

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEES ON FINANCE AND ECONOMIC DEVELOPMENT

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March 5, 2009
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HELD AT: Council Chambers
City Hall

B E F O R E:
DAVID I. WEPRIN,
THOMAS WHITE, JR.
Chairpersons

COUNCIL MEMBERS:

- Councilmember LeRoy G. Comrie
- Councilmember Bill de Blasio
- Councilmember Lew Fidler
- Councilmember James Gennaro
- Councilmember Alan Gerson
- Councilmember Vincent Ignizio
- Councilmember Oliver Koppell
- Councilmember James Oddo
- Councilmember Annabel Palma
- Councilmember Diana Reyna
- Councilmember Joel Rivera
- Councilmember Helen Sears
- Councilmember Peter Vallone
- Councilmember Albert Vann
- Councilmember Thomas White
- Councilmember David Yassky

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

Jeff Kay
Director
Mayor's Office of Operations

Larian Angelo
Deputy Director
Office of Management and Budget

Molly Park
Director of Resource Planning and Analysis
Department of Housing Preservation and Development

Kristin Eisner
Chief of Staff to Deputy Mayor
Health and Human Services

Scott Sigal
Senior Advisor to the Deputy Mayor
Deputy Mayor Skyler

Nancy Webster
Vice President
Brooklyn Bridge Park Conservancy

Chris Keeley
Associate Director
Common Cause, New York

2 CHAIRPERSON WEPRIN: Ready. Good
3 morning. Welcome to today's joint hearing between
4 the Finance Committee and the Economic Development
5 Committee. Chairman White will be here shortly,
6 but he asked me to start. I'm David Weprin, I
7 chair the Finance Committee. I'm pleased to
8 welcome this joint oversight hearing in
9 conjunction with the Committee on Economic
10 Development. Let me introduce my colleagues that
11 are here. We have Councilmember Annabel Palma,
12 from The Bronx; Councilmember Helen Sears from
13 Queens; Councilmember Albert Vann from Brooklyn;
14 Councilmember Lew Fidler from Brooklyn;
15 Councilmember Oliver Koppell from The Bronx. We
16 have, in addition to my counsel to committee,
17 Tanisha Edwards, we have a new deputy counsel to
18 the committee, to the Finance Committee, that I'm
19 going to introduce, and that's Aday Lola
20 Abalanlegay [phonetic], right here on Tanisha's
21 left. As you know, the United States officially
22 entered into a recession in December of 2007. For
23 more than a year, the adverse, adverse financial
24 and social effects of the troubled economy have
25 had a severe impact on New York City. The

2 downturn has threatened the financial viability of
3 New York City's residents and businesses, ushering
4 in record unemployment rates and various social
5 service funding cuts. In response to this
6 challenging economic climate, President Obama
7 urged the United States Senate and the House of
8 Representatives to pass an economic stimulus plan
9 that would not only lessen the sting of the
10 looming budget cuts in states and cities
11 throughout the country, but foster a new course of
12 economic growth by making targeted investments in
13 infrastructure and other viable sectors that would
14 help stabilize state and local budgets, and spur
15 our economy by creating between three and four
16 million new jobs nationwide. On February 17,
17 2009, President Obama signed Home Rule Number One,
18 the American Recovery and Reinvestment Act of 2009
19 into law. The passage of the American Recover and
20 Reinvestment Act of 2009 was vital. The act
21 provides for the injection of \$787 billion into
22 our country's economy. New York City must ensure
23 that it receives and retains as large a share of
24 those funds as possible. Earlier this year, Mayor
25 Michael Bloomberg issued a report entitled,

2 "Federal Economic Recovery Bill, Priorities for
3 the City of New York." In that document, the
4 mayor made policy recommendations for that he
5 deemed to be the most advantageous use of ARRA
6 funds in New York City. In broad strokes, the
7 mayor recommended investment of ARRA into ready to
8 go infrastructure, into targeted workforce
9 development, into the enhancement of social
10 services programs, and into the strengthening of
11 municipal credit markets, and into the provision
12 of city financial assistance. The purpose of
13 today's hearing is to continue to examination of
14 the impact of the federal economic stimulus
15 package on New York City, initiated by the
16 Committee on Economic Development, during it's
17 February 9th, 2009 hearing. Specifically, this
18 hearing will elicit an update on the amount ARRA
19 funds the city will receive, the manner in which
20 those funds will be received, and the city's plans
21 in allocating and tracking the spending of such
22 funds. Generally, ARRA provides significant aid
23 that can be used to maintain services and close
24 the budgetary gaps at both the city and state
25 levels. But for the city, there are at least

2 three different kinds of funding. Number one,
3 funding that will come directly, or indirectly, to
4 New York City, on known formulas. Two, funding
5 that will come to New York State that could be
6 passed onto the city, subject to decisions of the
7 governor and the legislature. And three, funding
8 that will come through competitive grants. As a
9 result of these factors, the exact amount of aid
10 the city will receive is uncertain. While much of
11 the federal funding remains uncertain, we hope to
12 get some clarity and information currently known,
13 and the city's plans on implementing and
14 monitoring the spending of the stimulus funds.
15 ARRA requires funding recipients to prioritize
16 infrastructure investment projects that can be
17 commenced and completed expeditiously. In
18 particular, the legislation requires 50 percent of
19 infrastructure funds awarded through ARRA to be
20 allocated to projects that can be commenced within
21 120 days. Critical to the effective use of the
22 city's share of ARRA funds is the identification
23 of shovel ready projects that can be awarded and
24 started within the timeframes indicated. The
25 mayor's report, mentioned earlier, which was sent

2 to Washington, D.C. prior to ARRA's passage,
3 indicated that New York City had identified \$5.3
4 billion in five year capital plan projects, which
5 could be awarded within 90 days, and \$4.5 billion
6 in capital plan projects, which could be awarded
7 within 180 days, providing that funding was
8 available and that the projects met ARRA
9 eligibility requirements. During the February 9th,
10 2009 hearing, the director of the mayor's Office
11 of Operations assured the Committee on Economic
12 Development, that the administration would develop
13 the list of shovel ready projects on which it
14 wants to spend ARRA funds within two weeks after
15 President Obama signed ARRA into law. It is my
16 hope that such a list will be furnished for our
17 review today. Vital to New York City residents
18 and businesses is the transparency of the
19 allocation and spending process. New Yorkers
20 deserve to know how New York City's share of ARRA
21 funds will be spent. This is especially so
22 because these funds must be allocated quickly. A
23 process by which spending and allocation
24 information is readily accessibly to New Yorkers
25 must be developed and implemented. It is my goal

2 to obtain clarity on the administration's
3 transparency proposals during this hearing today.
4 Those invited to testify at today's hearing
5 including the director of the mayor's Office of
6 Operations, representatives of the Independent
7 Budget Office, the Coalition to Keep New Yorkers
8 Working, the United Federation of Teachers, the
9 New York Building Congress, the Regional Plan
10 Association, the Building and Construction Trades
11 Council of Greater New York, and the Citizens
12 Budget Commission, as well as representatives,
13 representatives of other concerned community,
14 labor and non-profit groups. We've been intro--
15 we've been joined by Councilmember Jim Gennaro,
16 from Queens, and--And we will now hear from Jeff
17 Kay, Director of the Mayor's Office of Operations.
18 Mr. Kay, do you have a prepared testim--prepared
19 statement?

20 JEFF KAY: I do. You should have
21 it. If not we can send it around.

22 CHAIRPERSON WEPRIN: Sure.
23 Proceed.

24 JEFF KAY: Good morning, Chairman
25 White, Chairman Weprin, committee members. My

2 name is Jeff Kay, and I'm the Director of the
3 Mayor's Office of Operations. I'm also joined
4 here today by the people behind me, various
5 members of the administration, who might be able
6 to help answer any questions that you may have,
7 after my testimony. I thank you for the
8 opportunity to speak to you today about the
9 federal economic stimulus package and its
10 potential impact to New York City. Since I last
11 testified before the Council, Congress passed the
12 American Recovery and Reinvestment Act, and
13 President Obama signed the legislation into law on
14 February 17th. The final bill contains \$787
15 billion in stimulus funding through a number of
16 new and existing programs, including
17 infrastructure spending, tax cuts, expansion of
18 unemployment benefits, healthcare, safety net
19 programs, and education assistance. Today, I want
20 to give you an overview of the funding we believe
21 that the City will be eligible to receive through
22 ARRA, and outline the process through which this
23 funding will be allocated and tracked, and
24 provide, and maintain transparent. While the
25 details of many of the programs included in the

2 federal stimulus package are still being
3 determined by the federal agencies that will
4 administer them, we believe that the City is
5 likely to be eligible to receive funding through
6 more than 60 programs in the stimulus package.
7 For the formula based programs, some of the
8 initial allotments have been made by Washington.
9 However, most are still expected in the coming
10 weeks. For the grant programs, many of the rules
11 and regulations, including eligibility
12 requirements for grants, have not yet been written
13 or released. This makes a thorough analysis of
14 the bill difficult, and has prevented us from
15 determining how the funding can be allocated for
16 several key programs as I will describe later.
17 However, our current estimate is that the city
18 could receive approximately \$4 to \$4.5 billion in
19 expense funding, and could receive approximately
20 \$500 million in capital funding over the next
21 several years. While this funding alone cannot
22 prevent or postpone the difficult decisions
23 required to balance our budget and close the
24 significant gaps projected for fiscal years 2010
25 and 2011, it will be help, will be able to help us

2 support critical services, allow us to proceed
3 with projects that we may not otherwise have been
4 able to fund due to current or proposed budget
5 cuts, and provide vulnerable New Yorkers with much
6 needed assistance. Each of the programs in the
7 stimulus package has requirements about how money
8 can be spent and how quickly it must be allocated
9 and committed. For capital projects, this means
10 that projects funded with stimulus money must be
11 shovel ready. And already have received all of
12 the relevant permits, environmental reviews
13 required to commence construction. In many case,
14 the City has no discretion over this process. In
15 the case of food stamps, for example, the monies
16 will flow directly to current food stamp
17 recipients in the form of increased benefits. Few
18 programs in the stimulus package provide the City
19 with much flexibility. Where we do have some
20 flexibility and discretion, such as transportation
21 spending, although there are some rules that I can
22 talk about in a little bit, we are committed to a
23 transparent and open process that enables the city
24 to commit and complete projects within the
25 timeframes required by Congress and the public to

2 easily track stimulus funding. Toward the end of
3 my testimony, I will detail our plans to provide
4 the highest level of transparency and
5 accountability of any city and state in the
6 country. As I outlined in my testimony last
7 month, the stimulus funding can be divided into
8 five categories: infrastructure and energy
9 efficiency, economic and workforce development,
10 social safety net, public safety and criminal
11 justice, and fiscal assistance. Today, I'll
12 provide you an overview of these funding
13 categories, as well as our vision for how these
14 funds should and can be used. The stimulus bill
15 presents an opportunity to restore many shovel
16 ready projects to the FY'09 and FY 2010 capital
17 program, that had been cut or pushed to out years
18 as a response to the economic crisis and credit
19 crunch. Federal funding to support these projects
20 will help the city meet its critical needs, while
21 creating thousands, by creating and savings
22 thousands of construction jobs. In identifying
23 the set of projects that will be funded with our
24 monies, the city will emphasize fix-it first
25 projects, repairing and maintaining our existing

2 infrastructure assets, with a secondary focus on
3 shovel ready projects that fund new construction.
4 Second, we will target stimulus funding in areas
5 of the city that have already been designed and
6 targeted for economic development efforts, and
7 where federal stimulus dollars can support the
8 city's local efforts for economic revitalization.
9 Third, of course the City will follow all ARRA
10 guidelines to ensure that federal funding does not
11 displace existing City investments where we are
12 required. The final stimulus bill will support
13 the City's infrastructure efforts through a number
14 of new and existing programs. What you see in
15 your, in the written testimony is a list of these
16 federal programs that we believe the city will be
17 eligible for, and the amount of funding the bill
18 provides nationally. They include highways,
19 energy efficiency programs, water programs, public
20 housing, and many other, smaller programs, as
21 listed. Within this--If you'd like, I can read
22 through them, but if not, I can continue. Do you
23 want me to read through these specific programs on
24 the chart?

25 CHAIRPERSON WEPRIN: You can skip

2 it, skim through it.

3 JEFF KAY: Within this category,
4 for economic and workforce development, within
5 this category, ARRA funding's directed to a
6 variety of goals, including workforce development,
7 attracting private investment and housing, so that
8 the City can improve its competitive position to
9 attract further private investment. Workforce
10 development funding will build on successful
11 existing city programs to help New Yorkers
12 identify, train for and access new jobs. We plan
13 to focus on making long term investments in
14 workforce training that prepares New Yorkers for
15 high growth potential sectors, and help develop
16 the skills needed for future job opportunities.
17 Training and support will also be targeted at new
18 and small businesses. Housing assistance funding
19 will be used to quickly rehabilitate and purchase
20 foreclosed and abandoned homes to stabilize
21 neighborhoods and encourage affordable housing
22 development. Again, below is a list of federal
23 programs we believe the City will be eligible for,
24 and the amount of funding it provides. For job
25 training, we believe that we'll receive money for

2 the Workforce Investment Act, the Community
3 Service Employment for Older Americans, state
4 employment service and redeployment grants, and
5 Wild Land Fire Management, as well as economic
6 development and housing proposals in the form of
7 the Neighborhood Stabilization Program, the Home
8 Investment Partnership Program, Economic
9 Development Assistance Programs, recovery zone
10 bonds, as well as recovery zone facility bonds.
11 For social safety net, the stimulus bill includes
12 investments that will allow the city to meet
13 emerging social needs, and mitigate the impact the
14 fiscal crisis. In some cases, the funding can
15 offset all or part of a recent or proposed budget
16 reduction. In other cases, it represents an
17 opportunity for new investment. The funding
18 categories for social services can be divided in
19 four sections: seniors, children and youth
20 services, social services, and health services.
21 The disbursement process for the funding includes
22 both formula driven grants, as well as competitive
23 grants. We are still waiting for guidelines to be
24 issued from the federal and state oversight
25 agencies, that administer most of these programs.

