

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the Combined

COMMITTEES ON FINANCE, ENVIRONMENTAL PROTECTION,  
CULTURAL AFFAIRS & SELECT COMMITTEE ON LIBRARIES

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May 14, 2012  
Start: 10:08 a.m.  
Recess: 3:22 p.m.

HELD AT: Committee Room - 16<sup>th</sup> Floor  
250 Broadway

B E F O R E:  
  
DOMENIC M. RECCHIA, JR.  
JAMES F. GENNARO  
VINCENT J. GENTILE  
JAMES G. VAN BRAMER  
Co-Chairpersons

COUNCIL MEMBERS:  
Gale A. Brewer  
Fernando Cabrera  
Leroy G. Comrie, Jr.  
Elizabeth Crowley  
Inez E. Dickens  
Daniel Dromm  
Julissa Ferreras  
Vincent M. Ignizio  
Robert Jackson  
G. Oliver Koppell

## A P P E A R A N C E S

## COUNCIL MEMBERS:

Karen Koslowitz  
Brad S. Lander  
Jessica S. Lappin  
Stephen T. Levin  
Melissa Mark-Viverito  
James S. Oddo  
Diana Reyna  
Joel Rivera  
Peter F. Vallone, Jr.  
Albert Vann

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

Linda Johnson  
President and CEO  
Brooklyn Public Library

John Vitali  
Chief Financial Officer  
Brooklyn Public Library

Richard Reyes-Gavilan  
Chief Librarian  
Brooklyn Public Library

Anthony W. Marx  
President and CEO  
New York Public Library

David G. Offensend  
Chief Operating Officer  
New York Public Library

Anne Carson  
Vice President for Public Service  
New York Public Library

Sharon Hewitt Watkins  
Vice President for Finance  
New York Public Library

Tom Galante  
President and CEO  
Queens Library

Kate D. Levin  
Commissioner  
NYC Department of Cultural Affairs

Margaret Morton  
Deputy Commissioner  
NYC Department of Cultural Affairs

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

Kathleen Hughes  
Assistant Commissioner  
NYC Department of Cultural Affairs

Tim Thayer  
Assistant Commissioner  
NYC Department of Cultural Affairs

Andrew Burmeister  
Assistant Commissioner  
NYC Department of Cultural Affairs

Harriet Taub  
MFTA Director  
NYC Department of Cultural Affairs

Tracey Knuckles  
General Counsel  
NYC Department of Cultural Affairs

Carter Strickland  
Commissioner  
NYC Department of Environmental Protection

Steven W. Lawitts  
Chief Financial Officer  
NYC Department of Environmental Protection

Joseph Murin  
Assistant Commissioner for Budget  
NYC Department of Environmental Protection

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2 CHAIRPERSON RECCHIA, JR.: Good  
3 morning and welcome to the opening day of the City  
4 Council's hearings on the Mayor's executive budget  
5 for fiscal year 2013, my name is Domenic M.  
6 Recchia, Jr., I'm the Chair of the Finance  
7 Committee, and we are joined today by the  
8 Committee on Cultural Affairs, Libraries and  
9 International Intergroup Relations, also chaired  
10 by my colleague, Council Member Jimmy Van Bramer  
11 and the Select Committee on Libraries chaired by  
12 my colleague Vincent Gentile. At this time I  
13 would like to recognize all those members that  
14 have joined us this morning. All right, we have  
15 Council Member Jackson, Council Member Jimmy Oddo,  
16 Council Member Vincent Ignizio. As Council  
17 members come in we will recognize them, it's a  
18 busy day, we have hearings going on, and so  
19 Council members will be in and out. Two weeks ago  
20 on May 3<sup>rd</sup>, the Mayor released his fiscal 2013  
21 executive budget, which totals \$68.7 billion. The  
22 Finance Committee is responsible for recommending  
23 a budget to the full City Council in a few short  
24 weeks. These executive budget hearings will  
25 provide one last opportunity for Council members

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2 and the public to hear from agencies concerning  
3 the impact of the executive budget and the impact  
4 they may have on their ability to deliver  
5 essential services in their districts and  
6 throughout New York City. Also, to insure that we  
7 hear about the issues that are important to the  
8 residents of this city, the public will have an  
9 opportunity to voice their comments and concerns  
10 on June 6<sup>th</sup>, which is the last day of the budget  
11 hearings. On the last day starting at  
12 approximately four o'clock to five o'clock, the  
13 public will have an opportunity to come and  
14 testify. We will stay there as long as we need to  
15 stay there, anyone who has to make travel  
16 accommodations, we will try to accommodate those  
17 people first, and if there are any disabled people  
18 who love to come and testify or veterans, we will  
19 definitely accommodate them, so we can get them in  
20 and out at the beginning of the public session.  
21 Today we will begin our executive budget hearing  
22 with Libraries and the executive budget the  
23 administration is proposing, \$209 billion (sic) in  
24 city support for the city's three library systems,  
25 which is a 30% reduction from last year's adopted

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2 budget. On the capital side, the executive  
3 capital budget is \$389 million, which is a  
4 decrease of \$36 million from the preliminary  
5 capital budget. As you all know, libraries are  
6 very important to this Council and to me  
7 personally. It is very disappointing to me that  
8 after jointly working to restore funding for  
9 libraries for the last two years, the  
10 administration has once again placed the burden of  
11 protecting our public libraries and the people and  
12 communities they serve on the City Council. This  
13 is an issue that has become, many people refer to  
14 as the dance. This City Council will do  
15 everything in its power to see that the libraries  
16 are properly funded, and we will work together  
17 with the administration and the public to see that  
18 libraries are protected once the adopted budget is  
19 passed. At this time I would like to turn the  
20 microphone over to my co-Chair, Council Member  
21 Jimmy Van Bramer, Chair of the Cultural Affairs,  
22 Libraries and International Intergroup Relations  
23 Committee, who I know shares the sentiments about  
24 the importance of libraries in our city, and then  
25 after him will be Council Member Vincent Gentile,

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2 who also has a great love for the libraries and  
3 will make an opening statement. Council Member  
4 Jimmy Van Bramer.

5 CHAIRPERSON VAN BRAMER: Thank you  
6 very much, Finance Chair Recchia, it is fitting  
7 that we begin the executive budget hearings with  
8 libraries, as libraries, our three terrific  
9 library systems, stare down one of the largest  
10 proposed cuts from the administration, each of  
11 them, between the three systems, staring down a  
12 cut of almost \$100 million, \$100 million proposed  
13 cut to our public library systems. If this is not  
14 averted by the Council, it would be catastrophic.  
15 Nearly 1,600 employees are at risk of losing their  
16 jobs, 1,600 hard-working New Yorkers, and five-,  
17 six-, and seven-day library service would be a  
18 thing of the past. Cuts so draconian as the ones  
19 presented by the administration would cripple the  
20 vital services that our library systems offer when  
21 they function as a basic safety net to those who  
22 have lost services, and I would add hope  
23 elsewhere. Not only would a cut like the proposed  
24 one cut all of the vital services that libraries  
25 have to offer, but the branches that remain open -

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2 - and let's be clear, library branches would close  
3 altogether with a cut of \$100 million -- but with  
4 those that remain open, they would be looking at  
5 drastically-reduced service. This is simply  
6 unacceptable in a city as grand as New York, and  
7 the lack of any baselining to libraries' budgets  
8 forces us into this dance every year, and forces  
9 the library systems and the three CEOs that we'll  
10 be hearing from in a few minutes, it presents them  
11 with great challenges in how they plan their  
12 budgets every year, looking at a proposed  
13 reduction of over 30% from the previous year,  
14 without clear ideas of what restorations would  
15 look like, it hurts them in terms of long-term  
16 planning, and makes some of that planning even  
17 impossible. Employees from librarians to cleaning  
18 staff to IT staff are left in constant fear that  
19 they do not have a place at their library, and  
20 will be without ways of keeping their families'  
21 roofs over their heads. This is wrong on so many  
22 different levels. What's even worse is that with  
23 the reductions growing each year, the challenge  
24 for the Council becomes even greater. If \$85  
25 million was restored this year by the Council,

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2 which would be a record restoration to libraries,  
3 libraries would still be faced with a 20%  
4 decrease. This is something that we have got to  
5 avoid. And before we hear from our three library  
6 systems, and I see they're all here, I just want  
7 to say that there is a corrosive effect of this  
8 process every year. It corrodes the faith that  
9 people have in their library systems and in the  
10 process that we are engaged in altogether, and we  
11 have got to get to a place where we are not  
12 risking the very fundamental and heart of our  
13 democracy every single year with these crippling  
14 proposed reductions to our public libraries. So I  
15 look forward to hearing from our three library  
16 systems, and I look forward to us restoring  
17 funding for libraries. Thank you very much.

18 CHAIRPERSON RECCHIA, JR.: Thank  
19 you, Council Member Jimmy Van Bramer. Before we  
20 hear from Council Member Gentile, I would just  
21 like to recognize those Council members that have  
22 joined us, we are joined by Council Member Vann,  
23 Council Member Leroy Comrie, Council Member Diana  
24 Reyna, Council Member Dickens, Council Member  
25 Koppell, Council Member Brewer, Council Member

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2 Melissa Mark-Viverito, and Council Member  
3 Koslowitz. Now, yes, Russ.

