

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE
COMMITTEE ON PUBLIC HOUSING
COMMITTEE ON CIVIL RIGHTS
COMMITTEE ON CULTURAL AFFAIRS, LIBRARIES, AND
INTERNATIONAL INTERGROUP RELATIONS
COMMITTEE ON EDUCATION

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June 3, 2013
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Recess: 4:25 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:
DOMENIC M. RECCHIA, JR.
ROSIE MENDEZ
DEBORAH L. ROSE
JAMES G. VAN BRAMER
ROBERT JACKSON
Chairperson

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A P P E A R A N C E S

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

Anthony Marx
President
New York Public Library

Linda Johnson
President
Brooklyn Public Library

Thomas W. Galante
Chief Executive Officer
Queens Library

Kate Levin
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New York City Department of Cultural Affairs

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New York City Commission on Human Rights

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Deputy Commissioner for Community Relations
New York City Commission on Human Rights

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John B. Rhea
Chairman
New York City Housing Authority

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

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2 CHAIRPERSON RECCHIA: Good morning
3 and welcome to the 12th day of the City Council's
4 hearing on the mayor's executive budget FY 2014.
5 My name is Domenic M. Recchia, Jr. I am chair of
6 the Finance Committee. Today we are joined by the
7 Committee on Cultural Affairs, Libraries and
8 International Intergroup Relations chaired by my
9 colleague, Council Member Jimmy Van Bramer and the
10 Select Committee on Libraries chaired by my
11 college, Council Member Vincent Gentile, and the
12 last time we met, we heard from the Department of
13 Parks and Recreation and the Department of
14 Sanitation. Today will be a long day as we hear
15 from the libraries, Department of Cultural
16 Affairs, Human Rights Commission, the Equal
17 Employment Process Commission and NYCHA. Before
18 we get started, I want to remind everyone that the
19 public be allowed to testify on June 5th, the last
20 day of the budget hearings beginning at 4 p.m.
21 For members of the public who wish to testify, but
22 cannot make the hearing you can fax your testimony
23 to my counsel, Tanisha Edwards, and she will make
24 it part of the official record. Her fax number is
25 212-788-7061. Today we will hear from the

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2 libraries, the FY 2014 executive budget for the
3 three systems combined totals of 194.8 million
4 dollars, which reflects a decrease of 104.6
5 million dollars when compared to the adopted
6 budget. The following are the reductions broken
7 up by library system: the Brooklyn Public Library
8 sees a 29.4 million dollar decrease, the Queens
9 Public Library sees a 29.1 million dollar
10 decrease, the New York Public Library sees a 38.7
11 million dollar decrease, and the New York Research
12 Library sees a 7.3 million dollar decrease. The
13 16.7 million dollar peg for the free library
14 systems as well as the 89.5 million dollar
15 restoration and adoption was not restored in the
16 executive budget. Without these restorations the
17 libraries could experience a loss of approximately
18 1500 positions, approximately 1400 of which would
19 be layoffs. 66 branches across the city could
20 close. The average hours of service per week
21 would drop from 43.7 to 22.2. These are serious
22 cuts with serious consequence. As you all know as
23 former chair of the Cultural Affairs, Libraries,
24 International Group Relations Committee, libraries
25 are very important to me, so I am very eager to

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2 hear from you today, but before we do that, I want
3 to turn it over and recognize my colleague, Jimmy
4 Van Bramer, and I just want to set the record
5 straight to everyone here, and to other
6 commissioners, we start at ten o'clock sharp. We
7 have a long day. We have hearings. These next
8 three days we will be going around the clock, and
9 I'll make the record very, very clear that we
10 start at ten o'clock sharp. Thank you. Council
11 Member Jimmy Van Bramer?

12 CHAIRPERSON VAN BRAMER: Thank you
13 very much, Mr. Chair and thank you for chairing
14 this and all of the other Finance Committee
15 hearings. Obviously, we are here today to talk
16 about the administration's executive budget. It
17 feels like Groundhog Day. We have been here
18 before. We have done this again and again. We
19 all know the facts staggering and unfathomable and
20 unconscionable 106 million dollar cut, which would
21 close altogether nearly 70 library branches,
22 layoff 15-1600 employees. This is unacceptable.
23 In the city, it would leave 43 million visits to
24 our libraries in fiscal year 2012 without a place
25 to go, seniors without the ability to go to an air

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2 conditioned library, which are cooling centers in
3 the library. If they are closed, they cannot be
4 cooling centers, and cannot be depended on. Our
5 children will have no place to go after school.
6 Immigrants will have no place to go to learn how
7 to read, write and speak English. This is an
8 unacceptable proposal, and I hope that next year
9 when the three of you come before us we will not
10 have to go through this exercise again, that we
11 will not only restore this cut, but base line
12 library funding, and talk about a time when we
13 could expand library services and not have to
14 force you and library staff to go through this
15 exercise every single year. It is my 15th budget
16 for libraries, both as a library staff right now
17 as chair of the Committee, and it is an awful lot
18 of time spent on fighting budget cuts, so
19 obviously, you know where I stand, and we will
20 push for restoration and a meaningful discussion
21 to base lining, so that when we are all god
22 willing here next year, we are talking about a
23 different discussion altogether. So with that,
24 let's hear from Vincent Gentile, the chair of the
25 Select Committee on Libraries, and after him, we

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2 will hear from the directors of the three library
3 systems.

4 CHAIRPERSON GENTILE: Thank you,
5 Mr. Chairman, Chairman Van Bramer. Thank you for
6 your leadership in libraries both as a staff
7 member and now as the chair of the City Council
8 committee, and Councilman Recchia, also a strong
9 advocate for our library system. Thank you very,
10 very much. As you have just heard, these vital
11 and crucial institutions in our city are facing a
12 106 million dollar cut. It will be sobering to
13 hear how these three systems are planning to deal
14 with these proposed cuts. Indeed, how in effect
15 does the administration expect the three systems
16 to absorb the 35 percent cut to their funding and
17 still maintain programming and services across the
18 five boroughs. We are here again fighting a
19 battle that we shouldn't have to fight. This
20 reduction comes at a time when library programming
21 attendance is increasing and the demand for
22 service hours are on the rise, and yet, we cannot
23 afford the closure of 66 branches or reducing
24 hours of operation to an average of 22 hours per
25 week across the boroughs. These systems serve as

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2 community hubs throughout the five boroughs, and
3 I'm concerned about how these harsh reductions
4 will impact the core of the three library systems,
5 and what in return that will mean for New Yorkers
6 and for those who currently have careers in these
7 library systems. We in fact are going in reverse
8 direction in respect to libraries compared to
9 other cities in our country. In Washington D.C.
10 for example, Mayor Gray just announced that he in
11 his budget is including a 25 percent hike in the
12 D.C. public library operating budget, a 25 percent
13 hike, and with that 25 percent hike in D.C. Mayor
14 Gray intends to restore seven day a week
15 operations at all neighborhood libraries for the
16 first time since 2009, and the chief librarian in
17 D.C., who is a predecessor of yours, Linda, Jenny
18 Cooper is quoted as saying "I don't think D.C.
19 public libraries have ever had hours as good as we
20 will have now. It is very possible we will have
21 better library hours than any other urban library
22 in the country." So Jenny Cooper is reaping the
23 benefits of Mayor Gray's decision in Washington
24 D.C., and yet again here in New York City, our
25 libraries weren't enough of a priority to baseline

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2 the funding for fiscal 2014. What this will mean
3 for the nearly three million New Yorkers who lack
4 access to the internet or nearly 400,000 New
5 Yorkers who lack employment and use the libraries
6 as resources for job opportunities only time will
7 tell. The Council is committed I believe to
8 ensuring these vital portals of access for all New
9 Yorkers are supported and able to maintain these
10 services. It is no secret that our public
11 libraries provide the essential educational and
12 cultural services to our citizens, and yet each
13 and every year without fail, the city's public
14 libraries are threatened with drastic funding
15 cuts. These cuts are harmful to the integrity of
16 the libraries while causing unnecessary confusion
17 to patrons and needless anxiety to the employees,
18 so without adequate and consistent funding as we
19 have spoken about, the libraries aren't able to
20 fulfill their mission and a deficiency undermines
21 their strength. That is why I am proud to be a
22 prime co-sponsor of the legislation introduced by
23 my colleague, Chair Van Bramer, which would base
24 line funding to our libraries so that we can end
25 this annual budget dance once and for all. It's

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2 unfortunate that we must legislate the importance
3 of our libraries and codify their funding, but if
4 that is what it takes, then that is what we must
5 do. Our libraries must be fully funded in order
6 to remain vital relevant and accessible, so with
7 that I believe, Mr. Chairman, I will give it back
8 to you, and you will take it from there or can we
9 start? We can start with the testimony. Whoever
10 is first..

11 CHAIRPERSON RECCHIA: First of all
12 before we go, hold on. If anyone would like to
13 ask questions, give your name to Nora. I want to
14 recognize Council Member Diana Reyna, Council
15 member Olive Koppell, Council Member James Oddo,
16 Council Member Vincent Ignizio.

17 ANTHONY MARX: Good morning. I am
18 Tony Marx, president of the New York Public
19 Library, and joining me in joint combined
20 testimony are the presidents of the Brooklyn
21 Public Library and Queens Library, Linda Johnson
22 and Tom Galante respectively. We want to of
23 course begin by thanking Speaker Christine Quinn
24 and council members, Chairs Recchia, Van Bramer,
25 Gentile and joined today by Koppell and Oddo and

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2 Reyna, and the entire City Council for amazing,
3 strong, powerful support for New York City's
4 libraries and for the citizens of New York who
5 depend on their libraries. Today we will tell you
6 what your public libraries do for your
7 communities, which you know well even as funding
8 continues to dwindle. We will tell you how much
9 they improve the lives of their customers and how
10 much economic benefit their service provides for
11 the city, and we will tell you how much more we
12 could do with adequate resources. In short, no
13 place does more for more New Yorkers than the
14 public libraries to borrow quote [phonetic] from
15 the Cough Report an independent study of impact of
16 libraries together our three systems have 207
17 locations that means the public library is easily
18 accessible to nearly every neighborhood in the
19 city. Today's libraries are about far more than
20 just books. We are hubs of education and of
21 culture. Last year in addition to circulation 66
22 million items, we recorded nearly 40 million
23 visits--that is more than all the other culturals
24 and sporting teams in this town combined, and had
25 2.6 million attendants to our free educational

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2 programs. We serve everyone democratizing
3 information in the digital area - - in the capital
4 of the information age. This means we provide
5 free services and programs made available to 1.9
6 million schools, children and teens, three million
7 immigrants, almost three million New Yorkers who
8 lack access to broadband at home and rely on us,
9 one and a half million adult New Yorkers who need
10 our literary services, 370,000 New Yorkers who are
11 actively looking for a job, many of whom cannot
12 even apply without a computer that they don't have
13 at home, and a quarter of a million New Yorkers
14 who are small business owners. The public demand
15 for our resources continues to grow exponentially.
16 Between 2002 and 2011 our circulation grew by 40
17 percent and our program attendance climbed almost
18 60 percent. Based on multiple state, regional and
19 local studies, for every dollar invested in public
20 libraries, the city gets a six dollar increase in
21 economic benefits. How many investment options
22 offer a 600 percent return on investment? People
23 go to libraries to make their lives better. They
24 learn English, they study far and past their GED
25 that qualifies them for better work so that they

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2 can pay more taxes, they take classes that give
3 them new job skills, they rely on libraries to be
4 safe places for their children to go after school
5 so that they can continue to work. All of that
6 translates to higher household incomes and more
7 dollars going to small and midsize businesses in
8 this city. New York City's libraries have been
9 able to continue providing high quality service
10 despite consistent cuts in essential funding by
11 seeking out innovations and partnerships. These
12 include a campaign to bring greater eBook access
13 to library patrons in New York and around the
14 nation, and I hope the City Council takes some
15 pride in the fact that the New York Public
16 Libraries really - - took a leadership position
17 historically so in ensuring now that the books,
18 the eBooks published by the big six publishers,
19 that is 70 odd percent of the entire book industry
20 will now be available in the thousands of titles
21 for public libraries in the city and beyond this
22 city nationally and potentially globally. This is
23 really a huge step towards ensuring the access to
24 information for millions of libraries users. It
25 means that the modern technology of information

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2 will now make all books available potentially to
3 all people for free. It is an explosion of
4 information that will inform our democracy and
5 help to ensure a skilled workforce. We are also
6 the founding members of the readers first
7 movement, a national movement coalition of
8 libraries working together to shape the future of
9 epublication available and usability of those
10 publications. We are the three systems partners
11 in mylibrary NYC, which makes public library books
12 available for delivery to more than 300 public
13 schools in the city, and we aim for all schools.
14 This partnership with the Department of Education
15 has been so successful that the public libraries
16 in Chicago, Seattle, San Francisco and Sacramento
17 have reached out to learn more. Simply put, we
18 are making our combined circulating collection of
19 17 million books available on request to teachers,
20 students and school librarians throughout this
21 city. Again, it is a significant historic move of
22 cooperation of our three systems and the largest
23 public school system in America. Moreover, we are
24 implementing technology and new ideas as quickly
25 as we can. Queens Library has led the way with

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2 self-checkout terminals and self-checks in kiosks
3 that let customers return materials on their own
4 time and have the system register it
5 instantaneously. The Brooklyn Public Library has
6 opened its new technology and creative space, the
7 Shelby White and Leon Levy [phonetic] Information
8 Commons, offering cutting edge digital learning
9 opportunities, computers running advanced creative
10 software, and a large open workspace equipped with
11 seating areas, free Wi-Fi and numerous outlets for
12 laptops and other devices, and at the New York
13 Public Library, we are planning to open the
14 nation's largest research and circulating library
15 in the renovated landmark Stephen A. Schwarzman
16 building. The project's innovations include an
17 increase in more than double the amount of public
18 space in that beloved building while preserving
19 every aspect of the current space, improve
20 preservation for our research materials and
21 expanded spaces for scholars and writers and
22 students and the public at large. Now to discuss
23 the soaring public demands for libraries let me
24 introduce my distinguished colleague, Tom Galante,
25 president and CEO of the Queens Library.

THOMAS GALANTE: Thank you, Tony.

Good morning. New York City's three library systems are already dealing with more demand than they have the funding to accommodate, and the number of New Yorkers using our programs and services continues to grow each year. We hate turning people away knowing how many of them could benefit from our adult literacy services, our technology training, job search support, health information, and early childhood education, all with the help of a trained professional librarian. After the Department of Education New York City public libraries are now the leading free provider of English for speakers of other languages instruction. Unfortunately, we know firsthand how many more thousands of New Yorkers would like to enroll in a class, but just can't because we don't have the resources to accommodate them. Given the proper resources, New York City's libraries could do so much more. We could serve three times more ESOL students than we do now. We could teach 2.5 times the students we currently serve in tech training classes and we can serve two and a half times the number of children and teens currently

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2 in our after school programs. We could help
3 20,000 more people improve their skills and search
4 for jobs each year. Unfortunately, we are talking
5 today as we have for the last four years about
6 pushing back a devastatingly large funding cut.
7 It is the same push to return to funding levels
8 that are still much lower than they were in 2008,
9 the last time libraries in New York City were
10 funded to be open six days a week. As a result of
11 11 consecutive funding reductions including pegs,
12 the library workforce in the city is down 20
13 percent since 2008. That is more than 940
14 valuable staff. We have also slashed book
15 budgets, leveraged private and grant dollars,
16 sacrificed weekend hours, found deficiencies in
17 back end operations and stretched our staff thin
18 in order to keep library services strong. We know
19 how much our communities need us to be open, and
20 we have done everything in our power to deliver.
21 This year's city budget proposal is the largest
22 reduction in history, 35 percent below current
23 funding, or 107 million dollars. We have
24 mentioned that this comes at a time when library
25 usage and demands are clearly rising and as the

1 city is just starting to recover economically.
2 Queens Library and Brooklyn Public Library are
3 also struggling with millions of dollars of costs
4 associated with super storm Sandy, including the
5 complete replacement of library interiors, the
6 decontamination of books and other circulation
7 materials and the cost of providing interim
8 facilities while permanent buildings are readied.
9 In short, we cannot sustain another funding
10 reduction. The proposed budget would force us to
11 make dire changes across all three of our systems
12 including 1,444 staff member layoffs and another
13 124 lost to attrition, and keep in mind, that is
14 on top of the 940 we have already lost. At least
15 66 library closures and dozens of others operating
16 with hours drastically slashed, average weekly
17 hours cut nearly in half from 43 to 22. The
18 bottom line is libraries are critical resources as
19 you know it for all populations and the need is
20 only growing. This proposal will cut the lifeline
21 we offer to people in every community every day.
22 Now to discuss the vital importance of stabilizing
23 library funding, please welcome my colleague,
24 Linda Johnson, president and CEO of the Brooklyn
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Public Library.

LINDA JOHNSON: Thank you, Tom, and thanks to all of you for the opportunity to speak today. For the last four years, New York's public libraries have faced enormous proposed cuts, but thanks to the leadership of City Council Speaker Christine Quinn, Chairs Recchia, Van Bramer and Gentile and the entire City Council we have been able to restore significant but not all amounts of funding. We often talk about how difficult the budget dance is for libraries, but truthfully, it is harder on the people who actually use the libraries day in and day out and count on the libraries as a significant part of their lives. The budget process unfolds each year at the expense of the most vulnerable populations, and the time to stabilize funding for libraries is now. If we don't act now, we risk the possibility of locking out students who with proper homework help would be able to improve their grades and get into college. We risk the possibility of locking out job seekers looking to make themselves more marketable. We deny immigrants their best chance to excel in the United States, and we risk the

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2 possibility of short changing the New Yorkers
3 struggling to recover from Hurricane Sandy, who
4 need access to job skills training and the
5 Internet, and informational resources now more
6 than they ever had. If we defer on properly
7 funding libraries this year, many of these people
8 won't learn about these vital opportunities. For
9 them, it is not just a budget exercise. If
10 library resources are not available, they may fall
11 further behind. They likely won't be able to make
12 up for that lost year professionally or
13 economically or educationally. Many people
14 consider New York to be the greatest city in the
15 world, and I have often said that every great city
16 needs a great library. If this is the case, don't
17 we owe it to ourselves to offer unmatched library
18 access to our residents? Today the average
19 library in New York City is open about 43 hours
20 per week. That is well below other leading United
21 States cities including Chicago, Boston, Seattle,
22 Houston and even Detroit, and as Councilman
23 Gentile mentioned in his opening remarks
24 Washington D.C. is soon to join a group of cities
25 that values libraries and shows the value of that

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2 by adequately and even in exemplary way funding
3 their libraries. This proposed budget would bring
4 our average down to a dismal 22 hours per week.
5 This is certainly not sufficient to serve working
6 families and students. New York City is a city of
7 opportunity. By offering information and
8 education for free, public libraries democratize
9 the ladder to success and prosperity. Our city
10 has weathered some tough economic times in the
11 last few years, and some belt tightening may have
12 been necessary, but cutting library funding also
13 eliminates opportunities for immigrants, low
14 income families, senior citizens, schoolchildren,
15 teens, and more. It is a serious threat to the
16 promise of prosperity and social improvement with
17 which New Yorkers so strongly identify. We know
18 that this City Council appreciates the importance
19 of libraries. We seek your support in helping to
20 ensure that New Yorkers receive the library
21 service that they need and deserve. Now is the
22 moment to invest more, not less in our city's
23 libraries. Restore our funding this year, and
24 let's begin the conversation about what we can
25 accomplish in the future. Once again, thank you

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2 for this opportunity, and we remain available to
3 answer any questions you may have.

4 CHAIRPERSON RECCHIA: Okay. Thank
5 you very much. So all of you submitted one
6 testimony for all three libraries, so I am glad we
7 are headed in the right direction. I am glad to
8 see all three systems support someday having one
9 system, so this is a great step forward. Thank
10 you very much. I am glad all the three systems
11 agree upon that. We have been joined by Council
12 Member Inez Dickens. So let's start with the
13 research library, since we don't know what New
14 York is doing since testimony wasn't given about
15 their budget in the testimony. Research library
16 is being cut about 7.336. Is that correct with
17 those numbers? How do you plan to make up that if
18 you don't get that in the budget, if we don't
19 restore that?

20 ANTHONY MARX: Mr. Chairman, the
21 research library, which serves all New Yorkers and
22 all comers often from around the world depends
23 crucially upon city funding though the majority of
24 the funding comes from private sources and
25 endowment and from last year 100 million dollars

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2 of gifts to the New York Public Library--almost
3 100 million, but that size cut would mean
4 decreased acquisitions, often of material that
5 cannot be acquired if you do not take the initial
6 opportunity to do so. Some of that is unique
7 material that people depend upon and know that
8 they can come to the library for it, they won't be
9 able to find it, as well as significant staff
10 cuts. We have priceless collections of unique
11 material that already do not have an expert staff
12 person who can guide the research needs of New
13 Yorkers and people who come and stay in New York
14 and depend upon our resources. These kinds of
15 cuts means that we simply could not continue to be
16 the most used and the most democratically
17 accessible of research libraries in the world.

18 CHAIRPERSON RECCHIA: So you said
19 the staff would be cut. How many staff could be
20 cut?

21 ANTHONY MARX: I do not have that
22 number in front of me. I apologize, Mr. Chairman.
23 I will get you an actual--

24 CHAIRPERSON RECCHIA: [interposing]
25 Let me just set the record straight for the other

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2 commissioners. This is a budget hearing. We are
3 here to discuss the budget. My colleagues and I
4 deserve to know how many cuts, how you are going
5 to make these cuts, how you are going to survive,
6 what the hours are going to be cut. I go on for a
7 list of things. It wasn't mentioned in your
8 testimony. None of this was mentioned in your
9 testimony. This is a budget hearing. We are here
10 to discuss the budget. I want to know how you are
11 going to balance the budget. We need to know how
12 many people are going to be faced with layoffs.
13 What are the numbers? What are the numbers of
14 hours? You say it could be cut down to 22 hours a
15 week, but what are the hours now for research
16 library? What are the hours for the future?

17 ANTHONY MARX: What we have done as
18 an analysis of the total number of layoffs across
19 research and circulating that would be required
20 for us to do this, and those numbers--hold on one
21 second--656 layoffs is what we assume across our
22 system based on the total cuts. The actual
23 distribution between circulating and research is
24 not an exercise that we have yet done, but if you
25 would like us to get you those numbers we are

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happy to--

CHAIRPERSON RECCHIA: [interposing]

Yes, I would like those numbers. I want to know what the research library is facing, what - - . How many layoffs? Since you cover three boroughs, how many layoffs in the Bronx, how many layoffs in New York, and how many layoffs in Staten Island?

ANTHONY MARX: Again, at this point, our assumption is of the 650--

CHAIRPERSON RECCHIA: This is not assumption. I need to know figures. I have unions. I have people's lives are on the line here. We want to know how many for each borough.

ANTHONY MARX: We believe that those layoffs would be distributed across our three boroughs based on the number of branches as well as the research library in proportion.

CHAIRPERSON RECCHIA: Alright. How many branches do you have in the Bronx? I need numbers here. I want numbers. If you don't have them, that is fine. Just say you don't have them, and we will follow up with them, but I need numbers. We need to know. This is a budget hearing again.

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ANTHONY MARX: I apologize, Mr.

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Chairman.

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CHAIRPERSON RECCHIA: That is okay.

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If you don't have them, just say you don't have

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them and you will get them to us.

7

ANTHONY MARX: Absolutely.

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CHAIRPERSON RECCHIA: Okay. Moving

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onto Brooklyn. You are facing a cut of 29483.

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How do you plan to make that cut? How many

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layoffs are we facing?

12

LINDA JOHNSON: As you know, we

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spend our money across a number of line items, but

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the two largest of course are wages and books. In

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order to meet a cut of this magnitude, we would

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need to layoff approximately 361 people.

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CHAIRPERSON RECCHIA: How much

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would that affect your buying of new books?

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LINDA JOHNSON: We would also cut

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the book budget substantially, and the exact

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number of course is hard to pinpoint at this time.

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It depends exactly how we look at other non-wage--

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other line items other than the wages.

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CHAIRPERSON RECCHIA: How much

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would the book budget be cut? What are you

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facing?

LINDA JOHNSON: About 1.6 million dollars off of a number that has been cut each year, so we are starting from a much lower base to begin with.

CHAIRPERSON RECCHIA: And what is the position right now with the UPS situation? Are they still on the contract, they're not on the contract, did you go back, how is that working out?

LINDA JOHNSON: We are no longer under contract with UPS as of the beginning of May. We moved our book processing operation to the Long Island facility that was currently processing books in Staten Island, Manhattan and the Bronx. Brooklyn's books are being processed there and delivered by the staff that runs the route for those three boroughs, so now four boroughs' books are being processed in the same facility.

CHAIRPERSON RECCHIA: Is that staff from Brooklyn Public Library or from someplace else?

LINDA JOHNSON: Many many of the

1
2 employees that were doing this work on Brooklyn
3 are now working up in Long Island City, so yes,
4 Brooklyn--

5 CHAIRPERSON RECCHIA: [interposing]
6 So no one from Brooklyn lost their jobs?

7 LINDA JOHNSON: That is correct.

8 CHAIRPERSON RECCHIA: And what is
9 the position in Brooklyn--I know you are in the
10 process of trying to sell off some buildings--what
11 is the situation with that, and how much?

12 LINDA JOHNSON: We are in the
13 process of selling the property on Cadman
14 [phonetic] Plaza that houses the Brooklyn Heights
15 Library. The hope is to sell that piece of
16 property to a developer for a mixed use project
17 that the library would then move back into the
18 same exact site and that the city would continue
19 to own the space that was in the new building, and
20 that in doing so, we would build a brand new to
21 suit modern library rich with technology and books
22 that that community deserves. At the same time,
23 we would come out from under almost ten million
24 dollars of capital needs that the Cadman Plaza
25 branch is currently facing.

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2 CHAIRPERSON RECCHIA: And with that
3 money, how much would go back to reopen a new
4 library, and will there be anything leftover to
5 help you out?

6 LINDA JOHNSON: The plan actually
7 is to not spend any money to have the developer
8 finance the build out of the new space, and that
9 the proceeds that we are able to earn from the
10 sale of that property would be spread across the
11 borough in all capital needs that we have there,
12 which as you know have mounted to nearly a quarter
13 billion dollars.

14 CHAIRPERSON RECCHIA: And do you
15 have a number in mind? Where are you in the
16 process of selling property--I mean of this
17 happening? Is it out to bid?

18 LINDA JOHNSON: The plan is to
19 issue a RFP to developers in the middle of June,
20 so we are very close to issuing that document,
21 then we will go through a period of time reviewing
22 the responses and selecting a developer,
23 hopefully, by the end of the summer or by early
24 fall.

25 CHAIRPERSON RECCHIA: As you move

1
2 forward in the process, I think you should keep
3 Councilman Steve Levin involved and up to date,
4 and I think you should also keep Council Member
5 Jimmy Van Bramer and Council Member Gentile and
6 myself - - the steps, and send us a copy of the
7 RFP when it comes out. I would like to stay in
8 touch with you on that issue.

9 LINDA JOHNSON: We would be happy
10 to share a draft of the RFP with the three of you
11 and any other Council Members that would be
12 interested in doing so before we issue it.

13 CHAIRPERSON RECCHIA: Alright.
14 Moving onto Queens, I just want to ask, so Mr.
15 Galante, what are you facing? How many layoffs?

16 THOMAS GALANTE: I will try to give
17 you everything I think you are looking for from
18 the prior questions. The total reduction for
19 Queens is 29.6 million is what is proposed. It
20 involves a layoff of 428 employees.

21 CHAIRPERSON RECCHIA: How much?

22 THOMAS GALANTE: 428. 36 are the
23 service model that we have drafted right now, 36
24 of 62 libraries would close outright, more than
25 half, so that we could offer six day service in

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the remaining libraries and seven at central. It would be our average hours would go from 40 hours a week right now down to 21.

CHAIRPERSON RECCHIA: So right now you are at 40 hours a week?

THOMAS GALANTE: On average. Yep.

CHAIRPERSON RECCHIA: and what is Brooklyn's?

LINDA JOHNSON: 43.

CHAIRPERSON RECCHIA: And what is New York?

ANTHONY MARX: 49.

CHAIRPERSON RECCHIA: And that is for all three boroughs? My colleagues need to know this difference.

THOMAS GALANTE: Then on the book question, the book budget, our city funding for books, and the budget I have right now is zero dollars. Zero prior to cuts, prior to this executive peg. The reason for that is our funding right now is down 17 million from where it used to be 2008, and I have taken six million of that cut out of books, all city funding, right, and the other 11 million came out of staff. Back in '08

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2 when six day service was funded, we got 11 million
3 dollars or new funding to add people to be able to
4 add the six day service, and right now we are down
5 17, so that gap of six million has all come out of
6 the book budget.

7

CHAIRPERSON RECCHIA: My last
8 question is how much do you need to be open six
9 days a week and with the hours that you presently
10 have now? How much more do you need added to this
11 budget?

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THOMAS GALANTE: For Queens, it
13 would be restoring the 17 million that we have
14 lost would allow us to hire the staff back, get
15 the book budget back in place and to have six day
16 service everywhere, probably in the neighborhood
17 of 44 to 45 hour per week average.

18

CHAIRPERSON RECCHIA: So you need a
19 total of 17 million?

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THOMAS GALANTE: Yes.

21

CHAIRPERSON RECCHIA: Okay.

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Brooklyn?

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LINDA JOHNSON: We would need a

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total of 46 million.

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CHAIRPERSON RECCHIA: That is for

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six days service and maintaining your 43 hours--

LINDA JOHNSON: No, I am sorry.

That is not correct. That is off of the current cut that is proposed, so it is 30 million plus 16 million.

CHAIRPERSON RECCHIA: It's what?

LINDA JOHNSON: It's 30 million plus an additional 16 million.

CHAIRPERSON RECCHIA: So you need 30 million?

THOMAS GALANTE: Apples to apples, I would need the same 30. It's 30 proposed that the exec has proposed cuts, same with Linda.

LINDA JOHNSON: Right, and then the money on top of that in order to get to where we would ultimately like to be.

CHAIRPERSON RECCHIA: So you need a total of 46. So you really need a total of 47?

THOMAS GALANTE: 47. Yes.

CHAIRPERSON RECCHIA: Okay.

THOMAS GALANTE: 47 compared to the exec budget, 17 compared to the adopted budget.

CHAIRPERSON RECCHIA: 30 million restored, they need an extra 17--you need 30

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million restored, and an extra 16.

THOMAS GALANTE: Yep.

CHAIRPERSON RECCHIA: New York?

ANTHONY MARX: We would need the restoration of the 47, but I should point out that while we have higher hours than the other two systems, we less delivery of some education programs than our peers, so we are eager to do more of those educational programs with the hours that we have available.

CHAIRPERSON RECCHIA: So in order to get back to 49 hours and to six days a week, you would need a total of 47 million?

ANTHONY MARX: Yes, Mr. Chairman.

CHAIRPERSON RECCHIA: Okay.
Alright. I recognize Council Member Jimmy Van Bramer, my co-chair.

CHAIRPERSON VAN BRAMER: Thank you very much, Chair Recchia. I have one question for all of you because obviously this cut is unconscionable, but the cut is being proposed by the administration, so I believe you all have been in recently to talk to the administration, so I am eager to hear how that went and whether or not you

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2 thought that there was the same sense of urgency
3 with the administration as there is with this
4 Council. Obviously, the 106 million dollar is a
5 big number, but then to get back to where you
6 really need to go you all just outlined how much
7 additional we need, so how did it go?