2 And therefore, we are unable to directly comment
3 on how the money can be used. We do know that
4 some of the money will come through a formula; in
5 some instances directly to the state, and in other
6 instances, directly to the City, or to other
7 recipients. For example, as I mentioned
8 previously, starting in April, food stamp
9 recipients will receive a 13 percent increase in
10 their benefit. This money will directly assist
11 over 1.3 million food stamp recipients in New York
12 City. In other cases, health services for
13 example, the funding will most likely be awarded
14 through competitive grants down in Washington. It
15 is important to remember that the stimulus funding
16 is temporary, therefore respect to the City
17 budget, we need to ensure that we have a long
18 term, sound fiscal plan. Agencies will consider
19 restoring pegs where funds require targeted
20 spending and the need is growing. We also want to
21 satisfy current unfunded costs in the agency
22 baselines, while at the same time invest in
23 innovative new approaches that addresses the
24 increased need in the short term. It's important
25 to note that for all of the stimulus initiatives,

2 it's essential that the state at a minimum
3 maintain existing formulas for allocating social
4 service funding to localities. It's also critical
5 that the state doesn't reduce block grant funding,
6 and in fact passes the funds made available
7 through our, onto New York City, in order to make
8 sure that the most vulnerable families can receive
9 the support they need in these difficult times.

10 You see a list of programs that we think the city
11 is eligible for. They include food stamp
12 assistance, childcare development block grant,
13 Head Start, foster care reimbursement, community
14 services block grant. In addition, there are a
15 number of competitive grant and other formula
16 programs in health services and social services,
17 including homeless prevention and child support
18 incentive fund. In the area of public safety
19 criminal justice, the stimulus bill creates a
20 number of funding streams, most of which add money
21 to preexisting public safety grants. These grants
22 fund a range of public safety programs, from
23 hiring police, to assisting victims of domestic
24 violence, protecting ports against terrorism. New
25 York City will receive \$29 million in Justice

2 Assistance grants. We also expect to receive
3 funding to hire some new police officers through
4 the Community Oriented Policing Services program,
5 known as COPS. Unlike formula grants, the cops
6 hiring funds are distributed based on a nationwide
7 competitive process. Based on past allocations,
8 we can estimate that we might receive roughly \$70
9 million, or enough to hire approximately 260 new
10 officers. However, we do expect that there will
11 be a lot more localities competing this year,
12 because the stimulus bill waives the local match
13 requirement that is normally part of the program.
14 But we are hopeful that we will receive our
15 historical share. But there is that possibility
16 we will receive less, it is a competitive grant
17 process. New York City can also compete at the
18 state and federal level for roughly \$535 million.
19 We've identifies two of these competitive programs
20 with the greatest potential for funding: the
21 Burn Competitive Grant and Justice Assistance
22 grants allocated by the state. The stimulus bill
23 allots \$225 million for Burn Competitive Grants
24 nationwide. In addition, the Department of
25 Justice just announced it is allocating \$67.3

2 million to New York State in Justice Assistance
3 grants, which the state can offer to local
4 government through its Division of Criminal
5 Justice Services. The Justice Department has not
6 yet announced the detailed criteria or deadlines
7 for applying for these stimulus funds. However,
8 we are reviewing the historic requirements for
9 each grant, value adding potential grant proposals
10 and working with the Justice Department and the
11 State, to ensure that our applications will be
12 fully and fairly considered. Following is a list
13 of federal programs we think we can get in the
14 areas of public safety: the Justice Assistance
15 grants, Burn Competitive Grants, the cops hiring,
16 Homeland Security and FEMA funds for ports,
17 victims compensation, and some others. In the
18 world of community development block grant, the
19 stimulus bill included an allocation of about,
20 approximately \$50 million to the City of New York,
21 through the Community Development Block Grant
22 Program. While the CD Block Grant provides us
23 with probably the most flexibility, it still does
24 have some certain restrictions on how it can be
25 used. CD money can only be used in CD eligible

2 locations throughout the city, and only 15 percent
3 of the money can be used for certain public
4 services, unless a waiver is granted. Currently,
5 the City uses the CD Program to support programs
6 such as graffiti removal, and emergency repairs at
7 HPD. Unfortunately, the City's allocation of the
8 CDBG grant has steadily declined over the last
9 several years, and funding gaps have occurred in
10 many of these programs. In order to determine how
11 we will use this new allocation, we will examine
12 our current uses, and determine if there are
13 funding shortfalls. And we will also look to see
14 how we can leverage this and other federal
15 stimulus dollars, to provide the maximum benefit
16 to our communities, experiencing the highest rate
17 of foreclosure, or at risk of high foreclosure
18 rates and urban blight. In the areas of fiscal
19 assistance, as mentioned in my previous testimony,
20 the City expects to receive a significant amount
21 of fiscal relief from the stimulus proposal, both
22 in the form of education dollars and new FMAP
23 funding. While the City's budget director, Mark
24 Page, will be able to discuss these issues in more
25 detail next week, when he testifies in front of

2 the Finance Committee on the City's preliminary
3 financial plan, I would like to explain some of
4 the facts behind these programs, and some
5 challenges. First, as many of you know, the
6 City's financial plan assumed that we would be
7 receiving \$2 billion from the federal stimulus
8 bill in FMAP dollars over the next two years.

9 That's a program that provides increased share of
10 federal aid for medical, Medicaid expenditures.

11 In fact, based on the final language, we expected
12 at least \$2.1 billion and possibly more. Our
13 assumption was based on language that we worked on
14 with the entire New York Congressional delegation,
15 that was drafted to ensure that the State would
16 share the FMAP dollars with localities based on
17 actual Medicaid expenditures. However, just
18 yesterday, it was announced that Albany would only
19 provide, be providing the City with \$1.9 billion
20 for Medicaid over 27 months, which would mean at
21 least \$200 million less than Congress intended.

22 Effectively, the State has interpreted the
23 language that was inserted into the stimulus bill
24 to protect localities in a way that allows them to
25 disregard actual Medicaid expenditures and take

2 more money for the State directly from the City's
3 share. It is also possible that depending on the
4 final State budget, and potential growth in
5 Medicaid expenditures, that this amount will
6 actually decline, creating a larger budget gap for
7 the City of New York. As a result, the state has
8 effectively walked away from its commitment to cap
9 Medicaid expenditures for local governments.

10 Second, the stimulus bill allocates a significant
11 amount of money directly to Title I schools, and
12 sizable amount of money to the State in the form
13 of a state fiscalization stable--state fiscal
14 stabilization grant, which is to be used to
15 prevent education cuts to localities. However, it
16 is not up to the governor and the legislature to
17 actually use this fiscal stabilization grant to
18 restore education to the State's Campaign for
19 Fiscal Equity commitment. In addition, we've
20 asked that in order to provide an equitable
21 distribution of education dollars, that the State
22 provide us with the necessary flexibility,
23 particularly in regards to the requirements under
24 the Contract for Excellence. Below is a list of
25 other federal programs that we can actually expect

2 some fiscal relief. We talked about Title I,
3 which is directly to the City schools. IDEA, the
4 State Fiscal Stabilization Fund, and Enhancing
5 Education Through Technology, qualified zone
6 academy bonds, qualified school construction
7 bonds, Teacher Incentive Fund, and the FMAP
8 proposal. As it relates to transparency and
9 accountability, they're vital to the stimulus
10 package success, and New York City is absolutely
11 committed to providing the highest levels of
12 accountability and detail to match and supersede
13 any state or local government in the nation. As I
14 announced at the last hearing, several weeks ago,
15 we will attract stimulus funds all the way from
16 the initial allocation to the City, to their
17 distribution to City programs or capital projects,
18 through every step of the contracting process, the
19 financial process, and payments for project
20 worked, to even the ultimate impact of each funded
21 project on the lives of New Yorkers. And we will
22 post all this information on our interactive
23 website, which is very similar to our City wide
24 performance reporting dashboard, which has
25 received awards and is noted as one of the most

2 transparent and interactive website of any City in
3 the country on how the City is doing. Through
4 this resource, citizens will be able to
5 specifically see how funding sources are
6 distributed to capital projects in other city
7 programs; track key performance measures, such as
8 jobs created, showing how these projects and
9 programs benefit the City; drill down to see
10 details of the process, such as the start and the
11 end days of construction projects; the status of
12 contracting steps for out source projects, as well
13 as actual payments to vendors. This will help
14 hold City government accountable by easily
15 identifying progress toward program goals. Thank
16 you for the opportunity to testify about this
17 issue, and to share our thoughts. I'd be happy to
18 answer any questions that you may have.

19 CHAIRPERSON WEPRIN: Okay, we've
20 been joined by some more colleagues. We have
21 Councilmember Peter Vallone, Jr., from Queens; we
22 have our majority leader, Councilmember Joel
23 Rivera from The Bronx; we, I introduced
24 Councilmember Gennaro, you had just stepped out,
25 but he, he's returned. We have Councilmember Alan

2 Gerson from Manhattan. And I'm going to turn it
3 over to my co-chair, Tom White, for a brief
4 statement. Chair White?

5 CHAIRPERSON WHITE: Thank you very
6 much. Good af--Good morning, Mr. Kay.

7 JEFF KAY: Morning.

8 CHAIRPERSON WHITE: You kept
9 referring to our meeting on the, on the 9th of
10 February, and as our concern then, as it is being
11 played out now, that because we did not have a
12 clear, a clear, clear insight into what the
13 priorities the City had when the stimulus package
14 came down. We did not know how much money, and
15 where, the mayor was going to actually put that
16 money. Now we find ourselves in, in the position
17 whereby we're being shorted some \$200 million in
18 the first year of, of the stimulus package. As
19 you said in your testimony about the, the
20 anticipated, we were supposed to \$1.9, we only get
21 \$1.9 billion in the first year, and I believe it
22 was \$2.8 billion in the second year. And we're
23 not going to get that. We're going to be short
24 \$200 million. And, and the interesting part of
25 your testimony is when you say the State's

2 interpretat--interpreted the language that was
3 inserted in the stimulus bill, to protect
4 localities in a way that allows them to disregard
5 actual Medicaid expenditures and take more money
6 for the State directly from the City's share.
7 Now, when you say that interpretation, what
8 interpretation did the State have? And what was
9 the, the intent of the federal government with the
10 money coming to the State, to the City?

11 JEFF KAY: First, let me take a
12 quick step back. The FMAP dollars, and we had
13 talked at our last hearing on I guess February 9th,
14 which was prior to the final bill, and knowing
15 where it was, we had assumed at that point that we
16 were going to be receiving a billion dollars a
17 year in the FMAP for fiscal budget relief, and
18 \$2.1 billion over 27 months. And that's because
19 we worked with both houses of Congress, Senator
20 Schumer and Congressman Rangel, as well as all the
21 members of the congressional delegation, in
22 drafting language that ensured and allowed that
23 the Medicaid dollars coming to the State of New
24 York would be shared with localities. We are one
25 of the very few states in the country with such a

2 large local share. What I mean by that is, you
3 have Medicaid expenditures, which are typically
4 split 50 percent by the federal government, and 50
5 percent non-federal share; which in the State of
6 New York is split between counties, the City of
7 New York, and the State government. Several years
8 ago, the State took, took over a, and they
9 instituted a cap, because Medicaid was growing at
10 exponential amounts. They said each year the
11 City's share and the localities' share can be no
12 greater than three percent higher than the
13 previous year. In 2001, after September 11th, this
14 exact language was also inserted into the Federal
15 Recovery Bill for the City of New York. This
16 required the State to share equally. Based on how
17 much money we spend on Medicaid, you take that,
18 you take the Medicaid dollars and the increased
19 federal dollars, and you split it between the
20 local governments and the State of New York, based
21 on actual Medicaid expenditures. And they did
22 that. Fast forward to today, we have learned last
23 night that the State is no longer basically
24 applying the cap. They are saying you had 66, we,
25 that you had a 66/34 percent non-federal share; so

2 they had 66 percent and we had 34 percent, and we
3 can provide you with more details on numbers on
4 that next week, at the fiscal hearing. And
5 instead of sharing that, instead of sharing it
6 based on actual expenditures, so in fact it would
7 grow this year, 'cause Medicaid is growing, you're
8 going to keep the same share that, that you used
9 to keep. Essentially, they're keeping a much
10 greater share of the FMAP dollars, as high as 70
11 to 80 percent, and I can provide you with more
12 detailed numbers after this hearing on how that
13 works. They've disregarded the cap. And so they
14 have taken a greater share of the localities'
15 money.

16 CHAIRPERSON WHITE: Well, I do not
17 see how we could just sit here and stand by and
18 allow our fair share of what the, the City should
19 have coming to it, to be interpreted by the State
20 to say that our fair share we should not get. I
21 would, I would like to say that I had a meeting
22 with my congressional delegate, when they were
23 formulating this, as I stated in the February 9th
24 meeting. And it was my understanding that the
25 delegation wanted to know what each congressional

2 district needed, so that when the money came down,
3 it would come directly to the City and go into
4 those areas that were shovel ready as part of what
5 the, the mayor had as shovel ready because that
6 was not very specific. But this money is very
7 specific.

8 JEFF KAY: This money is, well is
9 specific in that it is intended and it's supposed
10 to be used for budget relief, not for any specific
11 projects or anything to that matter, but it's
12 intended to provide budget relief for the state
13 and for the City of New York.