4 MALE VOICE: We've got Diana Reyna.

5 CHAIRPERSON RECCHIA, JR.: And I  
6 will recognize Council Member Vincent Gentile.

7 CHAIRPERSON GENTILE: Thank you,  
8 good morning, and it is fitting to start by  
9 thanking Chairman Recchia and Van Bramer for their  
10 ... for this hearing, and which closely examines the  
11 impact that Mayor Bloomberg's proposed nearly-\$100  
12 million reduction will have on libraries.

13 Chairmen Recchia and Van Bramer, that \$80 million  
14 that was restored in last year's budget but not  
15 included in this year's proposal, plus the  
16 November planned PEG of \$13.2 million, and as  
17 you've heard, we are at the \$96 million deficit,  
18 almost \$100 million reduction. City funds for  
19 libraries have hovered around \$300 million or more  
20 in the past two or three fiscal years, with the  
21 restoration funding. This means the Mayor is  
22 proposing to cut almost a third of city's funds to  
23 libraries. We absolutely must not allow this to  
24 happen. Now we all realize when the Mayor puts  
25 together his budget, he's forced to make the

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2 difficult choices and that we are facing difficult  
3 times, but we simply cannot afford the cost of not  
4 insuring as much access and support to libraries  
5 as possible. There is an incalculable cost to  
6 shuttering library doors by not providing funding  
7 and support. I'm anxious to hear what the heads  
8 of the libraries have to say about this, and I  
9 wish I could say I was looking forward to it, but  
10 cutting about a third of the funding the city  
11 gives to libraries will have disastrous effects,  
12 is not going to be easy for anyone to hear, but  
13 hear we must.

14 CHAIRPERSON RECCHIA, JR.: Okay,  
15 thank you very much, Council Member Gentile. At  
16 this time we'd ask the three heads of the three  
17 library systems to please take a seat at the  
18 table. Everyone should have copies of their  
19 testimony before them, and whoever would like to  
20 start off first. Do we have Brooklyn's testimony?

21 MS. JOHNSON: Yes.

22 CHAIRPERSON RECCHIA, JR.: No we  
23 don't. Okay.

24 MS. JOHNSON: Good morning, I'm  
25 Linda Johnson, I'm President and CEO of Brooklyn

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2 Public Library, and joining me today are John  
3 Vitale, our Chief Financial Officer and Rich  
4 Reyes-Gavilan, our Chief Librarian. I want to  
5 thank Committee Chairs Domenic Recchia, Jr., Jimmy  
6 Van Bramer and Vincent Gentile for inviting  
7 Brooklyn Public Library to testify today. We are  
8 also appreciative and extremely thankful to the  
9 entire City Council for its resolute support of  
10 the library. In March I testified about the  
11 potential impact of the budget of the proposed  
12 fiscal year 2013 preliminary budget on Brooklyn  
13 Public Library. Since then Mayor Bloomberg's  
14 projected cuts for the library, totaling  
15 approximately \$27 million, have been carried over  
16 to the executive budget. Now perhaps more than  
17 ever before we need your support to restore our  
18 funding, so that we can continue to provide the  
19 services that our patrons need. The library is  
20 already operating with considerably less funding  
21 than in recent past. Since the fiscal year 2008  
22 adopted budget, the Mayor's failure to baseline  
23 City Council's previous restorations has resulted  
24 in the elimination of a cumulative total of  
25 approximately 20% of our city appropriation, or

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2 roughly \$15 million. Since fiscal year 2008, our  
3 workforce has been reduced by 170 positions  
4 through attrition. Moreover, as I mentioned in my  
5 last budget testimony, we have not hired a new  
6 librarian using general operating money since  
7 November of 2008. The library simply cannot  
8 absorb additional cuts without dangerously  
9 reducing our service to the community. The fiscal  
10 2013 executive budget calls for cutting  
11 approximately 33% of our current city  
12 appropriation. If this budget is passed, it will  
13 have disastrous consequences that will be felt by  
14 all of our patrons. If we were to lose one third  
15 of our funding the likely scenario would be to  
16 decrease library service hours by 50%, from an  
17 average of 43 hours per branch to approximately 21  
18 and a half hours per week, close 16 neighborhood  
19 libraries, lay off approximately 35% of our full-  
20 time staff, and purchase 27% fewer books.  
21 Unfortunately, these cutbacks would have further  
22 repercussions: our patrons would also lose access  
23 to more than 400,000 personal computing sessions,  
24 and because of maintenance of effort requirements,  
25 the cuts could threaten a significant portion of

1  
2 our funding from the state government. In our  
3 preliminary budget testimony we focused on a  
4 number of the services we provide to adult  
5 patrons. I highlighted the many ways we expand  
6 access to technology throughout the borough, our  
7 adult literacy program, and our business and job  
8 information services. I also mentioned our new  
9 Workforce1 career centers, which have made over  
10 500 job placements since opening last October, our  
11 record-breaking circulation rate in fiscal 2011,  
12 and that we will be opening our sixth learning  
13 center, which will be located in East New York, to  
14 commemorate the 35<sup>th</sup> anniversary of our literacy  
15 program. Today however, my testimony will focus  
16 on some of the resources we offer to children, the  
17 most important demographic that we serve.

18 Brooklyn Public Library is committed to supporting  
19 lifelong learning, all 60 of our libraries offer  
20 children's programming and encourage young  
21 Brooklynites to improve their literacy skills.

22 One of the most popular programs is summer  
23 reading. Each year librarians from Brooklyn  
24 Public Library, New York Public Library and Queens  
25 Library collaborate with the Department of

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2 Education's school library system to select books  
3 to include on summer reading lists. As part of  
4 the program, Brooklyn Public Library engages  
5 children with a variety of fun, free activities,  
6 games and live performances, and awards prizes.  
7 In fiscal year 2011, of the 97,000 people who  
8 signed up for summer reading at Brooklyn Public  
9 Library, more than 64,000 were schoolchildren age  
10 12 and under who read over 413,000 books. Through  
11 these types of programs we encourage Brooklynites  
12 to make reading a family activity. Our First Five  
13 Years campaign offers an array of interactive  
14 programs tailored to meet the needs of children in  
15 their first five years of life, from Babies and  
16 Books and weekend stories, to Read, Play, Grow,  
17 and Ready, Set, Kindergarten, our enriched  
18 storytime programs model early literacy practices  
19 to parents and caregivers to help prepare young  
20 children to succeed in school. The library also  
21 supports the work being done in schools and other  
22 educational agencies by hosting visits from  
23 classes, after-school programs, child care  
24 centers, day camps and more. During class and  
25 after-school visits, children can obtain library

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2 cards, browse and select books, receive support  
3 and materials for school projects. Many of our  
4 libraries also have volunteers who provide  
5 homework help for students throughout the school  
6 year. In our last fiscal year, the library  
7 provided nearly 19,000 literacy program sessions  
8 and class visits for children age birth to 12.  
9 Total cumulative attendance at these sessions and  
10 class visits was roughly 480,000. The library is  
11 also a proud participant in the Federally-funded  
12 National Reading is Fundamental program. Children  
13 simply need a library card to register for the  
14 program and receive a free book. Each child is  
15 entitled to receive a book of his choice every  
16 time he reads and returns a total of six library  
17 books. Through Reading is Fundamental, the  
18 library helps young Brooklynites make reading a  
19 habit, and provides children and families across  
20 the borough with much-needed literacy resources.  
21 Last year, through Reading is Fundamental,  
22 Brooklyn Public Library distributed more than  
23 78,000 books to children. In addition to  
24 providing an array of children's literacy  
25 programs, it is also important to note that

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2 Brooklyn Public Library provides a safe haven for  
3 children after school. Many parents rely on the  
4 library as a supervised environment for their  
5 children. If budget cuts force us to close some  
6 libraries on weekdays, many parents will be left  
7 scrambling for other after-school options. In  
8 fact, the Mayor's proposed 2013 executive budget  
9 calls for funding cuts to child care and after-  
10 school programs. Should all of these cuts be  
11 implemented, countless children will likely be  
12 left with few safe places to go in their out-of-  
13 school time. Every day we help young Brooklynites  
14 build the literacy skills they will need to  
15 accomplish future milestones, such as graduating  
16 from high school and college and finding  
17 employment. Our role in fostering literacy, a  
18 sense of wonderment and a love of learning in  
19 children has far-reaching positive effects for our  
20 city and society. Unfortunately, further cuts to  
21 our funding will result in significantly-decreased  
22 services for the people who need them the most,  
23 including children. In the proposed 2013  
24 executive budget ... if the proposed 2013 executive  
25 budget is passed, we will fail our communities.

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2 Brooklynites young and old will lose access to a  
3 vast range of programs and resources designed to  
4 help them improve their lives. Our libraries are  
5 welcoming spaces that provide free and open access  
6 to information, we help new Americans learn  
7 English, young adults prepare for the GED, job-  
8 seekers improve their resumes, and seniors learn  
9 new computer skills. Though our budget has been  
10 repeatedly cut over the past few years, there has  
11 been no shortage of demand for our services. We  
12 urge you to restore our funding and help the  
13 library remain a vital source of education and  
14 empowerment for all Brooklynites. Thank you again  
15 for your past support, for this opportunity to  
16 testify, and of course I'm happy to answer any  
17 questions that you might have.