8 MALE VOICE: So, Mr. Chairman, we
9 did meet with the administration and discussed the
10 kind of cuts that they have proposed would
11 decimate our library systems, which are already
12 below Detroit and other cities. That seems
13 amazing that New York would be in that place. We
14 made it very clear that if we did not get a full
15 restoration at a base line level of full
16 restoration that we would be significantly cutting
17 our services that they depend on, that all New
18 Yorkers depend upon, and we made it clear that we
19 thought this kind of dance of the budget was a
20 disservice to all New Yorkers. It makes it
21 impossible not only for us to plan, but for us to
22 deliver those kinds of services, and that in order
23 to get to three system wide, city wide, 50 plus
24 hours a week, which seems at least what New
25 Yorkers deserve and significant increase in

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2 English language instruction and computer skills
3 training and after school programs that New
4 Yorkers deserve that we would need not only a full
5 restoration, but in effect a restoration back to
6 2008 levels, and that in return the libraries
7 could offer significantly more hours and services
8 and we are prepared to raise additional non-city
9 funds whether private or state or federal to help
10 make that all possible.

11 CHAIRPERSON VAN BRAMER: That is
12 everything that you said. What was the response?

13 LINDA JOHNSON: We also added a
14 point, which I think you may all understand, but--

15 CHAIRPERSON VAN BRAMER:
16 [interposing] Can I just interject because I get
17 everything that you are about to say--

18 MALE VOICE: There was no response.

19 CHAIRPERSON VAN BRAMER: --and the
20 question is does the administration understand the
21 magnitude of these cuts? Does the administration
22 care to meet us to avoid this? The City Council
23 has been pretty clear on how it feels about these
24 cuts, so I am just--I am not asking for a
25 transcript of the meeting, but I think if we could

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2 get a sense of whether or not you felt that there
3 was a sense that this could be accomplished
4 because it speaks to the future too, right, is
5 whether or not we can base line, whether or not
6 that is even a discussion, whether or not the
7 administration feels that you can go without a
8 certain amount of funding or privatize some of
9 this, so where is the administration? You guys
10 just met with them.

11 THOMAS GALANTE: We presented
12 everything you just heard from Tony and Linda, and
13 then there was a dialogue that ensued to get a
14 sense of where their heads were at, right, and in
15 general they talked about how they supported
16 library service, but at the same time there was no
17 commitment to any restoration or any funding, so
18 we landed in the same place where we started.

19 CHAIRPERSON VAN BRAMER: That does
20 not surprise me, but it should be shocking to
21 everyday New Yorkers that you would have that
22 meeting and not be reassured at the very least
23 that the administration is committed to restoring
24 this funding because this is an enormous, enormous
25 number for the City Council to achieve, and it is

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2 tragic actually that we are here once again, and
3 we are here because the administration has
4 proposed a 106 million dollar cut, which is
5 staggering, so the reason that we are falling
6 behind these other cities is because the mayors
7 and the administrations in those cities are not
8 proposing 106 million dollar cuts to those library
9 systems. So I just want to make sure that that is
10 on the record that the administration is failing
11 libraries in a very, very profound way and the
12 Council needs to once again come to the rescue.
13 So speaking of coming to the rescue, you mentioned
14 1.9 million children and teens come to the
15 libraries every year, so what is important I think
16 for us to understand is how many fewer children
17 and teens would be served if these cuts were
18 realized. In other words how many children would
19 be locked out of libraries and forced into the
20 streets or into homes where there is no
21 supervision? Can you give us a number because I
22 think that is important for the council members to
23 know what this restoration is going towards, so if
24 you are serving 1.9 million now, how many hundreds
25 of thousands if not more would be turned to the

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streets if this cut were sustained?

THOMAS GALANTE: I can give you a rough out. Each year in Queens, we have about 14 million visits, visitors, and about half of those would be children and teens--maybe say 40 some percent, so 40 percent times that would be 6.4 million visits per year for children and teens in Queens. If I have libraries open then I have to close half of our libraries, cut that in half, so it would be about three million less visits, and it would affect half the children for sure, and they would get hit hardest because there is two choices I could make if this kind of cut were to really happen. I could have every library open two or three days a week or decide to say let's close some and let's have six day service and real service, geographically dispersed in the remaining libraries. The impact on children is the most because they would have to travel to go to that next town over, the new library over to be able to visit that.

CHAIRPERSON VAN BRAMER: So if you are saying you serve around two million children and teens now if all of these cuts were to go

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2 through could we safely say that close to a
3 million children would be thrown out onto the
4 streets?

5 THOMAS GALANTE: For sure.

6 LINDA JOHNSON: And the problem
7 also is it gets to facilities as well. If you
8 don't have the hours, you can't offer the programs
9 because there aren't enough hours in the day to
10 set them up and to have spaces for people and
11 teens in particular that are participating.

12 CHAIRPERSON VAN BRAMER: So
13 similarly with our immigrant communities obviously
14 that is a great, great focus of the City Council
15 and in your testimony, three million immigrants
16 served so again, we are talking about denying well
17 over a million immigrant New Yorkers access to
18 services and for many a path to the American
19 dream, so would you care to comment on how
20 devastating this budget would be for our immigrant
21 community?

22 THOMAS GALANTE: I'll just point
23 out in Queens we have 50 percent, half the borough
24 is an immigrant in the last ten years. That is
25 1.1 million people. They use our libraries

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2 heavier than the non-immigrant New Yorker per se,
3 so you are looking at a half a million people in
4 Queens alone that would be shut out with half the
5 service cuts, and what it does for people as well
6 as these kinds of cuts that are proposed choke off
7 our ability to also get private funding, federal
8 funding, state funding. We are working harder
9 right now to see if there is a possibility of
10 funding from the federal government relating to
11 immigration reform so we can help support that
12 with ESOL classes, with civic classes that we
13 offer right now, and see if they would help expand
14 that. If I have my libraries open half as much, I
15 have half the capacity to deliver those programs
16 with other peoples' money. So the city reductions
17 isn't just the city cut of 106 million, but it
18 chokes off our capacity so that we have difficulty
19 in delivering non-city funding that benefits
20 everyone, and that is the shame of it too.

21 LINDA JOHNSON: There is another
22 nuanced point, which is in terms of raising
23 private money to support the libraries, there is a
24 sense in the philanthropic community that if by
25 giving public libraries money, it just allows for

1
2 further reductions in public money, then the money
3 is not being well spent, and I am sure that my
4 colleague from the New York Public Library can
5 speak to that as well. So in terms of immigrants
6 there is another issue in addition to the hours
7 and the services, but it is the foreign language
8 material that we buy that they really can't get
9 anywhere else, certainly not in bookstores even if
10 they were inclined to be able to purchase it, and
11 that would also be deeply troubling. We walk a
12 fine line between teaching immigrants English as a
13 second language, but also providing them with
14 materials so that they can read and feel less
15 isolated as new members of our communities.

16 ANTHONY MARX: Mr. Chairman, I
17 think there are sort of two ways to answer your
18 question. One is in terms of macro numbers, if
19 you cut our budget by half--

20 CHAIRPERSON VAN BRAMER:
21 [interposing] Not us.

22 ANTHONY MARX: Sorry. I apologize.
23 If the executive proposed budget went through and
24 our budget was slashed in half you would see just
25 at the New York Public for instance you would see

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2 2.1 million fewer visits by children to libraries,
3 you would see branches closed throughout the three
4 boroughs in our case, you would see immigrants
5 without opportunities as well, so millions of
6 people affected, and the fact of the matter is
7 with a third of the city's population for instance
8 immigrants, and just under that of schoolchildren,
9 you take away their most vital resource, and you
10 are destroying lives. Let's be very clear about
11 that, but I want to go to a more particular
12 number. In our system, we have roughly 30,000
13 kids every day after school, not always the same
14 kids, who come to the library because there is no
15 place else safe for them to go. Leave aside
16 programs that we might do helping them achieve
17 better at school, which we are all interested in,
18 all of those other things, just a safe place, it
19 is the only option. You close those branches, you
20 close those hours, and you are going to send
21 thousands of kids onto the street because their
22 parents can't give up their job to get home to
23 take care of them, don't have the other resources.
24 There is millions of people affected in a powerful
25 way, but there are thousands whose lives would

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2 actually be potentially at risk as a result of
3 these kinds of cuts, Mr. Chairman.

4 CHAIRPERSON VAN BRAMER:

5 Absolutely. Let me just before I go onto Chair
6 Gentile say once again that it is the
7 administration that has effectively already cut
8 your budgets by 106 million dollars which is
9 unconscionable given what we are discussing, given
10 what we all know, and it is now upon this body to
11 make sure that that doesn't happen, and maybe when
12 I come back, I want to talk to you about GED
13 because that is a really important focus of
14 Speaker Quinn, and I know that libraries play such
15 an important role there, but I just want to say
16 this cut effects the most marginalized New Yorkers
17 and would be devastating, absolutely devastating
18 to our city, and it simply cannot happen, so I
19 will come back, but I want to recognize that we
20 have been joined by Council Member Danny Dromm
21 from Queens, Council Member Gale Brewer of
22 Manhattan and now I will throw it to my fellow
23 Chair, Chair Gentile.

24 CHAIRPERSON GENTILE: Thank you,
25 Chairman Van Bramer. So we understand the issue

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2 that if branches close, those children will not
3 have that opportunity to be in a safe place. My
4 question to you then is of those branches that
5 remain open, will the library still be a safe
6 place for children?

7 THOMAS GALANTE: We are absolutely
8 dedicated to our facilities being a safe place,
9 but obviously the more overrun they are, and they
10 are already pretty much chock a bock [phonetic] in
11 every instance, the greater the risks are, but it
12 is also true that there are particular younger
13 students who don't have an opportunity of going to
14 another branch. If there is no place in their
15 home within blocks of their home, it is not like
16 they are going to easily just go from there to
17 another branch a mile away. We are talking about
18 unsupervised young kids, who need a safe place
19 close to home where their parents can pick them up
20 when they get home from work.

21 CHAIRPERSON GENTILE: Let's take a
22 look then based on the cuts we are talking about,
23 35 percent reduction in funding, 1600 positions
24 possibly, each system as proposed NYPL, you have
25 proposed closing 14 branches, Brooklyn is

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2 proposing to close 16 branches, and Queens is
3 proposing to close 36 branches given the cuts that
4 you are facing. What does that mean assuming that
5 those branches are closed, 66 in all, are closed
6 and the average hours go from 43 to 22? What does
7 that mean in each borough for the actual number of
8 days that libraries might be open given that worst
9 case scenario?

10 THOMAS GALANTE: The best way to
11 put it on average with compared to what it was
12 before at six days a week and seven in a number of
13 libraries in 2008, it is half that service level
14 'cause half the money will have been taken away,
15 so the best way to put it is it is an average of
16 two or three days a week, and that is it, and no
17 matter how you slice it, whether you put all six
18 days in this location or you put two days here and
19 three days there, there is those two different
20 methods a person could take, but it is just
21 unconscionable to think that you would take all of
22 the resources that are available in those
23 libraries and close them outright or close them
24 any additional days. Right now I have 43
25 libraries that are closed on the weekends that

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have computers sitting there and telecomm access and there is millions of books, and all the things that are there that the city has invested in, it is just shortsighted to say let's lock the door, and not anyone get to it.

CHAIRPERSON GENTILE: That is under your current budget.

THOMAS GALANTE: That is in the current budget, and it would just double under the proposed budget, almost double.

CHAIRPERSON GENTILE: Brooklyn?

LINDA JOHNSON: I don't have much to add to Queens on that. It is exactly the point. The resources that should be available that have already been acquired that are just there for the asking, and to lock the doors would really be unconscionable as we said. Just one example, we have Wi-Fi in all of our branches, and we find that especially when the weather is nice that even after hours, people are sitting on the steps of our libraries to take advantage of the Wi-Fi after we are closed, and that is when we are open for an average of 43 hours a week.

THOMAS GALANTE: Again, to

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2 reiterate we are at six days a week service on
3 average. If the executive proposed cut went
4 through we would be at roughly three days a week,
5 and again to reiterate my colleagues, if something
6 like a quarter of New Yorkers, particularly the
7 most disadvantaged depend on the libraries because
8 they don't have Wi-Fi or broadband or a computer
9 at home, if something like a quarter of New
10 Yorkers by our best estimate depend on the library
11 system to be able to read books because they can't
12 afford their own copies of books or periodicals,
13 you simply will not have a democracy of informed
14 citizens and you will not have a functioning
15 economy of skilled potential workers. They won't
16 even be able to apply for jobs because the people
17 who most need those jobs won't have access to
18 computers to apply for them. As noted, not only
19 do we have people hanging out outside our branches
20 for the Wi-Fi that leaks out afterwards. We have
21 people lining up in front of our branches before
22 they are open, and we have to shoo them out when
23 it is time for closing because we are not open the
24 hours that the citizenry need us to open and that
25 the citizens of the other great cities of America

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have the privilege of having those kinds of hours.

CHAIRPERSON GENTILE: Does each system actually have branches on this proposed closure list?

THOMAS GALANTE: We have not designated which of those 14--which would be those 14, and 14 may be a conservative number. Obviously, you can see from the other systems who think that actually by comparison we may need to do more than 14 closings. We would have to look very closely at how to distribute that pain, but it is almost too horrifying an idea to contemplate, but of course, if that is what we need to do, that is what we will do.

LINDA JOHNSON: No, we haven't designated which libraries would be closed, and this gets back to the issue of the impact of this process on managing the library. As soon as we designate libraries then there are staff and librarians in those facilities that would be working from now until the budget was ultimately handed up that would be working of fear and living in fear of losing their livelihood. And that is part of the devastation of this whole process, and

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we try hard to avoid that.

CHAIRPERSON GENTILE: Did you want to say anything?

THOMAS GALANTE: The only thought that is going on in my head right now is that it is just a shame that we are even sitting here. You have got a city that has been built on the strength of its immigrant community and people who come to this country and say I want to life myself up, and that is what has built this city and built this country. What built the city so strongly is its diversity, and all the folks who have come here from other places, and they tend to be the kind of people that will take initiative, and that is what you need with a public library. You need to take initiative, walk in the door, and whatever you need it is there for you to have the education and learn on whatever direction you want to take so you can better yourself and pursue the American dream. Andrew Carnegie came to this city and said in 1901, I will build libraries if the city agrees to provide the funding to keep them open seven days a week. Seven days a week is in the contracts, and it has been renegeed on, and it just

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2 hurts what we are all trying to achieve--the City
3 Council so eloquently in saying we need to help
4 these people. It is not just about helping them,
5 it is about helping all of us, so we have got a
6 stronger city, and it is just so short sighted
7 when you say, let's cut off the educational
8 opportunity to these very people that need it so
9 much. it is just shortsighted. It might save you
10 a little bit of money this year, but it will cost
11 you revenues and taxes and all of those things in
12 the next year and the next year and the next year.
13 So it is just a shortsighted way to look at
14 things.

15 CHAIRPERSON GENTILE: Tom, let me
16 just stay with you then on my last question, and
17 then we will go to the other members. You said in
18 your remarks that given the proper resources, the
19 city's libraries could do so much more, and then
20 you gave us some figures--three times more ESL
21 students, you could teach two and a half times the
22 students who are in tech training classes. I am
23 curious. How did you determine those numbers?
24 Were those numbers what you used to serve or...?

25 THOMAS GALANTE: Those numbers in

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2 the testimony was we had our staff really go down
3 to the detail level take a look at our hours of
4 service as they are now and where they would end
5 up being as well as where we could grow them to if
6 additional funding was restored back, so those are
7 all built based on actual hours, service models,
8 right down from the detail level.

9 CHAIRPERSON GENTILE: So there is
10 real substance to the basis for these numbers?

11 THOMAS GALANTE: Correct. Correct.

12 CHAIRPERSON GENTILE: Thank you,
13 Mr. Chairman.

14 CHAIRPERSON VAN BRAMER: Thank you.
15 I want to recognize we have been joined by
16 Councilwoman Elizabeth Crowley from Queens,
17 Council Member Andy King from the Bronx and I will
18 recognize Councilwoman Gale Brewer for questions,
19 and if any other council members have questions,
20 please let us know.

21 COUNCIL MEMBER BREWER: Thank you
22 very much. I just have a question about the
23 technology, which is something that I always ask
24 about. I know you talked a little about it in
25 your statements, but can you just expand on how

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2 much you are spending, what kind of new systems,
3 kind of what you would like to see as opposed to
4 what you are stuck with in terms of budget, and if
5 there are any innovative ideas. I know we would
6 love to see to try to find a way to keep the
7 branches open using some kind of technology
8 funding, but I know that has not materialized.

9 THOMAS GALANTE: On the technology
10 front, I will cover it for Queens anyway in a few
11 different directions. The City Council, our
12 borough president have been very supportive to
13 provide self-service technology that we are using
14 for self-checkout and self-check in, which has
15 lots of added functionality for customers,
16 particularly just having a receipt of what you
17 returned and what you borrowed is very useful to
18 them. When it comes to our infrastructure, we
19 have been using City Council delegation capital
20 funding to support that. The Council has been
21 great at that, but that is really the only funding
22 that we have been provided through the city or
23 others for infrastructure is the City Council
24 funding, which has been great. We have a couple
25 thousand computers sitting there right now, and

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2 you know, we have the federal government through
3 the e rate program that is paying 84 percent of my
4 telecomm lines. So the shame of it is when you
5 are looking to close and the computers have been
6 bought, the network is installed, and you are
7 paying for the circuit. It is not like it is a
8 per minute; it is a fixed number. To have them
9 sitting idle just doesn't make any sense. The
10 other thing I should point out that gets to the
11 efficiencies really of all three systems is that
12 the city has never provided us a dollar of added
13 funding to deliver any technology in the last 20
14 years, so everything we talk about and see--I
15 should say the city is providing the capital
16 funding, but the operating budget cut, the cost of
17 paying for your internet ISP service, the staff to
18 support it, all of that have been through
19 efficiencies that we have done over the years to
20 really expand out and be a technology center in
21 every community throughout the city.

22 LINDA JOHNSON: We look at
23 technology in two ways. One is how we can operate
24 more efficiently, and Tom spoke about self-check
25 and the benefits of that, in essence freeing up

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2 librarians to work directly with patrons on the
3 kinds of things that they need and allowing
4 patrons to use technology to do the more
5 administrative aspects of the service that we
6 provide, but also we then look at technology in
7 terms of what we need to be offering to our
8 patrons and it is true that what we have done to
9 date has all come out of operating money, and that
10 has been available because of efficiencies that we
11 have made elsewhere. The trick of course is to be
12 providing technology to people in a way that is
13 helpful, not to be so far ahead that we are
14 spending money in a way that may not actually be
15 productive in the long run, and the trick is
16 really to figure out how to put technology into
17 people's hands and in ways that allow them to be
18 more productive. We would love nothing better
19 than to be providing tablets so that all these
20 great resources that Tony spoke about, eBooks that
21 we are now able to offer the people, have the
22 devices that they need in order to take advantage
23 of the digital material that we are offering.
24 Digital literacy is as every bit as important as
25 any other form of literacy that we are dealing

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2 with on a daily basis. In fact you could argue
3 more important. We are living in a knowledge
4 economy, and digital literacy is vital to being
5 productive in our communities so without money for
6 technology, we are really not doing our jobs.

7 MALE VOICE: Thanks to the efforts
8 particularly of the City Council members, we have
9 about 11 million dollars today of capital to spend
10 on replacing computers, laptops, desktops and
11 another four million from btop money, which of
12 course is being phased out. We have a 35 million
13 dollar request, a set of requests in because to be
14 honest it's the 50 million total of capital that
15 would enable us to upgrade our Wi-Fi and our
16 services, but also to replace just not add, but
17 replace our existing desktops and laptops. Let me
18 be very clear. People are waiting, sometimes for
19 hours, for our laptops and our desktops. Again,
20 they often have no alternative. We keep these
21 pieces of capital going for five years because the
22 city expects us to do that, often that is band
23 aids and scotch tape because computers,
24 particularly ones that are being used non-stop,
25 don't actually last for five years, so that is

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2 just the capital expectations. On top of that, we
3 are the leading free provider of basic computer
4 skills training in this city, and we send away
5 tens of thousands of people who are therefore not
6 getting trained with basic economically required
7 skills, and while we are proud of having
8 negotiated with the publishing industry, access to
9 electronic books so that people who choose to read
10 electronically we will have the corpus of the
11 world's books available. It is one thing to have
12 a deal that makes it possible. Without that,
13 obviously nothing is possible, but if we don't
14 have the acquisition budget to buy those
15 electronic books, we could have all the books in
16 the world made available to us, and we wouldn't be
17 able to afford them. The truth of the matter is
18 that at this moment libraries have to acquire
19 electronic books and physical books because our
20 patrons expect us to have access to both.

21 COUNCIL MEMBER BREWER: Okay, and I
22 know that all of you are trying to be as
23 innovative as possible with - - money if it was
24 available or workforce money now in terms of these
25 training issues, right? You are leaving no stone

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2 unturned in terms of that. Maybe Domenic you
3 should ask this question, are your board members
4 raising hell about this? - - talk to the mayor -
5 -kind of person. I know they get nervous. They
6 shouldn't. they should just get over it. My
7 opinion.

8 LINDA JOHNSON: I can't speak for
9 the other boards, but our board of course has a
10 list of concerns. In addition to all of the
11 operating issues, we have capital issues that your
12 question touches on, and we have been pretty good
13 and it is a cliché, but doing more with less, but
14 as I have said to the board, there is just so many
15 times you can pull the rabbit out of the hat, and
16 I feel that I have said this all to you before,
17 but we are to the bone and our boards know that
18 and feel somewhat helpless.

19 COUNCIL MEMBER BREWER: Something
20 very dramatic, I know you may not do it - - take
21 all the board members, put them on the steps of
22 city hall, which is usually where the grass roots
23 organizations are. That would be a learning
24 experience for them, I am sure, but to say enough,
25 enough with the libraries. It is something to

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2 think about because I know it wouldn't be
3 something that they would normally do because I
4 know a lot of your board members, but you might
5 think about it. This is really outrageous, and as
6 the chair knows this should be seven days a week,
7 fully funded. That is my mantra and I have been
8 saying it for 12 years; it's not new, but I think
9 your board members really need to step and say--
10 'cause we can all talk and your patrons write the
11 best letters in the world that you collect, but
12 your board members need to say enough. Is anybody
13 interested in doing that, do you think? No.
14 Final question, and I know this is more
15 challenging is this issue of selling property and
16 then using it for the branch libraries. It is
17 very controversial. I have got lots of nasty e-
18 mails from individuals particularly in Manhattan
19 who don't want the two libraries being sold, but
20 just help me to understand exactly what that money
21 would do when and if it is available in terms of
22 the branches. That is for Tony.

23 ANTHONY MARX: The plan is to build
24 within the main building--more than double the
25 public space, take book storage, put it under

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2 Bryant Park, better preserved book storage, as
3 well as back office staff, move them out of the
4 main building and open that building more than
5 twice as much to the public space. The result
6 will be more public space than the three
7 facilities combined in this plan. In addition, we
8 will be able then to sell the mid-Manhattan and
9 the Cybil [phonetic] facility, and we will put
10 most of that funding will go into the endowment
11 that will then throw off by our calculation, we
12 will have about 15 million dollars more a year to
13 spend on librarians and books. That will be
14 across the branches as well as across the research
15 libraries. One of the drivers of this plan is not
16 only to use our main building more for the public,
17 but also to--and to preserve our core book
18 collection for posterity, but also to have more
19 resources so that we can supplement what the city
20 gives us across our system.

21 COUNCIL MEMBER BREWER: I hear you.

22 I know I have heard the rap [phonetic] as they
23 say, and I appreciate it. I do think that you are
24 not clear enough to how it is going to be used in
25 the branches, and you do have a huge constituency

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2 that is very, very opposed. I don't know how far
3 it is going to go, but they have some legitimate
4 concerns. I know you have met with them, but they
5 are not going to ever give up.

6 ANTHONY MARX: Can I just say that
7 I meet with every group that contacts me, and
8 requests a meeting or the library does, myself and
9 my colleagues. We go to public meetings when
10 asked. We do know that the public wants and
11 expects more information, and we will be
12 continuing to analyze and put more information
13 out. Lastly, let me just say that I respect the
14 democratic process of this interaction, and in
15 fact, our plans have been improved by it.

16 COUNCIL MEMBER BREWER: I
17 understand it, and I appreciate that. I won't
18 belabor it, but I do think you should put all of
19 your board members on the steps of city hall.
20 Thank you very much.

21 CHAIRPERSON VAN BRAMER: Thank you
22 very much, Councilwoman Brewer. Council Member
23 Dickens?

24 COUNCIL MEMBER DICKENS: Thank you
25 so much, Chairs, and good morning, and thank you

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2 for your testimony, and thank you for the work
3 that all of our branches and all of our library
4 systems does to fight for all of the people of New
5 York City for keeping the branches open, for
6 finding innovative ways to provide the necessary
7 services, but with these proposed cuts, how will
8 you determine, and I will start with you, Linda,
9 if it's okay, how will you determine which
10 branches will be affected by these cuts and which
11 services in which branches will be reduced?

12 THOMAS GALANTE: For Queens, our
13 goal is to continue to provide all of the services
14 we offer now would not be the--the quality of
15 service is not something that we would cut back
16 from what happens when you are inside the
17 building. What would happen is quality would fall
18 off considerably because you have half the access
19 to each of those buildings. On which libraries
20 would have reductions and would actually close,
21 items that are considered in that is geography is
22 the biggest one to make sure that people are the
23 closest as possible to a library that is open six
24 days or seven or closed. Also, usage and the size
25 of the library plays a big factor in that, and we

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2 look at visits, we look at circulation, we look at
3 job seekers. We try and do our best to keep our
4 ESOL centers open first, so there is probably 15,
5 20 factors that go into that formula. That is why
6 what we tend to do is not make that decision on
7 what is going to be what until you know exactly
8 what money you have because it is a very complex
9 way that you kind of go about doing that in the
10 end.

11 COUNCIL MEMBER DICKENS: Alright.

12 Thank you, Tom. Linda, is that the same?

13 LINDA JOHNSON: Yes, absolutely.

14 It is a very complicated set of circumstances and
15 conditions that we consider, and the efficiencies
16 in each particular branch also play a factor, so
17 some of the older libraries that have a more
18 difficult floor plan to operate are also more
19 expensive to operate. This ties operational
20 issues to capital issues, but those libraries
21 beautiful as they may be are challenging to run,
22 and so when you are looking at how to make the
23 most of every dollar, they are the first ones to
24 close.

25 COUNCIL MEMBER DICKENS: Wait a

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2 minute. Linda, let me ask you, when we speak of
3 geography, what are we referring to?

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LINDA JOHNSON: When we speak of
5 geography, we are talking about the distance
6 between branches, so if there are two branches
7 that are half a mile apart, more likely that one
8 of those will close than if there are branches
9 that are a full mile apart.

10

COUNCIL MEMBER DICKENS: Alright,
11 thank you, and Tony? And I ask you this
12 particularly because in Manhattan, we have so many
13 older branches.

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ANTHONY MARX: In fact, we are
15 reopening the branch in Washington Heights. As
16 you know, we have two that are about to open in
17 Staten Island. Let's be honest, there is a danger
18 of demoralizing neighborhoods and staff members by
19 targeting particular branches in a way we hope to
20 not have to close or significantly cut back hours,
21 and none of us are eager to see our colleagues and
22 our communities further demoralized after all of
23 years of these discussions, which as Chairman Van
24 Bramer says, we shouldn't have been having in the
25 first place. Secondly, I just want to while all

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2 of the aspects of a formula that my colleagues
3 have put forward are there, I think again to be
4 honest, which maybe I shouldn't be, we would want
5 to take a close look at need. At least by my
6 sense to a degree that you can minimize reduction
7 of services in neighborhoods that are most
8 dependent and reliant on what the library offers,
9 and do not have the private resources for
10 alternatives. I think that needs to be part of
11 the calculation, but of course, those
12 neighborhoods are not necessarily--don't speak the
13 loudest when things get cut, so there is a real
14 awful dynamic here in play, but I think we have to
15 be also mindful not just of where are they
16 located, but where are the neighborhoods where if
17 you close branches basically you are destroying
18 the only alternative that people have in front of
19 them. If I may use this opportunity because I was
20 asked a question before you came in by Chairman
21 Recchia, of our proposed 646 layoffs, if you
22 distribute--if this executive budget proposed cut
23 happened as proposed, we would be facing 130
24 layoffs in the research libraries, that includes
25 the Schaumberg and the Library for Performing Arts

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2 and Cybil [phonetic] as well as the main building,
3 and then roughly 240 in Manhattan, 220 in the
4 Bronx where I should say library use has
5 skyrocketed beyond all imagination and roughly 50
6 in Staten Island.

7 COUNCIL MEMBER DICKENS: Thank you.
8 I am glad to hear that you would be inclusive of
9 that dynamic because that is what I was really
10 looking to hear because neighborhoods that speak
11 the loudest usually use the library more are the
12 neediest. Maybe they don't have a large
13 population, and maybe economically they may be
14 somewhat depressed, but it means that those are
15 the neighborhoods that need them the most. I am
16 glad that you mentioned it because that was my
17 concern.

18 ANTHONY MARX: Can I just say it is
19 not just the neighborhoods, one of the things that
20 I have seen over the last almost two years that I
21 have been at the New York Public the most used
22 branch library in our system indeed the most used
23 branch library in the country is the mid-
24 Manhattan. People come from all over the city to
25 use it because it has the largest circulating

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2 system that is available, and people want to be
3 able to browse and find the books that they want.
4 It has been aesthetically challenged since I used
5 it in high school. It is now physically failing,
6 and it is interesting and troubling to me that as
7 that facility has failed its million and a half
8 annual visitors that I rarely hear from those
9 constituents, and I do think that it is partly our
10 responsibility, our elected officials'
11 responsibility, our responsibility, to look out
12 for the interests of people who may not be voicing
13 their concerns and their needs as loudly or
14 eloquently, but have them absolutely legitimately
15 and that we have to address those.

16 THOMAS GALANTE: One thing I want
17 to point out too is that at least for Queens, and
18 I think this might apply to Tony and Linda too in
19 some way, is that how you do your reductions,
20 which we do not expect to happen, we expect the
21 City Council to find a way and the mayor to find a
22 way - - our hope here, but if these cuts were to
23 happen, how we would actually implement them would
24 be so different than they would have been ten
25 years ago or 20 years ago because at least back in

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2 those days it was all about circulation. It was
3 just the traditional library service more so on
4 items that you would loan, and about ten of our
5 libraries out of 62 in Queens do 50 percent of our
6 loans, so if that is all I cared about, I'd have
7 those ten libraries open seven days a week and
8 close everything else down, - - and I could have
9 circulation growing and all kinds of that going
10 on, but our service model our focus is different
11 now. We are a place that everyone needs in every
12 single community to access computers and after
13 school programs and job and career services, and
14 all of those other things that we do now that were
15 the lifeblood of every one of those communities.
16 So it ends up being geography becomes more and
17 more really of a way of making sure every
18 neighborhood has some level of service in order to
19 be able to offer all those other services I spoke
20 about. Things have changed a lot over the years
21 as it relates to how we would approach those cuts
22 too.

23 COUNCIL MEMBER DICKENS: Alright.
24 Well, thank you, and again thank you to all three
25 branches for the work and the dedication that you

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have shown to the people of New York City.

CHAIRPERSON VAN BRAMER: Thank you very much, Council Member Dickens. I know we have to move on to the cultural affairs portion of our hearing. Before I call on Council Member King, who will ask the last questions, let me just say and I am sure Council Member Dickens shares this, it is deeply disturbing that we are even gaming out how we would close libraries and what that process would be. It is excruciating to even think about, so let's all be committed to never having to have these kinds of decisions made because there is no good way to close libraries. There is no equitable way to dismantle a public library system. it is unfair on the face of it. Council Member King?