14 CHAIRPERSON WHITE: So my, my
15 recommendation is that, and to, to my Chair and
16 my, my colleagues, is that we come up with a, a
17 position and make it strong and clear that we will
18 not stand by and see the City of New York not get
19 its fair share of the stimulus package. To give
20 us the necessary relief that we need, in order to
21 move ahead. I don't think this is a
22 administration issue, or a legislative issue.
23 This is a joint issue that affects every City New
24 Yorker that we all represent. So I'm not going to
25 waste a lot of time going through the nuts and

2 bolts, other than the fact that there was an
3 interpretation made, or people assume there was,
4 they could make that interpretation, and that we
5 should go back to our New York delegation and get
6 it clear what can be interpreted, interpreted,
7 and what cannot be interpretate--. And if that
8 interpretation is wrong, then we want our fair
9 share because we need our fair share. We have
10 hospital closings, I got two hospitals. The Chair
11 and myself, and the majority leader, we have
12 hospitals closing out there, Mary Immaculate and,
13 and St. John's. There's no, and 200,000 people
14 who will not get medical services. We cannot play
15 with this, and just can't take it as a, as a, a
16 budgetary administrative interpretation. So, Mr.
17 Chairman, and my colleagues, I think that we
18 should take a position on this interpretation, and
19 join hands with the mayor, and speak to the
20 Speaker, and let it be known to the State, and the
21 Governor, or representatives. We all have
22 representatives in the State, the Assembly and the
23 Senate, as well as our congressional delegation,
24 and move forward on what I perceive as an
25 injustice to the City of New York. Thank you very

2 much.

3 CHAIRPERSON WEPRIN: Yeah, I'm, I'm
4 in full agreement, and obviously this statement
5 from the State just came down last night. So, you
6 know, we're still kind of digesting it, and
7 obviously we're hoping that the other areas will
8 not be as affected. But as Mr. Kay rightfully
9 pointed out, we kind of, this is kind of a little
10 bit of a déjà vu, post-9/11. If you remember when
11 we were getting our reimbursement to New York City
12 for the direct attack on the United States of
13 America, through New York City, the money flowed
14 through the State rather than directly to the
15 City, and I know we went through our own little
16 internal battle then, and we thought we had been
17 over that. And we wouldn't be in a situation
18 where we'd have to be battling again with the
19 State, for the money that clearly, clearly is
20 defined as belonging to the City, as intended, you
21 know, by the numbers. So, you know, clearly we
22 will not stand back without raising our voices
23 and, and hopefully, you know, we'll, we'll keep
24 the argument alive. And we'd hope that the
25 administration feels the same way and would do the

2 same thing.

3 JEFF KAY: We look forward to
4 working with you on that, absolutely.

5 CHAIRPERSON WEPRIN: Okay, I've got
6 a number of questions, but Councilman Fidler has
7 to chair an Education Committee on, on behalf of
8 Chairman Jackson. So, he said he had one quick
9 question to ask, and I'll just allow him to ask
10 that question before he leaves.

11 COUNCILMEMBER FIDLER: Thank you
12 very much, Mr. Chairman, I do very much appreciate
13 the prerogative. Mr. Kay, as a councilmember who
14 frequently disagrees with the Bloomberg
15 Administration, I have to tell you I find this a
16 wonderful kumbaya moment, because I find myself in
17 agreement with what you're saying, and if I could
18 summarize your testimony in one thought, it would
19 be, you know, as to how the stimulus package is
20 going to New York City, it's we don't really know
21 yet. There's a lot of good stuff that should be
22 coming. Exactly how much and exactly what
23 programs we can't say for sure, but as usual we
24 have to keep a watchful on Albany to make sure
25 that they don't do what they very often do, which

2 is shaft the taxpayers of the City of New York.

3 Would that be a fair assessment of your testimony,
4 without the colorful--

5 JEFF KAY: Without the colorful
6 lines, I think that's a fair assessment.

7 COUNCILMEMBER FIDLER: Yeah, okay.

8 I do have one, one question, and I have, and my
9 colleagues here in the Council know this. I've
10 been talking for the last year-and-a-half or so
11 about one particular type of alternative fuel
12 vehicle, and that is the hydrogen fuel cell. And
13 I've had conversations with the mayor's office of
14 sustainability and with EDC about a pilot program
15 that we are trying to put on the ground here
16 regarding hydrogen fuel cells in the City of New
17 York, and I, I noticed in your written testimony
18 you said you'd have someone here from EDC. And I
19 see there's a large pot of money available for
20 alternative fuel pilot programs in this stimulus
21 package. Can you tell me what the status of that
22 pilot program is, and whether or not you intend to
23 apply for some of that money, so that we can
24 perhaps make New York the leader in hydrogen fuel
25 cell technology in this country.

2 JEFF KAY: I will, the alternative
3 fuel vehicle pilot grant program is run out of the
4 U.S. Department of Energy. We've been in constant
5 contact with the Department of Energy, not only on
6 this program, but as well as the energy efficiency
7 conversation block grant, and Diesel Emissions
8 Reduction Act grants and loans. As you indicated,
9 we, through our Office of Sustainability and
10 PlanNYC, are very aggressive in trying to get as
11 many alternative fueled vehicles out there. We
12 certainly intend to apply, to the extent that we
13 can, for all money in the energy efficiency stuff,
14 to look at all sorts of alternative fuels; for our
15 regular light duty fleet, even possibly for heavy
16 sanitation fleets; whether it includes hydrogen or
17 hybrids or battery electric vehicles. The trick
18 as I indicated is the U.S. Department of Energy
19 has not yet released the rules of the program.
20 The U.S. Department of Energy was inte--was
21 supposed to, and they had announced they were
22 going to release the rules of the energy
23 efficiency block grant two weeks ago. They have
24 still not yet put up the guidelines. They just
25 sent out, I think, yesterday, how do you, it's

2 called "Connect." Basically it's a registration.
3 We're not even entirely sure what our allocation
4 is going to be for that proposal. We estimate
5 it's about \$140 million over two years. The
6 alternative fuel pilot program will be a
7 competitive grant program. So we will, we will
8 apply, we will be as aggressive as we can on all
9 of the energy money. We have made a commitment,
10 probably one of the largest commitments in the
11 country, to reduce our greenhouse gas emissions
12 and our energy emissions 30 percent by 2017. And
13 this is a significant way to do that, is by
14 piloting and using as many alternative fueled
15 vehicles as possible.

16 COUNCILMEMBER FIDLER: Well, as you
17 know, hydrogen is a zero emission technology. I
18 mean, being able to turn over the automotive
19 industry to that technology would do more to clean
20 our air than any other thing that we could do, on
21 the face of this planet. So I encourage you to
22 apply for that and to press that particular pilot
23 program forward. And I offer whatever support I
24 can give, whatever cooperation I can provide,
25 towards that application. And I ask that you keep

2 me in the loop on that.

3 JEFF KAY: Absolutely.

4 COUNCILMEMBER FIDLER: And again I
5 thank you, Mr. Chairman, for allowing me to ask
6 those questions out of turn.

7 CHAIRPERSON WEPRIN: Thank you,
8 councilmember. I'm just going to ask a couple of
9 quick questions, then I'll turn it over to
10 Chairman White, and to the rest of the members.
11 Mr. Kay, during the initial federal stimulus
12 hearing on February 9th, it was stated that a list
13 of shovel ready projects would be provided within
14 two weeks of President Obama's execution of the
15 American Recovery and Reinvestment Act, ARRA, I
16 guess as you referred to it. President Obama
17 signed ARRA into law on February 17th 2009. Is the
18 City's project list ready for release and review,
19 and if not, what are the reasons for the delay?

20 JEFF KAY: Well, let me, let me
21 say, what I had sad was, when the bill's passed
22 and we know what the rules are, within two weeks
23 of that time we would release our projects. And I
24 think that's fair to say that what you said is
25 accurate. What we have now found, after reading

2 the 1000 pages, is that in many cases, as I said,
3 we don't know what the rule are. I don't even
4 know what my allocation's going to be. We don't
5 know how much money to expect from our water
6 infrastructure projects from the State of New
7 York. We don't know how much money we can get
8 through the Transportation program from the State
9 of New York. And we had expected that once it was
10 signed, that that would be clear and evident. So,
11 as soon as we know what our allocations are, we
12 will be able to release that. We are looking at
13 all of the guidelines, and I have to stress that
14 they are changing. Let me give you an example.
15 For Transportation dollars, what we found after we
16 read through the bill, is that the only projects
17 you can spend the ARRA dollars on in
18 transportation, were those that went through all
19 the approval processes, through what they call the
20 tip through the New York Metropolitan Planning
21 Organization, as well as the STIP [phonetic]. It
22 needs to have all the environmental reviews. And
23 so that has limited our pot of money. Not our
24 pot, I'm sorry, our available projects for this
25 program. We're also receiving guidance from FHWA

2 every single day of what you can use and what you
3 can't use. And so frankly on transportation,
4 we're waiting to get our allocation from the State
5 of New York, to see how much we should get. We
6 think, based on past allocations, we should get
7 over \$200 million. We've yet to have been told
8 what that allocation is. On water infrastructure,
9 we have been pushing the State of New York to
10 provide the programs, as much share as we possibly
11 can, and also through direct grants, rather than
12 loans. They've yet not to tell us whether it will
13 be all grants or 50/50 loans or grants, and have
14 yet to tell us what the allocation is. So, short
15 of knowing what the rules are, and short of
16 knowing what the competitive grant process is, we
17 have not yet submitted a list to Albany, have not
18 yet submitted a list to Washington, since the
19 grant rules are not out, and the deadlines have
20 not even been set in most cases. We are working
21 to follow the rules and internally putting them
22 together. But as we had mentioned before, we've
23 heard a lot of projects that have been provided
24 from City council members, if there are a list of
25 projects that you want to provide, I think that's

2 fine. We will review them. But we need to make
3 sure that they follow all the rules and receive
4 the approvals necessary and required to spend
5 those stimulus dollars. And I think that's a
6 constraint that upon reading the 1000 page bill,
7 and the conference report that went along with it,
8 ultimately complicated that effort to get projects
9 out fairly quickly. In fact, the state, I know
10 that the papers have written about it recently,
11 even today's article, talked about how the state
12 has still yet to have been able to really
13 understand and decide how to allocate some of
14 those transportation resources. Since they're
15 still looking at the rules and the guidance, and
16 trying to figure out where to put them, in the
17 City or the State of New York. We've been in
18 constant contact with the State of New York. I
19 spoke to the Governor's office this morning, their
20 infrastructure secretary on my way in this
21 morning, to talk about the transportation
22 allocation, to find out what's going on with the
23 water allocation. And they're certainly aware
24 that we, probably more than any other city in the
25 State of New York, can spend more money on shovel

2 ready projects than probably anyone else. I think
3 what we're waiting on is to find out how much
4 they're actually going to give us. And what the
5 rules of the game are going to be.

6 CHAIRPERSON WEPRIN: As soon as you
7 know, will be make sure that you give us a
8 detailed list?

9 JEFF KAY: Absolutely. We are
10 working under the assumption that we have
11 approximately \$200 million and we're putting that
12 through now, and combing through the rules, and we
13 will certainly be able to let everyone know when
14 we know the allocation, and we will post it when
15 we know how we want to spend it. We will map it,
16 you will see it on a website, specifically how
17 much money, where it's going, when we want to
18 spend it, and where it is in the City of New York.

19 CHAIRPERSON WEPRIN: Okay. And
20 taking the next step on that, on, in the area of
21 transparency, can you update these committees on
22 the administration's plan to develop a
23 transparency mechanism, such as a searchable
24 database, for the tracking of the federal stimulus
25 money that's received and spent by various City

2 agencies.

3 JEFF KAY: Absolutely. I would
4 suggest that we're going to do this in three
5 phases. And that's because we are committed to
6 providing the most transparent and interactive
7 website for the public. The first phase we
8 expect, very, very, very shortly, which is
9 essentially a static website just to give
10 information out to the public of what's in the
11 program. What you'll see is a lot of the charts
12 that I gave in the testimony, and just to give
13 people some resource. What I do expect, hopefully
14 by the end of March, is to have a full website up
15 where you can click on any funding program, get
16 any list that we've either applied for or
17 allocated, get a further link on the entire
18 procurement process, the entire financial process,
19 and be able to look at that information. And in
20 fact, we're looking to see if we can map it. So
21 will have a pretty exhaustive website up by the
22 end of the month. By the time May comes around,
23 and we'll be working with our, with our, in
24 conjunction with our CPR dashboard, we will make
25 it as interactive as possible. So there'll be no

2 information withhold until May, we will put--As
3 soon as information we have, will be up on the
4 web. The format for which you see it will get
5 more interactive and more easier as we go forward.
6 But, by the end of March, well, let me start, as
7 soon as we have a project, it will go on the web,
8 and you will see all the information as possibly
9 can. By the end of March, we will have built this
10 transparent website system, where I am sure you
11 will all be pleased with the amount of
12 transparency and the interactive nature of, of the
13 dashboard.

14 CHAIRPERSON WEPRIN: Okay. You
15 know, we appreciate the efforts the administration
16 is making on transparency, but the Council would
17 like to be part of that process. Is it possible
18 to reach out to us in these committees, so we can
19 kind of have a little input before it's finalized?

20 JEFF KAY: I--I, absolutely, I'll
21 be more than happy, over the next few weeks, to
22 show screen shots, I have some screen shots now,
23 to get your feedback if you feel it's more
24 transparent or not. And we're working through
25 that now. So that would, I would welcome that.

2 CHAIRPERSON WEPRIN: That'd be very
3 much appreciated. And then my final question, and
4 I'll turn it over to Chairman White, and to the
5 other members that are here. Is, has your office
6 provided an analysis or assessment on the effect
7 of the stimulus on business and income taxes in
8 particular, and if so, what have you found; and if
9 not, do you plan to conduct such an analysis?