18 CHAIRPERSON RECCHIA, JR.: Thank  
19 you very much. Before we hear from the next  
20 library system, I want to recognize we've been  
21 joined by Council Member Danny Dromm from Queens.  
22 Okay, we'll answer questions after all three of  
23 you testify. Next.

24 DR. MARX: Good morning, I'm Tony  
25 Marx, President and CEO of the New York Public

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2 Library. NYPL system provides library services to  
3 the boroughs of the Bronx, Manhattan and Staten  
4 Island, as well as the research libraries for the  
5 entire city. I want to thank you for the  
6 opportunity to testify today, it's great to be  
7 here talking about libraries and the essential  
8 services that they offer. I'm joined today by  
9 Dave Offensend, the Chief Operating Officer, Anne  
10 Carson, Vice President for Public Service, and  
11 Sharon Hewitt Watkins, Vice President for Finance.  
12 Before I begin I want to also thank Speaker  
13 Christine Quinn, Committee Chairmen Domenic  
14 Recchia, Jr., Jimmy Van Bramer and Vincent Gentile  
15 and all the members of the Committees for your  
16 great support of the libraries and for your  
17 continued support as we move forward during these  
18 difficult economic times. We're here today to  
19 discuss the FY13 executive budget, and the impact  
20 of the Mayor's proposed \$42.6 million cut to the  
21 New York Public Library. This proposed cut is in  
22 addition to cuts totaling \$20.7 million already  
23 imposed since FY08, for a grand total of \$63.3  
24 million. As I stated during this year's  
25 preliminary budget hearing, this cumulative \$63.3

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2 million of cuts means that FY13 funding, excluding  
3 inflationary reimbursements, would be a full 44%  
4 lower than the FY08 adopted budget. At that time  
5 the restoration to our budget was baselined, and  
6 the Mayor and the Speaker committed to fully  
7 funding six-day library service. As you are  
8 aware, the level of cuts since FY08 has made it  
9 increasingly difficult for us to provide the type  
10 of library service that all New Yorkers need.

11 Last month David Giles, Research Director at the  
12 Center for an Urban Future, delivered testimony  
13 here before the Council's Committees on Small  
14 Business and Cultural Affairs regarding the  
15 economic impact of libraries. CUF is currently  
16 researching a comprehensive report on the city's  
17 library systems, and in his testimony David noted,  
18 "I can confidently say that based on the research  
19 so far, public libraries are absolutely vital to  
20 the city's economic (sic) and quality of life."

21 He added, "In the years ahead, New York will need  
22 to address a number of profound social,  
23 demographic and economic changes. Few  
24 institutions are better positioned than the city's  
25 public libraries to help this city meet all of

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2 these challenges." I could not agree with David  
3 more. More patrons than ever are coming through  
4 our doors, checking out our materials, attending  
5 more programs and accessing more information. Our  
6 programming is growing and increasing in  
7 diversity, to meet the changing needs of  
8 neighborhoods and the New Yorkers that inhabit  
9 them. And our technology is advancing to meet  
10 ever-changing demands of the online world. Our  
11 libraries are also community hubs that provide a  
12 safe space for teens, engaging activities for  
13 seniors, and access to critical financial and  
14 language information to our city's adults. Our  
15 libraries are the only free education provider for  
16 New Yorkers of all ages, and oftentimes the only  
17 place that many New Yorkers feel comfortable  
18 accessing information and services. Despite the  
19 continued downward trend of city funding, the New  
20 York Public Library continues to experience a  
21 system-wide surge in its use. Last year alone  
22 there were 15.1 million visits to our branch  
23 libraries and 2.5 million visits to our research  
24 libraries, and 31.2 million visits to our website.  
25 27.9 million items were circulated, and even more

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2 were consulted from among our collection of over  
3 50 million books and other materials. Close to  
4 50,000 New Yorkers attended job-related classes at  
5 the library, and these classes remain vital to New  
6 Yorkers who are out of work, looking to change  
7 careers or to start a new business. Our  
8 librarians and volunteers provide a one-stop shop  
9 for job-related assistance. Close to 45,000  
10 programs and classes were offered system-wide with  
11 an attendance of almost a million. Over the last  
12 four years you have asked all city agencies, as  
13 well as the libraries, to do more with less, and  
14 we have. Here are just a few examples. Through a  
15 pilot program with the city's Department of  
16 Education we are aligning resources to insure that  
17 all children in our city's public schools and  
18 their teachers have access to library materials  
19 from the largest circulating collection in the  
20 world. We are currently piloting a program in 50  
21 schools throughout the Bronx, Manhattan and Staten  
22 Island that provides access to the library's  
23 catalogue of over 50 million items, and allows  
24 direct lending services to these students and  
25 teachers. Now in its sixth month, this pilot has

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2 seen tremendous results. Our data shows that a  
3 student in this pilot is nearly three times more  
4 likely to have a book checked out from a public  
5 library site than the general population of  
6 students. We are encouraged by these results and  
7 look forward to expanding the program. We also  
8 are working with the city's Department of Small  
9 Business Services to locate a workforce expansion  
10 center at our Francis Martin Library in the Bronx.  
11 This partnership expands upon the great job search  
12 and work readiness programs that the library  
13 already offers, we're exploring the possibility of  
14 collaborating with the Department of Cultural  
15 Affairs to provide space for artists in our  
16 libraries through the Space Works Initiative.  
17 Additionally, as part of the library's vision we  
18 are working to increase the programs and services  
19 offered in our neighborhood libraries. Our goal  
20 is to have libraries bursting at the seams with  
21 programming and classes, from after-school  
22 programs for children to more ESOL slots and  
23 technology training. We know that this goal is  
24 achievable and I am committed to seeing it happen.  
25 However, while these partnerships and programs are

1 showing such positive results, the savings created  
2 by our current service model, which have allowed  
3 us to continue to provide New Yorkers with  
4 comprehensive library service, even with  
5 significantly-less funding, have reached their  
6 breaking point. Our workforce has already been  
7 reduced by 430 active positions since July, 2008,  
8 an 18% reduction, and our average hours of service  
9 at all locations are currently 46.6 per week, a  
10 12% reduction from the 52.7 which we reached early  
11 in FY09. To accommodate the new proposed cuts of  
12 \$42.6 million, we estimate that we would see a  
13 reduction of 682 positions, 610 through layoffs.  
14 The library's average weekly service would be  
15 reduced to four days, and we would have to  
16 consider the possibility of closing up to 12  
17 branch libraries. We would also have to cut the  
18 library's book budget. The greatest impact of  
19 these cuts would be felt by the most vulnerable  
20 groups served by the library: children, seniors,  
21 immigrants, non-English speakers, and especially  
22 those living below the poverty line. Specific  
23 impacts could include: 11.7 million, or 42%, fewer  
24 items would be circulated; 6.2 million, or 35%,  
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2 fewer visits would be made to libraries; close to  
3 450,000 fewer visits to library programs by young  
4 people; close to two million, or 44%, fewer  
5 computer sessions; 21,600 fewer slots in career  
6 counseling sessions; 1.4 million fewer visits and  
7 2.6 million fewer materials circulated in just our  
8 Lower Manhattan libraries alone; close to one  
9 million fewer visits and 1.4 million fewer  
10 materials circulated just in our central Bronx  
11 libraries, where 72% of the families earn less  
12 than \$50,000 per year; 627,000 fewer visits, 1.5  
13 million fewer items circulated just in Staten  
14 Island. Ladies and gentlemen, libraries are  
15 lifelines. For Tommy Foday, a refugee and torture  
16 survivor from Sierra Leone, the St. George Library  
17 in Staten Island is the place where he is learning  
18 to read and use computers through our centers for  
19 reading and writing, and he has just passed his  
20 U.S. citizenship exam. He deserves the rights of  
21 citizenship. This is just one of the millions of  
22 stories of New Yorkers who come to our libraries  
23 for more than just books on shelves, and whose  
24 lives have been changed by our local library.  
25 From our ESOL and centers for reading and writing

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2 classes, after-school programs, over 4,000 public  
3 access computers, and new programming initiatives,  
4 libraries serve as the only free education  
5 provider for all New Yorkers. The New York Public  
6 Library, and our sister libraries in Brooklyn and  
7 Queens, aspire not to do less, but to do more,  
8 because the needs of this city are great, and  
9 because the libraries are poised and looked on to  
10 meet that need. In years past, Speaker Quinn and  
11 the City Council have championed funding of this  
12 city's libraries, we're truly grateful for this  
13 support. We again seek your support and are  
14 grateful for it, in helping to insure that New  
15 Yorkers can continue to access this invaluable and  
16 much-needed resource. Once again, thank you for  
17 this opportunity to testify, and I'm happy to  
18 remain available to answer any questions that you  
19 may have.

20 CHAIRPERSON RECCHIA, JR.: Thank  
21 you very much. Before we hear from Queens, we  
22 would like to recognize that we have been joined  
23 by Council Member Cabrera.