COUNCIL MEMBER KING: Thank you, Mr. Chair, and I am going to be brief because I know we have to move on, but it is always a pleasure to listen to you talk about your passions in library because I understand that in order to maintain cultures in library it is actually the hub for all of New Yorkers, especially our youth, our children, our youth and any adults to find a

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2 way when it comes to education and accessing
3 information that they might not be able to access
4 anyplace on this planet. Between museums and
5 libraries, that is it, and those are the two areas
6 that we know that we need to maintain funding
7 however we can do it. I know my job is
8 representing the people in the 12th District with
9 the four libraries that I have that are absolutely
10 the--it is the hub of learning for us in the 12th
11 District and students, they come to my office.
12 They value their libraries, so I know I am going
13 to be that voice in organizing others in making
14 sure that if they can't get down here, I am going
15 to scream as loud as I can to make sure that we
16 keep our libraries open and whatever funding that
17 we have to restore we are going to advocate
18 continues over and over and over, but my question
19 would be to that, I know that you talked about
20 raising about 100 million dollars in donations.
21 Am I right on that? How does that possibility
22 offset any cuts that might occur if we can't
23 restore them? And secondly, if there is any
24 projects already in the pipeline of restoring some
25 of the buildings. I know some especially in my

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2 district with the HVAC systems are just
3 ridiculous, and so if there is anything in place
4 right now, if some cuts are not restored, how does
5 that have an impact on the work that is already in
6 play?

7 ANTHONY MARX: So two sort of
8 separate questions though they obviously are
9 related, right now we have about 405 million
10 dollars at the New York Public of capital, ongoing
11 capital projects, that includes money in effect
12 for the replacement of the mid-Manhattan branch,
13 but by our calculation, we have conservatively
14 about 450 million dollars of unmet capital
15 requirements. We have physical facilities in our
16 branches, in our neighborhoods, which are simply
17 not the standard that New York should be providing
18 to our citizenry from kids to seniors. As for the
19 question of private funding, I can be fairly
20 direct about that. The New York Public Library
21 does depend on private funding because the
22 research library is largely funded through private
23 sources unlike the deal that Tom referred to going
24 back to Andrew Carnegie for city funding of
25 operating the branch system, the circulating

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2 system, but let me be very clear. In all of my
3 conversations with private funders in effect the
4 first thing they say is why would we give money to
5 the library if the city is going to reduce the
6 funding by the same amount through the--why would
7 we contribute to the front door and have money go
8 out the back door? Why would that be... it is
9 impossible I will be honest for me to raise the
10 kinds of private dollars that can add to our
11 budget and make it possible for us to provide the
12 citizens of New York with more if budget cuts are
13 going to take it out the other side. It is simply
14 not a credible position from which to fundraise.
15 On the other hand, stable city funding in accord
16 with ongoing agreements we are quite committed and
17 ready to raise additional funds privately as well
18 as state and federal money so that again, the city
19 gets more from its libraries because the citizens
20 need us to do more.

21 COUNCIL MEMBER KING: Okay.

22 LINDA JOHNSON: I'll just add
23 because your question touched on our capital
24 budgets as well as our operating budgets, and just
25 this weekend as we know it was pretty warm but we

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2 had eight libraries closed on Saturday that should
3 have been operating, and that has devastating
4 impacts on the operating numbers that we talked
5 about, the number of programs that we can offer
6 and the amount of work that we can do inside each
7 of our facilities, so there is a strong connection
8 between what happens on the capital side to what
9 we can do on the operating side. - - we can raise
10 the kind of money in Brooklyn that is raised in
11 New York, but Tony's point is very well taken.
12 There is not a donor out there that doesn't ask
13 the question that if I give money and it lets the
14 city off the hook in terms of the money that is
15 used to support the garden variety service--
16 keeping the lights on, keeping the doors open.
17 Why should we give if in fact, it is going to end
18 up without the desired result, which is being able
19 to do more than just the basic?

20 COUNCIL MEMBER KING: Okay. Well,
21 I really appreciate that. Thank you for answering
22 that question, and I am pretty sure that those of
23 us who are part of the committee, especially our
24 two chairmen, I'd like to call them the dynamic
25 duo because they help us get things done up in

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2 here, and I know that we are all going to advocate
3 all that we have got to do to make sure that we
4 have a fair conversation and the right
5 conversation, and making sure that libraries stay
6 intact and our culture system stays in place, and
7 I'd like to thank everyone who sent those 300 e-
8 mails that blew up my phone also too to make this
9 happen. Thank you.

10 CHAIRPERSON VAN BRAMER: Thank you
11 very much, Council Member King. I lived for the
12 day when Council Member Gentile and I would become
13 the dynamic duo for libraries. I had to get
14 elected to make it happen, but it happened. I
15 think we have no other questions, and I want to
16 before we close this just say I think everybody
17 here knows libraries were brought to their knees
18 in this city during the fiscal crisis in the 70s,
19 again in the early 90s. The city is far, far
20 better placed today than it was at those times,
21 and yet we are looking at the largest reduction in
22 the history of the city of New York, and if these
23 cuts were sustained, it would bring libraries back
24 to their knees at a time when our city is as
25 livable as ever for most, so while not expecting

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2 anything, I know that I speak for all of the
3 members of the City Council that we will fight
4 very, very hard as I know you will fight with us,
5 including your trustees to make sure that this cut
6 is not in effect and not only do we restore 106
7 million dollars, but we really put libraries and
8 their hardworking staff members off the table and
9 out of this horrific game once and for all by base
10 lining this funding, so with that, I will say
11 thank you to the three of you, and we will have a
12 brief recess before we commence the Cultural
13 Affairs portion of today's hearing. Thank you.

14 [recess]

15 CHAIRPERSON RECCHIA: Okay. Let's
16 get started. Sorry for the delay. I was at the
17 mayor's press conference relating to Sandy. Okay.
18 So where is our wonderful commissioner? You can
19 take your seat upfront. We will now resume the
20 City Council hearing on mayor's executive budget
21 2014. The Finance Committee and the Committee on
22 Cultural Affairs, Libraries and International
23 Intergroup Relations chaired by Council Member
24 Jimmy Van Bramer will now hear from the Department
25 of Cultural Affairs. The Department's budget

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2 totals 88.7 million dollars, which reflects a 44
3 percent decrease from last year's adopted. This
4 is one of the largest budget decreases that we
5 have seen in a long time. The nearly 68 million
6 dollar decrease is largely due to a combination of
7 reductions from FY 2014 peg and the elimination of
8 City Council administration funding and energy
9 adjustments. I am eager to hear from our
10 wonderful commissioner, okay. So at this time, I
11 recognize my co-chair, Jimmy Van Bramer.

12 CHAIRPERSON VAN BRAMER: Thank you
13 very much, Chair Recchia and welcome Commissioner
14 Levin. I am sure you are as excited about what is
15 going to happen now as Chairman Recchia is for the
16 next hour or so, but I want to say what you know,
17 and what all of the people behind you I assume
18 this whole side of the room is DCA, which is an
19 enormous following, but this cut is unacceptable,
20 and it is time to restore and base line this
21 funding, and there is so much uncertainty around
22 next year, Commissioner Levin, as you know, and I
23 certainly hope to find out more about your
24 discussions with the mayor and first deputy mayor,
25 Patty Harris [phonetic] about base lining this

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2 funding, so that not only do we restore it, but we
3 protect it in the future given all the
4 uncertainties going forward. So I won't talk too
5 much because I know there is a lot of questions,
6 but suffice it to say that the administration
7 rightly talks about tourism, rightly talks about
8 cultural affairs and our cultural institutions,
9 organizations, program groups, and what they mean
10 to the city, its economy in terms of employment
11 and just in terms of enriching our city and making
12 it a better place. I know you know all of that,
13 believe all of that, but this hearing is about a
14 staggering proposed reduction and what the
15 administration is doing by proposing a 70 million
16 dollar cut to one of the lifelines of this city,
17 so I am eager to hear your take on that and how we
18 are going to finally put an end to this horrific
19 dance that exposes our culturals to this horrific
20 process every year, so with that, Commissioner
21 Levin?

22 COMMISSIONER LEVIN: Thank you.

23 Good morning. I am Kate Levin, commission of the
24 New York City Department of Cultural Affairs, and
25 I am here today to testify with regard to the

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2 mayor's FY '14 executive budget. With me here
3 today are the senior staff of the Department of
4 Cultural Affairs. Let me begin by noting the
5 significant difference between the FY '13 adopted
6 budget and the FY '14 base line. This is a result
7 of the budgeting process for DCA and an number of
8 other agencies. While reductions are implemented
9 against the agency baseline budget and therefore
10 affect all out years, money that is restored as
11 part of the adoption process is registered for the
12 current fiscal year only. We are engaged in an
13 ongoing dialogue around this issue and continue to
14 seek a viable solution to address the severe
15 disparity between base line and adopted budget
16 amounts. Meanwhile, the city continues to show
17 signs of economic recovery; however, budget gaps
18 remain in the out years due to projected increases
19 in non-controllable expenditures and the city's
20 increasing share of non-federal education costs.
21 As you will recall, in September agencies were
22 asked to forecast eight percent reductions to
23 their baseline expense budgets to address these
24 gaps. For DCA, this peg represents an 8.1 million
25 dollar reduction from our previous baseline of

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2 100.2 million dollars. In addition energy cost
3 estimates for the CIG were adjusted downward by
4 4.1 million dollars. Therefore, as of the
5 executive budget, DCA's current FY '14 base line
6 is 88.1 million dollars. This is a base line
7 figure exclusive of any restorations, one time
8 initiatives or city council member items. For
9 this peg we met out target by prorating the
10 reductions between our two expense funding groups,
11 the program groups, and the cultural institutions
12 group based on the percentage of our budget each
13 funding area receives. According to the forecast
14 for FY '14 program groups would receive 14.1
15 million dollars, this is a reduction of 1.3
16 million from their original FY 14 base of 15.4
17 million dollars. According to the forecast for FY
18 '14, CIGs would receive 69 million dollars. The
19 original FY '14 base of 79.8 million would be
20 reduced by a peg of 6.7 million to 73.1 million,
21 and as I mentioned above this includes a 4.1
22 million dollar reduction to the energy subsidy due
23 to anticipated decreases in energy costs, the
24 result of lower commodity prices. For program
25 groups, we have proposed an across the board

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2 reduction which cuts an equal proportion from each
3 award rather than targeting specific organizations
4 for larger or smaller reductions. We believe this
5 the fairest approach given the number of
6 organizations that receive funding, the variety of
7 programs at the organizations, the range in
8 organization's operating budgets and the varying
9 size of CDF allocations. Let me say a bit more
10 about this as it has been a topic during previous
11 hearings. The suggestion that we target
12 organizations with larger operating budgets on the
13 theory that they are better able to absorb a
14 larger loss of funding is predicated on the
15 assumption that organizations with larger budgets
16 receive larger awards. In fact there is no direct
17 correlation between overall budget size and DCA
18 award. When we have modeled a targeted approach
19 in the past, we found that one based on the size
20 of DCA awards would penalize many organizations
21 with smaller budget sizes. Conversely, targeting
22 organizations with larger budget sizes would not
23 necessarily create savings sufficient to provide a
24 meaningful decrease in funding reductions for
25 organizations with smaller budgets. For the CIGs

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2 we have also applied the reductions across the
3 board. The FY '14 budget contains base line
4 reductions from previous years including the FY
5 '10 peg which would forecast across two tiers
6 based on budget size. In that year, we reduced
7 the operating subsidies of the eight largest
8 institutions by a slightly larger percentage cut
9 thereby allowing the remaining organizations to
10 benefit from a smaller reduction. As this
11 differential is already embedded in our out year
12 base line we chose during this cycle to make an
13 across the board reduction of eight percent. We
14 recognize that city funding is extremely important
15 to many of our cultural groups and that in this
16 uncertain fiscal climate any reductions may be
17 difficult to absorb. It is important to note that
18 city support is one part of the larger funding mix
19 for non-profit cultural organizations, which
20 includes other government sources as well as
21 corporate foundation and individual giving. These
22 funding sources have been volatile over the past
23 few years due to global economic uncertainties.
24 The trends we reported on two months ago remain
25 unchanged and now we can confirm thanks to new

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2 information from the cultural data project that
3 they pertain to groups with operating budgets of
4 less than \$250,000. To summarize, foundation
5 funding is mixed. In many cases, this is due to
6 the effect of multi-year smoothing rules that
7 provided higher support during the worst of the
8 recession that began in 2008, but have since
9 adjusted spending downward as the financial
10 markets have started to recover. Board giving is
11 up and corporate funding remains down overall.
12 For those organizations with endowments, their
13 value has increased although we haven't completed
14 an analysis to determine whether those values have
15 reached pre-2008 levels. Looking ahead, the
16 city's financial support for cultural capital
17 projects remains robust thanks to our
18 participation, the partnership with you and the
19 borough presidents, the agency is advancing
20 essential infrastructure improvements, facility
21 upgrades, renovations and capital equipment
22 purchases at numerous organizations throughout the
23 five boroughs. At this time, no cuts have been
24 proposed for the agency's capital budget. DCA
25 will provide 685 million dollars for more than 400

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2 projects at 198 organizations through fiscal year
3 2016 including design, construction and equipment
4 purchases. To give you a few highlights, on May
5 7th, we broke ground on the nation's first academy
6 award eligible documentary screening cinema at
7 downtown community television in lower Manhattan.
8 In two weeks, we will cut the ribbon on the
9 renovated wave hill house in the Bronx, and in the
10 fall, we will complete the expansion of the Queens
11 museum and the downtown Brooklyn cultural district
12 will see two new facility openings serving three
13 organizations, the renovated Strands Theater
14 [phonetic], housing brick and urban glass and
15 Theater for New Audiences new building. At the
16 end of the year, the Staten Island Museum will
17 reopen in a landmark facility at Snug Harbor
18 Cultural Center. In addition to construction
19 projects we continue to complete essential
20 equipment purchases for organizations. Since the
21 beginning of fiscal 2013, we have allocated more
22 than 4.7 million dollars in equipment funding to
23 33 organizations. Recent purchases include a
24 lighting system for the Kaufman Music Center in
25 Manhattan and a tub grinder [phonetic] for the New

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2 York Botanical Garden. Finally, I would like to
3 update you on a few programs. As you know, the FY
4 '14 cultural development fund application review
5 process is well underway. Panel review sessions
6 began on March 21st. As of today, we have
7 completed 18 panels, and three remain before we
8 conclude at the end of June. As always, we
9 appreciate the insight provided by the City
10 Council representatives present on each panel.
11 Organizations receiving funding in the current
12 fiscal year are also preparing their final
13 reports. This year the system upgrade will
14 generate reports with new location based data on
15 where programs are provided around the city, not
16 just the return address of the organizations
17 providing them. Seniors partnering with artists
18 citywide or SPARC is concluding its 2013 run after
19 six months of classes, workshops and sessions
20 working with senior participants in arts
21 activities ranging from dance to ukulele to
22 printmaking and visual arts, artisan residents
23 across the five boroughs are hosting public events
24 at their senior centers. We urge you and your
25 constituents to visit a senior center in your

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2 borough to see the results of this dynamic
3 program. A schedule of public events can be found
4 online by visiting the NYC cultural calendar at
5 NYC.gov/nycculture and searching for SPARC.

6 Regarding the cultural after school adventures
7 program or CASA, in FY '13 DCA is collaborating
8 with the City Council to distribute awards to 93
9 organizations for arts and cultural activities in
10 253 schools across the city. Since January 2013
11 students have been participating in an
12 exceptionally wide range of programs. Now in its
13 35th year, materials for the arts continues to
14 support arts and cultural organizations and public
15 schools by providing free materials for their
16 operations and programing needs. Thus far in FY
17 '13 1,785 member organizations have conducted
18 nearly 6,000 transactions to receive supplies.
19 Since July MFTA has received 2,346 donations from
20 close to 1400 donors. Donation highlights include
21 props and set dressing from Martin Scorsese's
22 feature film The Wolf of Wall Street, 23.5 tons of
23 paper and school products from Barkley's School
24 Supplies [phonetic], hundreds of chairs from
25 Google, Plexiglas cubes from Marc Jacobs store

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2 displays, thousands of boxes of Crayola Crayons,
3 nearly 200 mannequins from Bergdorf Goodman and
4 13,000 pounds of beads, buckles and other craft
5 items from M&J Trimming [phonetic]. In conclusion
6 I would like to thank Chairman Van Bramer,
7 Chairman Recchia, committee members and all of
8 your colleagues on the City Council for your
9 continued support. As we work through challenging
10 fiscal times, your partnership has never been more
11 critical. I'd be happy to answer any questions
12 you have.

13 CHAIRPERSON RECCHIA: Thank you,
14 Commissioner. I want to recognize we have been
15 joined by Council Member Gale Brewer, Council
16 Member Danny Dromm, Council Member Oliver Koppell,
17 and of course my co-chair, Jimmy Van Bramer. I
18 want to thank you--oh, and Andy King. Andy, I
19 didn't see you sitting down there. Sorry--our
20 newest member. First commissioner, I want to
21 thank you and your staff for during super storm
22 Sandy all that you have done and are still doing
23 not only for the aquarium, but also for Lower
24 Manhattan institutions and Staten Island, snug
25 Harbor, that was severely--and Richmond Town--that

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2 was severely damaged, and your staff has been
3 really, really spectacular. I just want to thank
4 you and your staff for being hands on.

5 COMMISSIONER LEVIN: We appreciate
6 that. Thank you. With the storm how much do you
7 think--I should say that another way. Are you
8 putting in capital money now so you can make some
9 repairs to these institutions?

10 COMMISSIONER LEVIN: We are working
11 closely with the city's larger FEMA process for
12 the organizations that have sustained severe
13 damage so that there can be allocations toward
14 that end. The aquarium unfortunately has the
15 distinction of being the most damaged, but there
16 are about six other organizations that suffered
17 relatively severe capital damage, and I think at
18 this point, we have 134 active FEMA allocations.
19 Our chief of staff, Shirley Levy is our FEMA-nator
20 [phonetic] and she has done an extraordinary job.

21 CHAIRPERSON RECCHIA: What I just
22 need clarification I just want to make sure is
23 that you are going to make these repairs now we
24 are using capital money hoping to be reimbursed by
25 FEMA. Is that correct?

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2 COMMISSIONER LEVIN: Roughly
3 correct. It is a slightly more complicated
4 process in as much as the city capital dollars are
5 made available in concert with FEMA applications
6 as in the city doesn't just put in capital in
7 hopes that it will be reimbursed. Organizations
8 apply for FEMA and a pool of capital dollars is
9 available to essentially bridge against the
10 anticipated FEMA allocations.

11 CHAIRPERSON RECCHIA: But even
12 though the institution is hoping to get FEMA
13 money, they could also get capital money now?

14 COMMISSIONER LEVIN: Correct,
15 although we are doing the appropriations in tandem
16 with FEMA, so the city should not end up holding
17 the bag. We are not waiting for the full FEMA
18 process to go forward before we release capital
19 money.

20 CHAIRPERSON RECCHIA: Materials for
21 the arts. What is their budget?

22 COMMISSIONER LEVIN: What is the
23 full program cost?

24 CHAIRPERSON RECCHIA: Yeah.

25 COMMISSIONER LEVIN: For MFTA I

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want to rent--I am sorry. I am trying to do the calculation in my head.

CHAIRPERSON RECCHIA: If you don't have it, you can just give it to us. I just want to know for that part how much it costs for materials for the arts between rent, salaries. How many people work there to run it?

COMMISSIONER LEVIN: I think there are 15 staff members and an additional four that are funded privately. I can get you that breakdown also.

CHAIRPERSON RECCHIA: Okay. Thank you. Council Member Jimmy Van Bramer?

CHAIRPERSON VAN BRAMER: Thank you very much, Chair Recchia, and of course materials for the arts' wonderful director is here, so maybe she can pass down those answers if she can. Commissioner, this is perhaps your last executive budget hearing, so I wanted to of course talk to you about your negotiations, your discussions so far to date about restoration of the funding, but also base lining this funding, which obviously would be a very important legacy for the mayor, First Deputy Mayor Harris, and yourself.

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2 Obviously, that process in some ways is very much
3 unfolding, but I am curious to hear where you are
4 at with that, and what you think is possible,
5 likely.

6 COMMISSIONER LEVIN: There is no
7 way of forever locking in an agency's budget base
8 lined or otherwise. DCA is one of a handful of
9 agencies that is particularly vulnerable because
10 we do not collect revenues or fees and we do not
11 have any other sources of income, state or
12 federal, so that is why we end up with the out
13 year attriting base line. It is very much a
14 conversation that has to happen in concert with
15 the overall budget adoption conversation because
16 monies to do a restoration much less a base line
17 adjustment have to be part of the same
18 conversation that governs ending up with a
19 balanced budget. That said, I think everybody
20 recognizes that the attrition to this agency as
21 well as several others has not reached a
22 particularly sustainable point, and folks want to
23 figure out what to do about it. To be honest
24 though, it is hard to conceive of a system that
25 would forever guarantee that this won't continue

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2 to happen. The question is, how do you have the
3 most responsible conversation as early as possible
4 in the process so that this particular
5 constituency doesn't feel destabilized or under
6 assault.

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CHAIRPERSON VAN BRAMER: Forever is
8 a long time, but I can ask you, would you if you
9 had it in your power base line DCA's budget?

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COMMISSIONER LEVIN: DCA's budget
11 has a base line. The question is how do you get
12 the baseline so that it is closer to the adopted
13 amount. It is something that we look at an annual
14 basis. Ultimately what matters is what the
15 adopted amount is because that is what is in play
16 for the current fiscal year that governs everyone.

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CHAIRPERSON VAN BRAMER: I don't
18 think that is the only thing that matters.

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COMMISSIONER LEVIN: I think it is
20 the most urgent thing, but again, to your point we
21 acknowledge that the baseline situation for DCA
22 and the other agencies that are vulnerable in this
23 way is far from optimal, so the focus in this
24 administration again has been on the end result,
25 and there have been several times when the out

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year base line has been adjusted as well, so you know, this may be one of those years.

CHAIRPERSON VAN BRAMER: I am sure that you would agree that cutting the budget by 70 million dollars, it is not advisable, correct?

COMMISSIONER LEVIN: That is deeply unappealing.

CHAIRPERSON VAN BRAMER: What is that?

COMMISSIONER LEVIN: That is deeply unappealing.

CHAIRPERSON VAN BRAMER: Yes, and you said that one of the reasons DCA is on the chopping block is because you don't generate revenue like others do, but the folks behind you as you know through their institutions and organizations generate billions, so doesn't that make the case even more so that this agency should be kept out of this process?

COMMISSIONER LEVIN: I think that is part of the reason why this agency has ended up with consistently high and relatively stable budgets for the past number of years, but the revenue generation pertaining directly to the

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2 city's budget is ultimately what the city is
3 responsible for. Finding a meaningful balance is
4 the challenge that we all have to meet.

5 CHAIRPERSON VAN BRAMER: High is a
6 relative term depending on where you are sitting,
7 so it could be higher.

8 COMMISSIONER LEVIN: This
9 administration has seen the highest ever series of
10 cultural budgets. There is always more.

11 CHAIRPERSON VAN BRAMER: Would you
12 like to see it higher?

13 COMMISSIONER LEVIN: I think
14 whatever is appropriate within the city's means.
15 It is absolutely essential that the city remain
16 fiscally prudent. It is also to the city's
17 benefit to support cultural institutions.

18 CHAIRPERSON VAN BRAMER: So I know
19 I feel this way and this is going to be sort of
20 the last discussion perhaps that we have like
21 this, but I really do wish that you could say more
22 and would say more, and I realize that you are a
23 part of the administration and the commissioner,
24 and there is certain constraints there, but I
25 don't think there is anything wrong with wanting

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2 more and saying you want more. I don't think
3 there is anything wrong with saying that base
4 lining would protect particularly as some folks
5 who really do care about the cultural community
6 perhaps leave, and there is some uncertainty
7 around what is going to happen in the future that
8 now is the time to protect the games that you talk
9 about. Do you have any concerns about the future
10 as we change over in so many ways?

11 COMMISSIONER LEVIN: I anticipate
12 the future being even better than the present. As
13 hard as that is to imagine.

14 CHAIRPERSON VAN BRAMER: You are an
15 optimist, Commissioner Levin.

16 CHAIRPERSON RECCHIA: Jimmy, she
17 knows that she is leaving you behind. Cultures
18 are in good hands because Jimmy Van Bramer is
19 still there.

20 CHAIRPERSON VAN BRAMER: Well, I am
21 not running for mayor or speaker, so we have some
22 open questions, Chair Recchia. I appreciate your
23 optimism, Commissioner Levin, but I do think that
24 over the next three weeks or so we have got to
25 have a serious discussion about your legacy and

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2 the legacy of this administration as it relates to
3 cultural affairs and cementing that legacy through
4 not only a full restoration of these cuts, but a
5 meaningful base lining of this funding, so that
6 all of the folks behind you and the thousands and
7 thousands of folks who work in this industry are
8 protected, and in fact we increased tourism just
9 as we have been, which is an incredible victory
10 for the city of New York and all the folks behind
11 you really are directly responsible for helping to
12 achieve those gains, and the only way to do it is
13 to make them even more attractive to bring even
14 more people to the city of New York and we make
15 them more attractive by funding them at
16 appropriate levels. I have more questions, but I
17 know that some of our colleagues do as well, so
18 for that I will come back.

19 COMMISSIONER LEVIN: I would just
20 like to say the people sitting behind me that I
21 did not choose this seating configuration, and I
22 am not metaphorically or actually turning my back
23 on them.

24 CHAIRPERSON VAN BRAMER: So noted.

25 COMMISSIONER LEVIN: Thank you.

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CHAIRPERSON RECCHIA: Okay.

Council Member Oliver Koppell?

COUNCIL MEMBER KOPPELL: Thank you, Mr. Chairman. I regret along with my colleagues the reductions that are proposed in the budget because I believe very firmly in the value of the cultural institutions that are supported by the city and by your department, and my record on that goes back a long way, including the years in Albany when I supported the state council on the arts funding; however, I am concerned about providing that money to a process that at least I have found in one particular instance that you know of, Commissioner, to be seriously flawed, and what I am asking is when you have these panels that make decisions on how our money is set out, correct?

COMMISSIONER LEVIN: Correct.

COUNCIL MEMBER KOPPELL: And what concerns me is are these panels really acquainted with the work of the organizations that they are asked to fund?

COMMISSIONER LEVIN: In many cases, panelists are acquainted with the work, but it is

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2 also the case that given the number of
3 applications we receive, we have to make decisions
4 based on the quality and the detail of information
5 in the applications itself, and I know you and I
6 have been working for some time on the particular
7 case that you reference, and we are hopeful that
8 this organization has been able to be more fully
9 responsive. Because again, the only way to be
10 fair to 1100 groups is to create criteria that all
11 of them need to observe going through a public
12 process.

13 COUNCIL MEMBER KOPPELL: How many
14 people do you have, and maybe you could use
15 volunteers for this, but what shocks me and you
16 mentioned the instance, it is the Bronx Opera, it
17 is no secret to my colleagues, what shocks me is
18 that the panel that judged the Bronx Opera there
19 was no indication to me that not only did nobody
20 on the panel ever go to a performance of the Bronx
21 Opera, but your own staff although they had
22 visited the Bronx Opera in the past and had
23 actually said they thought that the performance
24 was very good, they haven't visited the Bronx
25 Opera in the last couple of years, and then the

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2 Bronx Opera's funding was completely cut out based
3 on concerns about the application, which in my
4 opinion should not have been the principal way
5 that an organization is judged. At the very least
6 if members of the panel don't--and by the way this
7 doesn't relate only to this Bronx Opera, I think
8 it relates to 1100 organizations. I don't think a
9 single organization should have its fate decided
10 by a panel without either at least one panel
11 member going to a performance, and if you can't
12 get a panel member to go which I think you should
13 at least a staff person or maybe even a group of
14 volunteers so that they can come back and say yes,
15 we went to a performance of say the Bronx Opera,
16 and it was terrific or we went to the art gallery
17 in the Bronx--I'll use the Bronx so that I don't
18 defame any other borough--went to the art gallery
19 in the Bronx and they had a bunch of kindergarten
20 drawings on the wall, and we don't think that even
21 though they wrote a great application about how
22 they have great art, we thought the art that they
23 were displaying had no merit. Somebody should be
24 viewing the performance, the capability and
25 quality of performance. As you know with respect

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2 to the Bronx Opera, I sent you a very glowing New
3 York Times review of the Bronx Opera's most recent
4 performance, and they have gotten reviews all
5 through the years. the process in my opinion is
6 seriously flawed 'cause it is based too much on
7 paperwork and frankly speaking having a good grant
8 writer is not what I think should be the way an
9 organization is judged.

10 COMMISSIONER LEVIN: I very much
11 appreciate your point of view, and in an ideal
12 world all of us could spend a lot more time
13 visiting cultural organizations and particularly
14 those receiving city funds, but I have to say that
15 again, given the breadth of applications we
16 receive, it is not practically possible for staff
17 or even for the number of panelists that we engage
18 on a volunteer basis every year to see every
19 organization, and the only other thing I want to
20 point out is that sometimes the quality of work
21 can end up judgment about the quality of work can
22 end up seeming as capricious as what and I am
23 using the word - - not you, which I appreciate,
24 but as the presence or absence of staff members at
25 organizations, we really have tried to find a

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2 process that is not dependent on individual taste,
3 is not dependent on aesthetic judgments which can
4 range so wildly, but is really dependent on the
5 capacity of an organization to account for its
6 capacity to steward public funds and deliver
7 public service, and again, I do take your point
8 and we do make an effort to see as much as
9 possible, but I would be as worried about a
10 process that was dependent on individual visits to
11 organizations as I would be able a process that
12 did not take into account in any way measures of
13 quality performance, and it is no pleasure to us
14 to not fund an organization, particularly one
15 doing good work, but it is also incumbent on every
16 organization to be responsive in a basic way to
17 the application that we have in place. We don't
18 think it is onerous. We don't think it is
19 particularly difficult to be responsive to, and
20 that is shown in the fact that we fund over 70
21 percent of organizations to apply to us, which is
22 by far the highest level of funding of any funder
23 I know, particularly any funder that solicits
24 public applications.

25 COUNCIL MEMBER KOPPELL: Let me

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2 just say I don't think that the evaluation of
3 somebody who goes out or some group that goes out
4 should be the only criteria, and especially if it
5 is a surprising result, maybe it should be
6 followed up on, but I would urge you to think
7 about volunteers if you don't have enough staff to
8 put in place, a group of volunteers. As I said,
9 their evaluations are not necessarily
10 determinative, but it is helpful, especially if
11 the volunteers have some expertise. I know it's a
12 burden to do it, but I think it is outrageous to
13 make a decision--look, we don't need people to go
14 watch the Metropolitan Opera. That group - - or
15 the American Ballet Theatre. I should mention
16 that my sister plays. Anyway, the point is that
17 we don't need people to evaluate organizations
18 that are broadly known and reviewed broadly, but
19 these smaller organizations, they may be excellent
20 and get denied funding or they may be rip offs,
21 and they get funding because they write a good
22 application. That shouldn't be, and the only way
23 to assure that that isn't there is you are going
24 and watching every year with eyes that can come
25 back, and look, if it is a surprising result, you

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2 can always follow up and say, look, I can't
3 understand how they turned down the Brooklyn
4 Museum. We need to look at that. We need to send
5 someone else out to the Brooklyn Museum. I think
6 that unless the process guarantees that you
7 evaluate the artistic performance, and I realize
8 it can be subjective, nonetheless, I think people
9 are good enough--there are enough people who can
10 say, look, I don't happen to like cubism, but this
11 was a very interesting cubist exhibition. Without
12 doing that with cultural institutions as far as I
13 am concerned, the process is very flawed, and
14 look, I am not going to say I am going to cut your
15 budget because of it because I believe too much in
16 these organizations, but I can see colleagues of
17 mine in the future--I am not going to be here--
18 colleagues of mine in the future saying look, we
19 are not going to provide money unless there are
20 serious evaluations not just based on some
21 paperwork.

22 CHAIRPERSON RECCHIA: Thank you,
23 Council Member Oliver Koppell. Just to set the
24 record straight, the way we do the funding it is
25 the way that this City Council and this

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2 administration are doing it. Future City Councils
3 and future mayors are not locked into doing it; it
4 is always up to the new mayor and the new City
5 Council that comes in, and next year, we will have
6 an opportunity, the new council members and the
7 remaining council members will have an opportunity
8 to see which way they would like to focus on.