10 JEFF KAY: As of this moment, we
11 have not done an analysis as far as I'm aware in
12 my office, or throughout, of all the various
13 business tax proposals that the federal government
14 is now providing. I will talk to our Economic
15 Development Corporation after this hearing to see
16 what they have. We have been focusing for the
17 moment, at least centrally, getting as much money
18 for the City of New York as we possibly can. But
19 I'll, I'll reach out to EDC and our Department of
20 Finance to see if there has been analysis on how
21 the federal tax changes will affect our small
22 businesses, and other residents.

23 CHAIRPERSON WEPRIN: Do you
24 anticipate coming to this Council and to the
25 Finance Committee with a budget modification to

2 input some of this?

3 JEFF KAY: The budget process for
4 which these projects will be worked through is one
5 that you're very familiar with. For federal
6 money, they are considered categorical grants, but
7 any sort of money that we receive will have to put
8 in the budget and passed by the Council where
9 appropriate. I think Mark Page at next week's
10 hearing will be able to talk to you a little bit
11 more about that. A lot of the programs that we
12 get will be assumed primarily, assuming the
13 information's out and the executive budget, which
14 they will produce, which as you know, is done and
15 adopted as a partnership. And any, anything using
16 city money, certainly needs to be approved by the
17 City Council. On any new federal money and
18 federal categorical grants, as I mentioned,
19 there's those rules and restrictions, but
20 certainly if you have ideas on what you want, I
21 would suggest please send them as we can and we'll
22 review them to see if they get through the--see if
23 they can get through the process, be--meet all the
24 rules, and meet what we're trying to accomplish
25 with you, which is to spend as much money as we

2 can on shovel ready infrastructure, and get that
3 money targeted in targeted ways to communities, to
4 get that money and workforce opportunities in ways
5 that will provide a maximum benefit to the City.

6 CHAIRPERSON WEPRIN: Thank you, Mr.
7 Kay. I'm going to turn it over to Chairman White
8 for any further questions.

9 CHAIRPERSON WHITE: Thank you very
10 much, Chairman Weprin. I would like to as, in
11 terms of the, in housing, the, is there an
12 estimate on how much funding the City will receive
13 for the creation of affordable housing stock? And
14 what are the priority projects for which said
15 projects would be used?

16 JEFF KAY: [pause] On housing, and
17 I'll look to, is Molly here? Why don't you go? I
18 just lost my HPD staffer. With that said, there
19 are two big programs for housing, the Neighborhood
20 Stabilization Program, which was in existence and
21 we received money for in the past. We believe,
22 and if I will double check to see that it will be
23 another competitive grant program, to get
24 additional money to the City of New York, so we're
25 not aware of how much we're going to get, although

2 I do believe we, we will get. And in addition to
3 that, there is a significant amount of low income
4 tax credit money, which is intended to supplement
5 the tax credit proposals that are out there now.
6 So it's my understanding that as the credit market
7 and the housing tax credit market has dropped, a
8 lot of development projects that we're assuming
9 that they can use this money for a tax credit,
10 whatever it's worth, 60 percent or 70 percent,
11 this money's supposed to come to supplement that,
12 to get a greater subsidy back into the program.
13 And so that, my understanding is intended to go
14 for projects already up and assuming those low
15 income housing tax credits. But this in fact,
16 will help save those projects from falling off and
17 development not happening. As we get and find out
18 how much of this neighborhood stabilization, the
19 NS program, the NSP money, we will be able to, to
20 explain how we plan on using it. The last time we
21 received NSP money, we used the money at HPD to
22 acquire and rehab low income housing, which we
23 did. And pus that back out. When we find out how
24 much we're going to get, and if there is any
25 changes or rules to the NSP program, we'll have to

2 work and make a decision about how we'd want to
3 use that. So, short of, again, knowing the rules
4 and knowing how much we're going to get, at this
5 point, I can't tell you what projects we're going
6 to spend it on, because we're not entirely sure
7 what the program is or should be.

8 CHAIRPERSON WHITE: Okay. Well,
9 that would bring me to NYCHA. How much funding
10 would NYCHA receive, and, and for what purpose?
11 And would this funding help close NYCHA's current
12 fiscal deficit?

13 JEFF KAY: NYCHA's actually one,
14 one program where we did receive an allocation
15 directly from the federal government. The NYCHA,
16 the NYCHA plan is broken into, actually the public
17 housing plan nationwide is broken up into two
18 pots. About \$3 billion of the \$4 billion is in
19 formula grants directly to public housing
20 authorities. And it's our understanding, it's my
21 understanding that NYCHA will be receiving
22 approximately \$425 million to spend on shovel
23 ready projects. NYCHA's working on those now,
24 they're going to be looking at their needs, to
25 make sure that the money can get out the door,

2 that the designs are up. It needs to be obligated
3 within a year. Actually needs to be spent within
4 a year. And priority needs to be given to certain
5 areas throughout the city, and so they're doing
6 that. The other billion dollars that's going to
7 be available from HUD is on a competitive grant
8 basis, so NYCHA will be waiting to find those
9 rules, and they will apply for that. I do expect
10 NYCHA to have a list and some list of projects of
11 how they plan on using that allocation, which they
12 just received, I think less than a week ago, or
13 maybe a week ago, the allocation was received, in
14 which developments that they're going to spend
15 that money on. But it is going to be spent on
16 core infrastructure, whether it be roofs or brick
17 or façade work, to the extent that contracts are
18 in place and we get the money out the door, they
19 will be spent and used on elevator projects, and
20 to, and to help that. but as you know, the,
21 NYCHA's fiscal situation, I am not the expert on
22 that, I think they are, and you can speak with
23 them about that, but this does provide additional
24 dollars to the tune of \$450 million over the next
25 two years for NYCHA, for their capital program.

2 CHAIRPERSON WHITE: Okay, I just
3 want to ask one more question, and I'll allow my
4 colleagues to ask, and I'll come back. But in the
5 area of public safety, it is our understanding
6 that certain funding, funding for the NYPD would
7 be obtained via competitive grants. As of
8 February 9th, at the February 9th hearing, the
9 guidelines for obtaining those funds were unclear.
10 Can you provide details as to those grants,
11 guidelines, and how much funding the City will
12 expect to receive?

13 JEFF KAY: Most--As I mentioned - -
14 Oh, as I mentioned in the, in the testimony, we
15 are working with the Department of Justice, to
16 find out what the rules of the road will be,
17 specifically on the cops program, which would go
18 to hiring actual police officers. What we do know
19 is the local match requirement is waived. But as
20 I mentioned on February 9th, and again today, it is
21 a competitive grant program. We will have to
22 apply to the Department of Justice to see how much
23 money they're going to give us. Based on historic
24 allocations, based on what we used to get, or what
25 we usually get from cops, we would expect about

2 \$70 million, which could support 260 police
3 officers. I can't tell you today that we're going
4 to get that amount of money, I can't tell you that
5 we shouldn't be asking for more, we should be
6 asking for as much as we possibly can. But until
7 those rules are out, and until we know what
8 they're going to be, I can't sit here and tell you
9 exactly what we're going to get, because that,
10 that's where we stand. With that said, I know our
11 criminal justice coordinator's office, and, is
12 working closely with the Department of Justice to
13 say, "Hey, what's going to go on? When are the
14 timelines due? When do we have apply for? And
15 how you're going to allocate that." So, I know,
16 you know, back in, a couple of weeks ago, or back
17 in February, I came here to tell you what we knew,
18 and what we knew was there was a House proposal
19 and a Senate proposal. And I told you what we're
20 trying to do to get as much money as we can. I
21 was hoping, as I think others were, by this time,
22 we would know what the rules are. And so the best
23 I can do is tell you what we know. I know where
24 we need to look, I know for those we have to work
25 to the State Department of Criminal Justice

2 Services, and we know we need to for Department of
3 Justice. But until that comes out, I can't tell
4 you what we're going to get, because they haven't
5 told us.

6 CHAIRPERSON WHITE: Well, I, I
7 bring that to the fore, and we need that
8 information as soon as possible, then we can use
9 as much money as we, as feasibly possible, because
10 when you take a look at the, the forecast in terms
11 of the numbers of unemployment, when you have high
12 unemployment, crime rises. When you have high
13 foreclosures, you know, you get a lot of things in
14 communities you don't want . And in my area, in
15 District 28, I have the highest foreclosure rate
16 in the City of New York, and Queens County has the
17 highest rate of foreclosures in the entire city.
18 So, when I take a look at this, I mean, we need
19 our faire share, I don't want to take away from,
20 from other districts, but we're in desperate need
21 of more police officers, due to the foreclosure,
22 due to the high unemployment. And I'd like, you
23 know, to, for you to take a look at that, and I
24 would like to know those numbers in terms of how
25 many police officers we're going to get, and what

2 class, plus the retention because when we get new
3 police in, we may get 100 police, but 50 police
4 officers may be retiring. So we wind up with
5 really 50. So, I just want to make that statement
6 to you, that I'm interested in the amount of
7 police officers that we have to go to the Academy,
8 how many we have to put back on the street, and
9 take into account the, the retirement of officers
10 leaving. Okay?

11 JEFF KAY: Absolutely, as soon as
12 we know any of this information, we're committed
13 to putting it out there.

14 CHAIRPERSON WHITE: Okay, thank
15 you.

16 JEFF KAY: - - criminal justice - -

17 CHAIRPERSON WHITE: Mr. Chairman?

18 CHAIRPERSON WEPRIN: Yes, thank
19 you, Mr. Chairman. We've been joined by
20 Councilmember Diana Reyna, from Brooklyn and
21 Queens. And the next questioner, someone also
22 concerned about public safety I know,
23 Councilmember Peter Vallone, Jr.

24 COUNCILMEMBER VALLONE: Yes, thank
25 you, and let me start with that topic. I've ready

2 your testimony, I listened to it, and I am very,
3 very disappointed in this stimulus bill. You
4 estimate that we might receive roughly \$70
5 million, or enough to hire 260 new officers.

6 That's chicken feed for what should be our number
7 one priority. We lose 1,500 to 2,000 officers per
8 year, doing nothing, just to attrition. And you
9 cancelled the entire 2010 class. There is not one
10 cop scheduled to go into the Academy January 2010.

11 So, even if this, if we do the, as, as well as we
12 can possibly do, this is chicken feed for what
13 should be our number one priority. Without safe
14 streets, without more police officers, there will
15 be no economic recovery in New York City. We
16 learned that lesson in, in the '90s. I'm not
17 blaming you, this is not your fault, this stimulus
18 bill, but I do agree with my chair, that this is,
19 this is nowhere near enough. And this needs to be
20 your number one priority, getting more money. You
21 say here, the stimulus bill allots \$225 million
22 for Burn Competitive grants nationwide.

23 Nationwide! \$225 million nationwide. That
24 doesn't even replace on year of our lost police
25 officer classes, \$225 million. This is a

2 pittance, it's a joke, this stimulus bill money
3 for public safety. Now, let me move onto the
4 State stealing more of our money, which is my
5 second favorite topic. You say here, and this may
6 be your fault, our assumption was based on
7 language we worked out with the entire New York
8 congressional delegation. First of all, you know
9 what the Odd Couple says about assuming anything.
10 But second of all, when you assume the state is
11 going to treat us fairly, that's like assuming
12 baseball players tell the truth about steroids.
13 Very, very naïve thing to do, assuming the state
14 will ever treat us fairly. You know that, almost
15 as well as I know that. So let's get to the
16 bottom of this. You say that you had language
17 worked out with the congressional delegation,
18 that, that would ensure that the State would share
19 our money, but--the money with the localities.
20 What was the language? And the cap that you were
21 relying on, is that an agreement, or is that a
22 law?

23 JEFF KAY: The, the language I can
24 provide you with, which required the State to
25 share with localities, the FMAT money, in a way

2 that is, in a way that was done the same way after
3 2001, in 2001, after September 11th. The cap that
4 I referred to is a state law, has nothing to do
5 with the stimulus package, per se.

6 COUNCILMEMBER VALLONE: Right, but
7 it's a law, it's not an agreement, that cap.

8 JEFF KAY: The cap I believe is in
9 law.

10 COUNCILMEMBER VALLONE: How do they
11 disregard it, then?

12 JEFF KAY: It's a law.

13 COUNCILMEMBER VALLONE: And how is
14 the State disregarding it?

15 JEFF KAY: It's effectively when in
16 fact they, they use the cap or not. I'm sorry?
17 [off mic]

18 CHAIRPERSON WHITE: Why, why don't
19 you join him up at the table, please.

20 CHAIRPERSON WEPRIN: We miss you,
21 Miss Angelo, so--you used to sit in that seat
22 representing us, so--

23 COUNCILMEMBER VALLONE: It's when
24 they, when they oppose it, they put the cap in.

25 CHAIRPERSON WEPRIN: We're happy to

2 have you back.

3 [pause]

4 LARIAN ANGELO: I believe that the
5 governor has proposed--

6 CHAIRPERSON WEPRIN: Identify
7 yourself for the record, please.

8 LARIAN ANGELO: Oh. Larian Angelo,
9 OMB. I believe that the governor has proposed
10 language in his budget to give the state budget
11 director discretion on whether or not to apply
12 this cap. And we can get you the language.

13 COUNCILMEMBER VALLONE: Well, the
14 language in a budget doesn't supersede a law,
15 unless the Assembly, the Legislature passes a law.
16 So can you just explain a little bit more?

17 JEFF KAY: The, the state budget
18 actually, if, if passed, can actually supersede
19 state law, just by virtue of a budget is actually
20 a law. So, the announcement yesterday came from
21 both the Governor, I believe the Assembly Speaker,
22 and the, and the Senate Majority leader. But we
23 are going to continue to explain to them the
24 details of what happened. And see, once the
25 budget gets passed, where it ultimately ends up.