24 MR. GALANTE: Okay, I want to thank  
25 the Council and the Committees for the opportunity

1  
2 to testify today, I'm going to summarize my  
3 remarks so we can get right to questions and  
4 answers quicker as well. I want to thank Speaker  
5 Quinn who has been a great champion for libraries,  
6 Domenic Recchia and Jimmy Van Bramer and Vincent  
7 Gentile, who are great Council Members who love  
8 their libraries and who have been great champions,  
9 also our delegation Chair, Leroy Comrie, and every  
10 single person who is here today, this is just a  
11 great turnout, every seat is full, to show the  
12 support for libraries. Our demand for services  
13 throughout the city, and in Queens as well, is  
14 continuing to increase and on the rise. We had 13  
15 million visitors in Queens to libraries this past  
16 year, our number of cardholders has increased.  
17 Every single day that we're open, every hour that  
18 we're open, we have 10,000 items loaned in Queens  
19 alone for each hour that we're open, 10,000 items  
20 every hour, think about that, right. Our program  
21 attendance is higher than ever: 600,000 people  
22 attended programs last year, it was about 420,000  
23 for a number of years before that. We continue to  
24 grow out our computer network, as all three  
25 systems do, we're up to about 1,600 computers now.

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2 We've increased bandwidth, which is essential in  
3 today's world for people to get access, and dozens  
4 of training classes that we offer each week,  
5 including multiple languages as well. And our  
6 computer and internet use, 50,000 sessions every  
7 single week of someone coming into a library,  
8 logging on and using our computers, 50,000 every  
9 week. And there's a lot of great things happening  
10 at the library, we have 40,000 visits in Queens  
11 that we have every single day, all right, think  
12 about it, on a daily basis 40,000 visits in  
13 Queens, we have 10,000 students who come in to see  
14 us after school. We have 8,000 people who get  
15 free access to the internet each day, and there's  
16 70,000 items loaned each day. So the more hours,  
17 the more days we're open, the more we can do all  
18 of these things. Job seekers, we have so many  
19 different services that help someone on their job  
20 path, approximately 1,000 times every single month  
21 we're helping people secure jobs. Our adult  
22 learners program, we continue to expand out with  
23 private and grant funding, we just expanded that  
24 out in the Rockaways, we have 6,000 adults that  
25 are going through our ESOL program and another

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2 1,500 through our basic adult literacy program in  
3 this past year, we expect that to go up double  
4 digit this year. Our after school program, you  
5 know, I mentioned earlier, 10,000 young people a  
6 day who come to see us, 3,500 of those kids are in  
7 a structured Best Out of School Time program that  
8 we offer with tutors. We have seen that go up by  
9 about 500 kids a day this year in the number of  
10 kids that are coming in to see us. And I know  
11 that, you know, on the table as well are cuts to  
12 the city's OST program, it's my understanding in  
13 the executive budget, which would be a double-  
14 barreled shotgun at kids if that were to be  
15 unfunded, as well as closing libraries lots of  
16 days a week. It doesn't make a lot of sense for  
17 kids, really. The executive budget for Queens is  
18 a \$26.7 million reduction, it's about 31% of our  
19 budget. This is on top of a 15% reduction that we  
20 received over the last four years, which totals  
21 around \$15 million for us. The staff reduction  
22 would be over 600 talented, dedicated employees,  
23 in addition to over 200 jobs that we've already  
24 had to eliminate during the past four years, we  
25 would have 18 libraries closed outright, no Sunday

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2 service anywhere in the borough, we would have 30  
3 libraries, half of our libraries, open just two  
4 days a week, and the average access would be two  
5 or three days a week in every community, meaning  
6 closed four or five days a week. And every single  
7 service we offer obviously would be cut back, we  
8 would have to cut hours and service by half of  
9 what it used to be, you'd be seeing all these  
10 metrics I mentioned about the number of kids  
11 reached and so forth, you'd be seeing all of that  
12 cut in half. Of particular pain is we do so much  
13 work to secure private funding, to get state  
14 competitive funding, Federal competitive funding,  
15 which pays for most all of the programs I'm  
16 speaking about, where the city pays for the basic  
17 cost of having our doors open and our librarians  
18 and our clerical staff to deliver our basic  
19 services. So when you have to close your doors  
20 half the time, obviously you're going to be taking  
21 and having grant funding that's going to go by the  
22 wayside. And also, as Linda mentioned, you know,  
23 the state, if our funding goes down more than 5%  
24 in a given year, then the state wants to cut our  
25 budget by law by 25%. So it would hurt in many

1  
2 fronts. We are really important to the social  
3 fabric of the borough of Queens, you know, we have  
4 adult learners who come into our children's  
5 library discovery center, the after-school  
6 programs everywhere, the immigrants throughout  
7 Queens and our adult learners, seniors, digital  
8 literacy is a very important component of the  
9 services that we offer, and I really urge you to  
10 support the restoration of this year's cut. The  
11 City Council has been unbelievable in years past  
12 in finding ways to restore the funding that's been  
13 proposed to be reduced in the executive budget.  
14 You know, we all call it a dance, but it's a very,  
15 very dangerous game that's being played here, that  
16 has a lot of people's lives in the balance,  
17 whether it's the 600 or so employees at the  
18 library that are at risk of losing their jobs, or  
19 it's the customers that we serve, it's a very  
20 dangerous game. So I really am looking forward to  
21 working together with the Council, to see that  
22 these funds are restored, so that we can maintain  
23 the hours of service we currently offer, and I'm  
24 available for any questions that you may have.  
25 Thank you so much.

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2 CHAIRPERSON RECCHIA, JR.: Thank  
3 you very much. And I'm going to let my colleagues  
4 go first to ask questions, and then I will ask  
5 some follow-up questions at the end. If any  
6 Council Member would like to ask questions, please  
7 submit your name to Shadawn sitting to my right,  
8 and she will take the names. At this time we will  
9 begin with Council Member Jimmy Van Bramer, then  
10 followed by Council Member Vincent Gentile.

11 CHAIRPERSON VAN BRAMER: Thank you  
12 very much, Mr. Chair.

13 CHAIRPERSON RECCHIA, JR.: Hold on,  
14 Council Member, we've been joined by Council  
15 Member Julissa Ferreras.

16 CHAIRPERSON VAN BRAMER: Thank you  
17 very much, and I just have one over-arching  
18 question, because I think it's more important to  
19 get to the other members as well. But Tony, you  
20 summed it up pretty good, I thought, with this  
21 line "The greatest impact of these cuts would be  
22 felt by the most vulnerable groups served by the  
23 library, children, seniors, immigrants, non-  
24 English speakers, and especially those living  
25 below the poverty line." And on top of that I

1  
2 would add, the 1,500 - 1,600 staff members  
3 throughout the city who would be laid off as a  
4 result of these cuts. So I wondered if the three  
5 of you could just sort of sum up the human cost of  
6 this for the Committees and the members? The  
7 numbers are staggering, but behind each of those  
8 numbers are real-life stories of New Yorkers and  
9 we want a budget that protects the most-vulnerable  
10 New Yorkers, that has got to include restorations  
11 for libraries.

12 DR. MARX: If I could just start,  
13 Council Member, the ... I have visited our branches,  
14 including the poorest neighborhoods of New York.  
15 Every seat is filled, every computer has a line  
16 out the door waiting for it. People rely on their  
17 libraries, particularly those who don't have,  
18 can't afford to have books at home, who don't have  
19 a quiet place at home, who don't have computers at  
20 home, imagine that in the 21<sup>st</sup> century, or WiFi for  
21 their computers. They may not even have heating  
22 or air conditioning at home. The library is their  
23 refuge, and it isn't just a refuge in the sense of  
24 a place, it's a place for thinking. In the  
25 information age, it's essential if we're going to

1  
2 have an informed citizenry, and a citizenry that's  
3 able and prepared for jobs, the library is their  
4 place. So on a system level, in terms of  
5 democracy and the economy, the impact of these  
6 kinds of cuts couldn't be more troubling for the  
7 kind of society that we want to have. But as you  
8 say, if you go talk to people, you hear it from  
9 them, and just ask our patrons, why are you here  
10 in the library, and they'll say because I live, I  
11 remember coming to the branch I grew up in, when I  
12 was first coming back to New York to run the New  
13 York Public Library, and asking people what they  
14 were doing there. People explained to me, well,  
15 my goodness, you know, this is the only quiet  
16 place, and I run a business and this is the only  
17 place I can run it from. Or a public school  
18 teacher who was looking through the collection,  
19 sadly looking at books on the fifth grade level  
20 for her eighth grade class, but looking for the  
21 best books to help to boost their level of  
22 achievement. Or other people who said, this is  
23 the only place I can go and be able to think, all  
24 right, let alone look for jobs or prepare for  
25 those jobs. But I will tell you the one that made

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2 the deepest impression on me, it was a recent  
3 arrival here in New York from Latin America. My  
4 Spanish from public school studies in New York is  
5 not very good, but as best I could I had a  
6 conversation with him. And he said, you know, I  
7 live with seven other people in two rooms, there's  
8 no books, there's no quiet. I come here for an  
9 hour, the hour free I have a day, because this is  
10 the only place I can think. And I said, well,  
11 what do you do while you're here for that hour?  
12 He said, I look at books. I said, which books?  
13 And he showed me, he showed me the books he pulls  
14 down from the shelves, books of paintings. I  
15 said, what paintings do you look at? He said, I  
16 come to the library to look at pictures of angels.  
17 Everybody finds their inspiration in whatever  
18 images they seek, but they all know they can come  
19 to the library to find the ideas and the images  
20 and the inspiration that we need, and we need it  
21 now more than ever, Mr. Chairman.