9 COUNCIL MEMBER KOPPELL: If I may
10 Mr. Chairman, I am sorry you didn't accept my
11 invitation to see the Bronx Opera, but you ought
12 to see it sometime yourself.

13 COMMISSIONER LEVIN: I will look
14 forward to that. I had family commitments those
15 two evenings, but I very much appreciate your
16 courtesy in inviting me.

17 COUNCIL MEMBER KOPPELL: Thank you.

18 CHAIRPERSON RECCHIA: I think we
19 should have a DCA and Council outing at the next
20 Bronx Opera. Smile. Ollie, we are going to get
21 her there. We will even invite the First Deputy
22 Mayor. We will have a night out at the Bronx
23 Opera. Okay. Council Member Gale Brewer?

24 COUNCIL MEMBER BREWER: Thank you.
25 I have a question just about how often does the

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2 amazing economic data get released so the public
3 knows how important these institutions are? I
4 know the Port Authority has done reports and
5 academics--is there like an annual release of data
6 about the economic impact of the cultural
7 institutions or is it dependent on like who is
8 getting funding, and who is doing it?

9 COMMISSIONER LEVIN: It depends on
10 when researchers choose to do an analysis and
11 release that information. Cultural data project
12 information is available to qualified researchers
13 at all times and in fact thanks to the generosity
14 of the New York Community Trust and the Mellon
15 Foundation we have just issued over 100,000
16 dollars in research grants for projects that look
17 at largely the economic impact and audience
18 development impact of arts and culture in New York
19 City and New York State, so there should be more
20 information forthcoming.

21 COUNCIL MEMBER BREWER: Would it
22 help to keep the public more attuned and trying to
23 get the world to understand the economic impact?
24 We all do, but it doesn't seem to always
25 materialize for the public discussion.

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2 COMMISSIONER LEVIN: I think like
3 any such thing the question is what is going to
4 catch the public's attention, and that has been a
5 conundrum in the worlds of arts and culture.
6 People like enjoying it. I don't think they
7 always focus on how to think about the economic
8 impact of it, but the information does exist and
9 is updated with some frequency.

10 COUNCIL MEMBER BREWER: This issue
11 of energy reduction of 4.1 million, I know it came
12 up at the DCAS hearing also because they also have
13 something to do with this issue, so my question
14 is, what is the process for determining these
15 adjustments and then back to the age old question
16 of why is it that the institutions when they save
17 energy can't they reap the benefits in some way,
18 shape or form? I get nowhere with DCAS so I am
19 trying you.

20 COMMISSIONER LEVIN: Gee, thanks.
21 The way that adjustments to energy happen it is a
22 several step process. Every year organizations
23 are asked to fill out a survey that looks at their
24 square footage, at the kind of energy that they
25 use, is it electric, is it steam, et cetera, and

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2 DCAS then looks at a 12 month spread looking at
3 past history as well 'cause obviously you need
4 heating in the summer and cooling in the winter.
5 Different kinds of organizations have different
6 requirements whether you are outdoor or primarily
7 indoor. They establish a base year based on this
8 information, and then they price that based year
9 against what they think energy commodities are
10 going to be selling at in the course of the coming
11 year, so it is fairly transactional. We have
12 spent a lot of time studying this issue around how
13 to help organizations reap the benefit of their
14 own cost savings. What we keep coming up against
15 is were we to tie an organization to a number,
16 they might benefit if they go below it, but they
17 will be charged if they go above it, and looking
18 at past usage we believe that it would make a
19 significant number of organizations in fact
20 vulnerable to paying back the city in a way that
21 doesn't yet strike us as being right. In
22 particular for example as recently as FY '11, half
23 of our organizations went over their energy
24 budget, so the question is do you want to create
25 certain kinds of vulnerability? It is also with

1
2 the unpredictability of whether and in particular
3 the price of steam has gone way up in the past
4 couple of years. there is volatility around
5 different kinds of energy. On balance, we don't
6 believe we are at the right place yet to try and
7 offer an incentive although it certainly makes
8 logical sense to try and give people as much
9 motivation as possible to save on energy.

10 Organizations now have access to the DCAS
11 database, so that they can monitor their own
12 energy usage, and we are hoping that that will
13 help figure out strategies to save and perhaps in
14 the future, create some kind of floating energy
15 incentive program, maybe break it down month by
16 month, so again, I think we have become pretty
17 nuanced about how to estimate energy costs. The
18 question is how do we create an incentive program
19 that doesn't in fact penalize more organizations
20 than it helps.

21 COUNCIL MEMBER BREWER: None of us
22 want to penalize. I just hope, and I don't know
23 if you have really get the input of the
24 institutions themselves because I think they feel
25 that they would like to reap some of these

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2 benefits, and obviously, it is when they have
3 saved enough to reap them, but I don't know. They
4 don't seem--it is an endless discussion, but it
5 doesn't seem like the institutions to be honest
6 with you are having enough input into that. I
7 don't know but...

8 COMMISSIONER LEVIN: We have worked
9 with them very intensively over the past couple of
10 years, and obviously happy to continue this
11 conversation. The other thing I will tell you is
12 through PlaNYC we have done energy audits of all
13 of our organizations with the exception of the
14 Queens Museum because they are about to open a new
15 substantially increased facility, and that will be
16 done as soon as they are open. So I think we are
17 working from a much more precise dataset, so
18 hopefully moving ahead in the future, we will be
19 able to monitor and reward. The one final thing I
20 will say is that one of the conundrum around this
21 issue is that if you were awarded an organization
22 for saving and then they don't save the next year,
23 that presents a sort of policy problem because
24 presumably you have reduced the energy pricing
25 envelope accordingly, and if they blow through it

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in a subsequent year it runs a risk.

COUNCIL MEMBER BREWER: There might be a reason for it like double the number of visitors or something. There are ways to compensate it would seem to me. I know that it is still an ongoing issue, and they don't necessarily feel that they are getting heard, and so I think some more work should be done, and the energy efficiency keeps changing the ways in which it could be done. My other question--I am sure that Domenic Recchia will take care of this, but of all of the programs you should base line, it should be CASA. Is there any discussion of that?

COMMISSIONER LEVIN: There hasn't been a discussion on our side. We would certainly welcome the--

[crosstalk]

COUNCIL MEMBER BREWER: That should be base lined. It should be called the Domenic Recchia program, get rid of CASA. That is my opinion. Although I usually do that when people are dead and - -

CHAIRPERSON RECCHIA: [interposing]
You are going to bring tears to my eyes.

1
2 COUNCIL MEMBER BREWER: Just one
3 more question would be it says in our notes here
4 that there is \$420,000 not included in the
5 executive budget as a funding adjustment for
6 Lincoln Center. Do you know that that is? It is
7 in the same breath as they talk about light power
8 adjustments.

9 COMMISSIONER LEVIN: I do not know,
10 but I can certainly find out.

11 COUNCIL MEMBER BREWER: Okay.
12 Thank you very much.

13 CHAIRPERSON RECCHIA: Commissioner,
14 I just want to pick up where Council Member Brewer
15 on the energy issue 'cause you made a statement
16 that this year or last year the institutions went
17 over budget.

18 COMMISSIONER LEVIN: in particular
19 in FY '11 half the organizations were over budget,
20 half of the organizations were under or at.

21 CHAIRPERSON RECCHIA: Went over
22 budget for several reasons, one, energy was a
23 little bit more expensive, but more important
24 there is no incentive for them to cut back, and I
25 propose a plan where it is very simple. If an

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2 institution could save X amount of dollars in one
3 year, then they should get half the proceeds that
4 they save and the other half goes back to cultural
5 affairs to OMB, and the next year, you lower their
6 projection by 15 percent or 20 percent, but you
7 give them incentives and in the long run you are
8 giving them reason to save because they know some
9 of the money will come back into their
10 institution, and that way I think it could work,
11 and you and I have this discussion for a long
12 time, and maybe someday somebody will try it out
13 as the Bloomberg Administration says as a pilot
14 program, but I really think it really could work.

15 COMMISSIONER LEVIN: And just so
16 you know, we modeled that suggestion out and took
17 it very far with our colleagues at OMB. The
18 problem is for the organizations that don't make
19 that target, how do you understand their lack of
20 success versus success particularly in an energy
21 environment where certain kinds of prices can get
22 completely out of control.

23 COMMISSIONER LEVIN: there is no
24 target to make. This is you tell them you have
25 \$800,000 to spend, I am just using an example,

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2 this year on energy. If you save that, okay, half
3 will go to you and what you save and half will go
4 to the administration, so there is nothing--and if
5 you don't save anything, okay, then you know,
6 'cause if they go over anyway, OMB picks it up,
7 but this will give incentives. Andy King?

8 COUNCIL MEMBER KING: Thank you,
9 Mr. chairman. I will be quick, and I always love
10 my libraries. I love my Bronx Zoo. I love my
11 botanical gardens. I love everything in the Bronx
12 and everything that culture has to deliver because
13 I understand if you save the culture, you save
14 society, so we have to continue to save our
15 culture here in New York and all across American.
16 My one question is, I have a passion for our
17 youth, and in CASA I know that you are working
18 with from fiscal year 2013 to working with as you
19 allocate, I think it is 98 particular--250 schools
20 that you are dealing with in all of these
21 organizations. What will happen if we know how
22 Chair Recchia is going to pull that rabbit out
23 from somewhere, but god forbid that we are not
24 able to restore, what impact does it have on the
25 after school cultural programs in addition to all

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of the senior centers that you run cultural programs also?

COMMISSIONER LEVIN: Unfortunately, those particular programs presumably won't be provided in that form. I will say over and above the CASA program, we have hundreds of cultural organizations that provide in school programs at hundreds of schools around the city as well, so it is not as if those partnerships won't continue, but CASA has given us an extraordinary opportunity to really target cultural services in a particular kind of format at those schools, so we are very hopeful that one way or another those partnerships will continue.

COUNCIL MEMBER KING: Thank you.

Mr. Chair, thank you.

CHAIRPERSON RECCHIA: Thank you.

Council Member Jimmy Van Bramer?

CHAIRPERSON VAN BRAMER: Thank you.

Commissioner, you look like you are having fun at this one. I wanted to ask you about space works, which is a new program and I think it is pretty terrific, but I am wondering how it is doing and how we can assure its future, and so why don't you

1
2 give us an update on space works and then talk a
3 little bit about going forward when maybe you
4 won't be the commissioner of Cultural Affairs.

5 COMMISSIONER LEVIN: Thank you.

6 Space works is an independent non-profit real
7 estate developer whose sole job is to create and
8 manage affordable rehearsal and studio space
9 throughout the city of New York. It is formally
10 chartered under New York State charitable law, and
11 it is awaiting its final IRS non-profit status.
12 It currently has a board of I believe eight
13 individuals and is working on I think it is six
14 projects actively. One will hopefully open in the
15 course of the summer, the first project, and there
16 are three more under contract and several more
17 under negotiation, so our hope is that in the next
18 year to 18 months there will be substantive
19 increase in the amount of affordable rehearsal and
20 studio space, and by that I mean space for visual
21 artists and space for performing artists to be
22 rented by the hour, visual artists space leases.
23 We are still working out that system, but it will
24 be at least a year then with various renewals made
25 possible. I would say the business model for

1
2 space works is being put to the test as we speak,
3 and the hope is in the fullness of time the
4 organization will just about break even based on
5 rental revenue to fund operating costs. We have a
6 terrific executive director, Paul Parkhill, who I
7 believe you have met who comes to us from - - .
8 Say hello to Paul afterwards, but he and his team
9 are doing terrific work in framing out projects
10 throughout the city. A key to the space works
11 business model is to create strong partnerships
12 with - - service organizations and other cultural
13 organizations in each community that we work in,
14 so those partnerships are developing in an
15 appropriately dynamic and collaborative way. So I
16 think in general we are making good progress and
17 more with each passing month.

18 CHAIRPERSON VAN BRAMER: Well, let
19 me first congratulate you and Paul on the Long
20 Island City location, which I have already
21 visited, and we are very excited about that space
22 and what it can do for that particular port of my
23 district on Skillman Avenue and the partnership
24 with the Chocolate Factory is wise, and I was
25 there for a planning meeting, but it seemed to be-

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2 -actually, I just kind of just crashed a meeting,
3 but it broke up the meeting, but it was good to
4 see it all happening, and I think that is pretty
5 terrific initiative that you have got going there.
6 I just want to say some folks up here will not be
7 returning next year, god willing, several of us
8 will and I certainly will continue to fight the
9 good fight, and build upon the successes that you
10 have been a part of, and so thank you for that,
11 and I look forward to you staying incredibly
12 active and incredible important piece of this
13 cultural community even if you are the former
14 cultural affairs commissioner.

15 COMMISSIONER LEVIN: Thank you so
16 much.

17 CHAIRPERSON RECCHIA: Does any
18 other Council Member have any questions? We have
19 been joined by Council Member Darlene Mealy from
20 Brooklyn. Does any other Council Member want to
21 ask any more questions?

22 COUNCIL MEMBER BREWER: Just that
23 DCA staff is wonderful.

24 COMMISSIONER LEVIN: Yes, they are.

25 CHAIRPERSON RECCHIA: I think they

1
2 emptied out the office today. Well, this is the
3 last hearing, Commissioner. I want to thank you
4 for the years of working with you and coming
5 before these committees to testify. We have
6 accomplished a lot, a lot more to do. We will
7 leave it on to other people, but thank you for
8 what you have done for the community, for the
9 cultural community and for the arts community, and
10 you have just been spectacular. I enjoyed working
11 with you over the years, and thank you for your
12 dedication and commitment for what you have done
13 for many, many art groups, cultural groups,
14 children and seniors and you are a really good
15 agency, and to your staff, thank you. You should
16 all be applauded for what you have done. We at
17 the City Council even though at times we disagree
18 we finally agree, but you all have done a good
19 job, and where is Kathy Hughes [phonetic]? Kathy,
20 thank you. I know at times, you know, some of us
21 get upset that certain groups didn't get funded,
22 but overall, you are dedicated, and I just want to
23 thank you 'cause you do - - and Tim - - , Mr. CIG
24 himself. Okay.

25 CHAIRPERSON VAN BRAMER: I just

1
2 want to say you have an inordinate amount of staff
3 who live in my council district, so I just want to
4 do a special shout out to them.

5 CHAIRPERSON RECCHIA: - - .

6 Alright.

7 COMMISSIONER LEVIN: It has been an
8 honor and a pleasure to serve with such
9 extraordinary colleagues and to serve such
10 extraordinary elected officials. Thank you.

11 CHAIRPERSON RECCHIA: We are going
12 to take a short break, and we will start with
13 Human Rights at one o'clock.

14 [applause]

15 CHAIRPERSON RECCHIA: Okay. We are
16 ready to go. Where is our commissioner?

17 [long pause]

18 CHAIRPERSON RECCHIA: Alright.
19 Welcome. Smile, Commissioner, it is your last
20 hearing with us. We are going to now resume the
21 City Council hearing on mayor's executive budget
22 2014. The Finance Committee has now been joined
23 by the Committee on Civil Rights chaired by my
24 colleague from Staten Island, Council Member
25 Deborah Rose to hear from the Commission on Human

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2 Rights. The Commission on Human Rights enforces
3 the city's human rights law, and educates the
4 public about its scope. The city's human rights
5 law prohibits discrimination in employment,
6 housing and public accommodations based on race,
7 color, creed, age, national origin, and
8 citizenship status, gender, sexual orientation,
9 disability, marital status and employment. I
10 think I covered it all. Right? Which one did I
11 add? The 2014 executive budget for the Commission
12 totals 6.3 million dollars, which reflects 211
13 dollar decrease from its adopted, which is due to
14 lease cost savings. Before we hear from
15 Commissioner Patricia Gatling, I will turn the mic
16 over to my co-chair, Deborah Rose from Staten
17 Island.

18 CHAIRPERSON DEBORAH ROSE: Thank
19 you, Chair Recchia. Good afternoon. I am Deborah
20 Rose. I am the Chair of the Civil Rights
21 Committee, and I am joined today by Chair Domenic
22 Recchia Jr., Chair of the Finance Committee.
23 Welcome to fiscal 2014 executive budget hearing
24 for the Commission on Human Rights. Today we will
25 hear testimony from the Commission on its

1 executive budget and general agency operations.

2 The New York City Commission on Human Rights, CHR,

3 is charged with enforcing the city's human rights

4 law, educating the public about human rights and

5 encouraging positive community relations. The

6 commission is divided into two major bureaus, law

7 enforcement and community relations. The law

8 enforcement bureau is responsible for the intake,

9 investigation and prosecution of complaints

10 alleging violations of the law. The community

11 relations bureau can cultivate understanding and

12 respect among the city's many diverse communities

13 through its borough based community service

14 centers and numerous educational and outreach

15 programs. The Commission on Human Rights fiscal

16 2014 executive budget of 6.2 million is 210,000

17 dollars less than its fiscal 2013 adopted budget

18 of 6.4 million. The 210,000 reduction is due to

19 the decrease in other than personnel services

20 budget. The Commission's 66 person headcount for

21 fiscal 2014 remains unchanged from fiscal 2013.

22 The Committee hopes to focus today's hearing on

23 the status of the Commission's current programs

24 and how it will continue to carry out the

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1
2 directions of the law enforcement bureau and
3 community relations bureau. In addition, I would
4 like to hear from the commission how are plans to
5 implement intro number 814-A, which prohibits the
6 discrimination based on an individual's employment
7 status once the law goes into effect this month.
8 I'd like to welcome all of my colleagues and thank
9 the committee staff for their work in preparing
10 this hearing, Aisha Wright [phonetic] finance
11 division unit head, Julene Beckford [phonetic],
12 counsel, Damien Butvig, policy analyst, and we
13 will now hear from Commissioner Gatling of the
14 Commission on Human Rights, and immediately
15 following, we will hear from the Equal Employment
16 Practices Commission. Thank you.

17 CHAIRPERSON RECCHIA: Okay. Before
18 we do that, I just want to recognize all of that
19 Council Members that have joined us, Council
20 Member Robert Jackson, Council Member Oliver
21 Koppell, Council Member Margaret Chin and Council
22 Member Gale Brewer, and Council Member Andy King.
23 Andy, you have got to move. You know what? I
24 don't think you are bright enough. Go ahead,
25 Commissioner.

COMMISSIONER GATLING: Good

afternoon, Chairpersons, Council Members. I'd like to introduce the people seated next to me. Next to my left is Dr. Lee Hudson [phonetic]. She is in charge of the community relations borough, and to my right is Cliff Mulqueen [phonetic]. He is our counsel and deputy commissioner. Under the Bloomberg Administration, the New York City Commission on Human Rights has become an effective and efficient agency. The chronic backlog of cases that had overwhelmed the agency for so many years was eliminated, and we have maintained a manageable caseload for the past ten years. The average age of the cases went from 12 percent under a year old in 2002 to 80, about 90 percent under a year old every year since 2002. The Commission has consistently obtained nearly one million dollars in damages per year for complainants, as well as levied and collected fines for the city. Our law enforcement and community relations bureau now complement each other and function as one agency instead of two separate entities. All of this was accomplished despite tough economic times and substantial staff

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2 reductions over the past 12 years. I would like
3 to acknowledge and thank the dedicated staff at
4 the Commission for their hard work. Without them,
5 none of this could have been accomplished. I
6 would also like to thank the Commissioners who
7 have volunteered their time to serve on the
8 commission over the years including Reverend Dr.
9 Calvin Butts, Matt Foreman, Dr. Edison Jackson,
10 Rabbi Haskell Lutstien [phonetic], Grace Lou
11 Volkhausen [phonetic], William Alpica [phonetic],
12 Omar Muhammad [phonetic], Dr. Derek Bryson Park
13 [phonetic], Brian - - , Lisa Quiores [phonetic],
14 and current New York State court of appeals judge
15 Jenny Rivera [phonetic], Susan Scher [phonetic],
16 former commissioner and chair Marta Varella
17 [phonetic], Jonathan Kapart [phonetic], Dr. Edith
18 Harris Hastig [phonetic], William Hipsher
19 [phonetic], Renee Lobo [phonetic] and Rabbi Joseph
20 Patasnik [phonetic]. As you are aware, our annual
21 budget in 2012 was around 6.3 million dollars with
22 over four million coming from a federal community
23 development block grant and almost 2.3 million
24 from city tax levy funds. As I have testified on
25 numerous occasions, 12 to be exact, we have a work

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2 sharing agreement with the Equal Employment
3 Opportunity Commission, which last year generated
4 over 111,000 dollars. We also aggressively pursue
5 grant opportunities and interagency financial
6 partnerships to supplement our public education
7 projects. In 2012, working with HPD and a nearly
8 100,000 dollar grant, we launched a new joint fair
9 housing website and conducted dozens of workshops
10 for HPD awardees, housing providers and tenants.
11 In 2012, we received an additional 9,000 dollars
12 in grant funds for an anti-bullying and anti-
13 discrimination video project, 4,000 from the Tiger
14 - - fund and 5,000 from several east Asian
15 businesses in Queens, including the State Bank of
16 India, Innovative Operation Solutions, the Global
17 Organization of People of Indian Origin, H&R
18 Realty and the law firm of Ravi Battra [phonetic].
19 Working with the LAMP [phonetic], which is a media
20 literacy and production organization, these funds
21 were used by groups of south Asian and LGBT youth
22 to great six videos reflecting their experiences
23 with bullying and discrimination. The videos,
24 which are absolutely amazing continue to be aired
25 on New York City media channel 25 and can be

1
2 accessed through the commission's website. I
3 would encourage all of your to go to our website
4 and check them out. The Commission filed 442
5 complaints of discrimination in 2012. The types
6 of complaints filed remained consistent with
7 previous years, approximately 63 percent were
8 employment, 22 percent were housing and 15 percent
9 public accommodations. We negotiated resolutions
10 in 182 potential complaints through our pre-
11 complaint intervention process and resolved an
12 addition 403 filed cases. Over 84 percent of the
13 cases pending in 2012 were less than a year old.
14 Intensive supervision and case management over the
15 past 12 years has led to a 56 percent probability
16 that individuals who state a claim under the law
17 will obtain a benefit by filing a complaint with
18 the commission. The commission obtained over
19 625,000 dollars in damaged for complainants last
20 year, averaging almost 17,000 dollars per case in
21 damages. Though we are not historically a revenue
22 generating agency, the commission ordered over
23 340,000 in fines to be paid to the city for
24 violations of the human rights law. The largest
25 fine levied was 125,000 dollars for a Queens

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2 County housing provider that refused to make a
3 complainant's apartment accessible despite a
4 report from their architect several years earlier
5 suggesting that they do so. Instead of making the
6 accommodation, hoping to catch the complainant
7 walking, the housing provider installed two
8 cameras that could record the complainant inside
9 her apartment. The undisputed allegations were
10 that these cameras caught the complainant in
11 various states of dress while in her apartment.
12 The commission order has been upheld in the Queens
13 County Supreme Court, with the exception of
14 125,000 dollar fine in this case, which
15 respondents may appeal to the second department
16 all of the above mentioned fines have been
17 actually collected and deposited in the city's
18 general fund. The commission conducts extensive
19 outreach through our community programs and public
20 education efforts coordinated by our five borough
21 officers. Last year, the community relations
22 bureau provided over 107,000 units of service. Of
23 those, over 27,000 were to New Yorkers with
24 limited English proficiency including 165
25 workshops in languages other than English.

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2 Additionally, we reached millions of New Yorkers
3 and visitors through the use of the media,
4 informing individuals of the commission's work and
5 the strong city's human rights law. Last year, we
6 appeared approximately 109 times in newspapers,
7 publications and electronic media, including
8 weekly and ethnic presses with substantial clips
9 in the New York Times, New York Law Journal, Wall
10 Street Journal, New York Daily News, the Post, the
11 Staten Island Advance, New York Able and the
12 Associated Press and Reuters. We have also
13 appeared on New York One news, WPIX, Channel 11,
14 WNBC TV, FOX 5, NPR and WNYC public radio. The
15 commission's public service announcements aired
16 621 times last year reaching countless New Yorkers
17 - - from many countries when city posters were
18 placed in some of the cities' busiest subway
19 stations last fall, reaching an estimated 25
20 million commuters. Some of our major outreach
21 efforts include the commission's adult literacy
22 program. The program is directed to adult
23 literacy and ESOL classes at colleges and the CUNY
24 system workforce development literacy projects in
25 branch literacy programs in three of the New York

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2 Public Library systems. Working with the system
3 wide guidance of the CUNY adult literacy program
4 and the literacy assistance center, the commission
5 now has classes for the beginner, intermediate and
6 advanced level English language learner. While
7 furthering their literacy objectives, these
8 classes educate adults about their employment
9 rights and other protections they have in the
10 workplace if faced with discrimination based on
11 their national origin or citizenship status. In
12 addition, the project team trains literacy
13 teachers in their continuing professional,
14 educational coursework and conferences to use the
15 lesson plans, DVDs and student workbooks, the
16 right to work, understanding immigrant employment
17 rights. All of these materials now are available
18 on several websites. The Commission's immigrant
19 employment rights program also provides valuable
20 services for immigrant employees and employers
21 conducting 269 workshops for some of our city's
22 newest residents last year. In addition to our
23 adult literacy classes, we reached these
24 individuals through parent groups, community or
25 youth centers, job or vocational service

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2 organizations and naturalization ceremonies for
3 new citizens. Another employment rights program
4 is directed to individuals reentering the
5 workforce. We speak at workforce development
6 agencies and other back to work programs
7 throughout the city providing them with
8 information on work related issues such as
9 discrimination in employment, sexual harassment,
10 work place cyber harassment and conflict
11 resolution. We also speak to employers and their
12 organizations including the city's 59 business
13 improvement districts through our fair business
14 practices program. this program highlights
15 employers' responsibilities to their employees and
16 customers including making their place of business
17 accessible, and this is a sample here of our fair
18 business practices that we have been distributing,
19 and we have distributed quite a number in Staten
20 Island actually, and especially in this economy,
21 individuals with arrest and/or conviction records
22 become easy targets for discrimination. Under the
23 city human rights law, individuals with arrest or
24 conviction records are protected from
25 discrimination in employment. To reach those

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2 individuals we provide presentations at dozens of
3 reentry organizations and for inmates at the 17
4 Rikers Island correctional facilities with the
5 cooperation of the New York City Department of
6 Corrections. Actually you asked earlier about
7 what we plan to do about the law that is taking
8 effect on June 11th when you added a new protective
9 class. It is already up on our website as we
10 speak, and we have created these informational
11 cards in both Spanish and English that will talk
12 about your protection as an unemployed individual.
13 The commission's fair housing mortgage counseling
14 and anti-predatory lending program alerts
15 residents to discriminatory lending and credit
16 protection under the law and the dangers of
17 predatory lending. The program also offers
18 foreclosure counseling to individuals faced with
19 the loss of their homes. As a HUD certified
20 housing counseling agency, and we remain the only
21 city agency to be certified, HUD or local housing
22 organizations refer these individuals to us. The
23 Commission's four mortgage counselors conducted
24 627 counseling sessions for 87 homeowners in 2012.
25 The commission's peer mediation program trained

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2 another 156 students to be peer mediators and
3 established peer mediation programs in 11 schools.
4 These student mediators assist their classmates in
5 finding non-violent solutions to their problems
6 and help reduce violence in our school system. To
7 date the program has trained nearly 1500 middle
8 high school students, high or middle high school
9 students and set up peer mediation programs in 96
10 schools. Our other presentations took us into 33
11 additional schools and 21 youth centers city wide,
12 teaching 467 classes to over 10,500 students.
13 These classes in grades 6 through 12 address the
14 human rights law, sexual harassment, conflict
15 resolution and cyber bullying. The commission
16 also conducted trainings for parent student
17 groups, including day long trainings on bias,
18 sexual harassment and cyber bullying for school
19 administrators and guidance counselors in
20 conjunction with the Department of Education's
21 Office and School Youth Development. Our
22 successful equal access program negotiated 167
23 modifications for disabled individuals last year.
24 These far reaching accommodations in housing an
25 public accommodations include portable or

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2 permanent ramps, braille signage, parking
3 policies, storage facilities for wheelchairs and
4 service animals. The commission is successful in
5 negotiating and ordering the accommodation in 78
6 percent of the cases. The remaining
7 investigations are closed by the commission
8 characteristically due to the infeasibility or
9 unreasonableness of the accommodation or the
10 complaint being withdrawn by the complainant. I
11 have highlighted a few of our accomplishments over
12 the past year, and invite you to review our
13 yearend report. There is an old civil rights
14 saying that goes if you encourage in spirit, you
15 must deliver in fact. Well, the commission has
16 delivered in fact. I have enjoyed working with
17 you to make the commission better and more
18 responsive to the public we serve. I will be
19 happy to answer any of your questions. Thank you.

20 CHAIRPERSON ROSE: Okay. Thank you
21 so much. I was expecting my chair, but I will
22 start in his absence. So thank you, Commissioner,
23 thank you for your testimony, and I am going to--
24 Domenic, do you want to start? Okay. In terms of
25 the lease surplus in fiscal year 2014, the

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2 executive budget included the savings for fiscal
3 year 2013 and fiscal year 2014 of only 137,000 and
4 208,000 respectively in terms of the commission's
5 move from its Manhattan space to city owned space.
6 Is the commission still on target to move its
7 Manhattan office space to city owned property by
8 the end of this calendar year, 2013, and last year
9 you testified that the move would save
10 approximately one million in rental expenses. Why
11 does the budget only include 213,000 dollars in
12 savings for fiscal year 2014, and when should we
13 expect to see additional savings in the budget?

14 MALE VOICE: I don't know if our
15 office space on - - Street is going to be
16 available for us at the end of this year, but I
17 believe that the Commissioner intends that we are
18 going to move out of our offices at 40 Rector
19 Street and to our borough based offices regardless
20 of whether that space is available, so there will
21 be a savings of that rent, which is around a
22 million dollars a year. I am not sure why the
23 budget you have doesn't reflect that.

24 CHAIRPERSON ROSE: So you are
25 saying at this point you have already realized the

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savings of--

[crosstalk]

MALE VOICE: We do intend to move in December of 2013. So the rent at 40 Rector Street is one million dollars a year, so we will not have to pay that money any longer. Whether we have to pay for the city space that I am not sure of.

CHAIRPERSON ROSE: Okay. Thank you. In Intro 814-A, the City Council passed Intro 814 this year to prohibit discrimination based on an individual's unemployment. This law is supposed to go into effect this next week, right, June 13th. So how will the commission educate your staff about the changes that will take place to the current law?

DEPUTY COMMISSIONER HUDSON: The staff has already received training from--

CHAIRPERSON ROSE: Please identify yourself.

DEPUTY COMMISSIONER HUDSON: Oh, I am sorry. Lee Hudson, deputy commissioner for community relations. The staff has received training and supplemental materials about

1
2 unemployment, the impact difficulties that
3 unemployed individuals have gaining employment due
4 to their unemployment status, and they have been
5 briefed and received briefing materials from our
6 agency council.

7 CHAIRPERSON ROSE: How will you
8 enforce the prohibition on advertising?

9 MALE VOICE: The same way we do it
10 now. We have people in our office who review the
11 newspaper ads who go online and review the
12 employment ads and housing ads, and so that is the
13 same way we will do it with the unemployment
14 protection.

15 CHAIRPERSON ROSE: And so this
16 Intro 814 also calls for you to develop courses of
17 instruction and conduct ongoing public education
18 efforts to educate employers and job applicants
19 about their rights and responsibilities regarding
20 this law. Will the commission's community
21 relations bureau add new workshops or training
22 sessions related to this law to meet the mandate,
23 and if so, will there be a cost associated with
24 this programming?

25 DEPUTY COMMISSION HUDSON: What we

1
2 are planning on doing is including this new
3 protected class basically along with the others
4 that we regularly deliver at workforce development
5 agencies where unemployed individuals are
6 receiving additional training and help with their
7 job searches, and we have included the protections
8 for individuals based on their unemployment status
9 in our presentations to employers and all of our
10 documents that we direct to them.