2 COUNCILMEMBER VALLONE: So the
3 State Legislature, which is, which each house of,
4 of which is led by a New York City legislator,
5 would both have to approve this budget which
6 allows the State to steal New York City's money?

7 JEFF KAY: Yes. Yes.

8 LARIAN ANGELO: I believe so.

9 COUNCILMEMBER VALLONE: So. I
10 don't want to assume that's not going to happen,
11 because we, we learned lessons about assuming, but
12 Mr. Chair, you're absolutely right, we need to
13 take a strong position on this, which we've done
14 in the past, and which we've been ignored in the
15 past. You know my position. We should be
16 looking, we should've been looking to secede a
17 long time ago, and every day that's, the State
18 proves my, my theory about secession. I know
19 there are other people waiting, so I'll, I'll
20 finish up now, but thank you both.

21 CHAIRPERSON WEPRIN: Thank you,
22 councilmember. We've been joined by Councilmember
23 Vincent Ignizio, from Staten Island. And the next
24 questioner is Councilmember Albert Vann.

25 COUNCILMEMBER VANN: Yeah, thank

2 you, Mr. Chairman, good afternoon. You indicated,
3 I guess, maybe more than once, about the, the
4 City's list, or the mayor's list of capital
5 projects. The fact that we don't know exactly how
6 much we're going to get, and so forth, and you
7 haven't really made that list available, as a
8 result of that. But have--have City Council
9 members had an opportunity to provide capital
10 projects to you in anticipation that there will be
11 some capital money at some point?

12 JEFF KAY: We, we have actually,
13 you know, the, we have actually received some
14 letters from individual council members that
15 anything that we've got, we've looked at and we're
16 reviewed. If there are more, please let us know
17 as soon as possible. But I think the real trick
18 is, is looking to see what's already been through
19 the approval process. And I think that, I--
20 particularly on Transportation, is an interesting
21 one. In which most, most, most of the requests
22 that we've been receiving are for new projects and
23 for new programs. We have to get the money out
24 the door within a very short period of time.
25 Which means the project needs to be designed,

2 which means the project needs to have already gone
3 through either SECRA [phonetic] or NEPA
4 [phonetic]; also it needs to be approved by NIMTIC
5 [phonetic] and the State Transportation. So,
6 we're mu--we're more limited than I think anyone,
7 including ourselves, anticipated in this process
8 of what we can spend the ARRA monies on. Water,
9 for example. We've heard a lot of individuals,
10 and we've heard from, from a lot of people, that
11 we should spend money on certain sewer projects
12 within their district or not. You know, the trick
13 on water is, the money was provided to the state
14 involving loan funds. Which has lists, primarily
15 waste water treatment plants money, that have been
16 in queue for years. This \$4 billion worth of
17 projects that have been there years ago, that
18 we've always been trying to get out of the fund,
19 they didn't create something new. And in fact,
20 they haven't told us how much we're going to get,
21 or whether they're going to be grants or loans
22 yet, for us to say, "Okay, take from the list from
23 all the needs we originally had, which I think
24 they're required to do. Or, should we try to say,
25 "Hey, use these projects." And so, there's not

2 that much flexibility in what we can spend that
3 on. There's just rules that have been in place,
4 and lists of projects that have already gone
5 through the process.

6 COUNCILMEMBER VANN: At what point
7 did we understand the definition of shovel ready?
8 You've listed a number of things which I hadn't
9 heard before. So, it lends itself to
10 interpretation, shovel ready, so everybody has
11 their own definition.

12 JEFF KAY: You know, each program
13 also has its own definition. The transportation
14 program started, I think a 180 day clock
15 yesterday, where the feds allocated money to the
16 states. And they basically say, the states have
17 180 days to obligate. In the world of
18 transportation, that basically means they need to
19 say which project it was, and start, and I believe
20 start contracting. So, and in transportation, it
21 requires, as I mentioned, the environmental, and
22 all the other proposals. So it changes on the
23 funding source, and Scott's going to--120 days, I
24 apologize.

25 COUNCILMEMBER VANN: So then each

2 category of capital funding may have different
3 rules, if you will.

4 JEFF KAY: Absolutely, that's,
5 that's correct. And what we, what we're going to
6 be doing is when we put up on our website, when
7 information needs to be out there, we'll have that
8 on there. And the public should know how much
9 time we have, whether we've met the deadline or
10 not. 'Cause I can assure you, the last thing any
11 one of us, on our side or your side, or anyone in
12 the city wants to do, is not spend the money and
13 have to send it back to Washington--which is
14 what's required if you do not meet the 120
15 deadline for transportation, for half of it, and
16 some of the other deadlines for the other.

17 COUNCILMEMBER VANN: So, it's fair
18 to say that it's unlikely that these capital
19 projects will really impact on the local
20 neighborhoods, per se. - -

21 JEFF KAY: You know, I don't want
22 to, I don't want to say that at all.

23 COUNCILMEMBER VANN: I mean, if the
24 bridge comes through the neighborhood--

25 JEFF KAY: I--you know. I also

2 think that we have to look at what requirements we
3 have. If you use transportation money for some of
4 those projects, if they're worth city money, you
5 run onto supplantation, and supplementation, and
6 are going to be, are we going to free up city
7 dollars for other projects? That might be the
8 case, it might, it's something that we're looking
9 at. 'Cause in order to meet those deadlines, in
10 order to get those projects, we are, we in fact
11 have City dollars already in those projects.

12 Those projects are ready to go and we've moved
13 forward on it. If we're forced to supplant, then
14 there's extra City dollars that we can now all
15 spend on new projects. And I think that is what
16 we're working through now, particularly on
17 transportation, is how much we're going to get,
18 what can we spend it on, if there's city money
19 already, can we supplant it. And what are we
20 doing with the displaced city dollars? As you
21 know, we have, from a capital perspective, the
22 budget director has asked the agencies to scale
23 back their capital plan by 30 percent. And, you
24 know, one of the things I know we're looking at,
25 is well, can we use some of the new city money

2 that's displaced, or the new federal money, to
3 make sure that programs, or projects that would've
4 been cut in the 30 percent, don't get cut. And I
5 think that is part of the iterative budget process
6 that happens each year, in beginning, I guess,
7 began in the hearings next week, and as well as
8 the executive budget in April, through the
9 adoptive budget.

10 COUNCILMEMBER VANN: I think
11 somewhere in your paper you indicated the ways
12 that the City could receive funds. It can come
13 direct, and I guess that would be, what,
14 competitive grant, through some federal--

15 JEFF KAY: There's three ways. It
16 could be through formula. So for example, NYCHA
17 got it, NYCHA got some money directly by a
18 formula. We actually think the City will get some
19 money for energy, through a formula. So when they
20 put out the allocations, the money will come
21 directly to us from the federal government. We're
22 entitled to it because of either our population or
23 in the case of NYCHA, our public housing capital,
24 public housing units.

25 COUNCILMEMBER VANN: Excuse me now-

2 -

3 JEFF KAY: The second is state
4 discretion. The State is provided with a formula;
5 for example, transportation, or water. The State
6 has that money, or FMAP, per se. And then it's up
7 to the state to figure out how they're going to
8 divvy up those projects to the City of New York.
9 The third is by competitive grants, and when I say
10 competitive grants, I say competitive grants with
11 Washington, where we will have to apply to say the
12 U.S. Department of Energy, and we'll compete
13 through, with cities throughout the entire
14 country, and states, for that matter, through the
15 entire country. And so those are the three basic
16 ways that we're going to be receiving money
17 through the stimulus.

18 COUNCILMEMBER VANN: Okay.
19 Community block grant, I think you said we
20 anticipate maybe \$50 million?

21 JEFF KAY: Yeah, we've got an
22 allocation from HUD, I think it's \$47 million.
23 That is coming directly to us, that allocation has
24 been made by HUD, I think about a week ago. And
25 we'll be working to figure out what the rules of

2 that are, if there's any, if anything is waived or
3 not waived, and looking at our needs, and how we
4 can leverage these other programs to get the
5 maximum benefit.

6 COUNCILMEMBER VANN: Do their rules
7 designated how we distribute the block grant once
8 we receive it?

9 JEFF KAY: The community
10 development block grant is limited in its use. I
11 can provide for you after this testimony some,
12 some of the current language. It can only be used
13 in CD eligible locations throughout the City. And
14 we have money, we have programs that that's used
15 in now, and they can be used some for public
16 services. But that is one that there are some
17 restrictions. But we've, we've been getting
18 community development block grant money for some
19 time, and, and we have a good idea of what it can
20 be used for, and what it can't. That's not
21 necessarily any new program.

22 COUNCILMEMBER VANN: Yeah. We, we
23 waived that after 9/11.

24 JEFF KAY: We did.

25 COUNCILMEMBER VANN: Was that done

2 by the city or the feds? That was--

3 JEFF KAY: The language that, after
4 9/11, there was language saying that the Secretary
5 of HUD can waive the 15 percent cap for public
6 services. I believe that same language is in the
7 congressional bill, which means if in fact HUD
8 were to waive the 15 percent for public service
9 requirements, it would have to be done by the
10 Secretary.

11 COUNCILMEMBER VANN: Okay.
12 Finally, Mr. Chairman, as relates to City
13 workforce investment money, we spoke around
14 approx--maybe \$63 million, in that area. Will
15 that come through SBS, through, to do RFPs or,
16 what would be the way that this - - ?

17 JEFF KAY: [interposing] There's--
18 the money through - - comes, I believe, through
19 the Workforce Investment Board, which typically is
20 used by both SBS, and the Department of Youth and
21 Community Development. We are working not only
22 with those two agencies, but any agency that has
23 some ideas for workforce training. And we hope
24 that we can use, through, with SBS, DUICD, to use
25 that money for its intended purposes, to create

2 either new workforce centers, or training
3 opportunities, or summer youth employment,
4 anything that we possibly can to get that money as
5 quickly as we can. So, it does typically go
6 through SBS and DUICD, but we are working
7 collaboratively with any agency that has ideas on
8 how to use that, and I think that collaboration's
9 been going very, very well.

10 COUNCILMEMBER VANN: Okay. That
11 was semi-final. Now, now the final, I lied. I'm
12 wondering to what extent these funds could be
13 integrated with the mayor's poverty reduction
14 plan. Like the money coming for criminal justice
15 initiative, social services and so forth. I would
16 imagine these funds could easily be, expand the
17 programs of Center for Economic Opportunities,
18 that are optional flexibility.

19 JEFF KAY: You know, I think a lot
20 of the money, particularly in the world of, in the
21 safety net programs, is all going towards the same
22 goals, which is, you know, reducing poverty, to
23 providing that safety net. And given our current
24 budget situation, I think as Mark Page can testify
25 and more next week, we will be able to use some of

2 that money to support or restore proposed budget
3 cuts that were out there. And I think all that
4 builds on the ultimate goal, and we do have to
5 build upon the current programs that we have that
6 do work now, but in fact due to budget cuts, we
7 have to walk back from. So, I agree with you, I
8 think it's something we're looking at, and we'll
9 have to do that in the context of our budget.

10 COUNCILMEMBER VANN: Right, and let
11 me say that, usually when money is tight in
12 difficult situations, there is a tendency to leave
13 the poor behind. And I would advocate that we put
14 them in the front, that would--very strongly.
15 Thank you very much.

16 CHAIRPERSON WEPRIN: Thank you.
17 We've been joined by our minority leader,
18 Councilman Jim Oddo from Staten Island and
19 Brooklyn. And the next questioner is
20 Councilmember Diana Reyna.

21 COUNCILMEMBER REYNA: Thank you,
22 Mr. Chairs. I just wanted to take advantage, to
23 understand a little further. The stimulus
24 package, is there any allocation from it that will
25 be directly given to New York City? And what is

2 the total of that?

3 JEFF KAY: You know--

4 COUNCILMEMBER REYNA: Without being
5 channeled through the State.

6 JEFF KAY: Yes, there are some,
7 there are some. Offhand, I know NYCHA's getting
8 money directly, through HUD, in the tune of \$450
9 million, over two--

10 COUNCILMEMBER REYNA: \$450 million?

11 JEFF KAY: \$450 million dollars
12 over two--

13 COUNCILMEMBER REYNA: And that's
14 for capital--

15 JEFF KAY: Over two years, for
16 public housing capital.

17 COUNCILMEMBER REYNA: Mmhm, mmhm.

18 JEFF KAY: The City will be
19 receiving \$47 million through HUD for the
20 Community Development Block Grant.

21 COUNCILMEMBER REYNA: How much?

22 JEFF KAY: \$47 million. There's
23 \$27 million through Justice Assistance Grants, \$29
24 million. \$29 million for Justice Assistance
25 Grants.

2 COUNCILMEMBER REYNA: Justice
3 Assistance.

4 JEFF KAY: And we expect, although
5 we haven't seen the allocation yet from the U.S.
6 Department of Energy, a sizable amount of money
7 for energy efficiency block grant. We expect
8 anywhere between \$140 and \$150 million over two
9 years. They have not yet made their allocation.
10 Those are the four or five that I see offhand. I
11 am sure there's additional formulas in the world
12 of social services that sends money through the,
13 through the State, frankly; through the State.

14 COUNCILMEMBER REYNA: Okay. And as
15 far as the NYCHA capital, \$450 million, the, is
16 this going to take, is the City prioritizing to
17 deal with the State/City 21 non-federalized
18 buildings?

19 JEFF KAY: I believe they're
20 required to spend it on the federalized buildings.

21 COUNCILMEMBER REYNA: So the non-
22 federals, federalized buildings will not receive
23 any assistance.

24 JEFF KAY: I will confirm that for
25 you, but that is my understanding.

2 COUNCILMEMBER REYNA: And I mention
3 this because I have one of those particular
4 building, developments, housing, it's the biggest
5 in all of my NYCHA developments, housing probably
6 about 2000 families. And you know, they were one
7 of the actual Developments that had a woman who
8 died because of the elevator not working. There's
9 structural improvements that are beyond needs. I
10 think it's a life and death situation. And I just
11 want to make sure that--

12 JEFF KAY: I will definitely make
13 sure of that, whether it can be spent on--

14 COUNCILMEMBER REYNA: Thank you.

15 JEFF KAY: --federalized or non-
16 federalized. And definitely get back to you. And
17 I'll have NYCHA reach out more.