22 MS. JOHNSON: It's hard to follow  
23 that, Mr. Chairman. But your question is a really  
24 good one, because we talk often in terms of  
25 statistics and we paint sort of a macro picture of

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2 what it would look like if we were to sustain the  
3 cuts that we are faced with, when in fact, of  
4 course, the number of stories is incalculable, and  
5 the depth of the deprivation is hard to imagine.  
6 But I think that in terms of the steps that would  
7 result in perhaps the most devastating picture in  
8 Brooklyn is, you know, we refer to the digital  
9 divide so frequently now that it's become a  
10 cliché, but the digital divide is very real, and  
11 becoming more troubling every day, and we're  
12 working very hard to make sure that we create a  
13 bridge for people who would otherwise really fall  
14 further behind than they already are, without  
15 access to digital material and to technology. I  
16 believe deeply that technology is the key to our  
17 future, and if we continue to sustain cuts like  
18 this, we will not be able to be out there in front  
19 of our patrons, instead we'll sort of limp along  
20 in ways that really won't make a substantial  
21 difference in people's lives, and without that  
22 they are really, really at risk, not only from  
23 being unemployed, but just not from being  
24 productive or fully-engaged members of our  
25 communities.

1  
2 MR. GALANTE: I'll just add to what  
3 was said by just pointing out that, you know, we  
4 can ... we're here and we talk all our numbers and  
5 how important library service is, and I think  
6 everyone understands that, because we live and  
7 breathe and we have, you know, I know in Queens,  
8 in Brooklyn and New York, there are experiences  
9 that happen every single day that I hear about  
10 that are just wonderful experiences on the value  
11 that we add. But if you think about it this way,  
12 coming to us is a voluntary activity. People get  
13 up, leave their homes, do whatever they're doing,  
14 and they come to us. There isn't a single city  
15 service anywhere that I can think of that has the  
16 number of people walking to a service every day  
17 that you cannot find it anywhere else in the city.  
18 It's almost got to be a couple of hundred thousand  
19 people a day that get up and walk in to see us,  
20 because they need us, otherwise they wouldn't be  
21 there. So to say let's close it down half the  
22 time, in addition to the reductions we've already  
23 had, is just counterintuitive, and these are  
24 obviously the people that need the help more than  
25 anyone else, or they wouldn't be coming to us.

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2 So, you know, here we are again, and going through  
3 this, and we hope the Council can find a way to  
4 make it right.

5 CHAIRPERSON RECCHIA, JR.: Thank  
6 you. Sergeant-at-arms, can we lower the air  
7 conditioning? I don't know, my colleagues are  
8 freezing. Council Member Dickens had to call down  
9 for her shawl, or blanket, whatever you want to  
10 call it. Okay, Council Member Gentile.

11 CHAIRPERSON GENTILE: Thank you,  
12 Mr. Chairman, and well-said, well-said. This was  
13 brought up during your opening statements, but  
14 it's important enough that I think I want to drive  
15 the point home. Since we last met at the  
16 preliminary budget hearings, the Mayor has  
17 announced the cuts to out of school time and to  
18 the Beacon programs and to a lot of child care  
19 programs throughout the five boroughs. Now, you  
20 mentioned that in relation to libraries, and I'm  
21 just curious that of course we don't want cuts to  
22 happen to those programs, but to the extent that  
23 any of those cuts are realized, does that make  
24 funding of libraries that much more important?

25 MS. JOHNSON: You know, the short

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2 answer is certainly. The more nuanced answer is  
3 that libraries in some ways, and we're sort of  
4 loathe to admit this, but we've become somewhat of  
5 a safety net, and we're there when the school  
6 system is not doing its job as well as it might,  
7 or you know, when the after-school programs are  
8 being cut, and so I think that in a sense we do in  
9 fact pitch in, Tony mentioned work that New York  
10 Public Library is doing with the Department of  
11 Education and which Brooklyn is contemplating  
12 doing as well. If you cut the agencies who are  
13 specifically tasked with doing after-school work,  
14 and then you cut the library on top of that, you  
15 essentially remove all support that working  
16 parents have for educating their children beyond  
17 what's offered in the school system. And also,  
18 put them at risk for doing things after school,  
19 which aren't nearly as productive as they might be  
20 if they were in the library.

21 MR. GALANTE: Yeah, I'll dovetail  
22 that and just, in what I just spoke about as well  
23 as what Linda said, which is in Queens alone  
24 10,000 kids a day ... 10,000 kids a day who walk in  
25 to see us for help, and the idea of the library

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door locked when they get there is unconscionable.

DR. MARX: Again, to reiterate what my colleagues have said, so this year we opened a beautiful new teen center at Hamilton Grange 135<sup>th</sup> Street, it's really an amazing facility. And teens, sometimes they'll go to other after-school programs that the city runs, well, those get cut, they've got no place else to go but to this amazing teen center, which has computers for them to use and space for them to be doing their homework, and for them to be devising their own computer games, and you know, really engaging. So imagine, you know, you close this thing, right, for budget cuts. Well, first you've got this sort of terrible tragedy that you've built this amazing facility, and you've got this great staff and suddenly they're unavailable. Well, what are you saying to those kids and that neighborhood? And people and kids come from all over the neighborhoods to this facility. You're saying, no, we want you on the street instead of in a safe place to be doing your schoolwork and learning to prepare yourself for jobs or for being an informed citizen. We actually don't care about your

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2 future. That is a statement that this city has to  
3 be above saying.

4

CHAIRPERSON GENTILE: So it's clear  
5 that the demand would only grow, should those  
6 programs be cut. The other point I wanted to  
7 drive home is the fact that you all spoke of  
8 closures of branches, different numbers in each  
9 borough, but staggering numbers overall in terms  
10 of closures of branches in the local communities.  
11 But it's clear that closing buildings does not  
12 come without cost, and so I just want you to drive  
13 home the point of the fact that closing a building  
14 doesn't eliminate a cost of that building in and  
15 of itself, am I not correct?

16

MR. GALANTE: Correct, there are  
17 costs to maintain the facility, whether it's  
18 closed or not. You would save the cost of the  
19 staff and the book collection that's in there, but  
20 you'd still have the building maintenance costs.

21

MS. JOHNSON: And in part the  
22 numbers result in such staggering cuts, because in  
23 addition to having to reduce the budget, you know,  
24 to be able to live within what we're given, we  
25 also have to have money to take care of the

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2 buildings that need to be shuttered. There's some  
3 costs associated with laying off people, for  
4 example, it requires payments of all sorts of  
5 benefits that otherwise wouldn't be triggered, the  
6 same is true for closing buildings, there are  
7 costs that go along with that, and the cuts needed  
8 to take that into account as well.

9 CHAIRPERSON GENTILE: And just so  
10 that we all understand, and you mentioned this  
11 again in your statements, about the effect of the  
12 city budget cuts on the state contribution to  
13 libraries. Could you explain the maintenance of  
14 effort and what impact that would have should the  
15 cuts happen at the city level?

16 MR. GALANTE: Yes, the maintenance  
17 of effort requirement of the state is they take  
18 the prior two years of your aid, and your current  
19 year has to be at least 95% of that. So obviously  
20 when you're facing a 31% cut, we would be seeing a  
21 reduction of 25% of our state aid, for Queens  
22 state aid is roughly in the neighborhood of \$5.5  
23 million, Brooklyn would be about the same, you're  
24 looking at \$11 million, New York may be worth \$30,  
25 so you're probably in the ballpark of, oh, \$7

1 million of lost state aid, somewhere in that  
2 neighborhood, if a quarter of that got cut. And  
3 obviously that's what we all use to operate, and  
4 what also is a large ripple effect, I'll use our  
5 teen library in Far Rockaway as an example, where  
6 we've got ... our city funding we use to pay the  
7 rent for a facility for kids to come to after  
8 school, to use computers, to get off the street,  
9 it's a very, very important service for these  
10 teens. And I think it's maybe around \$120,000 a  
11 year for the rent. Everything else, the staff  
12 costs, the books, the computers, you name it, is  
13 all funded through state, Federal and private  
14 grants. So when you're making, you know, we ...  
15 it's so difficult for us to effectively move our  
16 organizations forward when you have a financial  
17 plan that's put out for five years that says for  
18 every year in the last four or five years we're  
19 going to take away a third, we're going to take  
20 away 25%, and the number gets bigger year after  
21 year. We could be so much better and stronger if  
22 we just saw ongoing financial support from the  
23 city that was committed similar to what it has  
24 done in the past. So that's a ripple effect in  
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all that, which makes it impossible to plan.

CHAIRPERSON GENTILE: I just think it's important to know that these cuts would trigger automatic other cuts.

MR. GALANTE: Substantial cuts.

DR. MARX: So the Governor's budget doesn't include any reductions for library aid, that's remarkable in itself. If the city's proposed budget cuts go forward, that would trigger an additional 25% reduction, or \$4 million cut to the ... just the state budget to the New York Public Library. Can I also add to that, Mr. Chairman, the New York Public Library, all the libraries, to some degree we all rely tremendously on the city's funding, but we're also public-private partnerships. Certainly the New York Public Library was established as such a partnership, something like a quarter of our budget, just under a quarter of our budget comes from annual giving to the New York Public Library. It is not only ... the more the city cuts, the more we risk losing ... adding state cuts, it also makes it much harder to raise private money, because private donors don't want to feel like they're

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2 simply throwing money into filling a hole as the  
3 city is withdrawing resources. So every city cut  
4 has a multiplying effect, both on state as well as  
5 on private donations.