11 CHAIRPERSON ROSE: Could you tell
12 us how the staff will respond when you see a
13 problematic ad?

14 MALE VOICE: Again, the same way we
15 always do. If for instance on craigslist, we see
16 an advertisement that is discriminatory, we will
17 essentially draft a complaint. The commission
18 would be the complainant, and we would mail it to
19 the individual who posted the ad. They would have
20 to respond the same way any other person would
21 respond to one of our complaints.

22 CHAIRPERSON ROSE: Okay. In fiscal
23 year 2014's budget of 6.2 million, 2.2 million
24 city tax levy and 4 million in CDBG funds the
25 fiscal 2014 CDBG budget of 4 million remains

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2 unchanged since fiscal year 2013 adoption, but
3 last year a total of six positions were removed
4 from the CDBG budget. There was concern from OMB
5 that the additional cuts were anticipated and
6 because of this OMB was hesitant to fill or fund
7 the six positions with city tax levy funds. Since
8 the CDBG budget hasn't been further reduced has
9 the commission been in communication with OMB to
10 restore the six positions with tax levy money?

11 COMMISSIONER GATLING: Not with tax
12 levy money, but we have certainly been in
13 communication with them on a daily basis about
14 restoring the positions under the block grant
15 money, I mean on a daily basis. In fact, I can
16 give you times that we have called and they have
17 responded, and quite frankly, I think at some
18 point, we might be able to fill those lines.

19 CHAIRPERSON ROSE: Does that look
20 like it might be something that is a possibility?

21 COMMISSIONER GATLING: Yes, it
22 does.

23 CHAIRPERSON ROSE: Is that affected
24 by the sequester at all?

25 COMMISSIONER GATLING: We were. I

1
2 mean that is why we were prohibited because of the
3 sequester, and they said, we called them weekly
4 and daily and they told us to look towards the end
5 of July, and then they might possibly consider it,
6 so I have six people ready to be hired, so that is
7 one of the reasons I am calling them all the time.

8 CHAIRPERSON ROSE: Has the loss of
9 the six positions impacted your ability to deliver
10 the services?

11 COMMISSIONER GATLING: No, it
12 hasn't. I mean and certainly with the adding of
13 the new protected class, the six positions will be
14 very helpful because we do expect a number, our
15 cases to increase, but it did not originally. It
16 would just sort of lessen the caseloads of the
17 attorneys, and it would add to our community
18 efforts, but we have been able to cover it.

19 CHAIRPERSON ROSE: Okay. I hope
20 you get that money back. We need those six staff
21 members, and then I just have one other question
22 before we have questions by other committee
23 members. The impact of Sandy, we know that your
24 office was displaced for a significant period of
25 time because of Sandy, and how long was the

1
2 commission displaced from your central office?
3 How did the commission respond to the
4 displacement? And how were the commission's
5 services affected by this displacement?

6 MALE VOICE: So again we have
7 offices in every borough. Our other four offices
8 were not affected at all, so we were able to
9 within by the third day when transportation system
10 came back up we were able to have our employees
11 report to those borough offices, and so the
12 services we provided were not affected at all.

13 CHAIRPERSON ROSE: So all of your
14 central staff went to borough offices?

15 MALE VOICE: That is correct, and
16 that is how we know at the end of this year we
17 will be able to do that again and be out of 40
18 Rector Street regardless of whether our - - Street
19 office is ready.

20 CHAIRPERSON ROSE: Did it result in
21 any additional costs to the commission?

22 MALE VOICE: Not that I can point
23 to, no. People just reported to a different
24 location.

25 CHAIRPERSON ROSE: Have you seen an

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uptick in any types of cases as a result of Sandy,
Sandy related incidents?

MALE VOICE: Not that I can point
to.

COMMISSIONER GATLING: You know, we
only had one truly Sandy based complaint, and they
were complaining--they were individuals who were
receiving help at different places in parts of
Staten Island, and they felt that they were being
discriminated against because the people handing
out the materials were not Latino, they were
Russian, and so we sort of jumped right in there
and worked with some of the people, but that was
really about the only Sandy direct related
complaint because no one else came to us with any
others.

CHAIRPERSON ROSE: There were no
complaints about maybe housing people who were
displaced and their ability to get housing?

MALE VOICE: We had an issue in a
building in either Rockaway or Coney Island where
individuals stayed to weather the storm, and then
their elevator service was out, so disabled
individuals weren't able to get in and out of the

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2 building. We didn't have an actual complaint, but
3 it was just something that we were dealing with
4 trying to work out.

5 CHAIRPERSON ROSE: Thank you for
6 that. The NYCHA complaints never sort of came to
7 bear in terms of any formal Human Rights
8 Commission complaints?

9 MALE VOICE: No, and it is
10 questionable whether they would even be
11 discrimination complaints. The elevators go out,
12 and so unfortunately that is just the situation
13 that people were in. it is not necessarily
14 discrimination as long as the building is doing
15 everything they can to try and get the power back
16 on and the elevators working, and a lot of the
17 building residents were helping assisting in
18 getting groceries and things of that nature.
19 There weren't any actual civil rights complaints.

20 CHAIRPERSON ROSE: Thank you. We
21 will now have questions from Council Member King
22 followed by Chin and then Koppell.

23 COUNCIL MEMBER KING: Thank you,
24 Madam Chair. Good afternoon. It is afternoon.
25 Thank you for your testimony, Commissioner

1
2 Gatling. This is my first time hearing you talk
3 and bringing your presentation. I appreciate it.
4 I would say I know this is the last round that you
5 will be sitting before us, and I would like to do
6 that since it is your last and my first, I would
7 have to say your testimony is one of the few that
8 I heard that didn't preach doom and gloom, so I
9 want to thank you for all that you have done. I
10 almost wanted to give you a hand when you finished
11 speaking. So thank you for your testimony today.
12 I really don't have much of a question because I
13 have heard some things that are really inspiring
14 when it comes to this budget season, but I do have
15 a question that is really not so much financial,
16 but it might be financial. Do you have the staff,
17 and if there is any particular cuts to your
18 budget, how do you go out with staff with the
19 funding or lack of funding into the different
20 communities just to connect with the people on the
21 ground - - always have to come to you to file
22 something. How does having a budget in place with
23 staff that allows you to come out and be on the
24 ground in the communities?

25 DEPUTY COMMISSIONER HUDSON: We

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2 work closely with a lot of the community
3 organizations, and through the borough offices
4 each of the staff in those offices have designated
5 community board districts that they are
6 immediately responsible for, and so between their
7 geographic areas of responsibility and their
8 program areas of responsibility, we get out into
9 these communities. We set up relationships with
10 them and we really kind of shifted strategies over
11 the past few years to develop kind of almost quasi
12 contractual relationships with them so we are not
13 just going out doing one little presentation here
14 and one little presentation there. We are trying
15 to find streams of our target audiences in a
16 particular location and go on a periodic regularly
17 periodic basis that we set up with the
18 administration of the organization. So we have
19 had really I think significant success there.

20 COUNCIL MEMBER KING: Madam Chair,
21 that's it for me, but thank you. Thank you again,
22 and much success.

23 CHAIRPERSON ROSE: Thank you,
24 Council Member King. Council Member Chin?

25 COUNCIL MEMBER CHIN: Thank you,

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2 Chair. Hi, Commissioner. It was a pleasure
3 working with your commission and your staff the
4 past four years, and I have always said that the
5 commission doesn't get enough funding, never get
6 enough funding to do what you really have to do,
7 and I know that you guys do a lot with the
8 resources that you have. Do you ever--are there
9 any so like a tally or do you keep track in terms
10 of all the groups that you work with that do get
11 funding that is similar like fair housing funding,
12 equal employment funding, in terms of what is the
13 amount of resources that we have in the city to do
14 the kind of work that you have to do?

15 DEPUTY COMMISSIONER HUDSON: We get
16 listings from human resources administration about
17 where their contracts go, but I think we could do
18 more in this area that you are suggesting. We
19 don't get a list for example of all of the youth
20 organization funding. It goes through DYCD. We
21 know where a lot of it goes, but we don't get a
22 formal kind of list, and I think that is a very
23 good point that you make that we could do more in
24 that area.

25 COUNCIL MEMBER CHIN: Well, it is

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2 part of what I am raising is that there are many
3 groups that do different programs where you can
4 partner with them, and also there is also
5 community groups that apply for fundings on their
6 own whether it's fair housing or other types of
7 funding to see how you could do more
8 collaboration. I know that you do a lot of that
9 already, but it just seems like there is so much
10 more that needs to be done. For example with the
11 new law that we just passed, I know that you have
12 this information in English and Spanish, which is
13 great. Is it all translated in all of the
14 languages that the city has to translate? Okay.
15 So that is good. And same thing with this, right.
16 The fair business practice, there is so much good
17 information there that really needs to be
18 distributed to all the community, especially in
19 immigrant communities where they might not know
20 that these are the laws, and they need it in the
21 languages that they understand, and all of this is
22 extra resources. So do you get extra fundings to
23 do all of this stuff, all of these translations
24 and printings?

25 COMMISSIONER GATLING: No, but what

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2 we do is because we do work with so many community
3 groups, we have them help us with translations.
4 Most of them are very willing to assist us in a
5 translation. We can cover some languages at the
6 commission, but for instance in a lot of the Asian
7 languages we have to go out and they will help us,
8 and then maybe we pay to make sure that it is
9 accurate. We will send it to a professional
10 translation group to look at it to make sure it is
11 accurate, but it is not nearly as expensive for
12 paying for the translation itself for all of the
13 materials, but yes, we have all the seven
14 languages.

15 COUNCIL MEMBER CHIN: Okay. I just
16 want to make sure. I assumed you do, but I just
17 want to get it on the record, and also because the
18 community groups have to download it and print it
19 and that is a cost that they have to incur, a lot
20 of them also have very limited resources. I know
21 that the chair asked you a question earlier that
22 they were cut back in staff from last year.
23 Ideally, how many staff do you really need, or in
24 a perfect world, to really do all of the work that
25 you are supposed to do - - make the city all the

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fair housing laws and all the laws--

CHAIRPERSON RECCHIA: [interposing]
Council Member, can you sum up? We are running late and we have a lot more hearings to do today. We will be here all night.

COMMISSIONER GATLING: It is very difficult to say. A lot of what we do depends a lot on what you do at the Council, and we have been able to sort of manage and ride with the 62 staff members I think we have currently, and we have done a lot more than with the 130 that I started with in 2002, and we have quadrupled our efforts, and I think a lot of it you think more expansively, more creatively, and we have to continue to be able to hire enough people so that we can bring new brains and new ways of thinking to the agency, and so that is what we will continue to do. I don't know what you all will do in the future.

CHAIRPERSON RECCHIA: thank you very much.

COUNCIL MEMBER CHIN: Thank you, Commissioner.

CHAIRPERSON RECCHIA: Okay. We

1
2 have been joined by Julissa Ferreras and Jimmy Van
3 Bramer. We have Oliver Koppell, then Gale Brewer
4 and then back to Debbie Rose to close it down.

5 Oliver Koppell?

6 COUNCIL MEMBER KOPPELL: Just
7 briefly, first of all let me congratulate you on
8 the backlog, which over the many years that I have
9 been in government was always a problem in the
10 past and the fact that you have brought that down
11 is a really notable accomplishment. We have
12 discussed with your deputy legislation that would
13 allow you to initiate actions. There is some
14 ambiguity in the law apparently as to whether you
15 can initiate an action without a complainant, and
16 I hope that you will support that. We are working
17 on the drafting of the language, but I would ask--
18 we are going to have that ready I hope in the next
19 few days actually, and I hope you would support
20 that because we think there are instances where a
21 proactive approach might well be useful and not
22 waiting just for a complainant to come forward.
23 The chair and I had a hearing about making
24 accommodations accessible, and it was clear there
25 that we felt that the commission could do

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2 something individually, not waiting for a
3 complaint, so we hope you will follow up and
4 support that. We are going to send you a draft
5 very shortly. Thank you.

6 CHAIRPERSON RECCHIA: Are you going
7 to support it? Yes or no? I'm joking. Council
8 Member Gale Brewer?

9 COUNCIL MEMBER BREWER: Thank you.
10 I just want to--I think I want to congratulate
11 certainly Council Member Debbie Rose for her
12 committee, but I think it was Gentile and Comrie
13 who passed the unemployment. That it an excellent
14 law, so my question is you see it--like one of my
15 staff members and a friend were applying for part
16 time jobs on the weekends, and it was with a car
17 company, a rental company, and it said in big
18 letters on the website, do not apply unless you
19 are already employed, so my question is, are you
20 going to monitor any of these websites? Because I
21 don't know if they are going to take that
22 information off?

23 COMMISSIONER GATLING: I would hope
24 that your staff member would refer that to us
25 because that would be very helpful, but yes, we

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do. We hire young people that go through the
craigslist and go through the--

COUNCIL MEMBER BREWER:

[interposing] This is not craigslist. It is
actual companies.

COMMISSIONER GATLING: That is just

one of the places that we go and in different
companies, but we are going to have to be reliant
on a lot of community input because as you know,
Council Member, there are so many websites.

COUNCIL MEMBER BREWER: Why can't

you get somebody smart to do an app and they will
be able to find these websites in five minutes?

COMMISSIONER GATLING: Well, that

is always something that we could think about
also.

COUNCIL MEMBER BREWER: You have

got to be a little more creative.

COMMISSIONER GATLING: I believe in

creativity, Council Member, as you well know.

COUNCIL MEMBER BREWER: Most of the

websites have something like that up on it, and
people aren't going to complain because it is a
big city, and they will never get the information.

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2 My suggestion would be to work with the tech
3 communities. You don't have enough staff to do
4 that.

5 COMMISSIONER GATLING: Well, it is
6 not even a staffing capability. A lot of our
7 problems are because we are in this old building,
8 but we are moving to a newer system and we are
9 upgrading our systems, and so we should be able to
10 do that. Thank you for your suggestion.

11 COUNCIL MEMBER BREWER: Secondly,
12 is the issue of public schools--to the Speaker's
13 credit and Dennis Walcott, they announced trying
14 to figure out how to deal with more education in
15 the schools because young people need it in terms
16 of bullying and issues that are related to
17 discrimination. So tell me exactly what you do
18 and were you aware of that announcement? Are you
19 partnering with DOE, et cetera?

20 DEPUTY COMMISSIONER HUDSON: We
21 work with DOE. We are very active particularly--

22 COUNCIL MEMBER BREWER:
23 [interposing] You know about this recent
24 announcement a week ago or two weeks ago?

25 DEPUTY COMMISSIONER HUDSON: The

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announcement...

COUNCIL MEMBER BREWER: The Speaker and the Chancellor downstairs and stated that they want and will work at least between now and June to--

[crosstalk]

COUNCIL MEMBER BREWER: Are you part of that or you didn't know about it?

DEPUTY COMMISSIONER HUDSON: We have not been contacted about that.

COUNCIL MEMBER BREWER: I am just making a point that one hand doesn't know what the other hand is doing. So what are you doing though in terms of bullying or anti-bullying efforts?

DEPUTY COMMISSIONER HUDSON: We work very closely with them during their respect for all week, which is very similar to what this effort that they are talking about is, but before we go into schools or take a school for a peer mediation program, we consult with the youth development coordinator for that area who knows that school better than we do, and talk with them about the needs in the school, so we work with these people. We do presentations for them, - -

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2 coordinators, and they are all a part of that
3 group in the youth development office.

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COUNCIL MEMBER BREWER: Do you go
5 to court or do you settle on your many many cases
6 that come to your agency? How many times do you
7 go to court? How many times do you mostly settle,
8 et cetera?

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MALE VOICE: Well, in 2012 we
10 settled 20 percent of our cases and we found
11 probably cause in 9 percent. So then we went to
12 court 9 percent of the time.

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COUNCIL MEMBER BREWER: You went to
14 court 9 percent of the time.

15

MALE VOICE: Correct.

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COUNCIL MEMBER BREWER: And did you
17 find that that was enough to--it's obviously more
18 time consuming, but do you think you should be
19 going to court more or do you think that is
20 sufficient? Is it a resource issue or...?

21

MALE VOICE: In my experience
22 mostly dealing with criminal law when I was at the
23 DA's office only five percent of cases actually go
24 to trial at most type of systems, so that is about
25 average I would think.

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2 COUNCIL MEMBER BREWER: The issue
3 of be more proactive because I know it's a
4 resource issue, when you had all the CDBG money in
5 the world, which - - 20 years ago then you used to
6 do a lot of housing cases. How many housing cases
7 have you done? Housing discrimination is still an
8 ongoing issue. How could you do more? Where are
9 we with that issue? There is no affordable
10 housing in New York City, none, and one of the
11 questions is because it is so tight perhaps it is
12 easier for owners to discriminate. So how do you
13 go about doing proactive work in this area?

14 MALE VOICE: - - I think the
15 commissioner testified that 33 percent of our
16 cases last year were housing discrimination cases,
17 and that is consistent with the prior years.

18 COUNCIL MEMBER BREWER: You don't
19 think you need to be doing any more? Do you think
20 you are doing enough testing? I am asking.

21 MALE VOICE: We could always do
22 more testing. We are currently working on a study
23 with Columbia University that is a testing study.
24 We should have the results of that, at least
25 preliminary results, coming in a month or two, but

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we are actively testing in housing.

COUNCIL MEMBER BREWER: How many do you test like in all boroughs? How do you decide where you are going to test

MALE VOICE: For the study we are doing with Columbia, they have a computer program that just choose advertisements for them to test, and it is in all five boroughs, and then we have our own program where we do testing, and again, it is usually advertisement based, and we will go wherever the advertisement leads us.

COUNCIL MEMBER BREWER: Do you feel like you are able to answer the complaints that come in in the issue of housing because that is obviously a big one.

MALE VOICE: Well, the complaints are different than what we were just talking about, but yes, we answer all of the complaints that we get and if someone states a claim we file a complaint, we handle it.

COUNCIL MEMBER BREWER: And the issue of co-ops comes up quite a bit in the City Council now because of a bill sponsored by Council Member Fidler, so my question is do you know how

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many co-op discrimination cases you get or are they lumped in with the housing?

MALE VOICE: They are lumped in, and sometimes they are hard to differentiate because unless it is entered into the system specifically as a co-op, which wasn't done in the past, we wouldn't--

[crosstalk]

COUNCIL MEMBER BREWER: Have you changed the system?

MALE VOICE: Yes. We are instructing our attorneys to--

COUNCIL MEMBER BREWER:
[interposing] Co-op, condo, rental, et cetera?

MALE VOICE: Whatever the particular type of housing it is, but I think the number that we came up to was 22 cases earlier in the year when we were asked that question. You know, the--

COUNCIL MEMBER BREWER:
[interposing] 22 cases per year?

MALE VOICE: 22 cases I think since 2002 when we took over. That was specifically with regard to co-ops. We do a lot more of our

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complaints are rental housing discrimination.

COUNCIL MEMBER BREWER: Finally the issue of storefront and business steps and accessibility. Now that might be the mayor's office, landmarks, Department of Buildings, but one of the issues that I confront is that a lot of the storefronts, it is a challenge to become accessible, but they need to, so I am just wondering do you have those cases or is that something that is done elsewhere? Department of Buildings is involved up to here with me and others. Landmarks where it is a historic district, and of course, the mayor's office for people with disabilities, but one of the issues with accessibility is how do you get into the store when it is an area that has steps and hard to get into? Are you involved with this issue at all? Do you even know what I am talking about?

MALE VOICE: We are absolutely involved with it, and we file cases all the time on behalf of disabled people who have that very issue.

COUNCIL MEMBER BREWER: How do you fix the problem? It is not just filing the case,

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but how does the problem get fixed?

MALE VOICE: We negotiate with whoever owns the building if it is reasonable for them to build a ramp then that is what we make them do.

COUNCIL MEMBER BREWER: 'Cause I found out that the folks from buildings have never talked to landmarks and landmarks has never talked to buildings, and so now they are talking as a result of my efforts.

MALE VOICE: In the cases that we have landmarks play a very small role in those cases. Very few of the buildings that we are dealing with are landmarked buildings.

COUNCIL MEMBER BREWER: All of mine are. So my question is, do you find that there is a solution 'cause they are very hard to come by, these solutions sometimes.

MALE VOICE: Our solution is that is if it can be made accessible, it has to be made accessible. That is the only acceptable solution.

COUNCIL MEMBER BREWER: So the owner needs to build a ramp?

MALE VOICE: Or put in a lift or

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whatever is appropriate under the circumstances.

CHAIRPERSON RECCHIA: Thank you, Council Member Gale Brewer. Council Member Debbie Rose to close this down?

CHAIRPERSON ROSE: Thank you. I just have one more questions. In terms of the CDBG money, when you get it because I am sure for those six positions, what positions will they be that you plan to fill?

MALE VOICE: It will probably be a combination of attorneys to handle the complaints as well as human rights specialists to work in the community relations bureau to make sure that those efforts are maintained.

CHAIRPERSON ROSE: Equally distributed?

MALE VOICE: Probably, but we will assess the needs when we actually have the ability, but it certainly would be both bureaus that would get additional people.

CHAIRPERSON ROSE: Thank you. I just want to say this is our last budget hearing together. I want to say thank you so much for your service not only to the citizens of New York

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2 City, but to this committee and for all of your
3 help. Thank you, and we are going to miss you. I
4 am hoping that we will see you at some other
5 hearings before the end of this whole
6 administration.

7 CHAIRPERSON RECCHIA: You have six
8 months.

9 CHAIRPERSON ROSE: Then, we will do
10 the big farewell, okay?

11 CHAIRPERSON RECCHIA: Alright,
12 Commissioner Gatling, thank you very much. Okay.
13 We are going to go right into the next hearing
14 with Equal Employment Practice. The Commissioner
15 is here. She is ready to step up into the hot
16 seat. I just want to remind everyone we have
17 NYCHA after this hearing, and we are going to be
18 here for a while. Do you have a statement,
19 Commissioner? Did you make copies for us? Hold
20 on. Put the microphone on. You are the AD?

21 EXECUTIVE DIRECTOR HENDRICKS:
22 Executive director.

23 CHAIRPERSON RECCHIA: You were the
24 acting when you testified last time, right? You
25 were deputy?

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EXECUTIVE DIRECTOR HENDRICKS: Yes.

CHAIRPERSON RECCHIA: Now you are the acting director?

EXECUTIVE DIRECTOR HENDRICKS: No, I am the executive director, but none of the members of the commission can make it today, so I am going to testify. Do you need copies of the testimony?

CHAIRPERSON RECCHIA: Yeah, we need copies. Do you have copies? If not, we can make copies. It has happened before.

EXECUTIVE DIRECTOR HENDRICKS: - -

CHAIRPERSON RECCHIA: Where is the intergovernmental? - - the city? Okay. Alright. We will now resume the City Council hearing on the mayor's FY executive budget. We just heard from the Human Rights Commission Commissioner. Now we will hear from the Equal Employment Practices Commission, and I recognize we have been joined by Council Member Chin, Council Member Brewer, and of course my co-chair, Council Member Debbie Rose. Debbie?

CHAIRPERSON ROSE: Good afternoon, again. I am Debbie Rose. I am the chair of the

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2 Committee on Civil Rights. Thank you for
3 attending the fiscal 2014 executive budget of the
4 Equal Employment Practices Committee, commonly
5 referred to as EEPC. Today we will hear from the
6 commission on its executive budget and general
7 agency operations. The commission is charged with
8 monitoring the equal employment practices,
9 programs, policies and procedures of all city
10 agencies that are funded in whole or part by the
11 city and putting forth recommendations for
12 improvements in how city agencies deal with these
13 matters. My hope is that the efforts of the
14 commission address discrimination and employment
15 at city agencies before it is too late--maybe too
16 late for people looking for jobs, thereby
17 preventing lawsuits and the expenditure of
18 millions of dollars in adjudication and settlement
19 costs to respond to such lawsuits. The fiscal
20 2014 executive budget of the Equal Employment
21 Practices Commission is 655,000 dollars with an
22 agency headcount of eight positions. Of that
23 amount, 552,000 is for personnel services and
24 113,000 dollars is for other than personnel
25 services. The fiscal 2014 budget reflects a

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2 reduction of 125,000 dollars from the OTPS budget
3 for lease cost savings. Although the commission
4 is not in a financial bind in comparison to other
5 city agencies, its depleted budget has not been
6 restored, and may not be restored for some time to
7 come. As such, it is important that we address
8 what the commission is doing to meet its mandate
9 despite being short staffed and underfunded. In
10 particular, I would like to hear why the
11 commission's budget is funded for eight positions,
12 but only have five active employees. With that, I
13 would like to call representatives from the Equal
14 Employment Practices to provide their testimony.

15 EXECUTIVE DIRECTOR HENDRICKS: Good
16 afternoon, members of the Council. It is my
17 pleasure as the new executive director of the
18 Equal Employment Practices Commission to present
19 this testimony. About the EEPC, the Equal
20 Employment Practices Commission, EEPC, or
21 commission is an independent monitor of the city
22 of New York's employment practices. The
23 commission monitors and evaluates the employment
24 programs, practices and procures of city agencies
25 to ensure that they maintain effective equal

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2 employment opportunity or EEO programs for all who
3 are employed by or seek employment with New York
4 City government. Chapter 36 of the New York City
5 Charter defines city agency as a government entity
6 that is funded in whole or in part by the city,
7 has a majority of board members who are appointed
8 by the mayor or has a majority of board members
9 who serve by virtue of being city officers. EEO
10 programs that are in compliance with city, state
11 and federal regulations and requirements reduce
12 the potential cost to the city for illegal
13 employment discrimination. An EEPC audit of an
14 agency's EEO program includes a review and
15 analysis of agency specific EEO plans and
16 quarterly reports, anti-discrimination policies,
17 complaint and investigation procures,
18 accessibility and reasonable accommodation
19 procures, employment transactions including
20 recruitment, selection, promotion and separations,
21 and training and accountability and reporting
22 standards requirements for personnel involved in
23 EEO program administration such as the EEO
24 personnel managers, supervisors and agency heads.
25 The EEPC makes recommendations to assist audited

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2 agencies in implementing and maintaining effective
3 anti-discrimination employment practices,
4 procedures for investigating discrimination
5 complaints and programs to educate employees about
6 unlawful discriminatory practices. Currently,
7 there are 141 agencies within the EEPC's
8 jurisdiction including the office of the mayor and
9 all mayoral agencies, the City Council, the
10 pension and retirement systems for police,
11 teachers and city employees, the offices of the
12 district attorneys, borough presidents, public
13 advocate, the city comptroller, the community
14 colleges of the City University of New York and
15 non-pedagogical employees of the Department of
16 Education and the 59 community boards. According
17 to the City Charter, the EEPC must audit the
18 affirmative employment programs of these agencies
19 at least once every four years. The EEPC uses
20 uniform audit standards to apply identical
21 protocols and guidelines to all agencies under its
22 jurisdiction. These standards are founded upon
23 and consistent with city, state and federal laws,
24 regulations, procures and policies including but
25 not limited to the citywide EEO policies,

1 standards and procedures to be utilized by city
2 agencies, the New York City human right law. New
3 York City Administrative Code sections 8-107.1a
4 and 8-107.13d, the New York State civil service
5 law section 55a, the Equal Employment Opportunity
6 Commission's instructions to federal agencies for
7 EEO management directive 715, and the uniform
8 guidelines on employee selection procedures 29CFR
9 Section 1607.3 to Section 1607.7. Efforts to
10 optimize our fiscal and human resources, in 2012
11 the EEPC relocated from private to city owned
12 office space. This reduced our lease expense by
13 approximately 194,000. By eliminating this
14 expense the EEPC endeavored to meet perspective
15 budget reduction exercises. In March 2012, the
16 former executive director submitted a new needs
17 request to the office of management and budget for
18 160,000 for three additional staff members and
19 80,000 for technological enhancements such as
20 computers, computer applications and training.
21 Follow up meetings with OMB's information systems
22 unit were valuable in identifying relevant
23 technology and expertise; however, the requested
24 amounts were not appropriated. In October 2012,
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2 the EEPC requested exemption from the OMB's
3 proposed budget reduction of 50,000 for fiscal
4 year 2013 and 75,000 for fiscal year 2014 or a
5 reduction of these amounts from former lease
6 expense funds because the proposed amounts would
7 have permanently reduced our headcount by eight
8 employees. In fiscal year 2013 the EEPC
9 experienced some attrition with the separation of
10 its former executive director and two of three
11 audit staff members. In January 2013, the EEPC
12 appointed a new executive director. In order to
13 optimize use of existing resources, audit
14 responsibilities were immediately assigned to non-
15 audit staff members. This instantly increased the
16 audit staff headcount. Presently the EEPC is
17 operating with 62 percent of our improved
18 headcount. We are currently recruiting for an EEO
19 research specialist and anticipate hiring two
20 additional EEO program analysts in 2014. At the
21 conclusion of recruitment, a minimum of five
22 positions will be exclusively voted to auditing
23 and analyzing EEO programs. In May 2013 the EEPC
24 met with a business analysis team from the
25 Department of information Technology and

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2 Communications or DoITT to explore the creation of
3 a computer application that would manage, store
4 and periodically update agencies' EEO data and
5 perform other functions that would aid the EEPC in
6 fulfilling its mandate. Subsequent meetings will
7 follow. At the end of this project the DoITT team
8 will recommend applications, programs, et cetera
9 and associated costs that the EEPC will use as a
10 basis for requests to increase or amend our annual
11 budget. In the interim, the EEPC has made in
12 house technological enhancements such as
13 electronic interviews, forms and surveys. Charter
14 mandated responsibilities, as a result of the
15 strategic reorganization of staff and preliminary
16 technological enhancements, the EEPC completed
17 audit determinations for 49 agencies in 2012 while
18 monitoring implementation of our recommended
19 corrective actions for 35 other agencies. These
20 numbers exceeded the accomplishment of all prior
21 years. The EEPC endeavors to fulfill other
22 crucial charter mandated responsibilities, which
23 include conducting research and trend analysis,
24 publishing reports on agencies' compliance with
25 EEO laws, establishing advisory committees and

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2 holding public hearings. In addition the EEPC has
3 a duty to review and make recommendations
4 regarding the standards, procedures and programs
5 of the Department of Citywide Administrative
6 Services or DCAS, and to make policy legislative
7 and budgetary recommendations to the mayor, City
8 Council and DCAS to ensure equal employment
9 opportunity for minority group members and women.
10 We will continue to explore additional
11 enhancements to ensure that these other
12 responsibilities are also efficiently addressed.

13 CHAIRPERSON ROSE: Thank you so
14 much. I'd like to say congratulations on your
15 promotion. Last year you were not the executive
16 director so congratulations, and I would also like
17 to start off with saying congratulations for
18 increasing the number of audits that exceeded your
19 goals. So I'd like to say that we have been
20 joined by Council Member del Carmen Arroyo and
21 anyone else? We are running behind, and so I am
22 going to ask some questions and ask council
23 members to limit the time that they utilize so
24 that we can get on with the schedule. When EEPC
25 testified before the committee during fiscal year

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2 2013's preliminary budget, your predecessor
3 indicated that the commission submitted a new
4 needs budget request of roughly 240,000 dollars,
5 160,000 for staff and the balance for OTPS
6 expenses. Has the Office of Management and Budget
7 considered your request to hire additional
8 auditors and fund OTPS expenditures?

9 EXECUTIVE DIRECTOR HENDRICKS: Yes
10 and no. We met with the Office of Management and
11 Budget to explore alternatives, technological
12 changes, whether or not there was an application
13 that probably could be created so that we can do
14 the audits faster and store information more
15 efficiently. We did not hire new staff. We did
16 not receive the 240,000 dollars, but we did meet
17 with them to explore alternative ways that perhaps
18 they can assist us in meeting our mandate. At the
19 end of the meetings, we were referred to the
20 Department of Information Technology and
21 Telecommunications, and the meetings are still
22 talking place.

23 CHAIRPERSON ROSE: Did OMB provide
24 capital funding for the purchase of their computer
25 applications?

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2 EXECUTIVE DIRECTOR HENDRICKS: Not
3 at this time.

4 CHAIRPERSON ROSE: So, were any of
5 your new needs that were proposed by your agency
6 included in the 2014 executive budget?