18 COUNCILMEMBER REYNA: I appreciate
19 that. And as far as the HUD CDBG money, \$47
20 million for New York City, the priority for the
21 City, is this to continue the 165,000 units of
22 affordable construction and preservation units?

23 JEFF KAY: One of the things that
24 we're looking at now, given that we just received
25 the allocation, is what does the CD money

2 currently be spent on, and if there are any
3 shortfalls that, throughout the year, if it turns
4 out--You know, each year, the federal government's
5 been cutting back CD money. So the first thing we
6 should look at and see what, where the money is
7 now, and are we going to be caught holding the
8 bag? And not have enough money to finish the
9 program. So we're looking at that. But we're
10 also looking to see, as you sort of indicated,
11 what new housing money we're going to get, what
12 new economic development money we're going to get,
13 and see if we can leverage all the resources
14 together, to create a unified strategy to help
15 targeted communities. So, I don't have my
16 priority yet.

17 COUNCILMEMBER REYNA: Right.

18 JEFF KAY: I don't have the
19 administration's priority yet, because we're
20 still, we're still trying to figure all that out.

21 COUNCILMEMBER REYNA: Right.

22 JEFF KAY: But I suspect we will
23 have to do that fairly soon, we have to look at
24 our budget priorities, and we have to look at--and
25 we have to look at our needs. I've just been

2 given a note that CD can't be used for new
3 construction. That there's a restriction on the
4 capital dollars, that it can't be used for new
5 construction.

6 COUNCILMEMBER REYNA: So the \$47
7 million will entirely go to preservation?

8 JEFF KAY: I di--I don't think I--I
9 didn't mean to say that, if I did, it's unclear
10 what it's going to be used for. We have not
11 determined what we want to use it for.

12 COUNCILMEMBER REYNA: Right.

13 JEFF KAY: There are some programs,
14 I can tell you now, the community development
15 block grant we receive each year, some of it goes
16 to fund graffiti removal. Some of it goes to fund
17 emergency repairs that HPD goes out to do. So
18 there are those programs now that are vital to
19 communities that we need to make sure have enough
20 funds and have enough resources to meet increased
21 demand first.

22 COUNCILMEMBER REYNA: Right, right.

23 JEFF KAY: And we also need to see
24 if, if through say, for example, the Neighborhood
25 Stabilization Program, how much money we get for

2 HPD, is that enough? Is there a new program we're
3 all going to think about together? Or not. So, I
4 don't have an answer for you yet.

5 COUNCILMEMBER REYNA: Right. I'm--

6 JEFF KAY: It's one that we just
7 got the allocation for, and we have to, we have to
8 do a thorough review.

9 COUNCILMEMBER REYNA: Part of the
10 Green Point/Williamsburg rezoning, to create
11 10,000 new units and, you know, have a combination
12 of 33 percent to be affordable units, we've yet to
13 achieve many of these goals. And we're in the
14 third year post-the rezoning. In the meantime,
15 the administration had figured out a way to
16 preserve families through Section VIII
17 application. Now, out of 400 families that
18 applied, just in this community board, there were
19 six families that received Section VIII vouchers.
20 Will the HUD CDBG money be towards Section VIII
21 vouchers?

22 JEFF KAY: I'm going to--There you
23 are. I'm pretty sure, and I'm going to have
24 someone from HPDB come to answer that, that there
25 is more Section VIII money in this bill, but I

2 don't want to be mistaken.

3 MOLLY PARK: Hi. Molly Park, HPD.
4 The CD is not going to go for tenant based rental
5 assistance. The reason you haven't seen more of a
6 flow of the actual approved vouchers is because
7 there's fairly extensive processing times that
8 happen. So I think there's a lot of processing
9 that's in progress, the, the six that you refer to
10 is not a finished number by any stretch of the
11 imagination. So, there are, there is Section VIII
12 money in the stimulus budget, but it is
13 specifically project based Section VIII, to renew
14 existing project based contracts and that will go
15 directly from HUD to the owners of project based
16 housing, ultimately helping the tenants, but it
17 won't flow through the City's budget.

18 COUNCILMEMBER REYNA: But it's not
19 through the \$47 million stimulus package.

20 MOLLY PARK: No, totally unrelated.

21 COUNCILMEMBER REYNA: And so, are
22 there Section VIII voucher certificates through
23 the \$47 million.

24 MOLLY PARK: No, no.

25 COUNCILMEMBER REYNA: At all.

2 JEFF KAY: Well, we haven't, we
3 haven't, you know, we need to, we're still
4 developing our plan for how we're going to
5 distribute the \$47 million CDBG money.

6 COUNCILMEMBER REYNA: So it's not
7 clear yet--

8 JEFF KAY: It isn't--

9 COUNCILMEMBER REYNA: --whether or
10 not it will include Section VIII certificates.

11 JEFF KAY: I, we will have--is not
12 clear of what we're going to do with that at all.
13 Now, I'm sure after HPD will tell me it may not be
14 eligible for it, but --

15 COUNCILMEMBER REYNA: Right.

16 JEFF KAY: --I'm just going to be
17 honest, we have not yet decided how we want to
18 spend it. So I don't want to rule anything out
19 without, you know--

20 COUNCILMEMBER REYNA: Right.

21 JEFF KAY: --without going through
22 the due diligence.

23 COUNCILMEMBER REYNA: And Mr. Kay,
24 I just want to make sure that we're looking at the
25 \$47 million as an opportunity where, you know, I'd

2 hate to see graffiti removal be away, where I
3 understand it's a quality of life, and I would
4 love to remove a lot of the graffiti in our
5 neighborhoods; but more so I have families being
6 evicted, faster than graffiti's going up on walls.
7 The, there are areas that have been rezoned
8 throughout the City of New York, is this \$47
9 million going to be targeted to areas that have
10 already been rezoned, unlike areas like the
11 Broadway Triangle that has not been rezoned, will
12 be going into a ULURP, and we've promising more
13 affordable units that we're not constructing.

14 JEFF KAY: This money will be going
15 and be targeted to communities, and targeted to
16 services that serve communities that either have
17 a, already have a high risk of fore--high
18 foreclosure rates, or high risk of foreclosure
19 rates.

20 COUNCILMEMBER REYNA: Okay. And
21 just to move forward on the child care. I'm not
22 understanding, it seems that there's a block grant
23 that's going o go through the State. And
24 currently the State has given us less and less
25 money to the point where now we're shutting down

2 daycare centers, or lessening their operating
3 dollars by closing down slots, which, which means
4 their expenses continue at the same level, but
5 their operating dollars are decreasing. And we've
6 restructured a lot of the school time, what is now
7 out of school time, operating dollars. Which used
8 to be, you know, school age dollars, where daycare
9 centers depended on those dollars. So we're,
10 we're talking about triple impact here. What is
11 this money going to mean for our childcare centers
12 in the City of New York? And when you answer
13 that, I want you to keep in mind, I have our
14 Department of Education absorbing what is supposed
15 to be a new policy that they're exploring to take
16 3,500 kindergarten five year olds to be placed in
17 public school system. And when parents are going
18 for their application for their five year old, to
19 place in their childcare center, they're being
20 told "We won't, we're not able to give you an
21 application because we've been told we won't have
22 five year olds." And when they go to the
23 Department of Education, the Department of
24 Education expresses to them it is not mandatory
25 for you to have kindergarten, for your child to

2 receive kindergarten services, educational
3 services. And these are the very families that
4 we're promising "Your child will not be left
5 behind." So we're giving mixed messages, and I
6 need to understand exactly what is the plans of
7 this particular money, and how it's going to
8 affect in the positive, our childcare, you know,
9 services, that we've been committed for well over
10 35 years to the City of New York and it's
11 families. I know it's a lot, I'm--

12 JEFF KAY: I certainly--No, no, and
13 I'm not an expert, even close to an expert, on the
14 subject, and I can certainly get back to you about
15 the specific problems that you say you're having.
16 On the childcare development block grant, that
17 money does go through the State and allocated back
18 to the City. And as I mentioned earlier, a lot of
19 these social safety net programs, and a lot of the
20 proposed cuts in this city's preliminary plan,
21 which you're going to begin to have hearings on,
22 in the next week or so. This gives us an
23 opportunity, us collectively, an opportunity to
24 use that money, where possible, to try to prevent
25 those proposed budget cuts from occurring. A lot

2 of it will depend on if the State, as long as the
3 state doesn't change the allocation and the money
4 comes. A lot of it will depend on the budget
5 process that we all engage in together, beginning,
6 beginning again in April, with an executive
7 budget. And so, I can't, I can't sit here and
8 answer your--

9 COUNCILMEMBER REYNA: Right.

10 JEFF KAY: --your problem, except
11 to say, as part of the budget process, I think
12 some of these funding sources will be part of that
13 process, that you engage in.

14 COUNCILMEMBER REYNA: How much of
15 this money is dedicated to childcare? To the City
16 of New York, what would we expect?

17 [pause]

18 COUNCILMEMBER REYNA: Identify
19 yourself--

20 CHAIRPERSON WEPRIN: Identify
21 yourself for the record, please.

22 JEFF KAY: I don't know if you
23 want to use it or not. This is the city share.

24 KRISTIN EISNER: My name is Kristin
25 Eisner, I'm Chief of Staff to Deputy Mayor for

2 Health and Human Services. Right now, the
3 estimate is that the City would receive around \$84
4 million. But again, the final uses of that money,
5 they're--federal guidelines haven't been issued
6 yet. And so, we're going to have to explore what
7 limitations are on that money, and how it can flow
8 to the City, and how it can relieve some of ACS's
9 budget concerns.

10 COUNCILMEMBER REYNA: And I just
11 want the record to reflect that the budget deficit
12 right now, annually, is \$62 million for ACS. In
13 order to run it's facilities as is, right now, we
14 need \$62 million. This is far more than what
15 we're looking for, and I do hope that earmarking
16 62 out of 84 at the very least is where we start.
17 Because it is imperative. Look at it this way,
18 40,000 kids in a system. If parents don't have
19 where to leave their children, and they stay home,
20 that's less taxpayer dollars going into our
21 operating budget for the City of New York.

22 KRISTIN EISNER: And, and I just
23 want to also reiterate, the, the concern, too,
24 that it is temporary, and so the funding is only
25 going to be here for the next two years.

2 COUNCILMEMBER REYNA: And all of
3 this is temporary. So we're looking at a band-aid
4 effect here. We're buying time, two years at the
5 very least. And what we do from now till then,
6 still remains to be seen and developed and
7 planned. I won't know if I'm here next year,
8 either, but we're fighting all to make sure that
9 we're leaving the City of New York right now with
10 a stimulus package that we're expecting future
11 generations to pay, to making sure that they're
12 being invested in now. And these are the kids
13 that are going to be paying those taxpayer
14 dollars. So I, I want to make sure that in the
15 childcare system, that we're, we pride ourselves
16 of, we're not going to turn around and cut them at
17 the legs, when we could've done something about
18 it. Thank you.

19 CHAIRPERSON WEPRIN: Thank you,
20 councilmember. We've been joined by Councilmember
21 Leroy Comrie, and we had Councilmember James,
22 Councilmember Yassky and Councilmember de Blasio
23 here earlier. The next questioner is
24 Councilmember Ignizio.

25 COUNCILMEMBER IGNIZIO: Thank you

2 very much. And I want to applaud the
3 administration for having a team that's really
4 looking into this, and Jeff who's a friend, and
5 Larry, and--who we all know and respect very well.
6 I want to dovetail what colleague had just said,
7 and that's, this is not a Christmas present for
8 New York City. These, this is not just gifts left
9 under a tree. There will be people ultimately
10 paying for it, and we can't not make the difficult
11 decisions in this budget and in next budget
12 because we had a visit from the Santa Claus or the
13 Easter Bunny, and they dropped a ton of money on
14 us. We need to work on the very, the issues, the
15 fundamental issues of this budget remain. Because
16 after these two years, there is not going to be
17 another stimulus package, and some will question
18 whether there should've been one now, but the fact
19 is it's the law of the land, and we need to spend
20 the money wisely. And I also wanted to cry the
21 state government, for taking their fig [phonetic].
22 I think, quite frankly, for us sending millions of
23 dollars in administrative fees, so the government,
24 state government, can, in a sense, send money to
25 the City, especially a city as large as New York,

2 is, is unjust, and I don't think that should be
3 the case. And I, my hope is that the governor and
4 the State Legislature will find a way of passing
5 through that money, such that we don't have to pay
6 them for the benefits of being a resident of New
7 York State. Speaking more parochially, I wanted
8 to ask questions regarding projects underway. My
9 district is larger than one-and-a-half times the
10 borough of Manhattan. And that's just my council
11 district. It's the largest in the City, and we
12 still don't have things that are, have been
13 planned for many years, and that's things like
14 sewers, which my colleagues in Manhattan laugh
15 every time I say, "There are large portions of my
16 district that don't have, that can't flush a
17 toilet without being concerned that they have to
18 call roto-rooter." Many of these things are
19 planned, and they have been designed, and they are
20 ready to go, but because of finances, and I
21 understand that, they're scheduled year-to-year.
22 Is there anything in this stimulus budget that can
23 enhance or update those plans, such that we can
24 get these people online? And we'll start with
25 that questions, and there's two very small follow

2 ups thereafter.