6 CHAIRPERSON GENTILE: Good point,  
7 good point. Let me just end with this question.  
8 You talked about the number of positions you've  
9 lost already since '08, and the number of  
10 positions that you stand to lose should these cuts  
11 go into full effect. I'm just curious, and maybe  
12 this is something that Val Colon and some of the  
13 union people might be able to better answer, but  
14 I'm curious, from your perspective what do you  
15 tell your employees at this point to maintain  
16 their morale and their outlook on the good things  
17 that the library system is doing?

18 MS. JOHNSON: We tell them to  
19 pester you all to make sure that we get the  
20 funding restored. No, I actually say it quite  
21 seriously, I mean a part of the effort is to make  
22 sure that they're engaged in the public advocacy  
23 piece, and the grassroots efforts to make the  
24 citizenry in general and the elected officials in  
25 particular aware of just how vital and critical

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2 the services that they provide every day, and they  
3 do it because they love what they do, that this is  
4 what's at risk, and that they can actually take  
5 some control and help us do everything we can to  
6 make sure the restoration is made.

7 MR. GALANTE: For Queens, the same  
8 as Linda said, we do our best to get them engaged,  
9 get them to understand, be optimistic that the  
10 City Council will restore the proposed reductions,  
11 but we also do, you know, we have to plan for the  
12 worst and hope for the best, and I just had to  
13 send an email out to all of our staff a week ago,  
14 ten days ago, to let them know, unlike last year,  
15 I'm not going to issue 90-day layoff  
16 notifications, which would save money if the cuts  
17 do come through at some level at all. Instead,  
18 we'll wait till after the budget is adopted and  
19 issue 30-day layoff notices then, if the funding  
20 is not restored. So our staff do get a mixed  
21 message obviously. They understand that we have  
22 to react to whatever the final decision is on the  
23 budget, but at the same time we tell them, listen,  
24 we're going to find a way, we're going to fight  
25 hard, we're going to rally, we're going to

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2 advocate, we've got great friends in the City  
3 Council, we're going to find a way to get this  
4 fully restored. So they get that message and they  
5 get it loud and clear from me directly, with  
6 meetings that I have with all of our staff that I  
7 do a few times a year, we just had those a few  
8 months ago, and I told them exactly that. But at  
9 the same time, I have to send them a note saying,  
10 guess what, you know, we're not going to do the  
11 90-day notices, but worse comes to worst, it will  
12 be 30-day, so you don't have to go through it  
13 right now. It's not a great way to operate, you  
14 know.

15 DR. MARX: Mr. Chairman, I am new  
16 to the New York Public Library and to the library  
17 systems, other than as growing up as a patron, but  
18 I can see the demoralizing effect of year after  
19 year of this budget process, and the fear that it  
20 provokes in our staff. And that has two direct  
21 impacts. One is, staff are spending time, we're  
22 all spending time, in defense mode, right, instead  
23 of focusing on meeting the needs of New Yorkers,  
24 we have to work on fighting cuts, right? So  
25 there's a direct impact on what that means for the

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2 services we can provide. And there's an indirect  
3 impact, which is, as I said in my testimony, we  
4 believe New York, New Yorkers, need and deserve  
5 more from their libraries, not less. And it is  
6 just very hard to continue to keep our staff  
7 focused on that question, how we can do more,  
8 however it's funded, if we're spending all of our  
9 time on defense mode. It seems to me the city has  
10 an interest in us doing more for its citizens,  
11 especially as other services elsewhere are cut  
12 back. You want us not to be in defense mode.

13 CHAIRPERSON GENTILE: Well, I thank  
14 you, and Mr. Chairman, we have a major challenge  
15 ahead of us. Thank you.

16 CHAIRPERSON RECCHIA, JR.: Okay.  
17 Before we start calling other Council members, I'd  
18 just like to recognize we've been joined by  
19 Council Member Crowley and Council Member Lappin,  
20 and I just want to follow up on something that you  
21 said about layoffs, okay, and I'm going to be very  
22 blunt about this. We in the City Council do not  
23 want to see any layoffs by any of the three  
24 library systems. Layoffs in these economic times  
25 are tough, the unemployment rate in New York City

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2 is rising and we do not want to see layoffs. We  
3 do not want to see layoffs, this is a priority to  
4 this City Council. So there's two things that I  
5 would like to first say is that, in order to avoid  
6 layoffs, to have no layoffs, what is the number  
7 that you need to be restored?

8 MR. GALANTE: On my end I can give  
9 you a rough-out right now, but I would like to  
10 pull numbers together and get it back to Council  
11 Finance- -

12 CHAIRPERSON RECCHIA, JR.:  
13 (Interposing) Okay, could you- -

14 MR. GALANTE: (Interposing) But a  
15 rough-out would be the full amount restored,  
16 because at the present time I've already cut our  
17 book budget by 60%, so there's very little to go  
18 there.

19 CHAIRPERSON RECCHIA, JR.: So  
20 what's that number that you're saying?

21 MR. GALANTE: \$26.7 million.

22 CHAIRPERSON RECCHIA, JR.: So you  
23 need \$26.7 million to avoid layoffs?

24 MS. JOHNSON: If you look at our  
25 budgets, and you look at the other-than-personnel

1  
2 spending, it's pretty small relative to the whole,  
3 and Brooklyn Public Library would need \$27 million  
4 to avoid layoffs.

5 DR. MARX: Using the same logic,  
6 though, we could do a little more now to support  
7 you, Mr. Chairman, I mean, we're facing a \$42.6  
8 million cut. That's what we need to restore, to  
9 not have layoffs. I should say that, you know,  
10 even if you have ... I agree with you fully, we are  
11 completely committed to not seeing layoffs. We  
12 depend on our expert librarians, they are the  
13 heart of the institution and what New Yorkers  
14 depend upon. But of course it doesn't serve  
15 anybody's interests to have great librarians on  
16 the job if they have no books to lend, and they  
17 don't have facilities in which to lend them. I  
18 mean, it is a package in that sense.

19 MS. JOHNSON: Frankly, under the  
20 levels of usage that all three systems are seeing  
21 right now, we should be having a conversation with  
22 you about hiring new librarians.

23 CHAIRPERSON RECCHIA, JR.: Well, we  
24 would love to do that, okay, but I agree with you,  
25 okay. Now, is it my understanding that each one

1  
2 of you would love to hire new librarians, is that  
3 correct? Okay, that's very good. You know, you  
4 testified, the New York Public Library testified  
5 that they started this new library and this new  
6 system with the Department of Education, and how  
7 much is that costing you?

8 DR. MARX: The ... we've used, we've  
9 raised some private money, Mr. Chairman, no city  
10 money has gone towards that program, and it is the  
11 Department of Education has found within their  
12 budget to be able to use our library services to  
13 meet the library needs of school children for  
14 less, which gives them some budget relief that I  
15 hope they can then use to increase services in  
16 other arenas. So we're trying to be smart, but  
17 we're not spending more money, any money that's  
18 gone into the partnership with the Department of  
19 Education has come from private sources.

20 CHAIRPERSON RECCHIA, JR.: I  
21 understand that, and how much money is that?

22 DR. MARX: I think the pilot, hold  
23 on, so we have a 50-school pilot, as I recall it  
24 was about \$2 to \$2.5 million of private money.

25 CHAIRPERSON RECCHIA, JR.: And how

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much money from the DOE?

DR. MARX: The Department of Education has simply allocated its library budgets in those schools through this program to increase efficiencies by using our circulating system.

CHAIRPERSON RECCHIA, JR.: It's not- -

DR. MARX: (Interposing) I don't have that dollar number in front of me.

CHAIRPERSON RECCHIA, JR.: Can we get that number?

DR. MARX: We can get that number for you, sir.

CHAIRPERSON RECCHIA, JR.: And we'll take a break. We'll take a break, I want the number.

DR. MARX: All right.

CHAIRPERSON RECCHIA, JR.: You know, when you come before this Committee, you have to come prepared. When you come before this Committee, we want to know numbers. I'm tired of hearing, we'll get back to you. What is the number? You have to know the number. I want to know how much the DOE is giving from their budget

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to the New York Public Library to implement this program.

DR. MARX: I think we'd have to contact the Department of Education to find out what their budget number is, in terms of their library expenditures, Mr. Chairman. We know what we're spending, which is a software side of the budget, in order to make our systems work together with the Department of Education's library budgets, and that's what we've raised soft money to do, so that we can provide for the needs of public school students more effectively with the public library system.

CHAIRPERSON RECCHIA, JR.: I understand that, but we want to know how much the DOE is putting into this pilot program. This is very important to us to know this.

DR. MARX: All right, Mr. Chairman, I apologize that we don't have that number in our proposal.