7 EXECUTIVE DIRECTOR HENDRICKS: No.

8 CHAIRPERSON ROSE: No. The budget
9 includes funding eight positions; however, you
10 only have five actual employees. Are you working
11 to fill the remaining three positions? Please
12 explain the role and responsibility of each of
13 these staff members?

14 EXECUTIVE DIRECTOR HENDRICKS: The
15 three positions are I just spoke about them. They
16 are the EEO program analysts--two EEO program
17 analysts we are calling them. The former title
18 was EEO auditor. There is some reconstruction
19 going on at this time. We are working on changing
20 the underlying civil service titles of the
21 auditors, so at this point, we are looking to hire
22 an EEO research specialist, which will do research
23 for the commission. This person will study
24 utilization information, study hiring,
25 recruitment, titles with severe underutilization

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2 and make recommendations to the commission about
3 ways that we can address the situation whether or
4 not we can handle the recommendations at the
5 agency level or if the commission should pursue
6 perhaps an endeavor with the civil service
7 commission or make recommendations to DCAS on
8 titles that have severe underutilization in the
9 city. So we are hiring a researcher that would be
10 looking at provisional titles, civil service
11 titles, things of that nature, underutilization,
12 availability data and doing research for the
13 commission so that the EEPC can become more of a
14 research organization.

15 CHAIRPERSON ROSE: How many
16 positions are there in each of those positions?
17 How many people in each of those positions?

18 EXECUTIVE DIRECTOR HENDRICKS: The
19 EEO program analysts, we are looking to hire two
20 within fiscal year 2014.

21 CHAIRPERSON ROSE: Is that the
22 title of the already existing staff members that
23 you have, the other - - ?

24 EXECUTIVE DIRECTOR HENDRICKS:
25 Right now the existing titles are EEO auditors,

1
2 but we are changing them to EEO program analysts
3 and we are looking to hire instead of the
4 community coordinator civil service title in the
5 human rights specialist title. That title is
6 currently reserved for CCHR exclusively.

7 CHAIRPERSON ROSE: Has the fact
8 that you had the reduction in headcount affected
9 your ability to get the audits done in a timely
10 manner?

11 EXECUTIVE DIRECTOR HENDRICKS:
12 There are several factors that are causing some
13 delays not only staff, but we are doing some
14 reorganization strategically so that we can
15 understand what types of staff we need rather than
16 just hiring other people in the same positions, so
17 it is going to take a combination of partnership
18 in terms of doing research, staff, and money and
19 technology, so we are exploring those things right
20 now and will have a better answer I guess at the
21 next hearing.

22 CHAIRPERSON ROSE: What is the
23 reason why you haven't hired these three people?

24 EXECUTIVE DIRECTOR HENDRICKS:
25 Well, two of them separated earlier this year. We

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2 are currently recruiting, and in terms of the
3 executive director, his separation, they replaced
4 me in January of 2013. They replaced him with me.

5 CHAIRPERSON ROSE: And are all of
6 these positions fulltime?

7 EXECUTIVE DIRECTOR HENDRICKS: Yes.

8 CHAIRPERSON ROSE: They are. Okay.
9 Unlike other city agencies, which receive non-city
10 funds to support their operations, EEPC relies
11 entirely on city funds. What is the reason that
12 EEPC does not receive state and federal funding,
13 and are there any opportunities to draw down state
14 or federal funding, and are you working on doing
15 so?

16 EXECUTIVE DIRECTOR HENDRICKS: The
17 commission has discussed pursuing state and
18 federal funding. For various reasons, they are
19 not sure that that is appropriate since we do
20 audit city agencies for compliance with the city's
21 policy, but we are working on partnership with
22 institutions, educational institutions that can do
23 some research for us, so that is something that we
24 are exploring.

25 CHAIRPERSON ROSE: Last year we

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2 asked you what would you really need to be able to
3 get your job done to meet all of your mandates in
4 a timely manner. Have we ever--you were supposed
5 to submit to me what that would look like and how
6 many staff that would be. Do you have that
7 information available?

8 EXECUTIVE DIRECTOR HENDRICKS:

9 Well, I have the headcount that we are aiming for,
10 but like I said, I think it is going to take more
11 than just headcount. It is going to take some
12 innovation with technology, which I am looking
13 into, and I am having meetings with DoITT right
14 now. It is going to take partnership. It is a
15 combination of things. I would be willing to
16 submit to you exactly what--

17 CHAIRPERSON ROSE: [interposing]

18 And you did ask for money for innovation, for
19 technology, right?

20 EXECUTIVE DIRECTOR HENDRICKS:

21 Right. So earlier this year, I transferred 50,000
22 dollars from our PS budget since some of our staff
23 left to the OTPS budget, and we were able to buy
24 new computers, and we are submitting a
25 justification to roll that over so that we can use

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2 that for technology. So at the end of our
3 meetings with DoITT, we will have a better, a more
4 tangible answer for you.

5 CHAIRPERSON ROSE: I would like to
6 see that, and how much does the city spend on
7 addressing illegal employment discrimination
8 claims?

9 EXECUTIVE DIRECTOR HENDRICKS:
10 Judith?

11 JUDITH GARCIA QUINONES: Good
12 afternoon, Judith Garcia Quinones, agency counsel.
13 Over the years, we have provided the committee
14 with a chart of figures which we received from the
15 comptroller's office. We have also looked at
16 figures from the Law Department; however, those
17 figures, and we receive figures from the
18 Commission on Human Rights; however, there are
19 different types of cases, and there are different
20 agencies. For example, Department of Education
21 because we only have jurisdiction over non-
22 pedagogical employees looking at the--

23 CHAIRPERSON RECCHIA: [interposing]
24 Can you just state your name for the record?

25 CHAIRPERSON ROSE: She did.

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2 JUDITH GARCIA QUINONES: I did.
3 Judith Garcia Quinones, agency counsel. So
4 because there are specific employees over which we
5 have jurisdiction for us to look at a figure from
6 the Department of Education say even if it were a
7 million dollar verdict, we would have to look into
8 how many of these cases are for non-pedagogical
9 employees. The type of sifting out, which is
10 required for us to do if we look at the figures
11 from the comptroller's office or the Law
12 Department or the Commission on Human Rights, are
13 such that it is--we cannot give you an accurate
14 figure exactly how many of those cases.

15 CHAIRPERSON ROSE: So there is no
16 method in place now for you to have those numbers
17 ferreted out so that you have a number to give us?

18 EXECUTIVE DIRECTOR HENDRICKS: We
19 have an estimate.

20 JUDITH GARCIA QUINONES: We have an
21 estimate of over four million dollars, but it is
22 such an estimate that it is very vague.

23 EXECUTIVE DIRECTOR HENDRICKS: This
24 is one of the reasons why we are speaking with the
25 Department of Technology and Telecommunications to

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store data better, so that we can cull the data and use it in better ways.

CHAIRPERSON ROSE: Okay, and speaking of technology and data, your website is currently inoperable, and so the public is not able to view your annual reports, agency audits or compliance reports. How are you working with DoITT to ensure that all these reports are online on an ongoing basis? When should we expect the website to be up and fully operational to include relevant reporting information on audits, and what option is in place for the public while this information is not online and is being updated?

EXECUTIVE DIRECTOR HENDRICKS: The website is currently operable.

CHAIRPERSON ROSE: It's not. It is?

EXECUTIVE DIRECTOR HENDRICKS: Yes, it is up and running.

CHAIRPERSON ROSE: You can't pull up your annual reports.

EXECUTIVE DIRECTOR HENDRICKS: The annual report was placed on the website--

CHAIRPERSON ROSE: [interposing]

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All of your audits.

EXECUTIVE DIRECTOR HENDRICKS:

Right. The annual report was placed on the website and was pulled down because well, the 2011-2012 annual report because we are working with DoITT to create links in the report so that when you click on the agency in the report then you can go from the annual report straight into the agency. We are also working to do that for every other agency so that the reports will have a section on its own, but the agencies will have links, and we have been working for quite some time to get that done.

[crosstalk]

EXECUTIVE DIRECTOR HENDRICKS:

People have contacted us actually.

CHAIRPERSON ROSE: So they would

have to go to your website and they can pull the audits and the reports?

EXECUTIVE DIRECTOR HENDRICKS: No,

they can contact us through the website and we provide the reports to them.

CHAIRPERSON ROSE: Okay, and the

2009-2010 annual report was not released. Is

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there a reason why we have gotten...?

EXECUTIVE DIRECTOR HENDRICKS: To my knowledge, the former executive director released that report. I can check on it, but he left in 2012.

CHAIRPERSON ROSE: But it was never released, and we have never gotten a copy.

EXECUTIVE DIRECTOR HENDRICKS:
Okay.

CHAIRPERSON ROSE: So we would like to have that. How often does EEPC sponsor public hearings to address equal employment opportunity issues, and is there a cost for these public hearings? And where do you post these notices?

EXECUTIVE DIRECTOR HENDRICKS:
There are associated costs with public hearings. The EEPC hasn't been able to host a public hearing because of the reduced headcount. We are working on topics for public hearings currently. The commission is looking at several topics. When we do public hearings, we advertise them in the city record and in the chief [phonetic] and other publications and our website, but it is primarily because of the reduced headcount of - - .

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CHAIRPERSON ROSE: So what was the last one and what was the topic?

EXECUTIVE DIRECTOR HENDRICKS: The last public hearing was 2007.

CHAIRPERSON ROSE: Really?

EXECUTIVE DIRECTOR HENDRICKS: And I would have to look up the topic.

CHAIRPERSON ROSE: You know you have to do better than that, right?

EXECUTIVE DIRECTOR HENDRICKS: Yes, I was appointed in January, and there will be a public hearing soon.

CHAIRPERSON ROSE: Okay. Thank you.

CHAIRPERSON RECCHIA: I just want to say thank you, Commissioner. Those hearings you should at least try to do a number in a year.

EXECUTIVE DIRECTOR HENDRICKS: I think before that we did twice a year, but I am not sure any wasn't done since 2007.

CHAIRPERSON RECCHIA: Well, you have six months to go to get one in. This is your last budget hearing. Thank you very much. any other council members have any questions?

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2 Okay. We will take a two minute recess. This
3 concludes this part of the hearing with the Equal
4 Employment Practice Commission. We will take a
5 two minute recess, and we will begin with New York
6 City Housing Authority with the Chairman of the
7 Board, John Rhea.

8 [long pause]

9 [background conversation]

10 CHAIRPERSON RECCHIA: Okay. Hold
11 on. We can't because the sergeant at arms--we are
12 having problems. We had a power outage in the
13 building, but we have enough power for your
14 PowerPoint presentation.

15 [background conversation]

16 CHAIRPERSON RECCHIA: This is nice.
17 They like it. Right in front of us, we have eye
18 to eye contact.

19 FEMALE VOICE: I don't know if I
20 want to have my back to the audience.

21 CHAIRPERSON RECCHIA: That is why
22 we do the public at the end, right. That is why
23 we do the public at the end because I was afraid.
24 See, I am thinking about you, John Rhea. I have
25 to tell you DCA comes in, they all sit together

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2 over there, united in one. ACS comes in, they all
3 sit there, nice and one. Housing comes in, NYCHA
4 comes in, they are like all over the place spread
5 out. Okay. So I just want everyone to know that
6 the public gets to testify on June 5th, which is
7 Wednesday at four o'clock, starting at four
8 o'clock, and we will be here going to whatever
9 time it takes. We will let everyone testify, and
10 if there is someone who cannot make it this
11 Wednesday at June 5th at four o'clock, they wish to
12 testify, you can make your testimony part of the
13 record by faxing your e-mail to my attorney
14 Tanisha Edwards, and the fax number is 788-2616.
15 So... thumbs up. We will now resume the City
16 Council hearing on the mayor's executive budget
17 for 2014. The Finance Committee has been joined
18 by the Committee on Public Housing chaired by my
19 colleague, Council Member Rosie Mendez to hear
20 from the city's housing authority. We have heard
21 from four agencies today, and this is the last
22 one, so in the interest of time, I will waive my
23 opening statement, and turn it over to my co-
24 chair, Rosie Mendez, who does an excellent job,
25 and I just want to thank Rosie for all that she

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has done on this Committee.

CHAIRPERSON MENDEZ: Thank you, Chair Recchia. Good afternoon, Chairman Rhea, NYCHA, public. We will hear from the Housing Authority today to discuss their 2013 through 2017 capital budget plan. NYCHA's five year capital budget plan provides 3.9 billion for planned commitments for infrastructure, modernization and other systemic upgrades. For calendar year 2013, total capital commitments are at 1.8 billion of which 197 million has been rolled over from calendar year 2012, and just pointing out that NYCHA's budget year is the calendar year. Some of the authority's initiatives that we would like to address include the 500 million bond issuance scheduled for this year, pending local law 11 violations, the authority's physical needs assessment and the use of infield development funds. We will also like to hear about the status of security projects funded by the City Council. Mr. Chairman, as I said in one of my previous hearings, I am going to give a laundry list of outstanding items from the previous hearing that we did not receive, so you don't have to address

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2 this. We can discuss this outside of this hearing
3 today, and look forward to getting these items.
4 We are still awaiting a report of the above line
5 services from the NYPD, the number of the
6 aggressively reduced headcount since the BCG
7 report, and in what positions and the type of
8 reduction, the comparable rents and buildings that
9 were used develop the value of the land for the
10 infield development, all the draft appraisals that
11 were used, performance metrics associated with the
12 social services department, annual revenue loss to
13 residents paying less than 30 percent income,
14 yearly figures since 2006 we had requested, types
15 of legislation that would be needed to support the
16 advertising plan--detailed plan, and post Sandy
17 performance metrics per the preliminary mayor's
18 management report, so those are the outstanding
19 items. Now I turn it over to you, Mr. Chairman.

20 CHAIRMAN RHEA: Thank you.

21 Chairwoman Rosie Mendez, Chairman Domenic Recchia,
22 members of the Public Housing and Finance
23 Committees, and all of the distinguished members
24 of the City Council, thank you for this
25 opportunity to discuss the New York City Housing

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2 Authority's five year capital plan. I am NYCHA's
3 chairman, John B. Rhea, and with me today are
4 Raymond Ribeiro [phonetic], executive vice
5 president for capital projects and Tanya Dempsey
6 [phonetic], director of the Department of Budget
7 and Financial Planning. The plan that we will
8 share this afternoon is a reflection of our
9 enduring commitment to provide safe, affordable
10 housing for low and middle income New Yorkers and
11 to preserve the precious resource of public
12 housing in this city for generations to come. We
13 know that the Council shares this commitment, and
14 before I begin, I want to acknowledge that this
15 body's important contributions to NYCHA's work.
16 Over the past ten years for example, the Council
17 has provided a total of 148 million dollars in
18 capital funding for public housing. Because of
19 this much needed assistance, we have completed
20 elevator replacements, renovated community centers
21 and installed closed circuit television cameras.
22 We have unveiled or started work on 2,396 new
23 closed circuit television cameras at 38
24 developments keeping us on track in our goal to
25 install all Council funded CCTV projects by the

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2 end of 2013, and make our developments safer and
3 more secure places to live, do business and raise
4 families. Especially in light of the unique and
5 serious challenges that NYCHA has faced over the
6 last decade and will continue to face in the years
7 to come, this partnership with the City Council as
8 well as our friends in public, private and non-
9 profit sectors has been indispensable to our
10 efforts on behalf of the more than 600,000 New
11 Yorkers who depend on us every day. Our future
12 success will depend on our ability to strengthen
13 these ties and to identify new innovative ways to
14 work together. One of NYCHA's greatest
15 responsibilities and most pressing challenges is
16 the preservation of our buildings, many of which
17 are rapidly aging after decades of use; however,
18 as you know, the federal government has steadily
19 disinvested in public housing over the past
20 decade, making it increasingly difficult for us to
21 fulfill this fundamental duty. In 2001, NYCHA
22 received 420 million dollars in federal capital
23 funds. That amount has fallen to 256 million
24 dollars in 2013. This represents a decline in
25 annual federal capital funding of 164 million

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2 dollars or 39 percent, and a cumulative funding
3 loss of more than a billion dollars. This year
4 that downward trend is compounded by the federal
5 budget control act or sequester. Our new five
6 year capital plan includes a decrease of 56
7 million dollars in federal funding as compared to
8 the last adopted capital plan with a 14 million
9 dollar impact in 2013 alone. These drastic new
10 cuts are yet another blow for many of our most
11 vulnerable neighbors and fellow citizens. Chronic
12 federal underfunding will continue for the
13 foreseeable future and NYCHA's dedicated employees
14 will work to further the authority's mission
15 despite woefully inadequate resources for the job
16 at hand. In order to address these worsening
17 problems in a bold and comprehensive fashion,
18 NYCHA continues to follow through on our agenda we
19 laid out a year and a half ago in plan NYCHA, a
20 five year roadmap to preserve public housing in
21 New York City. We shared part of this vision in
22 April of this year when I appeared before the
23 Public Housing Committee to explain our plan to
24 create a new stream of capital funds for the
25 authority by leasing land at selected NYCHA owned

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2 sites for the development of market rate and
3 affordable housing and in some cases commercial
4 retail and community facilities. The final three
5 years of our five year capital plan include a
6 total of 68.4 million dollars, a revenue that the
7 new ground leases will begin to generate as soon
8 as they are signed, even before a single shovel
9 goes into the ground. This money will be used for
10 capital projects to upgrade resident buildings
11 throughout the entire NYCHA portfolio with an
12 initial emphasis on the eight developments where
13 development will take place. Once the land lease
14 revenue becomes a consistent and predictable
15 funding stream, it can be leveraged and enable
16 NYCHA to raise additional money for capital work
17 yielding hundreds of millions of dollars for
18 residents. The capital plan also includes a 500
19 million dollar bond issue dedicated to funding
20 brickwork and roof repairs at roughly 25
21 developments and potentially up to 38 developments
22 with deteriorating building facades as well as the
23 refunding of our 2005 bond deal to reduce debt
24 service costs. This will improve the quality of
25 life for 32,000 households by removing sidewalk

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2 sheds and address the significant portion of
3 NYCHA's local law 11 violations. The capital plan
4 also includes a structured financing transaction
5 to fund 43.5 million dollars in rehabilitation
6 work at the authority's contract based section 8
7 developments for 1,730 households. NYCHA has also
8 continued to prioritize the maintenance of our
9 housing stock, improvement of resident service
10 levels, investment in energy saving technologies
11 and compliance with federal, state and city
12 regulations and requirements. The plan includes
13 77 million dollars for safety and security
14 measures, 136 million dollars for the
15 rehabilitation of apartment interiors and
16 replacement of appliances and building systems,
17 148 million dollars for heating and plumbing, and
18 55 million dollars for information technology
19 investments. Finally, the plan includes
20 approximately 1.8 billion dollars that NYCHA has
21 requested for disaster recovery in the wake of
22 super storm Sandy. I want to stress that this is
23 only a request. Funding for the entire categories
24 of work such as resiliency enhancement for
25 developments in the expanded Zone A that were not

1
2 damaged by the storm are unlikely to be awarded in
3 full. While these investments fall far short of
4 what we need to completely address the challenges
5 that I outlined earlier, they will help us to
6 continue to deliver positive results for residents
7 and build on the successes we achieved in 2012.

8 Last year, NYCHA used its scarce funds efficiently
9 and creatively ensuring that NYCHA families
10 receive maximum benefit for every dollar we spent.

11 We spent over 170 million dollars on capital
12 projects, continuing to meet or beat every one of
13 our HUD mandated deadlines to obligate and expend
14 federal capital funds. That trend of faithful
15 stewardship continues into 2013. I am happy to
16 report that we have already successfully reached
17 our obligation milestone for the 2011 grant, a
18 full three months ahead of the HUD mandated
19 deadline. This accomplishment is a clear
20 indication that we will meet our self-imposed
21 commitment to reducing our obligation and
22 expenditure timing from 24 to 18 months. We
23 completely over 50 construction projects for
24 critical systems including brick work and roofing,
25 elevator replacements, heating and plumbing

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2 repairs and CCTV installation. These completed
3 projects improve the quality of life for over
4 58,000 individual NYCHA families and confirm our
5 commitment to preserving the public housing asset
6 in New York City, a commitment that will not waver
7 as we move forward. NYCHA has also renewed our
8 commitment to transparency around our capital
9 program. we committed last year to issue
10 quarterly reports on the city capital dollars, and
11 we have already issued two, one in January and
12 another in April. Additionally, we have already
13 met with our provided physical needs information
14 to all council members with public housing in
15 their districts, who have expressed interest and
16 are happy to meet with other members as well. Now
17 I would like to explain a few of the key
18 investments of this year's plan in further detail.
19 First, the 1.8 billion dollars in disaster
20 recovery funding that I mentioned earlier will
21 come from a combination of insurance coverage, the
22 U.S. Federal Emergency Management Administration
23 FEMA, and community development block grants
24 disaster recovery. It is proposed that these
25 funds will be used to repair the damage caused by

1
2 super storm Sandy to infrastructure in critical
3 systems at 32 developers and fortify 26 additional
4 developments in the expanded flood Zone A. In
5 addition to replacing damaged infrastructure
6 including mechanical and electrical systems, we
7 have proposed adding backup power to our most
8 vulnerable buildings, a first for NYCHA, at
9 several of the affected developments enhancing
10 damaged community centers in Zone A developments,
11 enabling them to serve as information distribution
12 sites, local command centers, or emergency
13 shelters in the event of future storms and
14 providing NYCHA with a more resilient emergency
15 operation center, the EOC. FEMA's new draft
16 advisory base flood elevation maps have nearly
17 doubled the number of NYCHA buildings in
18 evacuation Zone A, and we must prepare
19 accordingly. This proposed work will include the
20 implementation of basic resiliency measures, such
21 as raised boilers and electrical switch gear and
22 enhancements for a wide range of community
23 facilities. All of this work if funded would take
24 place over the course of the next several years.
25 while this large one time funding source, which as

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2 I mentioned earlier may not all be awarded in
3 full, increases capital dollars by 67 percent from
4 the 2012 to 2016 plan. The majority of it would
5 be used simply to make NYCHA whole after an
6 unprecedented unforeseeable disaster. This
7 disaster related revenue increase does nothing to
8 decrease the urgency around an overall downward
9 trend in our capital plan funding. Again, our
10 federal funding for the annual capital program
11 continues to decrease. As we shared in last
12 year's budget hearing, the plan also includes a
13 500 million dollar bond issue through HUD's
14 capital fund financing program as well as 200
15 million dollars to refund the existing bond in
16 order to lower debt service cost. The net
17 proceeds will help to expedite much needed capital
18 work, including building envelope rehabilitation
19 such as brick work and roof installations. All of
20 this work will aid our compliance with local law
21 11, which addresses the dangers associated with
22 deteriorating facades on buildings that are six or
23 more stories. We will also continue our effort to
24 rehabilitate developments that consist of contract
25 based Section 8 units. To fund this work, NYCHA

1
2 will leverage the predictable income insured by
3 the long term nature of the HUD subsidy contract
4 for these properties. We will maximize cash flow
5 from these developments and complete a structured
6 financing to bring them to the state of good
7 repair, helping to preserve them as affordable
8 housing units for years to come. Additionally, as
9 in previous years, we remain vigilant in our
10 effort to ensure the safety and maintenance of
11 elevators in NYCHA's buildings. This five year
12 capital plan includes 116 million dollars
13 dedicated to the work of continuing our elevator
14 service and safety plan, which we unveiled in 2009
15 calling for the modernization of 450 elevators
16 over five years. We have consistently delivered
17 against this goal and are ahead of our projected
18 timeline having completed work on 379 elevators
19 with work progressing on 140 more, for a total of
20 519 over the EESP plan period. Overall of the
21 approximately 3.9 billion dollars included in this
22 plan, 34 percent are from annual federal capital
23 grants, 45 percent are from funds related to
24 disaster recovery and 13 percent are from the bond
25 issue, 5 percent come from the city and 3 percent

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2 come from other sources including the contract
3 based Section 8 property initiative and the
4 estimated rent generated from the potential land
5 lease opportunity. This plan strives to maximize
6 a funding stream that continues to dwindle at an
7 alarming rate. The facts are clear and startling.
8 75 percent of NYCHA's 2,596 residential buildings
9 are more than 40 years old, and we have over six
10 billion dollars in unfunded capital needs, which
11 without new revenue will grow to 13.4 billion over
12 the next five years. Tackling this great
13 challenge, one that threatens the very existence
14 of public housing will require focus, energy and
15 creativity from every corner of our city. As I
16 mentioned earlier, the City Council has been an
17 indispensable partner in this fight, and we are
18 grateful for your consistent support. As we go
19 forward, we hope that we can continue to count on
20 your partnership, especially in supporting
21 creative solutions to our funding crisis. Our
22 land lease proposal is one such solution. Given
23 the challenges that I have outlined today, it
24 would be simply irresponsible and a dereliction of
25 our duty toward NYCHA residents to turn away from

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2 an opportunity to invest up to 50 million dollars
3 a year into capital projects, the equivalent of a
4 20 percent increase in our annual federal capital
5 grants. In an environment where our annual
6 funding allocation is unpredictable and has been
7 cut almost in half, opportunities of this
8 magnitude are few and far between. The stable and
9 predictable nature of the land lease rent from the
10 new developments coupled with the fact that it
11 will not be subject to congressional appropriation
12 risk allows NYCHA to raise additional funds for
13 much needed capital work, a potential value of 700
14 million dollars beginning in 2017 or 2018. With
15 your support, we know that we can grasp this once
16 in a generation opportunity in a way that benefits
17 all New Yorkers. We are also eager to explore and
18 develop other revenue generating ideas that you or
19 your constituents may have. What is abundantly
20 clear is that we can't afford to accept the status
21 quo or wait for help from the federal government
22 or elsewhere to materialize. Now is the time for
23 NYCHA to take its future into its own hands. The
24 only way forward is to reject easy answers and
25 continue the often difficult work of

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2 transformation through pragmatic, market based
3 solutions. Thank you again for joining us in this
4 effort. I look forward to your questions.

5 CHAIRPERSON RECCHIA: Thank you,
6 Chairman, very much. I am going to send it over
7 to my co-chair and then I will come back at the
8 end. I have a number of questions, but I will
9 wait to the end. Co-chair?

10 CHAIRPERSON MENDEZ: Thank you.
11 First a little bit of housekeeping. We have been
12 joined by Council Member Gale Brewer, Council
13 Member to my far left, Council Member Arroyo,
14 Council Member Al Vann, Council Member Chin. I
15 saw Council Member Melissa Mark-Viverito earlier.
16 I don't know if she is behind me. I am going to
17 turn it over to my colleagues first for questions.
18 Council Member Arroyo?

19 COUNCIL MEMBER ARROYO: Thank you,
20 Madam Chair. Thank you, Mr. Chairman, your staff.
21 On the projects that are outlined in your
22 testimony, first, on page 2 the downward trend
23 compounded by the federal budget--what are the
24 projects affected or are you at that level of
25 detail yet? And if so, where? What are the

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projects and where?

CHAIRMAN RHEA: Well, on page two, I outline the overall decrease over the past 10 years and so the vast majority of that almost billion dollars in unmet--what we were entitled to, but we didn't receive--

COUNCIL MEMBER ARROYO:
[interposing] But you specifically referenced this year.

CHAIRMAN RHEA: Yes. The 14 million dollars in this year as a result of sequestration, is that what you were referring to?

COUNCIL MEMBER ARROYO: Yes. Yes.

CHAIRMAN RHEA: So you are asking which specific projects did we take out of the budget as a result of that?

COUNCIL MEMBER ARROYO: And where were they slated to go?

RAYMOND RIBEIRO: Ray Ribeiro, EBP for capital projects.

COUNCIL MEMBER ARROYO: State your name for the record please.

RAYMOND RIBEIRO: Ray Ribeiro, executive vice president for capital projects. So

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2 generally what we do, the capital plan being a
3 five year plan, we put the projects in that we
4 plan on doing based on the revenue that we expect
5 or the funding that we expect. When that number
6 comes in lower than we had anticipated, generally
7 what we do is we take projects from that given
8 year and just simply push them into the next year
9 and then make up that difference, don't plan for
10 new projects that is added to the capital plan.
11 So generally the projects stay in the five year
12 plan. We just have the ability to add less
13 projects to the overall five year plan in that
14 fifth year.

15 COUNCIL MEMBER ARROYO: So do you
16 have details of what projects and where?

17 RAYMOND RIBEIRO: We would be able
18 to. I don't have that specific information, but
19 we would be able to give you a listing of projects
20 for instance that moved from 2013 to '14 and then
21 some would then move from '14 to '15, and as I
22 said then there is a number of projects that we
23 potentially would not ever add to the capital
24 plan.

25 COUNCIL MEMBER ARROYO: So if you

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2 can prepare that, I think we are all very
3 concerned individually about whether or not any
4 development in our districts individually will be
5 impacted by that, but generally we just I think
6 should know what we should anticipate will be
7 delayed as a result of what this year's federal
8 actions. Then you outline five million dollars in
9 bond issue dedicated to funding brickwork, roof
10 repair in 25 developments, and the questions are
11 going to be consistent. So where? What
12 developments? Many of the concerns that we
13 usually hear, and I know that the work orders,
14 this ongoing conversation that we have had how
15 much of the work order issue is related to roof
16 repairs, brickwork? Do we anticipate that this
17 500 million dollar effort is going to help us
18 reduce the number of work orders that we should
19 experience in the system?

20 CHAIRMAN RHEA: First of all, we
21 can give you the listing of the developments that
22 will have work associated with the 500 million
23 dollar bond deal. We said there is 25 which could
24 grow up to 39, and we have those listed very
25 specifically, and how many buildings are going to

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2 receive work and the specific nature of that work,
3 so we are happy to share that with the Council.

4

COUNCIL MEMBER ARROYO: The second
5 part of the question is how much of the work order
6 jobs or the amount of work that has to be done in
7 individual apartments are directly related to
8 leaky roofs and seeping coming in from the façade
9 of buildings that are just not in good repair?

10

CHAIRMAN RHEA: Right. We can't
11 give you a percentage, but we can tell you is that
12 based upon the range of repairs that we are doing,
13 so of the 420,000 outstanding work orders that
14 were in the backlog that now I am proud to say we
15 just announced that we are well on track to
16 eliminating the backlog by year, and as we
17 committed to do. We are down to roughly to
18 roughly 240,000 outstanding repairs on that
19 original backlog, so well on track. When you take
20 certain ones like mold remediation, just using
21 that as an example, a large portion of the mold is
22 related to leaking roofs or windows or bricks, and
23 so the underlying condition that is causing the
24 symptom, which is what we see, mold in this case,
25 is directly connected to an underlying capital

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2 project that needs to take place, either a roof
3 replacement or repointing of bricks or replacement
4 of windows, so a large portion of many of the
5 complaints that residents have whether it is a
6 leaking ceiling which is tied back to again some
7 form of leak in the fundamental infrastructure,
8 whether it is gas outages that may happen which is
9 tied to fundamental issue with the age of many of
10 the gas risers and the pipes, a lot of the repairs
11 that we find ourselves doing within apartments
12 that are reported by residents through the call
13 center is directly related to an underlying
14 capital investment that has not been made.