3 JEFF KAY: There is, there is some
4 money provided to the State of New York for water.
5 Safe drinking revolving loan fund, and a, see if I
6 got this right--Clean drinking water--where is my
7 sheet of paper here. Just call 'em water. There
8 are revolving loan funds for the water, in which
9 the federal government required the state to send
10 50 percent of it out to grants, and 50 percent to
11 localities. If we look at our previous
12 allocations, we think we can get over \$300 million
13 of that money. The trick is, is it going to be
14 loans or is it going to be grants. If it's a
15 loan, we, we, the rate payers of the water, need
16 to pay back the principle. Yes, it's a little bit
17 cheaper, because it's a, I guess it's a zero
18 percent interest loan, or something like that, low
19 interest loan. But we still have to pay the rate
20 payers and water rates go up. If we get a hundred
21 percent of it in grants, that's new supplemental
22 spending that we can use. So, if we get the full
23 \$300 million that we think we should get from the
24 State of New York, it first needs to be applied,
25 and they look at the projects that have been

2 sitting on the revolving loan fund list for some
3 time. I think there's \$4 billion worth of
4 projects that have been sitting in the revolving
5 loan fund - -

6 COUNCILMEMBER IGNIZIO: From the
7 City or the State, I'm sorry to interrupt you.

8 JEFF KAY: From the State.

9 COUNCILMEMBER IGNIZIO: Okay.

10 JEFF KAY: \$4 billion of our
11 projects that have been sitting there. Primarily,
12 we have the larges amount of needs and water in
13 the, in the state, just by vast dollar amounts.
14 And so that's why we typically get large
15 percentages of the state program. So, two things
16 can happen. One is, if they give 100 percent of
17 grants, I'm sure other localities will also be
18 wanting more water money. So, our share may go
19 down slightly. But I'd rather get all grants,
20 than some loans and some grants, 'cause that's--

21 COUNCILMEMBER IGNIZIO: Sure.

22 JEFF KAY: --new projects we can
23 spend it on. So that's our first fight with
24 Albany. And we're in conversations now, but they
25 have not yet told us what they're going to do.

2 The second is, if you get 100 percent grants,
3 what's the allocation going to be, and so we're
4 going to be fighting Albany with that, as well.

5 The third is, do you have to spend it on new
6 projects that are not already in the till. Or
7 does it have to be everything that was in the
8 till. And most of the large monies, correct me if
9 I'm wrong, were on waster water treatment plants
10 in the till.

11 COUNCILMEMBER IGNIZIO: Right.

12 JEFF KAY: And so those needs have
13 been up there. And from the State's perspective,
14 those needs go first. But they basically get to
15 decide that. If they say to us, "We'll let you
16 add new projects to that list," that may provide
17 us with that opportunity to add new projects. And
18 it may include sewage or not, I don't believe any
19 sewer projects are up on the revolving loan fund.
20 But I think we'll be required, in fact I think the
21 law is, we have to use projects that are already
22 up there. What--we have \$4 billion up there. So,
23 what of the \$300, what of the \$4 billion can we
24 spend the money on? If we know it's 300 and we
25 know it's all grants, we hope we can have a

2 dialogue with the State. But we may be restricted
3 to just those projects.

4 COUNCILMEMBER IGNIZIO: Understood.
5 Moving forward, you know the situation, or you may
6 not be aware of, but Brookfield landfill, inactive
7 toxic waste site. It's the fifth out of the last
8 one to be cleaned up, and we had just learned that
9 despite the agreement between the State and the
10 City to fund it 75/25, the State is balking at the
11 amount of money, now that they would have to pay
12 to clean up that inactive toxic waste site, for
13 the past 30 years. However, they didn't balk at
14 the other four in the other boroughs, they're
15 baling at the one for Staten Island. And they're
16 saying, "We just don't have the money." Do you
17 know if there's monies available in the stimulus
18 plan, to supplement? And can the administration,
19 I reckon that you can't speak for them right now,
20 but can the administration weigh in and on the
21 desire to see that, the application go forward.
22 That I believe Congressman McMann will be moving
23 forward on.

24 JEFF KAY: I've certainly heard of
25 the issue, and I'll have to get back to you on it.

2 There's some limited money for Superfund, but I
3 don't think, I don't, I don't believe Brookfield
4 landfill's a Superfund site. But I'll look, I'll
5 look at it, and get back to you, whether there's
6 EPA money or not. There's certainly not any money
7 coming directly to this City of New York that we
8 can apply that to.

9 COUNCILMEMBER IGNIZIO: Okay.

10 JEFF KAY: But there might be some
11 other federal money that we can have the State,
12 that the State may be receiving, that in fact they
13 could do, to supply it.

14 COUNCILMEMBER IGNIZIO: Okay. I'm
15 happy to have that dialogue with you. And
16 finally, should the monies allocated be involved
17 in City Council projects, and the administration
18 makes a decision to swap out, for lack of a better
19 word, federal monies for city money, would the
20 dialogue then be the administration back to
21 Council finances on the potential for reallocation
22 of monies within our district, and you know, I
23 wanted to make sure the communication is there
24 between the administration and the Council, about
25 then our ability to reallocate in our own

2 projects.

3 JEFF KAY: Any City money that's
4 spent as part of the budget process goes through
5 the normal budget procedures, which is enacted by
6 the administration and the Council together. In
7 term, and in terms of what other projects, if in
8 fact there's displaced money, as happens now, the
9 administration sets their priorities as they, as
10 part of the budget process, what they want to
11 spend the money on, and if in fact the role is the
12 Council has to pass that, then in fact the Council
13 would have to pass that or make changes.

14 COUNCILMEMBER IGNIZIO: Yeah, I
15 just mean post-adoption, you have a project within
16 Parks that gets swapped out, and then--

17 JEFF KAY: I--I suspect, I suspect
18 we'll know much, much sooner than post adoption.
19 And I suspect for some of these projects,
20 hopefully, we get the federal allocation on
21 transportation projects. I would love to get it
22 today, and then we could have an announcement very
23 soon after that. Or we may just say, "Hey, look,
24 this is what we think we're going to get, and this
25 is what we should put out there." So, I expect it

2 much sooner, and that it won't be post-adoption.
3 Again, it all depends on some of the rules of the
4 competitive grants, as well.

5 COUNCILMEMBER IGNIZIO: Right.

6 Thank you, Jeff, I appreciate it, I just want to
7 go back to what I said in the beginning, which is
8 that there are fundamental issues in, within the
9 budget, that cannot be addressed by this stimulus
10 program, won't be addressed by any stimulus
11 program. And those fundamentals need not take a
12 back burner to that which is facing us in 2013-14
13 and the fundamental imbalances of this budget.
14 This is not a Christmas present, this is a way of
15 getting out of an economic downturn. And I hope
16 that this Finance Committee and the administration
17 continues to work on the fundamental imbalances of
18 our budget. Thank you, sir.

19 JEFF KAY: I agree, thank you.

20 CHAIRPERSON WEPRIN: Thank you,
21 councilmember. Councilmember David Yassky.

22 COUNCILMEMBER YASSKY: Thank you,
23 Mr. Chair. There are just, I know you've been
24 here a long time, so just two suggestions I want
25 to give to you, and ask if you've looked at these

2 already. One is an idea for the NYCHA pro--the
3 NYCHA buildings, that you could seek funding for
4 either under the, you know, competitive part of
5 the public housing funding; you could use your
6 formula funding, or the competitive part, or the
7 energy efficiency. And that is to install co-
8 generation equipment in NYCHA developments. And
9 the reason I think this is worth pursuing, is that
10 it's a way to turn these capital dollars into an
11 ongoing expense budget savings. As we all know,
12 what's real--the problem that's really plagued the
13 NYCHA developments and NYCHA residents, is the
14 budget gap that has caused service to those
15 residents to deteriorate over time. A hundred or
16 \$150 million investment in cogeneration equipment
17 could reduce NYCHA's energy bills \$20-30 million a
18 year. That would be real improvement in savings.
19 So, is that, is this something you've looked at
20 already? And if so, what do you think? And if
21 not, will you look at it?

22 JEFF KAY: On, that's a, it's a
23 great point, any time we can use capital dollars
24 that will provide us operating relief going
25 forward, is the right thing to do. And you

2 mentioned there's the NYCHA dollars, but there's
3 also competitive grants, and I believe the
4 competitive grant will give priority for energy
5 saving projects. The City is also going to
6 receive the energy block grant, which will look at
7 NYCHA, just like all of our City facilities, to
8 see if we can utilize money for energy efficiency.
9 You know, one of the things in a conversation I
10 actually had yesterday, and I'll get back to you
11 councilman, is it's our understanding that last
12 year NYCHA entered into some sort of agreement
13 with HUD, which will allow them to do some sort of
14 loan program, that HUD backs. And I'll have to
15 get back to you on energy efficiency programs.

16 COUNCILMEMBER YASSKY: Yeah, if I
17 understand it, that is for, essentially, you know,
18 energy efficient lighting, which is a terrific
19 initiative. I don't believe they've moved forward
20 on the cogeneration idea.

21 JEFF KAY: Go.

22 COUNCILMEMBER YASSKY: It's--and
23 here's why I urge you and your office to be
24 involved in it. It is, it's, it's complicated.
25 In other words, it takes some work to, to do it,

2 on NYCHA's part, and I'm not saying that they're
3 not capable of doing work, it's just that's a
4 beleaguered agency, right, so figuring out how to
5 make cogeneration work in these buildings takes
6 effort. And they need to be pushed to do it,
7 quite frankly. But the dollars that are out here,
8 and as you point out, on both the energy side and
9 the NYCHA side, you have guaranteed money that
10 you're going to use, but you also have the
11 competitive grants part. This is such a perfect
12 project for that. I would hope the dollars out
13 there would be the incentive to do the work.

14 JEFF KAY: Well, I think we'll
15 certainly look at all those plans and ask--

16 COUNCILMEMBER YASSKY: Could you
17 look at that and, and let me know if that's
18 something you're going to move forward?

19 JEFF KAY: Yes, absolutely.

20 COUNCILMEMBER YASSKY: And then,
21 the other idea, and again, and this is also for
22 the energy, this is for the alternative fuel
23 vehicles pilot part. I wonder if you couldn't use
24 some of those funds to--for a project that I know
25 your appointees at the Brooklyn Navy Yard are

2 looking at, and are enthusiastic about, that is a
3 biodiesel production facility that would build on
4 the pilot project that the Doe Fund [phonetic]
5 has, has been operating, where they collect oil
6 and then turn it, used cooking oil, and turn it
7 into fuel, as you, as you no doubt know, Director,
8 they're looking to ramp up that, that program
9 considerably. The, they have a site at the Navy
10 yard they could use, it's perfect, it just needs
11 some extra funding. And so, this, that would be a
12 perfect opportunity.

13 JEFF KAY: We are certainly
14 looking. We have not, we've been, I think someone
15 on the administration spoke with the Department of
16 Energy yesterday, and again we haven't gotten the
17 rules for any of these programs--

18 COUNCILMEMBER YASSKY: Understood.

19 JEFF KAY: But we expect it. But
20 it's, you know, I'll get back to you. I think,
21 these are, those are the type of projects we're
22 looking at, to use some of the alternative fuels
23 on. So thank you.

24 COUNCILMEMBER YASSKY: Thank you.

25 CHAIRPERSON WEPRIN: Thank you,

2 councilmember. Councilmember Alan Gerson?

3 COUNCILMEMBER GERSON: Yes, thank
4 you very much, Mr. Chair, and thank you for your
5 indulgence. As you know, there've been--Mr.
6 Chairs, and Chair White and Chair Weprin--there've
7 been multiple meetings and hearings scheduled at
8 the same time, and that's why I've been in and
9 out. If I bring up a point which has already been
10 covered, please, please interject. Just two or
11 three follow, points to follow up to your
12 testimony. And then I know, you know, our offices
13 will continue to be in touch. But with respect to
14 the, the category of, of, of criminal justice and
15 security, you singled out the Burn Competitive
16 Grant, and the Justice Assistance Grants, as
17 programs within that category that you would
18 prioritize. But I'm just wondering why, why would
19 you also not prioritize and seek competitive
20 grants from the, in the DHS/FEMA category, for
21 public transportation, security and port security.
22 I would urge, I mean, you know, we all know New
23 York is the number one target, and we certainly
24 are aware of the vulnerabilities of our extensive
25 subway system, and, and our extensive port. I

2 mean, could we actively seek funding from within
3 those categories, as well?

4 JEFF KAY: Go ahead.

5 SCOTT SIGAL: Scott Sigal, Senior
6 Advisor to the Deputy Mayor, Deputy Mayor Skyler.
7 The office of the criminal justice coordinator is,
8 is very actively tracking all of the criminal
9 justice grants, including the Homeland Security
10 grants. And in those two areas, port security and
11 transportation security, they are looking very
12 closely at the guidance and additional guidances
13 expected to come down, working with the NYPD,
14 Department of Transportation and the Fire
15 Department, to identify opportunities for the City
16 to apply for these competitive awards.

17 CHAIRPERSON GERSON: I would just
18 urge, and I appreciate that, and certainly we're
19 prepared to work with you, and I'm sure our
20 congressional delegations are as well, especially
21 in view of the fact that there, you know, have
22 been cutbacks in protective measures, specifically
23 directed to the, you know, the targeted, most
24 vulnerable, some of the most vulnerable areas--
25 downtown, and the financial district, and ground

2 zero, elimination of, of a finance district - -
3 contamination unit. The mayor announced plans not
4 too long ago to scale back. It would just be cost
5 effective, as well as a proper use of, of this
6 category of funding to try and buttress that, and
7 I, you know, I appreciate your, you know, your
8 follow up on that. In the category of workforce
9 development, have you identified any funds that
10 could be used for enterprise creation at the small
11 size level, combined with workforce development?