CHAIRPERSON RECCHIA, JR.: And you come before us not knowing this. Now, here's my question. You raised \$2.25 million and you implemented this new program, okay, and you just

1 testified that you need this \$46 million back to  
2 avoid layoffs, all right, and you keep on  
3 implementing these new programs. We're all for  
4 new programs, but in these tough economic times  
5 could you explain to this City Council how you  
6 could implement this new program, knowing you're  
7 facing devastating budget cuts?  
8

9 DR. MARX: Mr. Chairman, this  
10 program was designed to meet the needs of one ... of  
11 those students, hundreds of thousands of public  
12 school students who don't have the library books  
13 that they need through the public school  
14 libraries. We have the largest circulating  
15 library collection in the United States, so we  
16 thought it is important for the future of this  
17 city, for the future of those students, that they  
18 have access to the library books that they need,  
19 and that we have those books, and that a  
20 partnership that allowed our books to circulate  
21 through the public school libraries would be a  
22 more efficient way to deliver for this city for  
23 what our students, our children, need. And so  
24 we're looking for ways to be of service in this  
25 city, and that includes 1.1 million school

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students.

CHAIRPERSON RECCHIA, JR.: Maybe you didn't understand my question. Okay, let me be clear. We all support new programs, we all think it's good. My question to you is, if you do not get back this \$46 million, okay, you just told me you need \$46 million to avoid any layoffs, you just started a new program that cost \$2.25 million, okay. Are you going to continue this program, and have all these layoffs? Is that what you're telling us?

DR. MARX: In this case the expenditure was for one-time software adjustments that made it possible for us to provide library books in those 50 schools ongoing, so there is no ongoing cost to the New York Public Library to continue this program. We're going to face all kinds of horrible choices, as we've all been talking about, whether it's layoffs or branches ... closing branches, so we have to ... but we want to make sure that school kids get access to books.

CHAIRPERSON RECCHIA, JR.: And we all want that too, but what we're trying to get at here, you started this new program for \$2.25

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2 million, and you're telling me that once you start  
3 this program, how does the book get from the New  
4 York Public Library to the school?

5 DR. MARX: It gets delivered and  
6 the Department of Education ... again, that's the  
7 number that we're going to have to get for you,  
8 they are paying for that delivery cost from our  
9 library sorting facility.

10 CHAIRPERSON RECCHIA, JR.: Right,  
11 and you have people in the library that have to do  
12 the work, is that correct?

13 DR. MARX: Again, the work, the  
14 ongoing work of this program, is covered by the  
15 Department of Education's budget because it's  
16 meeting their required library needs.

17 CHAIRPERSON RECCHIA, JR.: No, you  
18 have people in the New York Public Library that  
19 have to get the book and put it together to be  
20 shipped out, yes or no?

21 DR. MARX: Yes we do.

22 CHAIRPERSON RECCHIA, JR.: Okay, so  
23 it's costing the New York Public Library money,  
24 because there will be people doing the work from  
25 the New York Public Library.

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2 DR. MARX: And we are being  
3 reimbursed by the Department of Education for that  
4 expense, because it's meeting their state-required  
5 library needs.

6 CHAIRPERSON RECCHIA, JR.: So  
7 they're paying your employees.

8 DR. MARX: They are reimbursing ...  
9 as I understand it, they are reimbursing our  
10 system to cover the costs that are added to our  
11 system to be able to provide library books to  
12 students and teachers in schools.

13 CHAIRPERSON RECCHIA, JR.: Okay.  
14 So you're saying that all the employees from New  
15 York Public Library for their time are going to be  
16 reimbursed by the Department of Education, that's  
17 what you're saying.

18 DR. MARX: As I understand it- -

19 CHAIRPERSON RECCHIA, JR.:  
20 (Interposing) No, no, no, no. Not your  
21 understanding, you implemented this program.

22 DR. MARX: Right, the New York  
23 Public Library is being reimbursed out of the  
24 Department of Education's funds that are made  
25 possible because they have to meet library

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requirements for their students.

CHAIRPERSON RECCHIA, JR.: Okay, so the DOE is going to be sending a check to the New York Public Library, is that correct?

DR. MARX: I do not know exactly how the transfer of funds will occur, we're going to need to find that out, I apologize, Mr. Chairman.

CHAIRPERSON RECCHIA, JR.: Well, this is problematic, okay, because I need to know, because we're going to have the DOE hearing in a few days and we need to know all this. Okay, we need to know exactly how the DOE is going to reimburse the New York Public Library system, all right, because if you're saying that you need \$46 million for these employees not to be laid off, okay, this is very astonishing that nobody has the direct numbers, and you implement a program. And how do you know right now how much time your employees are putting on this program? Do they fill out a separate time sheet?

DR. MARX: We have tracked the increased circulation of books that go to the schools- -

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CHAIRPERSON RECCHIA, JR.:

(Interposing) That's not what I'm asking you, I'm asking how are you keeping track of the time that your employees are working on this project? That's the question.

DR. MARX: It's proportional to how the books circulate to the schools versus to our branches. So we can track the amount of effort that's being spent on the schools project as versus the much-larger circulation to our 87 branches.

CHAIRPERSON RECCHIA, JR.: So when you bill the Department of Ed, what do you say? Because you got so many books, you ... how do you keep track of the people's manpower? You're not answering the question, I mean, you're talking about circulation, that has nothing to do with circulation. This has to do ... all right, people working on this project, how much time are they spending working on this project? All right, you said the Department of Ed is going to bill back, is going to bill ... send you a check. I want to know how you are keeping track of your employees working on this project. It has nothing to do

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with circulation, it has to do with how this whole program is being implemented.

DR. MARX: This is Dave Offensend, the Chief Operating Officer.

MR. OFFENSEND: I have to say I can't ... I'm not on top of the specifics either, but in general the work that the New York Public Library people are doing is not incremental work, we don't separate out whether someone is pulling a book off the shelf to send to DOE or to, you know, give to a patron for something else. So we don't have separate allocated costs for that. However, and some of these details are still being worked out, it is a pilot program, but the cost of delivering- -

CHAIRPERSON RECCHIA, JR.:

(Interposing) Just state your name on the record, David.

MR. OFFENSEND: Yeah, Dave Offensend, Chief Operating Officer. The ... we're still working some of these details out, but to the extent that we deliver books directly to the schools, and we can, to the extent we can, separately track the additional delivery cost from

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2 our trucks and drivers, that is the sort of  
3 expense that we anticipate may be reimbursed by  
4 DOE. But we're still in the process of working  
5 out the details.

6 CHAIRPERSON RECCHIA, JR.: I think  
7 that I got my point across, before you implement  
8 any new program in these tough economic times, I  
9 think you should wait and see what your budget is  
10 going to be. Laying off people are a priority for  
11 us to prevent them, we do not want to see layoffs,  
12 okay, we want to keep five-days-a-week library  
13 services, and I think right now implementing new  
14 programs is something that we really have to watch  
15 carefully, and I think I would ask the Chairmen of  
16 the Library Committees, my colleagues Jimmy Van  
17 Bramer and Vincent Gentile, that in the months  
18 ahead we should definitely have a full hearing on  
19 this new program to learn exactly where the money  
20 is going, who is paying what, how you are keeping  
21 track, how this is all being implemented. Okay,  
22 Council Member Brewer, Council Member Jackson, and  
23 Council Member Dickens.

24 COUNCIL MEMBER BREWER: Thank you  
25 very much, I just want to say I think which is

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2 what the obvious, which is the libraries aren't  
3 open and there are books, then none of these  
4 programs are possible. I do want to add, Mr.  
5 Chairman, that I know this program is working  
6 really well in Martin Luther King and the  
7 Riverside Branch, and to be honest with you, most  
8 of my schools, some of them don't have libraries,  
9 and I'm talking high schools with six schools in  
10 them, no librarian. And so the fact of the matter  
11 is, the school that has the classroom library on  
12 the high school level does not work. And so in  
13 this particular case, I do think that we do need  
14 more money for libraries, we do need to have more  
15 librarians. One of my kids works in the  
16 libraries, he sees so few real professional  
17 librarians, and we just need more. I think we  
18 have to really make that clear, I can't say it any  
19 other way. I have a couple of questions. I want  
20 to talk specifically about your technology and the  
21 books. I know you talked about these huge cuts to  
22 the books, if we don't have books, then why do we  
23 have the libraries? So my question is, how much  
24 do these cuts impact the technology, and more  
25 specifically, on I guess what we call material

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2 acquisitions, what I assume that means books, so  
3 if you could update me on the budget cuts on those  
4 two levels.

5 MR. GALANTE: Well, I'll give you a  
6 broad-strokes for Queens. Our operating budget is  
7 roughly 80% is staff, salaries benefits and so  
8 forth. Traditionally, traditionally, not the way  
9 it is right now, 10% of our budget goes to books,  
10 materials, including electronic resources,  
11 electronic content within that. The other 10% of  
12 our budget covers leases, data circuits, telecoms,  
13 supplies, equipment, and so forth, systemwide. So  
14 a 31% cut in our budget, what we've done so far,  
15 it's really important to put it in perspective  
16 where we're at now, we've gone through \$15 million  
17 worth of operating budget cuts in Queens, which is  
18 about 15% of our budget. And obviously it could  
19 have been a lot worse if there weren't monster  
20 restorations from the Council every single year.  
21 That doesn't include in it as well the mid-year  
22 cuts we've taken. The mid-year cuts, because we  
23 try and plan for them, but then they happen mid-  
24 year, right, and if you were to ... you can't reduce  
25 your staff mid-year like that and try and really

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2 save money, that all comes out of our collections  
3 budget, at least that's how Queens has handled it.  
4 So we used to spend about \$12 million a year on  
5 our collections, including electronic resources,  
6 this year it's going to be about \$5 million. And  
7 when you take things like electronic databases,  
8 and those costs, after they've even been scaled  
9 back, take that out of the materials budget, the  
10 actual money for books is 60% less. What we need  
11 to do is expand, not reduce, our materials budget,  
12 because people need content in print, and they  
13 need it in electronic form. That's the way the  
14 world is today, obviously, and it's going to  
15 continue to grow on the digital side. Until the  
16 day comes where every single person wants to read  
17 digital, versus read print, let's say, we need to  
18 be in both spaces. So to do that is- -

19 COUNCIL MEMBER BREWER:

20 (Interposing) You'll have to convince me.