15 COUNCIL MEMBER ARROYO: You didn't
16 mention plumbing. I would imagine that the 40
17 year old buildings have some plumbing issues, and
18 a lot of the repairs are probably directly related
19 to that kind of infrastructure problem, and we
20 don't need to get into the weeds of it here, but
21 in my ongoing conversation with you and your staff
22 is the more detail we understand about the needs
23 that exist and the developments that we represent
24 the better we can come to the table to be that
25 ongoing partner in providing support through

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2 capital dollars that can help you resolve some of
3 those issues because we understand that you are
4 not going to have every dollar that you need to
5 get it done. On the energy improvement front
6 where we are scheduling a meeting, my office with
7 your staff and Mothers on the Move in my district
8 to discuss the possibility of a demonstration
9 project where we can--using the requirement for
10 NYCHA or contractors to hire NYCHA residents be
11 able to really put together a pipeline of
12 individuals who through these projects can learn
13 the skills that they need in order for them to be
14 able to compete for the jobs that are going to be
15 available as a result of this incredible amount of
16 infrastructure investment that the authority is
17 going to make in the city that can be a direct
18 benefit to the residents of the development, so I
19 am looking forward to that conversation, and as I
20 said at our last hearing, thank you very much.
21 Finally, the security systems installation are
22 well underway in my district, and your greatest
23 critic in one of my tenant leaders is probably now
24 one of the strongest believers in that what we
25 said would happen did happen and is happening, so

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2 I want to thank you. Tenants are very happy, and
3 we just want to make sure that as we continue to
4 put money into the budget because I am not done
5 certainly that it happens quickly. Hopefully, you
6 have this cooked well enough so that the next
7 applications going to OMB, they don't take as long
8 to get turned around and that the work gets
9 started as soon as possible when the budget is
10 adopted, so thank you for the work. The tenants
11 are really becoming convinced that we do have a
12 sense that we know what we are doing. Thank you,
13 Madam Chair.

14 CHAIRPERSON RECCHIA: Thank you.
15 Council Member Gale Brewer?

16 COUNCIL MEMBER BREWER: Thank you.
17 I am not convinced that this eight development is
18 going to happen. What makes you think it is all
19 going to happen? This eight development.

20 CHAIRMAN RHEA: Well, we are
21 hopeful for a number of reasons. Number one, we
22 spent the better part of three years engaging
23 residents in a conversation about how to preserve
24 public housing in the city, and one of the things
25 that we heard strongly from not just residents,

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but from other stakeholders including elected officials who had pointed this out even before we began--

CHAIRPERSON RECCHIA: [interposing]

Hold on. We have been joined by Erik Dilan.

Okay. Go ahead.

CHAIRMAN RHEA: --even before we

formalized the most recent plan NYCHA was the discussion about leveraging assets that we control, and identifying that one of our most vital assets is our land resource. We believe that this addresses many of the concerns while balancing--many of the needs while balancing a number of the concerns that residents and others have expressed, so for example, this proposal is money that is not subject to federal appropriation risk which we seek through successive year after year budget that we present to all of you gets reduced by the federal government that we can't control, and not only is it outside of our control, but it is unpredictable, and then we find ourselves having the conversations like we just did with the Councilwoman about having to take capital projects that we thought were in our five

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2 year budget out of our budget because the money
3 didn't materialize, so we believe the fact that
4 this is something that is predictable and not
5 subject to the federal government's whims and
6 decisions to reduce our budgets is something that
7 is a big selling point. Secondly, we are
8 confident that the proposal in terms of the way we
9 are going about it engaging residents with the
10 section 18 disposition process and the required
11 consultation that is required will lead to a
12 commitment from our residents that this is the
13 best approach to not only put new affordable
14 housing in New York city, but also to preserve the
15 180,000 units we have today.

16 COUNCIL MEMBER BREWER: Okay. I
17 have been around a long time and I will just say
18 when you have the kind of opposition to this plan,
19 it is my opinion that it is not going to happen,
20 but we can differ. I just don't think it is going
21 to.

22 CHAIRMAN RHEA: We had similar
23 opposition to the federalization deal when we
24 first proposed--

25 COUNCIL MEMBER BREWER:

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2 [interposing] Not like this, sir. I have been
3 around for both, and believe me, this is much more
4 intense. It just is. So now my question is, if
5 it doesn't--

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CHAIRMAN RHEA: Can I ask--I would
be very--

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COUNCIL MEMBER BREWER: It is not
going to happen. Just telling you.

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CHAIRMAN RHEA: Excuse me?

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COUNCIL MEMBER BREWER: It is not
going to happen. Your plan as listed here--I am
just saying.

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CHAIRMAN RHEA: It is our job to
sell it. If people decide they don't want 700
million dollars for public housing, then--

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COUNCIL MEMBER BREWER:
[interposing] How much is in your capital plan now
that--you always say it has been allocated. Has
every single penny of your capital plan whatever
is in your budget now allocated?

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CHAIRMAN RHEA: Yes.

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COUNCIL MEMBER BREWER: 'Cause in
my situation it takes five years, six years, I
don't have a penny.

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CHAIRMAN RHEA: It's all allocated.

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COUNCIL MEMBER BREWER: So there is not one penny left?

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CHAIRMAN RHEA: No.

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COUNCIL MEMBER BREWER: Okay, and you have no money for repairs. That is what tenants are told. Like when the door breaks in the lobby and so on, there is no money to fix anything, right? Is that the situation that we are in now?

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CHAIRMAN RHEA: We spend hundreds of millions of dollars a year fixing things. Just again to make the numbers factual we receive over 10,000 repair requests a week, and we have been not only completing more than that meaning what we receive on a weekly basis, but we have been also reducing the backlog. We have been bringing the backlog down by almost a couple of thousand--over a thousand outstanding repairs in a week, so we have been making dramatic progress not only addressing the real time repair requests that are coming in, but reducing a backlog that had grown to 420,000 that we have now brought down to 240,000, so we are taking on all of the repairs

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2 that are coming in, and getting out--

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COUNCIL MEMBER BREWER:

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[interposing] Maybe there is a reality, and there

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is not, but I was at a tenant meeting on the

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weekend with a long list of complaints, nobody

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responds, the usual, and somehow I mean I know you

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have great staff. I think it could be better

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managed. That is my opinion, and I think you

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could--there is just such a disconnect from what

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you say and what is on the ground. Even just like

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the tenants trying to get enough funding--

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CHAIRPERSON RECCHIA: [interposing]

14

Okay. I don't mean to interrupt, but this is a

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budget meeting. Can we get back to the budget?

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COUNCIL MEMBER BREWER: Okay. So

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the issue is even the money that comes from the

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tenants who get the money for their tenant

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association, they want to use that money for

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engineers and lawyers. What is the status of that

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request to be able to--

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23

CHAIRMAN RHEA: We haven't received

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one request from a single tenant association.

25

COUNCIL MEMBER BREWER: Okay.

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2 'Cause my understanding is that the tenants don't
3 really know--

4 CHAIRPERSON MENDEZ: [interposing]
5 Mr. Chair, I am going to stop you right now, and I
6 am going to tell you something. At my last
7 hearing, we were told the same thing. I reached
8 out to some of the attorneys that are representing
9 the developments. Seven of the eight developments
10 have come out against this, and I was told by the
11 attorney that NYCHA, someone at NYCHA said wait
12 until we do the guidelines, and they have yet to
13 receive the guidelines, so no one can apply for
14 TPA funds until they get the guidelines. We can
15 take this discussion right after here to find out
16 how we get them the money.

17 CHAIRMAN RHEA: Happy to do it, but
18 that is not true. We have not asked anyone to
19 wait. It is not our place to tell anyone to wait
20 to request TPA funds. There is a process today
21 that people can request TPA funds for permitted
22 used. Not a single resident association--

23 CHAIRPERSON MENDEZ: [interposing]
24 Yes, I am hearing you know. This is exactly the
25 testimony you gave the last time. I am telling

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2 you in the public testimony there was
3 contradictory testimony and we were told that they
4 were waiting for guidelines that they are still
5 waiting for, so I will bring this all to you.

6 CHAIRMAN RHEA: They should bring
7 in writing what they receive from NYCHA telling
8 them to wait and they should bring in writing the
9 request that they have made because I am telling
10 you we haven't actually asked anyone to wait for
11 guidelines, and we haven't received a formal
12 request.

13 CHAIRPERSON MENDEZ: Okay, and we
14 are going to bring that to you with who said it at
15 NYCHA, who wrote it, and so then you will do
16 whatever is appropriate and we will start getting
17 this money out and getting the requests in with or
18 without guidelines.

19 COUNCIL MEMBER BREWER: I don't
20 want to say - - . With all due respect that kind
21 of disconnect between you and the Chairwoman is
22 what goes on every single day, and I have been
23 around like many, many years, so I understand the
24 challenges that NYCHA has, but there is too much
25 gobbledygook in terms of the discussion around

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2 this budget of these developments. That is what
3 is going on.

4

CHAIRMAN RHEA: I am not sure what
5 you mean by that.

6

COUNCIL MEMBER BREWER: I have 15
7 e-mails on this issue of how much the tenants are
8 or are not going to receive between Legal Aid
9 attorneys talking to the tenants. You have got to
10 be able to say to them what you just said to us.
11 Why should I have to come here when nothing has
12 happened since the last hearing? They would like
13 to apply. It is not so easy. It is not so easy
14 to get those funds. I am just telling you a fact.
15 There is like 15 e-mails here back and forth on
16 this topic. Somebody at NYCHA has to cut through
17 the bureaucracy and cut through all this
18 discussion if you think you are going to get these
19 developments and of course agree to have a ULERP
20 [phonetic] of some kind.

21

CHAIRMAN RHEA: Well, first of all,
22 they can request it anytime they want to, but the
23 bottom line is they need to evaluate a formal
24 proposal, and so--

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COUNCIL MEMBER BREWER:

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2 [interposing] And who is going to make that formal
3 proposal? Rosie and me?

4 CHAIRMAN RHEA: No, no, I am saying
5 they need technical assistance, so let's say they
6 want to hire an architect or an environmental
7 lawyer to review the actual proposal, well, they
8 need to actually have a plan to respond to so that
9 a developer has been designated to build X, so
10 that the architect can look at X and give them
11 advice that the impact of what's being proposed,
12 here is what the environmental review says. Does
13 their lawyer agree with that? So all I am trying
14 to say is that it is not as if the ship has sailed
15 and they don't have an opportunity to engage
16 competent technical representation as this process
17 moves forward so that they can evaluate the
18 proposals in a timely and substantive way. This
19 opportunity still exists. This is not something
20 that came and went. And we will continue to work
21 with them until they get what they need.

22 COUNCIL MEMBER BREWER: I don't
23 think they know that, and that is where your
24 challenge is because there is so much discussion
25 between the amazing Legal Aid attorneys who are

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trying to advise them and what you are telling me.

CHAIRMAN RHEA: Well, all I have heard--there are many residents and community boards and others who have actually been very constructive that is totally different from what you just said. I have heard everything you have heard too, but what I am saying is that is not the only voice. We have sat down with community boards who have come in with architects who have actually mapped out massings [phonetic], provided us with input to which has changed our plans based upon those conversations. We have had tenant associations and resident groups from the citywide council presidents to others who have engaged in conversations providing constructive feedback. The people who seem to be the ones that are most disconnected are the ones who are just slamming their hands on the table saying I don't want you to do this. So sometimes people engage and they engage in a way that is constructive and genuine, and other times people don't engage, and they obstruct, and I think we have seen both forms of it.

COUNCIL MEMBER BREWER: Thank you,

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2 Mr. Chair.

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CHAIRPERSON RECCHIA: - - What the
4 Chairman is saying I have experienced positive in
5 dealing with this issue. I have I think the
6 second largest number of public housing
7 facilities, and I think we have to keep an open
8 mind, and what a lot of people don't understand is
9 that Congress, the Republican Congress there
10 today, we are not getting funding for public
11 housing, and that is the bottom line. So we have
12 to be creative. My question to you, Mr. Chairman,
13 is there a cap on how much TPA funds one housing
14 development can get? Is there a cap on that?

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CHAIRMAN RHEA: So there is a
16 technical cap, which is it is pro rata, so if we
17 receive ten dollars and we had ten units, then
18 each unit is entitled to a dollar. I guess that
19 both the indictment and the good thing is that
20 much of that money has built up over multiple
21 years, so many developments have access to
22 multiple years of funding, but technically there
23 is a pro rata allocation; however, we have been
24 working with the citywide council presidents and
25 the resident advisory boards to talk about ways in

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2 which that allocation can be adjusted that would
3 reflect some authority wide initiatives, and so
4 the tenant associations and their elected
5 leadership have the right to make certain
6 adjustments to it, but ultimately it has to be an
7 equitable allocation, so if you are going to spend
8 money on something that is citywide in nature then
9 by nature it must positively benefit all public
10 housing residents.

11 CHAIRPERSON RECCHIA: Okay. When
12 will people be able to know about the guidelines
13 so they could apply for these funds? Is there a
14 time set? What is the schedule?

15 CHAIRMAN RHEA: So basic things,
16 and this is why I want to say this as clearly as
17 possible, resident leaders know that hiring an
18 architect, a lawyer, things that allow them to
19 evaluate specific proposals that affect their
20 development are eligible for TPA expenditures, but
21 they have to put together a budget, and they have
22 to put together a proposed use of those funds for
23 very specific expenditure items.

24 CHAIRPERSON RECCHIA: Do you have
25 the money in this year's budget?

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2 CHAIRMAN RHEA: We do. The TPA
3 money is separate. We can't use that money for
4 other NYCHA purposes, so that money is within an
5 account, walled off, that can be accessed.

6 CHAIRPERSON RECCHIA: If all that
7 money does not get spent, is it carried over to
8 the next year?

9 CHAIRMAN RHEA: Yes, subject to a
10 risk that if we don't spend it, eventually HUD may
11 decide--Congress may decide to recapture it.

12 CHAIRPERSON RECCHIA: Okay.
13 Alright.

14 CHAIRMAN RHEA: So we have every
15 incentive to see the money spent.

16 CHAIRPERSON RECCHIA: Alright.
17 Council Member Chin?

18 COUNCIL MEMBER CHIN: Thank you,
19 Chair. Chairman Rhea, on your testimony on page
20 7, I was just curious on this infield plan 'cause
21 you were talking about investment up to 50 million
22 dollars here in the capital budget. How do you
23 come to that 700 million dollar number on the end
24 of the second paragraph. You say "potential value
25 of 700 million beginning in 2017."

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2 CHAIRMAN RHEA: Basically one of
3 the reasons why we are so supportive and excited
4 about this proposal is because once we lock in
5 ground leases with developers, we will receive a
6 consistent stream of revenue and income off of
7 those properties annually, not subject as I said
8 to some elected appropriation risk, legislative
9 appropriation risk, and so we can therefore take
10 that money and use it to secure ties, a structured
11 financing, so think of it as the equivalent of a
12 mortgage. If we know we are going to receive 42
13 million dollars or 50 million dollars a year in
14 money, then we don't have to - - 42 or 50 million
15 dollars every year, we can raise 500, 600, 700
16 million dollars today, and pay off the financing
17 that we raised in order to do the capital work,
18 and so what we have done is we have looked at a
19 securitization structure that would allow us to
20 take that steady stream, pledge it, and raise
21 hundreds of millions of dollars today, and in our
22 base case analysis has us raising about 700
23 million dollars once our cash flow stabilizes on
24 these properties, and so we believe it will take
25 us until late 2017 to have signed development

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2 agreements, for developers to have completed
3 construction, and then for those ground lease
4 payments to not only be stable, but then for the
5 market, an investor or a bank to say because these
6 buildings exist, because we have confidence that
7 that revenue stream is locked in for the next 25
8 to 30 years, we are willing to lend you a sizeable
9 amount of money against those pledge receipts, and
10 that is one of the beauties of this structure that
11 we don't get out of our existing structures.
12 Public housing is not allowed to mortgage its
13 property, so we can't take on a mortgage and
14 pledge our future receipts in order to do a
15 significant amount of capital work today that is
16 desperately needed; whereas, with this ground
17 lease stream we would be able to pledge it in that
18 way.

19 COUNCIL MEMBER CHIN: So you are
20 saying that you could get 700 million dollars
21 upfront?

22 CHAIRMAN RHEA: Correct.

23 COUNCIL MEMBER CHIN: And then
24 after a certain period of time you can refinance?

25 CHAIRMAN RHEA: Refinance it and do

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it over again.

COUNCIL MEMBER CHIN: And do it over again. So that is what you are looking at.

CHAIRMAN RHEA: That is exactly right, and this doesn't include what you just said which is refinancing and doing it over again. This is just looking at that initial slug [phonetic] that we could do within this five year window. At the end of this five year capital plan going into the next capital plan, we believe we'd be in a position to raise somewhere close to 6, 7, 800 million dollars to do immediate capital work on the public housing buildings in these eight developments.

COUNCIL MEMBER CHIN: Well, because in your proposal you are talking about 99 year, really long term lease, so--

CHAIRMAN RHEA: [interposing] But this is only the first 25 to 30 years of that, so as you said, we would be able then to refinance that and do another 700 million, and then at the end of that, we refinance it and do another 700 million, so over the life of a 99 year lease, you would be looking at something that is probably

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2 closer to two to two and a half billion dollars or
3 real funding opportunity in terms of capital;
4 whereas, we have only looked at the first slug of
5 that because that is what is within this five year
6 time horizon.

7 COUNCIL MEMBER CHIN: Okay. And my
8 next question is that on your testimony on page 5,
9 so you are talking about the money from the
10 disaster recovery funding, so I am looking at like
11 one of the developments in my district, right,
12 Smith is in the flood zone, and so some of the
13 buildings were damaged, so you are saying that you
14 are going to look at buildings that have already
15 sustained some damage to really focus on putting
16 money there to take care of them, and then the
17 other part that I find very important is NYCHA
18 supporting the--fixing up the community center and
19 reinforcing those centers because those are such
20 great resources when disasters happen. That is
21 what we saw in the last time. So like for example
22 in Smith, the flooding happened to a couple of
23 buildings that was closest to South Street, and
24 they also have the problem of the gas pipes, so I
25 assume some of those could be fixed with this

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money rather than just waiting for other kinds of capital dollars later on.

MALE VOICE: Our approach to the Sandy recovery money has been to try and leverage as much of that money towards the needs of the development as much as possible, so for developments that there is generally a couple of different categories. Developments that were directly damaged by the storm the money is going to be used to repair that damage, replace, and make them as resilient as possible by incorporating some of the new measures above the flood plain, hardening the sites, but there is also additional funding potentially available to make improvements to developments or buildings that were not necessarily damaged, but impacted by the storm, so many of the developments for example in Lower Manhattan that weren't necessarily damaged--they were impacted, they were without power for a great deal of time, so we are proposing to use some of that Sandy recovery money to make improvements to those buildings so that they are more resilient should we experience a similar storm, and then as you alluded to we have

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2 also in the lessons learned from Sandy, our
3 community centers became a natural gathering place
4 for people to just sort of go and try to find out
5 information, and we want to use some of the
6 funding to make them more formal so that our
7 residents have somewhere to go to just do
8 something as simple as get information, perhaps
9 get a hot meal, warm up, charge a cell phone or
10 just be somewhere that they know they can go to
11 and we would be there to address their questions
12 and put them in the right direction.

13 COUNCIL MEMBER CHIN: Like on the
14 community centers--this is the last question--are
15 you coordinating with the resident association and
16 also the community organization that has been
17 running the centers to try to coordinate this
18 effort because just for example, the community
19 center in my district in Smith where I am trying
20 to help fix up the place, but it just costs a lot
21 of money. They need a better bathroom facility
22 and they need a better kitchen there so that they
23 can at least cook the meals because they were
24 really instrumental during the storm. So I think
25 the coordination to work with the organization

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2 that has been running the center or providing
3 services in the center will make the work better
4 in terms of what needs to be improved in there.

5 CHAIRMAN RHEA: Yes, the plan is to
6 engage with those community based organizations
7 and the residents as well, those organizations
8 that are running the centers. We plan on in June
9 and July starting - - type meetings out at each of
10 the sites to describe to the residents exactly
11 what we think could happen, what funding may be
12 available, and start to vet some of the ideas for
13 each of the centers.

14 COUNCIL MEMBER CHIN: Thank you,
15 Madam Chair.

16 CHAIRPERSON RECCHIA: Thank you.
17 Council Member Melissa Mark-Viverito?

18 COUNCIL MEMBER MARK-VIVERITO:
19 Thank you, Mr. Chair. I just have a couple of
20 questions in different categories, but just going
21 back to the conversation that we were having, the
22 exchange about the TPA funds. What is the level
23 of engagement that NYCHA is providing with the
24 resident associations to make sure that whatever
25 paperwork is completed in a timely manner, so we

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2 can expedite this and get this going? Is there
3 that level of engagement or is it being left up to
4 the resident associations to figure it out?

5 CHAIRMAN RHEA: So there is two
6 levels. The first one is our resident engagement
7 team, which is part of community programs and
8 development and headed by - - Butler has been
9 working with tenant association presidents,
10 particularly in the eight developments, including
11 the citywide council president to discuss with
12 them the availability of the funding and to
13 encourage them to apply for it. So that is one
14 level. The second level though is NYCHA is in the
15 process of engaging a third party that would work
16 with us as an intermediary to provide some
17 assistance to resident associations to the extent
18 that they need it in order to submit a budget and
19 a specific request for TPA funds to be used for
20 technical assistance, and so--

21 COUNCIL MEMBER MARK-VIVERITO:
22 [interposing] And where is that at in terms of
23 identifying that entity--

24 CHAIRMAN RHEA: We initially put
25 out an RFP. We got some feedback from the RFP

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2 that we put out that there was some concerns about
3 whether or not we were making sufficient funding
4 available--meaning we had put a budget together
5 for what we thought would be required in order to
6 provide that assistance. We got feedback from
7 many of the not for profits of the community based
8 organization that that budget wasn't sufficient,
9 and so now, we are making adjustments to that, and
10 we are going to reengage a second round until we
11 are able to bring someone on board who has the
12 capacity, the capabilities and the network to do
13 the outreach, so we are actively involved in that
14 procurement process as we speak.

15 COUNCIL MEMBER MARK-VIVERITO:

16 Let's look at timeline on this then. You have the
17 RFP out. You are getting feedback. By when do
18 you hope to identify the entity which is going to
19 be facilitating and helping the resident
20 associations?

21 CHAIRMAN RHEA: We would hope that
22 we would have someone on board on our side long
23 before the proposals come back from developers so
24 that our advisor could be out meeting, helping
25 each of the resident associations to the extent

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2 that they raise their hand and say they want it.
3 We will do the outreach. We will offer it. If
4 they reject it, that is their prerogative, but
5 assuming they take us up on it, that technical
6 assistance team that we bring on could then help
7 each of these eight resident associations, the
8 citywide council of presidents if they decide also
9 that they want to apply for these funds to get
10 their own technical assistance teams, lawyers,
11 architects, urban planners, whatever it is that
12 they need in order to be in a position that by the
13 time the proposals actually come back they would
14 have their teams in place to evaluate the actual
15 firm proposals that we are receiving.

16 COUNCIL MEMBER MARK-VIVERITO:

17 Okay, and that is important. You are saying that
18 you are going to allow--'cause there are two
19 things. There is the information--we were saying
20 that we wanted at least the support for the
21 residents now before the RFP goes out because
22 there are concerns that would be raised that could
23 be put into the language of the RFP that the
24 developers have to respond to that would be
25 incorporated in their response. That is one

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2 thing, and I am wondering if there is aspects of
3 the RFP that the developers have to respond to,
4 which is being informed by the conversations we
5 are having in the community, right?

6 CHAIRMAN RHEA: So again, this is
7 one where we believe we have actually been getting
8 a tremendous amount of feedback from a lot of
9 different stakeholders, residents included,
10 resident leaders, elected officials, legal aid,
11 community boards, supportive housing people, many
12 of our not for profits that run our community
13 centers, so we have been receiving quite a bit and
14 that is already being taken into consideration on
15 how we are structuring the RFP. We have committed
16 that in the next very soon within the next two
17 weeks, maybe sooner, we will be putting out to
18 residents all the salient and substantive
19 information that is going to be incorporated in
20 the RFP, so that they can begin to see it, and not
21 only--and see in fact that we have heard many of
22 their suggestions and recommendations, and they
23 have made their way into the RFP, the proposed RFP
24 and/or for them to give us additional concerns so
25 that prior to the formal launch of the RFP, which

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2 we hope to do in the next 30 days we will have
3 received additional feedback, and so that is our
4 commitment, and then even after the RFP goes out
5 as I said, we would put them in a position to hire
6 any technical assistance they need so that as
7 those proposals come back, they can then engage in
8 a very direct and real way around what their
9 concerns and reactions are to the proposals.

10 COUNCIL MEMBER MARK-VIVERITO:

11 Right, so just going back to the timeline, so you
12 are saying that the expectation is that the
13 organization that is going to come under your
14 jurisdiction or oversight is going to help the
15 residents apply for the TPA funds, that is going
16 to happen well before the responses--

17 CHAIRMAN RHEA: [interposing] Are
18 due back.

19 COUNCIL MEMBER MARK-VIVERITO: Are
20 due back. Correct. What is the timeline of the
21 responses due back?

22 CHAIRMAN RHEA: Add 90 days to--I
23 think July 1st is the time the RFP goes out, and we
24 are expecting to have proposals back from
25 developers October.

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COUNCIL MEMBER MARK-VIVERITO:

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Okay, and so you are saying then you said before

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that once the responses from the developers are

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back that the resident associations with their

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council are going to be able to review those

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responses and analyze them and give feedback?

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That is what I understood you to say.

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CHAIRMAN RHEA: Let me clarify

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because maybe I wasn't--obviously I wasn't clear

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enough. So in the information that we share with

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residents now will be the kind of criteria, so

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there is a lot of stuff that will be available in

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what is going to be in the RFP. One of the things

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that will be shared with the residents immediately

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is the criteria that we will be using to select,

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to designate an ultimate developer, a range of

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things from employment requirements to MWBE, to

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height restrictions if there are some--there is a

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whole series of things, and how we will basically

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evaluate these proposals. Once NYCHA

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conditionally designates a developer because we

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believe that when we go through the score and

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criteria developer X scores the highest, that

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development proposal would then be made fully

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2 available to residents and their advisors and
3 counsel for them to engage very directly around
4 that proposal, so there would be opportunities to
5 evaluate it, make recommendations on things that
6 can improve and tweak it, and to the extent we
7 have to--and that developer and NYCHA have to then
8 engage in all of the section 18 process this
9 requires to make sure that full resident
10 consultation in that proposal has been achieved.

11 COUNCIL MEMBER MARK-VIVERITO:

12 Okay. I appreciate that. If there are more
13 questions on that, I will ask. I have a couple of
14 questions regarding the physical needs assessment.
15 I am looking at two slides in your presentation in
16 particular, the 8 and 9.

17 CHAIRMAN RHEA: I think you may
18 have one that is incorrect. I think--so the one
19 that has three charts on it is the correct.

20 [crosstalk]

21 COUNCIL MEMBER MARK-VIVERITO: I'm
22 looking ta pages 8 and 9.

23 CHAIRMAN RHEA: That one is the
24 correct one.

25 COUNCIL MEMBER MARK-VIVERITO: Oh

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okay.

CHAIRMAN RHEA: If you have one that has two bars on it, that is not correct. Yeah, I don't know how that happened. Apologies.

COUNCIL MEMBER MARK-VIVERITO: Is there one before this on your presentation? A slide before this? No, I guess not. 'Cause I was just inquiring on this one if you are saying it is wrong, it is wrong, but this one indicated all of the developments that have been identified for infield is my understand and what the needs are for each.

CHAIRMAN RHEA: So that is the same. Can we just look at that one? It is the same.

CHAIRPERSON MENDEZ: So let me just clarify. In our printed copy, we have a page 8, which has two bars--

CHAIRMAN RHEA: [interposing] Please discard that. Discard that chart.

CHAIRPERSON MENDEZ: And then page 9 is actually your page 8 that is in front of you right now?

CHAIRMAN RHEA: That is correct,

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CHAIRPERSON MENDEZ: Okay.

COUNCIL MEMBER MARK-VIVERITO: So then you are saying that for the physical needs of the eight identified for infield, you are talking about 900 million dollars in repairs.

CHAIRMAN RHEA: Yeah, and let's not say repairs. Capital investments.

COUNCIL MEMBER MARK-VIVERITO: right, and so when was this assessment done?

MALE VOICE: 2011.

COUNCIL MEMBER MARK-VIVERITO: Okay, so then this is the five year capital plan, and then this planned work that is smaller in the middle, you are saying that that work is what is going to be funded from the money that is generated from the lease agreement? That is the amount of work out of the total on the left that would be covered by the lease agreement during the five year window?

CHAIRMAN RHEA: Slightly different, so the middle bar is what we have programmed in our five year plan, so leave sources aside for a minute, right, that is how much is programmed at those--so we have 900 million dollars of need, and

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2 we have about 100 and something million dollars
3 programmed, so it shows the huge gap. So that is
4 what that does. Then if you look to the right,
5 and you see the first part of that box that is
6 about the same height--it is--it should be exactly
7 the same height as the middle box, it shows you
8 the sources of where that money would come from,
9 and what it shows you is that our bond deal that
10 we are going to do, the 500 million dollars some
11 of that, about 12 million of the 500 is for these
12 developments. Follow me? So the bond deal is
13 going to fund some of it. Our normal federal
14 program is going to fund about 19 million of it,
15 and the city 4 million, and what you see here is
16 that 68 million of that middle box, that total
17 height, is coming from land lease.

18 COUNCIL MEMBER MARK-VIVERITO: Just
19 during the five year period.

20 CHAIRMAN RHEA: As we ramp it up,
21 just in the five years and because of the as I was
22 discussing with I think it was either Council
23 Member Recchia--I am sorry, Councilwoman Margaret
24 Chin when she was asking about the 700 million,
25 which is the big bar, that would be at the end of

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2 this kind of 2017 five year period, we would do a
3 securitization transaction would bring in up to
4 700 million more, so that is in addition to the 68
5 million that we would receive cumulatively between
6 now and then. On top of that we would a
7 securitization transaction, which shows you that
8 the land lease is not only the largest percentage
9 of where the funding is going to come from just in
10 this next five years, but then it provides another
11 700 million dollars in potentially a onetime
12 benefit that we would pay for over the intervening
13 30 years. Is that clear?

14 COUNCIL MEMBER MARK-VIVERITO:

15 Understood. Yes.

16 [crosstalk]

17 CHAIRMAN RHEA: If we don't do land
18 lease, not only does the 700 million go away, but
19 the 68 goes away too, and so against this 900
20 million dollar need, we would only have something
21 like 40 million dollars in our five year capital
22 plan.

23 COUNCIL MEMBER MARK-VIVERITO: So
24 then the question on the physical needs assessment
25 that was done, and I think I believe we may have a

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2 copy of it, but do you detail within every
3 development what the work scope is? For instance,
4 like I think out of the developments, it looks
5 like Douglas is one of the largest needs. Smith
6 is the first. So that 192 million in needs at
7 Douglas, does the physical needs assessment break
8 down how much is for brickwork, how much is for--
9 just to understand what the scope of work is?

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MALE VOICE: Yes, it does. It

breaks it down by different work categories.

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CHAIRMAN RHEA: And this is a
little bit of my kind of general answer to Council
Member Brewer's question around why do we think we
have any confidence we can get this done. We are
trying to communicate to families that the needs
in these eight developments is almost a billion
dollars over the next five years, and we only have
about 50 million available, and that if we care
about the preservation of these buildings then we
need to do something dramatic to come up with
another 7, 800 million dollars and this is just
for these 10,000 families that are in these eight
developments, and we have this picture across the
rest of our portfolio, and so--

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COUNCIL MEMBER MARK-VIVERITO:

[interposing] So then what is the need in the whole portfolio? We are talking about a billion in just these eight developments, and you are saying you only have about 50 million of it covered. What are we talking about--

CHAIRMAN RHEA: It would be roughly 13 and a half billion.

COUNCIL MEMBER MARK-VIVERITO:

Okay. The last question I have on a separate issue, and I know there is many more that could be asked in each of these categories is the sidewalk shed issue 'cause I know that that is something that comes up in many of our districts. So how many sheds--I mean do you have throughout your portfolio. I imagine it's many.

MALE VOICE: We have 100,000 linear feet of sidewalk sheds--

COUNCIL MEMBER MARK-VIVERITO: I'm sorry?

MALE VOICE: Over 100,000 linear feet of sidewalk sheds.

CHAIRMAN RHEA: Linear feet, right, 'cause that is the way we measure it.

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COUNCIL MEMBER MARK-VIVERITO: In
how many developments do you have sidewalk sheds?

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MALE VOICE: I would have to get
you that breakdown, but probably in very rough
numbers one-third to one-half of our developments.