12 You know, Councilmember Vann is chair of the
13 Community Development Committee, and Chair White.
14 And others have been in the forefront of urging
15 our city to develop a forum of our own, of micro-
16 financing, to feed the upstart of new enterprises,
17 new industries, especially in areas, you know,
18 which have historic unemployment and more
19 depressed economies. Does any of, do any of these
20 programs allow for that type of workforce
21 development that combines workforce with, with
22 enterprise creation, employee owned enterprises,
23 small individual or family owned enterprises,
24 small partnership start ups? You know, ironically
25 we have an extraordinary pool of the talented

2 unemployed, you know, because of the downturn in
3 the financial sector and in other sectors. This
4 might be a new, good opportunity to allow them to
5 kind of wax creative, if we could figure out a way
6 to get small amounts of capital in the hands of
7 either would-be start ups and entrepreneurs, which
8 provide jobs and also workforce training. Are we
9 thinking along those lines at all?

10 JEFF KAY: You know, I think a lot
11 of what our workforce centers do now, is to create
12 either sector based workforce centers that look at
13 where the demand is, and where the demand's
14 coming, and so there's two ends of the equation,
15 right? There's the centers that help provide
16 training and match those either unemployed or
17 newly, or need to be newly employed, with those
18 small businesses and, frankly, medium sized
19 businesses. What I think you're referring to is
20 how do you stimulate the demand for those jobs.
21 And I think that can come in two ways. I think,
22 well, probably multiple ways. Some of--

23 CHAIRPERSON GERSON: That's exactly
24 what I'm referring to, and I think that--

25 JEFF KAY: Some of, some of that, I

2 think will come in the form of--stimulus dollars
3 does provide a lot of business tax credits to, to
4 new companies in green industry, in healthcare as
5 industry. And I think some of that will create a
6 lot of the demand. We're going to be looking to
7 focus our workforce training on those type of
8 growth sectors. I will get back to you on if SBA
9 put into any loans, programs for small businesses,
10 in this for ventures and small entrepreneurs. But
11 we're certainly going to be utilizing what we have
12 within our current portfolio to match with
13 workforce training, so it's not just "Here's
14 training for what we know." It's like you said,
15 "How do you spur demand at the same time and get
16 them together?" I'll get back to you on SBS, and
17 we're currently reviewing the bond proposals
18 within the stimulus package. There's some
19 economic development and recovery bonds, and
20 allocations that we're still trying to get a
21 handle on, and bond counsel's been looking at.
22 And if there's an opportunity to use that, we'll
23 do that as well.

24 CHAIRPERSON GERSON: I appreciate
25 that, and I certainly would welcome the

1 opportunity of supporting your efforts and working
2 with you. I just urge this, and if it can't be
3 done directly through the stimulus, to the extent,
4 fund, city funds are freed up indirectly as a
5 result of using stimulus on other projects, I
6 think this is a time when we in the city should
7 look at both sides of the equation, as you pointed
8 out, and, and facilitate enterprise creation.

9 Finally area I just wanted to bring up, in the
10 area of affordable housing, I also think this is
11 an opportunity which, in addition to the
12 cogeneration point raised by my colleague, we can
13 invest in preservation which will have long term
14 benefits. You know, ironically, we still have a
15 loss of affordable housing with the expiration of
16 affordable, of programs, federal project based
17 Section VIIIs, the status [phonetic] city of
18 sponsored Mitchell - - and other similar programs,
19 as well as the need to upgrade the very old
20 tenement stock, we're just a few blocks from where
21 we sat, we had a tragic fire a few days ago. You
22 know, those buildings, and we're working with HPD
23 to pilot a program that would acquire and preserve
24 while upgrading tenement housing, installing

2 sprinklers and doing similar things. So to the
3 extent that we can focus on the preservation
4 component of affordable housing, which inevitably
5 involves, you know, capital upgrades as well, you
6 know, that again would have long term, both human
7 and financial benefits to the city, and I would
8 urge that be a priority. Thank you very much, Mr.
9 Chair.

10 CHAIRPERSON WHITE: Okay. Just for
11 the record, I'd like to say that Council members
12 have submitted their list to the mayor's office,
13 as well as the, the Speaker has submitted a list,
14 encompassing all of the concerns of the City
15 Council members. I wish to, anyone who wishes to
16 testify can get a piece of, can get an application
17 from the Sergeant of Arms. That being said, Mr.
18 Kay, I would like to thank you and your staff for
19 being patient, and you've been very, very helpful.

20 JEFF KAY: Thank you.

21 CHAIRPERSON WHITE: And Scott
22 Sigal. [laughs] The next, as soon as the chairs
23 are vacant, I'm going to be calling upon Nancy
24 Webster, and Chris Keeley. [pause, background
25 voices] What I'd like to say for the record is

2 that Campaign for Tomorrow Workforce has submitted
3 testimony that will be entered into the record.

4 [pause, background noise]

5 NANCY WEBSTER: Are we on now?

6 CHAIRPERSON WHITE: Pull it in a
7 little closer to you.

8 NANCY WEBSTER: Okay. Good
9 afternoon, council members.

10 CHAIRPERSON WHITE: Good afternoon.

11 NANCY WEBSTER: My name Nancy
12 Webster, and I'm the Vice President of the
13 Brooklyn Bridge Park Conservancy. And I'd like to
14 thank you for this opportunity to testify before
15 you today. A quick note about us: The Brooklyn
16 Bridge Park Conservancy has worked for more than
17 20 years to ensure the creation, adequate funding,
18 proper maintenance, public support, and citizen
19 enjoyment of Brooklyn Bridge Park through
20 partnership with the public sector, development of
21 programming and active promotion of the needs of
22 the park and its constituents. Since 2000, more
23 than half a million visitors have enjoyed the
24 conservancy's free public programs in the
25 beginnings of Brooklyn Bridge Park. The

2 Conservancy welcomes the Obama administration's
3 stimulus plan, which will, which will provide an
4 opportunity for major infrastructure investment
5 that can help pull us through this economic
6 crisis. We're here today to say that
7 infrastructure investment should not be limited to
8 bridges, tunnels, roads, airports, power plants
9 and sewage plants; let's remember the WPA's legacy
10 and invest in the public life of this country for
11 the 21st Century, once again making our parks part
12 of the national political agenda. Robert Moses
13 built over 578 new playgrounds, 15 swimming pools,
14 added more than 20,000 acres of parkland, and
15 employed over 84,000 people in New York City, at
16 the peak of construction efforts during the 1930s.
17 We can and should do the same today. And rather
18 than connect our parks with vehicle parkways, we
19 can build the 21st Century equivalents with
20 greenways and blueways using our harbor and
21 waterways to connect people to these vitally
22 needed open spaces in New York City. New York
23 City's Department of Parks and Recreation has over
24 25 projects, totaling more than \$1 billion that
25 can be started within 120 days. And it is, and it

1
2 is estimated that for each \$1 billion spent on
3 these public works, 40,000 jobs would be created,
4 including thousands of new green jobs. Brooklyn
5 Bridge Park, for example, is fully planted and
6 construction is already underway. This shovel
7 ready project will transform the New York Harbor,
8 replacing vacant waterfront piers with 85 acres of
9 green space that Brooklyn and New York City so
10 desperately need. This world class park will
11 stretch 1.3 miles and encompass piers one through
12 six in their uplands, and include the completed
13 parks in Dumbo. The new park will include
14 landscaped areas and restored habitats, recreation
15 facilities, lawns, rolling hills, paddling waters
16 and outdoor venues for cultural programming.
17 Brooklyn Bridge Park will be a treasured public
18 amenity with open space, unmatched waterfront
19 access, and spectacular views of the New York
20 Harbor and downtown Manhattan. Investment in
21 Brooklyn Bridge Park would, as we learned in the
22 1930s, quickly create jobs, increase the quality
23 of life, stimulate economic growth, and increase
24 real estate values. Construction of phase one of
25 Brooklyn Bridge Park began last month, after 23

1 years of advocacy and planning. A full third of
2 the park, however, and that's why we're here
3 today, remains unfunded. Federal stimulus funds
4 can and should provide critical funding for New
5 York State and New York City parks, especially
6 Brooklyn Bridge Park. Let's take the opportunity
7 to aid our economy and create new, crucial open
8 space as a legacy for our children. Thank you.

9
10 CHAIRPERSON WHITE: Thank you.

11 CHRIS KEELEY: Good afternoon. My
12 name is Chris Keeley, I'm Associate Director of
13 Common Cause/New York, a non-partisan, non-profit
14 citizen's lobby and leading force in the battle
15 for open, honest and accountable government.
16 Common Cause/New York is lead organizer of the New
17 York State Stimulus Oversight Working Group, which
18 consists of organizations large and small, local
19 and national, representing a range of interests,
20 including groups with education, healthcare and
21 housing interests, dealing with budget,
22 environmental and government oversight, and
23 fighting for worker, media, consumer and economic
24 justice. Members of the Stimulus Oversight
25 Working Group represent many different viewpoints

and do not necessarily agree on how the stimulus money should be spent. Members do, however, share common principals for transparency and accountability, and seek to provide full disclosure of stimulus related investments at all levels of government. This would serve to fill massive transparent, a massive transparency void left by the federal stimulus package. The elements outlined in the Common Principals for Transparency and Accountability, which is included in the testimony, include fairness in awarding contracts distributing funds, effectiveness, through the accountable investment of taxpayer money, where it will have the maximum public benefit, and ethical and honest use. Among other steps, contracts should be competitively bid to the maximum extent possible, and all discussions and decisions regarding the allocation and use of stimulus funds should take place in open meetings, with information readily accessible to the public through online reporting tools. Taken together, these principals form the Taxpayer's Right to Know, requiring across the board reporting for all federal, federal funds spent in New York City, New

York State, in a uniform, easy to understand format, with all information being available in a single, centralized website, that should be compatible with the federalrecovery.gov website. Undoubtedly there is public interest in meaningful transparency and oversight of the federal stimulus funds. And the Council should work to ensure the public's confidence is maintained by providing such disclosures publicly. On February 18th, as we heard earlier, the federal OMB issued guidelines outlining what information was to be made publicly available. The memo stated in part, "Reporting requirements only apply to the prime, non-federal recipients of federal funding and the sub awards made by these prime recipients." In other words, the reporting requirements for many recipients of federal stimulus money do not extend all the way down to the, all the way down to the ground, to include the companies contracted to actually do the work. This is a potentially huge loophole in terms of public disclosure of the use of stimulus money, and whether or not it is having the intended effect on the economy. The public should be able to follow the money all the way from the

U.S. Treasury, where the funds are initially doled out, all the way down to the subcontracting and subgranting level, where the money is finally spent. To achieve this, the City Council must take action to ensure comprehensive and timely oversight is provided. Not only for those contractual investments that will fall under this federal two-tier level of grants and sub-grants, but tracking all the way down, drilling down all the way down to where the final dollars are spent. Transparency measures and accountability standards must also be extended to cover all other investments that we heard, that we heard the director speak about on the last panel. That there are different funding streams and this can't be just for the contracts, this has to be for things coming through the state, this has to be for direct grants from the federal level, as well as all contracts. We are encouraged by today's hearing, and are happy to be here. Thank you for hosting it. As the Council should participate in this investment process at the earliest possible moments, maintain ongoing oversight throughout this process, and provide long term accountability

2 for those stimulus related investments in the
3 City. This means shining sunlight on all
4 contracts, grants and investments, as I mentioned,
5 providing ongoing oversight to ensure that the
6 primary, secondary and all other intended benefits
7 of stimulus driven investments are met. The
8 common principals for transparency and
9 accountability, again which are included, offer
10 standards the Council should consider when
11 designing such a system of oversight. The Council
12 should work with the mayor's office, comptroller's
13 office, and consider additional legislative
14 remedies to best attain, to make sure that the
15 public is getting access to this information at
16 every step along the way. At the point of
17 application, at the point of approval, at the
18 point of disbursement, and hitting those
19 benchmarks along the way to find out if the goals
20 are being met. The federal government has already
21 created a website as I mentioned, recovery.gov,
22 which will track a great deal of stimulus related
23 investment. This is a positive step but it's not
24 comprehensive. It does not cover all types and it
25 does not cover all levels of expenditures. We

2 heard that the city's going to be creating this
3 website, which is a positive step, but we feel
4 that the Council has a very important role in
5 ensuring that this website would be comprehensive,
6 that this website would drill all the way down,
7 would include all expenditures for all types of
8 transactions, grants, and receipts. We would be
9 happy to participate. We heard the, we heard you,
10 Mr. Chairman, ask the, the director earlier, if
11 the Council could play a role in helping to design
12 that website. Common Cause, and I'm sure other
13 members of the New York State Stimulus Oversight
14 Working Group would be very interested to
15 participate in that. Many of our members have a
16 great deal of experience on these sorts of
17 transparency based websites, and would be very
18 interested to participate in that discussion.
19 Thank you again for this opportunity to testify
20 here today, and we look forward to working with
21 you for this and any other issue going forward.

22 CHAIRPERSON WEPRIN: Good, thank
23 you for that offer of assistance, and we'd be
24 happy to take those recommendations and to work
25 with you. Is there anybody else who would like to

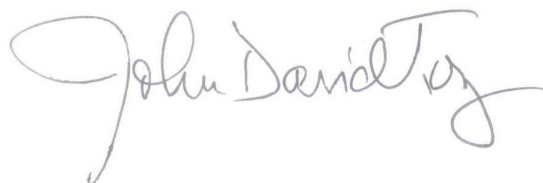
1 COMMITTEES ON FINANCE AND ECONOMIC DEVELOPMENT 112

2 testify before we adjourn this hearing? Speak
3 now. Going once, going twice, this joint hearing
4 of the Finance Committee and Economic Development
5 Committee is now adjourned. [gavel]

6

C E R T I F I C A T E

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

A handwritten signature in cursive script that reads "John David Tong". The signature is written in dark ink and is positioned above a horizontal line.

Signature _____

Date MARCH 23, 2009