [off
6 mic] me to pay \$300, I say I don't want it, I
7 don't have money for that.

8 CHAIRPERSON MENDEZ: Okay.

9 SONIA PERSIA: My big son be in the
10 hospital, you know?

11 CHAIRPERSON MENDEZ: Okay.

12 SONIA PERSIA: And he got a mental
13 health and he need, I need, we need [off mic].

14 CHAIRPERSON MENDEZ: Okay.

15 SONIA PERSIA: Thank you, God bless
16 you.

17 CHAIRPERSON MENDEZ: Thank you.

18 LOUIS CHOLDEN-BROWN: I'm going to
19 keep this very brief. Let me first say it's an
20 honor to be able to testify with so many
21 passionate tenants and that I'm sort of touched to
22 have my brief remarks conclude this afternoon and
23 about our advocacy for them.

24 I am Louis Cholden-Brown, I am the
25 co-chair of the Manhattan Community Board 7

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2 Housing Committee, which represents, among other
3 properties, Amsterdam Houses, Amsterdam Addition,
4 Wise, the Dome Sight, and Douglass.

5 And while the objectives of this
6 report, which are to reshape the central office
7 functions to achieve the dual objectives of
8 greater efficiency and effectiveness in order to
9 free up resources to invest in the front line of
10 NYCHA, are certainly commendable, how those
11 resources that are to be freed will be allocated
12 is missing from this report, it is missing from
13 Chairman Rhea's testimony this afternoon and I was
14 quite--

15 SHIRLEY WILLIAMS: Yes.

16 LOUIS CHOLDEN-BROWN: --disturbed
17 by the fact that all his answers referred back to
18 that testimony--

19 SHIRLEY WILLIAMS: Yes.

20 LOUIS CHOLDEN-BROWN: --and he was
21 unable at any juncture to provide specifics.

22 SHIRLEY WILLIAMS: Yes.

23 LOUIS CHOLDEN-BROWN: At a June 5th
24 budget hearing convened by this Committee, joint
25 with Domenic Recchia's Finance Committee, long

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2 before the outcry from this body, which, once
3 again, let us thank Chairwoman Mendez and Speaker
4 Quinn for and the public secured the early release
5 of the BCG report, or what I should really say is
6 some semblance of the BCG report. Chairman Rhea
7 had testified that NYCHA was in the process of
8 converting the BCG report into real specific
9 timelines and deliverables. Let me say the time
10 has passed for them to account for the
11 warrantability and feasibility of the conclusions
12 contained in this \$10.31 million report and
13 identify the intenant [phonetic] strategies for
14 the areas in need of necessary reform, chiefly
15 maintenance and repair work, absent from its
16 findings.

17 I find myself speaking only the
18 broadest of terms because what we presented with
19 is only the broadest of proposals. The supposed
20 key findings and recommendations, absent concrete
21 details and timeframes and with no consideration
22 of overcoming obstacles, both legal and
23 institutional. Despite presenting 42
24 recommendations spanning 12 topic areas, the
25 projected savings associated with individual

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2 initiatives, as well as the appropriateness of
3 some of the strategies, chiefly digitization for
4 an aging population, are never given their due
5 consideration.

6 To conclude, I want to once more
7 thank the Council and Chair Mendez for securing
8 yesterday's commitment to quarterly disbursement
9 updates from NYCHA and ask that you continue to
10 push for the expeditious identification of [off
11 mic] plans to implement the findings discussed
12 today and for strategies to implement the front
13 line gains permitted by the remedies employed.

14 [Applause]

15 LOUIS CHOLDEN-BROWN: Thank you,
16 that was--

17 SHIRLEY WILLIAMS: [Interposing]
18 That was great, that was great.

19 CHAIRPERSON MENDEZ: We will
20 continue to try to get answers. And I want--

21 LOUIS CHOLDEN-BROWN: Thank you,
22 Chair Mendez.

23 CHAIRPERSON MENDEZ: --to thank you
24 all for staying 'til the very end to give your
25 testimony. I want to thank all the residents who

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were here who did not testify, and who were here supporting each other.

And, you know, we are here to try to get you the answers, and I appreciate each and every one of you.

With that, this hearing has come to an end. Thank you.

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 October 12, 2012