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COUNCIL MEMBER MARK-VIVERITO: And
how much does it cost for those sheds? One a
yearly basis, how much are you spending to keep
these sheds up?

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MALE VOICE: Approximately ten
million dollars a year.

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CHAIRPERSON MENDEZ: I am sorry.
Can you repeat that? Approximately how much?

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MALE VOICE: Approximately ten
million dollars per year.

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COUNCIL MEMBER MARK-VIVERITO: And
on average how long are they staying up, these
sheds? In some cases, years.

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CHAIRMAN RHEA: Too long. That's
my answer.

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COUNCIL MEMBER MARK-VIVERITO:
Well, I mean obviously--

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CHAIRMAN RHEA: Well, we--

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COUNCIL MEMBER MARK-VIVERITO: I

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guess this is work that you haven't been able to

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get to--

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CHAIRMAN RHEA: [interposing]

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Correct. This is 900 million dollars' worth of

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work. We can't get to it. We have to protect the

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public because of local law 11. We put the sheds

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up. Residents are obviously expecting that there

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is work that is going to commence to remove the

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underlying condition when often no, there is no

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planned work because we don't have the 900

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million. So what we have done and what Ray and

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his team along with GM Haus [phonetic] have been

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really working on is to aggressively prioritize

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those capital projects that have sidewalk sheds

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and are disrupting the quality of life in public

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housing developments, and so there is a

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significant amount of work that is going on in the

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500 million dollar bond deal almost every single

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dime of that is going to eradicate local law 11

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needs, which then would allow us to remove the

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sidewalk shedding.

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COUNCIL MEMBER MARK-VIVERITO: I

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guess what is the trigger for the installation of

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a shed?

CHAIRMAN RHEA: And there is one other thing that I want the EVP to talk about in terms of what one of the other main drivers of our sidewalk shedding.

MALE VOICE: So one of the other issues that causes us to have to put in a sidewalk shed are air conditioning violations, so we can be cited not only for issues with the façade itself, but if there are air conditioners that are installed by residents without the appropriate brackets on them, that building could be cited as an unsafe building, and as a result, we are required to put up a sidewalk shed, so there has been as the Chairman had indicated, there has been a big focus on working with our residents to get them to understand the impact that they have on their own building, the cost implications of that, and we have been trying very hard to work with our residents to get them to install the appropriate brackets or take the air conditioners out so that we can remove sidewalk shed.

CHAIRMAN RHEA: For example, there are a couple of developments where we have

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2 completed the capital work that should have
3 allowed us to remove the shedding, and Department
4 of Buildings won't remove the violations because
5 they still have identified individual units where
6 air conditioning brackets are not properly
7 installed, so even though we have actually
8 completed the capital work, the violations are
9 still not for falling brick or parapet being loose
10 but for an air conditioning bracket and therefore
11 the shedding remaining up so we have got our work
12 cut out for us and this may be something that we
13 can partner on with you in places where they have
14 a real hand in our ability to improve their
15 quality of life.

16 COUNCIL MEMBER MARK-VIVERITO: And
17 how often is DOB on NYCHA premises and issuing
18 violations?

19 MALE VOICE: Local law 11 requires
20 us to do the façade inspections every five years.

21 COUNCIL MEMBER MARK-VIVERITO: so
22 in some cases some of these sheds may have been up
23 that long.

24 MALE VOICE: In some cases, yes.

25 COUNCIL MEMBER MARK-VIVERITO: And

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2 in the case where--just the last question on this
3 because I think I am hearing what Gale was
4 muttering here, and I want to address it, but the
5 issue of the air conditioners and these brackets.
6 I mean you are mentioning that specifically.
7 Well, you are mentioning that specifically. I am
8 assuming that is a small percentage of the
9 concerns, and if it isn't, is there a possibility
10 of NYCHA being more proactive in this case and
11 just fixing that 'cause longer term might be more
12 cost effective?

13 CHAIRMAN RHEA: We can't give you a
14 percentage off the top of our head, but it is not
15 a small issue. We are not just raising it as a
16 red herring. This is a real issue. It is not the
17 driver of 80 percent of our sidewalk sheds. The
18 driver of 80 percent of our sidewalk sheds is what
19 we discussed here, but we do want to make sure
20 that where we complete the work that then we don't
21 have reasons to have to continue to incur costs
22 for shedding, so we think that is where it is the
23 biggest issue where we have completed work or
24 where we are going to begin 500 million dollars'
25 worth of work. We would like the immediate

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2 response to be the removal of those shedding
3 afterwards.

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COUNCIL MEMBER MARK-VIVERITO:

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Alright. I think those are my questions. I

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appreciate it. If I have any more, I will come

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back. Thank you.

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COUNCIL MEMBER BREWER: I just want

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to say one thing about in a normal world, the

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Department of Buildings doesn't know which air

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conditioners need brackets and don't, so I think

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this whole--they don't know. You ask the

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Department of Buildings, does this air conditioner

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need brackets and half the time, they don't know

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because the air conditioners are smaller than what

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they have been in the past, so I just urge you to

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have a more--first of all, if they need a bracket,

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couldn't NYCHA just put it in, so you don't have

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to go through all of this--cost effective? Why

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can't you put brackets in? I don't understand.

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CHAIRMAN RHEA: We have made a

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decision that number one, we don't have the

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manpower to install air conditioners for

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residents. So we have been very clear with

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residents about what the requirements are for the

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2 installation of air conditioners. Those who
3 follow the rules do just fine. They go to PC
4 Richards or wherever they go. They get someone to
5 install the air conditioner. The air conditioner
6 installation person knows exactly what needs to be
7 done and they do it. It is when people decide
8 they don't want to pay for it, and they buy the
9 air conditioner themselves, and they stick it in
10 the window on their own.

11 COUNCIL MEMBER BREWER: I am trying
12 to tell you in regular apartment buildings I get
13 calls all day long it's a thousand dollar fine.
14 The air condition installation person doesn't know
15 whether that air condition needs brackets or not.
16 That is a fact, and so I am telling you that you
17 need to have a further conversation with
18 Department of Buildings 'cause they don't know
19 which air conditioners need brackets and which
20 don't. I just throw that out. In order not to
21 put up these sheds all the time, you might want to
22 have a further discussion to save money about the
23 brackets. It is not just at NYCHA. This whole
24 bracket issue is the subject of hundreds and
25 hundreds of e-mails and discussion. I have got

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stores all over the city calling me, do I need brackets or not. Nobody knows.

CHAIRMAN RHEA: - - .

MALE VOICE: So all of our façade inspections--

CHAIRPERSON RECCHIA: [interposing]
Hold on. Before you do that, we have been joined by Fernando Cabrera. Welcome. And Jimmy Van Bramer. Okay. Let's hear more about the brackets.

MALE VOICE: As required by local law 11, all of our façade inspections are done by outside qualified exterior wall inspectors, typically an AE [phonetic] or professional engineer, and the criteria that we use for the air conditioners is anything that protrudes from the building façade more than four inches requires a bracket.

COUNCIL MEMBER BREWER: [off mic]

CHAIRPERSON RECCHIA: Alright. That is a question for the Department of Buildings on how they--do they go look at each apartment, do they get binoculars?

MALE VOICE: The inspections are

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done by as I said before, done by an outside agency that is hired by the authority.

CHAIRPERSON RECCHIA: Before you put a shed up, how do you know to put a shed up? How many brackets have to be broken or not properly installed that you have to put a shed up?

MALE VOICE: Technically one single violation would require a shed to go up.

CHAIRPERSON RECCHIA: Could I just ask you something? I have a question. Wouldn't it be cheaper to hire somebody to go there and put that air conditioner in the right way than to pay for a whole shed that could be up for months?

CHAIRMAN RHEA: We have 180,000 apartments. Let's just put this in perspective. 180,000 apartments. Half of them, a third of them have air conditioners, so we are talking anywhere from 60 to 90,000 apartments. We have got a lot of work to do as you all know. We do annual apartment inspections. If we do an annual inspection and we find out through the annual inspection that that air conditioner is improperly installed, then we deal with that on a one off basis as you are describing, and we will generate

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2 a violation and bring a tenancy action against the
3 resident that requires them to fix the unsafe
4 condition. So we do what you guys are describing.
5 I just want to be clear. It is not like our
6 response to finding that is to go put up a--

7 CHAIRPERSON RECCHIA: [interposing]

8 You are telling me that there is a process that
9 you have to go through. Maybe we need to address
10 that process. Maybe if it is not installed
11 properly you have the right to have somebody
12 install it properly or maybe we should have a
13 whole procedure where it could be installed by a
14 company and then that way we could avoid these
15 sheds and save money.

16 CHAIRMAN RHEA: So what happens
17 again, remember what we are dealing with. We are
18 dealing with--and not to make excuses for anybody--
19 -we put penalties on people, but they don't have
20 to pay the penalties. If we fine you for your air
21 conditioning, they don't have to pay. We can't
22 evict you because you don't pay your fine.

23 [crosstalk]

24 CHAIRMAN RHEA: The other thing is
25 we can't mandate that they use a contractor who

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2 then says they are going to charge them \$200 for
3 an installation, and the family says I can't
4 afford it, so I am not going to pay it. These
5 become real checkbook issues.

6 CHAIRPERSON RECCHIA: Listen, there
7 are issues here, and we should sit down and talk
8 about this, and maybe we could come to a process -
9 - if we have to.

10 CHAIRMAN RHEA: We are having
11 conversations with DOB about this now, so maybe
12 that would be a good time to mutually engage.

13 CHAIRPERSON RECCHIA: Okay. I
14 think we have talked enough about air conditioners
15 and brackets and sheds. Alright. Can we move on,
16 Gale? Melissa? Alright. Council Member Vann,
17 and then we are going to turn it back to... Council
18 Member Vann, do you have a question?

19 COUNCIL MEMBER VANN: Thank you,
20 Mr. Chairman. Good afternoon, Commissioner.
21 Actually, my question really should not be
22 necessary other than my staff had written two. I
23 guess your intergovernmental person a couple of
24 times we had not received a response, and this is
25 because tenants in BedStuy Rehab have been in my

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2 office off and on for a long period of time for
3 complaints concerning the floors throughout this
4 development--BedStuy Rehab on - - Avenue in my
5 district. There is a long history with this
6 situation and one time it was in court, and now I
7 guess there is a monitor to see whether or not
8 things are going to be resolved. They have
9 reached a point where they feel that they need an
10 independent engineer to come in because they don't
11 believe NYCHA anymore. They think the engineers
12 are understating the problem. Some work has been
13 done, and then months later apparently the problem
14 comes up again so there is now a lack of trust
15 between them thinking NYCHA is not really going to
16 do what has to be done, so again, this should have
17 all been offline, but because of a lack of
18 response to a couple of e-mails that we sent in
19 April, I have to raise it here hoping that I can
20 get a response either now or shortly after this
21 hearing. It is a major repair as I understand it
22 and primarily dealing with the floors. They think
23 it is a structural situation, and your people seem
24 to feel it is not structural and therein lies the
25 rub.

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2 CHAIRMAN RHEA: It's regarding
3 floors you said? Not flooring? You mean the
4 actual floors themselves, not like the tiles, the
5 structural?

6 COUNCIL MEMBER VANN: Actual floors
7 throughout.

8 CHAIRMAN RHEA: I apologize,
9 Council Member. I am unaware of this particular
10 issue. It is in BedStuy Rehab, you said. I will
11 ensure that we get back to you with a formal
12 response on what our assessment is of the problem
13 and whether or not we have programmed in our five
14 year plan to address it, and if not, what we can
15 work with you and with residents around trying to
16 come up with a solution. We will come back to you
17 quickly on that.

18 COUNCIL MEMBER VANN: Okay, I would
19 appreciate it.

20 CHAIRPERSON MENDEZ: Thank you.
21 Mr. Chairman, I am going to go back just for a
22 minute to the brackets because when I lived in
23 public housing, someone used to go around from the
24 authority and if you had an unauthorized air
25 conditioner, you would get a notice in the mail,

1
2 and if you didn't respond to it, you would be
3 taken to an administrative hearing. So if these
4 improperly installed unauthorized air conditioners
5 are causing the authority to spend more money
6 'cause you are putting up these sheds for lord
7 knows how long, let's not even take into
8 consideration the garbage that gets dumped on
9 these sheds that we have seen in the news recently
10 and the pest issues that it brings to the
11 authority, so in terms of cost effectiveness, I
12 don't know if you have that person going around or
13 have someone going in and fixing it, and then
14 dealing with it with the resident as it needs to
15 be, but it may be more cost effective to do that
16 than to have to respond by putting up sheds.

17 CHAIRMAN RHEA: Again, that is why
18 I was being very clear. I didn't want you to
19 think that we have walked away from what you
20 remember to be the procedure. We still do exactly
21 what you said, right, so we perform an annual
22 inspection. If we identify that the air
23 conditioner is not properly installed, we then
24 call you down to the management office and we sent
25 out a tenancy violation issue, and you are called

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2 in for an administrative hearing if it is not
3 resolved, and we bring tenancy action that could
4 lead ultimately to eviction. Do we ever evict
5 anybody for an air conditioner bracket? I would
6 have to check our records. I don't think we have,
7 but certainly that becomes a very--it's a tool for
8 us to get residents to comply. You will recall
9 last year an air conditioner fell down I think it
10 was Drew Hamilton Houses and crashed into wire
11 netting that was over a childcare area, and we
12 were lucky obviously. All of us were lucky, every
13 single one of us that that netting was there, but
14 the reality is it only takes one air conditioner
15 to have a tragedy occur that none of us will be
16 able to live with, and so we do the administrative
17 actions, but we also have to deal with the true,
18 unsafe conditions that multiply pretty quickly if
19 people aren't vigilant around their own individual
20 conditioner units.

21 CHAIRPERSON MENDEZ: Thank you.

22 Thank you. I want to get back to the TPA funds
23 for the record and where is the sergeant? Someone
24 can bring this to the Chairman. I have in front
25 of me--I am giving to you the letter written by

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2 Urban Justice Center and Legal Aid Society that
3 are representing seven of the eight developments,
4 and then the response by NYCHA from Kelly D.
5 McNeil [phonetic] and I have underlined the
6 section that says a draft of the TPA guidelines
7 will be reviewed with all of the resident leaders
8 over the next month, and in the interim NYCHA's
9 resident engagement unit mailed out all the FAQs,
10 frequently asked questions. So did that happen?
11 Because pursuant to this letter and a phone call,
12 they were being told that they should wait to
13 apply for TPA funds--

14 [crosstalk]

15 CHAIRMAN RHEA: I don't want to be
16 argumentative, but it doesn't tell people to wait.
17 It says specifically in the interim NYCHA's
18 resident engagement unit, which is what I said
19 earlier, Dr. - - Butler had been working with
20 resident associations, mailed out to all resident
21 leaders a frequently asked questions on how to
22 access TPA funds along with a sample form to apply
23 for TPA funding. So we have been very clear. We
24 are not asking anybody to wait. We are engaging
25 with resident leaders on how to access TPA funding

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2 currently, and we said if they had any further
3 questions they should contact the TPA liaison,
4 which was also listed in the FAQs.

5 CHAIRPERSON MENDEZ: It says here
6 that in the interim these frequently asked
7 questions were going to be mailed out. Has that
8 been done?

9 CHAIRMAN RHEA: Yes.

10 CHAIRPERSON MENDEZ: When was that
11 done?

12 CHAIRMAN RHEA: We will have to get
13 you a date.

14 CHAIRPERSON MENDEZ: Okay. So I am
15 going to get back to you because I believe
16 pursuant to a conversation after this it was that
17 they should wait, but I have told--I suspected
18 that maybe associations weren't applying because
19 they had lawyers, and they thought that was it,
20 and so I have asked everyone to put in writing
21 something requesting TPA funds whether it meets
22 your draft guidelines, real guidelines or whatever
23 guidelines there may be going into the future.

24 CHAIRMAN RHEA: Yes. Thank you.

25 CHAIRPERSON MENDEZ: Let me ask

1
2 you, last year there was a lot of stories last
3 summer if you remember in one of the local dailies
4 talking about NYCHA's capital funds and how it was
5 not using its money. Can you tell me how much of
6 your capital money has been obligated or committed
7 and what is the average timeframe to utilize it?

8 CHAIRMAN RHEA: In my testimony, I
9 mentioned that the grant that--

10 CHAIRPERSON MENDEZ: [interposing]
11 What page?

12 CHAIRMAN RHEA: It was on page 4.
13 And I referenced that the 2011 grant, which needed
14 to be obligated and expended had been by August
15 was already done, so we are not only on track. We
16 actually are running ahead of schedule. We also
17 committed last year that we were going to formally
18 move our obligation timeline from 24 months to 18
19 months and our expenditure timeline from 48 months
20 to 36 months, and as this early completion shows,
21 we are on track to reduce that timeline.

22 CHAIRPERSON MENDEZ: So let me ask
23 you again, under the regular procurement process,
24 you were saying that usually takes 24 months to
25 obligate--commit and obligate the money?

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2 CHAIRMAN RHEA: Correct. To
3 obligate and then another - - so it's 24 to
4 obligate and 48 to expend, which means the 2011
5 grant would need to have been expended by August--
6 I am sorry--needs to be obligated by August of this
7 year and needs to be expended by August of 2015
8 and we have fully obligated all of the 2011 grant.

9 CHAIRPERSON MENDEZ: So you are
10 ahead of schedule.

11 CHAIRMAN RHEA: Ahead of schedule.
12 Correct.

13 CHAIRPERSON MENDEZ: Even though
14 it's a long process.

15 CHAIRMAN RHEA: Even though it's a
16 long process, we are ahead of schedule. That is
17 correct.

18 CHAIRPERSON MENDEZ: Okay. Thank
19 you.

20 CHAIRMAN RHEA: Which is 200, and I
21 think what they are pointing out is 246 million
22 dollars from the 2011 grant has been fully
23 obligated.

24 CHAIRPERSON MENDEZ: Thank you.
25 The bond issuance, can you tell me what the

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2 interest rate is on the 2012 bond and what is the
3 term of that bond?

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CHAIRMAN RHEA: We won't know the
5 interest rate until the bonds are actually issued,
6 but we are assuming that the coupon is somewhere
7 between three and three and a half percent.

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CHAIRPERSON RECCHIA: And that is
9 tax free, right?

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CHAIRMAN RHEA: That is tax exempt
11 - - tuple taxes to certain investors.

12

CHAIRPERSON MENDEZ: I said 2012.
13 I meant 2013.

14

CHAIRMAN RHEA: 2013. Yes, and it
15 is assuming a 20 year term, so it's 20 year money
16 locked up for about three to three and a half
17 percent.

18

CHAIRPERSON MENDEZ: Can you tell
19 me how many bonds are currently outstanding?

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CHAIRMAN RHEA: Roughly 200 and--
21 it's less than 250 million. We will get you the
22 exact number. I want to say it's 230 something
23 million, but I will get you the exact number.

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CHAIRPERSON MENDEZ: And when were
25 they issued?

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CHAIRMAN RHEA: In 2005.

CHAIRPERSON MENDEZ: And what was the interest rate on those previously issued bonds?

CHAIRMAN RHEA: Substantially higher than we are proposing now, which is why we are refunding those existing bonds because of the savings we will achieve by lower interest rates, but we will get you the exact coupon and we will get you the exact amount that is outstanding before we leave here today. We will just send a quick e-mail.

CHAIRPERSON MENDEZ: You will get me the exact what?

CHAIRMAN RHEA: The interest rate-- the coupon, the percentage.

CHAIRPERSON MENDEZ: I thought I heard Groupon.

CHAIRMAN RHEA: No, no.

CHAIRPERSON MENDEZ: Even NYCHA is doing Groupon.

CHAIRMAN RHEA: The interest rate and we will tell you how much of it is still outstanding.

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CHAIRPERSON MENDEZ: Can you tell me what was the use of the previously issued bonds? The use?

MALE VOICE: Predominantly brickwork. Brickwork.

CHAIRPERSON MENDEZ: In how many developments?

MALE VOICE: I believe--I don't have the exact number, but I believe ultimately improvements were made at just over 30 developments.

CHAIRPERSON MENDEZ: You will get us those exact developments. Was that part of any modernization in some of the developments? Modernization work?

MALE VOICE: No, the original bond focused on façade work, bricks predominantly.

CHAIRPERSON MENDEZ: Okay.

CHAIRMAN RHEA: We can tell you that--and we will get you the exact numbers--but the difference between what we were paying and what we are going to be paying in the future is allowing us to achieve about 20 million dollars of additional capital work that we are able to do by

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2 taking out the existing bonds that are higher
3 interest rate and refinancing them with a lower
4 interest rate. We are going to be able to do
5 additional capital work as a result of that.

6 CHAIRPERSON MENDEZ: Thank you.

7 CDBG money, community development block grant.
8 Your current plans includes a plan for an
9 emergency center. So can you tell me any
10 specifics on that plan, and tell me that the city
11 has Office of Emergency Management and a center,
12 and are you-- I am assuming it is in addition to
13 that or instead of that. Can you just elaborate?

14 MALE VOICE: Yeah, NYCHA has--we
15 have our own emergency operation center located in
16 Long Island City. As you know, we did not have
17 use of our facilities at 250 Broadway or 90
18 Church, so our operations were headquartered out
19 of Long Island City during the response to Sandy;
20 however, that location is within Zone A. The
21 building was flooded. The basement was flooded,
22 and we were literally inches away from having to
23 evacuate our emergency operations center, so we
24 have proposed under CDBG to invest in either
25 hardening or relocating our emergency operations

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center so that we can continue to operate in future emergencies.

CHAIRPERSON MENDEZ: And you can't do this work out of the city's OEM because?

CHAIRMAN RHEA: Obviously we have presence like other agencies at the city's OEM, so this is not a replacement for that, but all of our technical services and emergency crews are based in Long Island City, and so--

CHAIRPERSON MENDEZ: [interposing] I have toured it.

CHAIRMAN RHEA: You have toured it, so you know, and as you know, it is massive. It is also where we get all of our data on our boilers. Are they up or down? So a lot of that-- that is the brain center. A lot of our data is transmitted into there as well.

CHAIRPERSON MENDEZ: So this emergency center would be in a non-Zone A area that would be in addition to your Long Island City location?

MALE VOICE: Those details are all being worked out. Yes, there is a number of criteria that we are looking at that are preferred

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2 option. Obviously being out of Zone A is one of
3 the preferred options, easy access for our
4 employees is another one of those criteria, so
5 there are a number of different areas that we are
6 looking at, and yes, it would probably be in the
7 place of Long Island City, not in addition to.

8 CHAIRMAN RHEA: So not in addition
9 to, but there is a good chance that we may end up
10 just hardening the EOC at Long Island City, just
11 making it more resilient, right. I just want to
12 be clear. We have a range of options that we
13 requested. They have different costs associated
14 with them, and so we can't tell you today that it
15 won't be hardening Long Island City.

16 CHAIRPERSON MENDEZ: And it is
17 going to be one central location. You are not
18 going to put one in every borough? Or you don't
19 know yet?

20 MALE VOICE: Right now we have been
21 focusing on one central location.

22 CHAIRMAN RHEA: And Council Member
23 Mendez, the current outstanding amount on the 2005
24 bond deal is 220 million and the interest rate was
25 4.99 percent.

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CHAIRPERSON MENDEZ: Thank you.

CHAIRMAN RHEA: You're welcome.

CHAIRPERSON MENDEZ: Can you tell me about your flood insurance? How much do you pay per year for flood insurance?

CHAIRMAN RHEA: Our current premium is approximately 800,000 dollars per policy, and there are 388 policies, so - - 32 million or 3.2 million? Is my math right? 31.4 million.

CHAIRPERSON MENDEZ: 31.4 million, so if you have 388 policies for your I forget how many developments you have--300 and no...

[crosstalk]

CHAIRMAN RHEA: Bear with me. Hold on. Can we double check this and give you this exact number?

CHAIRPERSON MENDEZ: Yes, so you have 334 developments, but like in my district, Jacob Rhys is Jacob Rhys one and two. I don't know if they may be different policies for each. I am assuming that is part of what is going on?

CHAIRMAN RHEA: Yeah, 'cause many of our developments--what we refer to as developments sometimes are consolidated. Correct.

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CHAIRPERSON MENDEZ: Okay.

CHAIRMAN RHEA: But we will get you an exact number.

CHAIRPERSON MENDEZ: And so you have policies for all of your developments or just the ones in the impacted areas?

CHAIRMAN RHEA: I believe we have insurance for all of them.

CHAIRPERSON MENDEZ: Okay. And do you know, can you estimate the potential increase for insurance after Sandy?

CHAIRMAN RHEA: That is something that we cannot. We would just literally be--we don't have good information right now. We are expecting sizeable increases, but the insurance companies are still looking at what their losses are and we haven't received proposals yet.

CHAIRPERSON MENDEZ: Any indication from HUD that they might give you any special consideration?

CHAIRMAN RHEA: No.

CHAIRPERSON MENDEZ: Can you tell me how many developments are in the additional flood area now that were not in the flood area

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before?

MALE VOICE: 25 developments.

CHAIRPERSON MENDEZ: 25 additional developments are now in the flood area.

MALE VOICE: Yes.

CHAIRPERSON MENDEZ: So the City Council gave ten million in last year's budget to go toward the repair backlog, and in a previous hearing NYCHA has indicated that 176 residents were hired to perform maintenance and repair work. Can you tell me if any of these individuals will be transitioned to other jobs, what the status of that may be and if NYCHA has engaged any of the unions regarding moving some of these workers?

CHAIRMAN RHEA: So our intent just given our need for additional frontline staff is to retain these 176 personnel that were hired to work specifically as caretaker - - and to retain them. We are having conversations with the Council about potentially reprogramming that money to specifically work on some targeted needs around the maintenance and repair program, specifically the conversations have been around our painting needs, but we intend to retain the 176 employees

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2 that we have.

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CHAIRPERSON MENDEZ: Can you give
4 me an update on the CCTV cameras? I know one of
5 my developments they have just completed the
6 installation, so things are moving along, but if
7 you can give me about all of the City Council
8 money, just a rapid update.

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MALE VOICE: Sure. As you have
10 indicated the CCTV projects are moving ahead. If
11 you recall in the hearing we had on CCTV we
12 actually outlined six separate steps that we
13 needed to go through to deliver each of the
14 projects at 85 developments. If you go through
15 each of those steps that have been completed using
16 that as a basis for percentage complete, at this
17 point we would be considered 70 percent complete
18 based on that, and again, our commitment last year
19 was to complete all of that work by the end of
20 this year, and we are on target to do that.

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CHAIRPERSON MENDEZ: Thank you.
22 The current budget includes projected revenues
23 from infield development. Is that correct?

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CHAIRMAN RHEA: That is correct.

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CHAIRPERSON MENDEZ: And that those

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revenues are being phased in like over the years I am assuming?

CHAIRMAN RHEA: That is correct. They ramp up over the five year plan period.

CHAIRPERSON MENDEZ: And so you are just confident this is going to happen I guess because you are following the community consultation process so irrespective of what residents feel...

CHAIRMAN RHEA: What we think is prudent for us to--we wouldn't have put this forward if we didn't believe that it was large and a significant contributor to the preservation of people's homes. We recognize that none of our proposals are going to receive unanimous support, and we realize that some of them particularly when we are proposing something that is innovative may start off with a lack of understanding, which may lead to a lot of concern and lack of support for it. We think the ball is in our court to explain to residents why this is a very good thing for them. There are going to be tradeoffs and sacrifices that people need to make if they want to preserve public housing. So we have assumed

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that we will be successful in infield strategy.

CHAIRPERSON MENDEZ: We need to get to budget negotiations, so I am going to ask some questions if we can get some quick answers just so we don't delay - - .

CHAIRMAN RHEA: [interposing] Just because you asked, we got the answer on the TPA. The FAQs went out on May 14th. You had asked in the letter about--

CHAIRPERSON MENDEZ: May 14th.

CHAIRMAN RHEA: May 14th.

CHAIRPERSON MENDEZ: Okay. The day before this letter went out to the attorneys. Okay. Looking at the capital budget not all of the infield revenues were put into the capital budget, 12.6 million was put into the operating budget. What is going to be the use of those funds?

CHAIRMAN RHEA: The only thing that we are using operating funds to support is the Department of Development, which is the part of NYCHA that is generating those funds, so obviously someone has to put these deals together and create the revenue stream, and so we believe that that is

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2 an appropriate operating cost to charge against
3 the "the capital plan" because those are the
4 individuals who are producing the revenues.

5 CHAIRPERSON MENDEZ: Okay. High
6 performing designation, did NYCHA lose its high
7 performing designation? Did you have one before
8 and for how long? And did you ever get a
9 performance bonus from HUD for having such a
10 designation?

11 CHAIRMAN RHEA: No, for better or
12 for worse, there is no performance bonus that HUD
13 provides for achieving a high performance
14 designation and NYCHA hasn't been deemed high
15 performance since 2006, so it is not my fault,
16 Council Member Mendez.

17 CHAIRPERSON MENDEZ: Okay. Have
18 other authorities been given high performance
19 designation during that time?

20 CHAIRMAN RHEA: I'm sure there
21 have. Yes. There are authorities who had it who
22 have lost and those who didn't have it who have
23 received it. Yes.

24 CHAIRPERSON MENDEZ: So in page 3
25 of your testimony you say with an initial emphasis

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2 on the eight developments were able to take place
3 in regards of capital money. What does that mean?
4 How much money of the revenues will actually go
5 back into those eight developments?

6 CHAIRMAN RHEA: Right, now we have
7 assumed 100 percent of it is what is in our plan.
8 We think that is one of the things that we want to
9 engage residents in an in depth conversation about
10 that, but right now our basic assumption is that
11 every dime goes to those developments.

12 CHAIRPERSON MENDEZ: Page 5 you
13 talk about raising boilers. Have you started to
14 do that? Have you gotten any funding from
15 insurance or FEMA or CDBG to start doing that and
16 how far have you gotten?

17 MALE VOICE: Not specifically. We
18 have not received funding for that specifically.
19 We are in the process as I testified earlier of
20 preparing to go out to our residents and engage
21 conversation with how we are proposing to do that
22 at each specific development and get feedback and
23 move forward from there.

24 CHAIRMAN RHEA: So the money that
25 we have received so far has either been from

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2 insurance on specific--what is the word I am
3 looking for--response to putting back online
4 things that were down or the CDBG money that has
5 been for putting in some resiliency measures
6 around generators for developments where we know
7 the impact has been severe around power outages
8 and elevator outages and things along those lines.

9 CHAIRPERSON MENDEZ: My last
10 question. The deadline for the RFPs for giving
11 TPA technical assistance that is passed. Have you
12 gotten a lot of submissions?

13 CHAIRMAN RHEA: So as I said,
14 unfortunately because of the dollar limit that we
15 had placed on the proposal, we got feedback that
16 that funding level was insufficient, and so now we
17 are making adjustments to it, and we are going
18 back out to the providers.

19 CHAIRPERSON MENDEZ: Thank you, Mr.
20 Chairman. I look forward to doing follow up on
21 these questions and others and some of the stuff
22 we didn't get to today - - just the overall
23 capital that was City Council funded and where it
24 is at. Thank you for you and your team being here
25 today. Mr. Chair?

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2 CHAIRPERSON RECCHIA: Okay, Mr.
3 Chairman. This concludes our hearing for today.
4 The Finance Committee will resume executive budget
5 hearing tomorrow at 10 a.m. The hearing will be
6 held here in the council chambers. Tomorrow we
7 will hear from the Department of Education,
8 Department of Investigation, the Conflicts of
9 Interest. As a reminder, the public will be able
10 to testify on June 5th, which is the last day of
11 budget hearings beginning at 4 p.m. The public
12 session will be held here in the chambers. For
13 members of the public who wish to testify, but
14 cannot make it that day, you can fax your
15 testimony to my attorney, Tanisha Edwards, at 212-
16 788-7061. Thank you very much. This hearing is
17 now adjourned.

18 CHAIRMAN RHEA: Thank you.

19 [gavel]

C E R T I F I C A T E

I, Kimberley Campbell 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

Kimberley CampbellDate _____ 6/21/13