21 MR. GALANTE: Yeah, to do that is  
22 relatively impossible when you've got to cut 60%  
23 to save the staff budget, that's ... in the end it's  
24 cutting books to save the staff.

25 MS. JOHNSON: It's similar for

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2 Brooklyn Public Library as well, and I would add  
3 that the materials budget is most in jeopardy at  
4 the mid-year cuts, because being asked to reduce  
5 staff halfway through the year at a significant  
6 enough level to make up the gap just doesn't work,  
7 and so we all have a practice now, although I'm  
8 new to it, of reaching for the ... or looking to the  
9 materials collection, or the collections budget to  
10 meet the cuts. It's not ideal, obviously, people  
11 do come to libraries for much more than just books  
12 and materials these days, but at the core of what  
13 we do, of course, is provide access to all the  
14 world's knowledge, and these days, as Tom pointed  
15 out, that means having that information and  
16 knowledge available in many different formats and  
17 platforms.

18 DR. MARX: What I would add to what  
19 my colleagues have said is, every year we have to  
20 replace roughly 30% of our computers as they age  
21 out. Computers only last so long, especially if  
22 they're being used non-stop all day long by people  
23 who are lined up for them. If we don't have  
24 resources, we cannot replace our computers,  
25 basically they stop functioning, at which point

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2 people who rely on us, because they don't have  
3 computers or WiFi at home, don't have them. They  
4 can't read what they want to, databases, etc.,  
5 electronically, they can't go online to help apply  
6 ... to apply for jobs, to get the information that  
7 they need. So that's also in addition to all the  
8 other losses, that's another loss that starts to  
9 accumulate.

10 COUNCIL MEMBER BREWER: Okay. My  
11 other question is, I know the New York Public  
12 Library has been in the paper a lot regarding the  
13 research library, so my question is, can you  
14 update us quickly on the status of that and the  
15 timing of the two sales you're anticipating? And  
16 then something that I think is positive, if that  
17 project goes through, and there's much controversy  
18 and I think we maybe will have further discussions  
19 about it, but how would that positively impact the  
20 branch libraries? I know Gifford Millett's father  
21 is on your board, and he's been pushing for branch  
22 library support for a long time, and he's very  
23 pleased that you are focusing on that, but I  
24 haven't heard any specifics. I must admit, I hear  
25 a lot about the research libraries, we all do, but

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2 my branches are up 140%, 150%, in terms of  
3 utilization, I'm there every weekend, you can't  
4 find a seat. I want them opened seven days a  
5 week, we cannot have any of these programs if the  
6 libraries aren't open.

7 DR. MARX: I couldn't agree with  
8 you more. So let me go very quickly through some  
9 of the specifics of the Central Library plan. It  
10 is meant to address three fundamental problems:  
11 one, and foremost, the Mid-Manhattan Library is  
12 the largest circulating branch library, certainly  
13 in the United States, if not in the world,  
14 something like two million visits a year, across  
15 the street from the Main Branch. It is the main  
16 branch library. People come from all over the  
17 city to use it, as I did in high school.

18 COUNCIL MEMBER BREWER: We know  
19 that.

20 DR. MARX: It is in terrible shape,  
21 it's disrespectful to our patrons, and it is  
22 physically failing. We're about to put  
23 scaffolding up, because it's going to ... pieces of  
24 it are going to fall down and hurt somebody, in  
25 addition to the mechanics of it being held

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2 together by duct tape. We need a new Mid-  
3 Manhattan Library, and we cannot close it for two  
4 years, which is what would be required if we  
5 simply renovated that facility. That would put  
6 millions of people without the branch library. So  
7 the plan is to move that, to create a brand-new  
8 Mid-Manhattan state-of-the-art, respectful of its  
9 patrons, in the main building, and we wouldn't  
10 sell the Mid-Manhattan or the other library we  
11 would also move in, the Science, Industry and  
12 Business Library, until after the new branch  
13 library is constructed. There shouldn't be a  
14 single day in which the users of that most-used  
15 branch are without their branch, they should have  
16 a great branch. In addition, this plan would  
17 allow us to store the books in our stacks more  
18 securely, they are at-risk at present, and  
19 importantly for your question, Council Member, by  
20 consolidating three facilities we estimate savings  
21 of something in the area of \$15 million a year,  
22 which we can then use, together with the city's  
23 support, to hire more librarians, to buy more  
24 books, not only in 42<sup>nd</sup> Street but in the  
25 Schomburg, at the Library for Performing Arts, and

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2 in the branches, as is needed. I mean, we are  
3 looking for smart decisions here. And lastly I  
4 would say our commitment to the branches in the  
5 neighborhoods is equal to yours, as it is for all  
6 New Yorkers. If we can stabilize in Midtown,  
7 including the research side, then we'll be in a  
8 position to be able to do even more on the  
9 branches, and that's what we aim to do, increasing  
10 staffing, English as second language, computer  
11 skills, after-school, the works.

12 COUNCIL MEMBER BREWER: I know the  
13 list. I will sum up, but I just want to say, as  
14 you go through the process, you obviously need to  
15 involve many of the people who are upset, and you  
16 need to be sure that they are part of your  
17 advisory group, and if a researcher comes from  
18 overseas for one day, they need to be able to get  
19 that book in Connecticut or New Jersey or wherever  
20 you think ... I still need to have a lot of  
21 discussion.

22 DR. MARX: We are absolutely  
23 committed to that happening.

24 COUNCIL MEMBER BREWER: And I'm not  
25 sure that you need the café at the library, all

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2 those things need to really be hammered out,  
3 because you're getting slammed for something that  
4 we all feel good about the libraries. So I would  
5 suggest a softer approach and a lot more dialogue.  
6 Thank you.

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DR. MARX: I appreciate that, thank  
8 you.

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CHAIRPERSON RECCHIA, JR.: Thank  
10 you, Council Member. Council Member Jackson, and  
11 Council Member Dickens.

12

COUNCIL MEMBER JACKSON: Thank you.

13

CHAIRPERSON RECCHIA, JR.: I just  
14 want you to know, I don't have a café in any of my  
15 libraries in my district.

16

COUNCIL MEMBER BREWER: I don't  
17 have a café, he's talking about it for the Central  
18 Library, not at St. Agnes, Bloomingdale or  
19 Riverside. Thank you.

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CHAIRPERSON RECCHIA, JR.: Mr.  
21 Jackson.

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COUNCIL MEMBER JACKSON: Well,  
23 thank you, and good morning everyone, and first  
24 let me thank the three of you representing the  
25 total of the New York City library systems, in

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2 order to be here advocating on behalf of your  
3 specific libraries, the New York Public Library,  
4 which is in my district, the Brooklyn Public  
5 Library and the Queens Library system. And I  
6 added up the total amount of money, based on your  
7 testimony, and it would take about \$97 million to  
8 restore the cuts, proposed cuts that are in the  
9 budget. And I attempted to add up the number of  
10 staff, I looked at the New York Public Library,  
11 about 630 employees would have to be laid off, and  
12 the Brooklyn Public Library about 600, and I think  
13 Queens Library you said about one third, I assume  
14 that's about 600-700 also. So we're talking  
15 about, you know, approximately 1,800 to 2,000  
16 employees that will be let go, and that will be  
17 devastating on the systems, both the three library  
18 systems and devastating to the constituents that  
19 use our library systems, and devastating to the  
20 employees themselves. And I assume that the  
21 employees that you're referring to do not have the  
22 type of nest egg that they can live off for five  
23 to ten years, that they're struggling in order to  
24 pay their rent, their mortgage, their whatever  
25 other bills that they have. So I'm very, very

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2 sympathetic, knowing that, as all of you have  
3 mentioned in your testimony, that especially when  
4 times get tougher, when people cannot afford  
5 internet services in their homes, when they may  
6 not be able to afford a new computer, that  
7 everyone goes to the library systems in order to  
8 access. So what will happen, where do you  
9 anticipate the people to go, if in fact you're now  
10 open four days a week, or three days a week, or  
11 that the amount of staff that you would have to  
12 let go, and it would take much longer to service  
13 our constituents, where do you anticipate all of  
14 the people to go, if in fact you close down or you  
15 reduce the staff? And I ask that question because  
16 we've asked the question before, like with ACS  
17 with respect to cuts to daycare, the question we  
18 asked the commissioner is, where are the parents  
19 going to take their kids when you're closing  
20 programs, so I'm asking you the same question.  
21 Where are our constituents going to go when you're  
22 forced to ... it's not like you want to, is that  
23 correct? When you're forced to close, or you're  
24 forced to lay off these employees, where are our  
25 constituents going to go?

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2 MR. GALANTE: Well, for Queens, our  
3 service model that we have right now puts Monday  
4 to Friday service as our top priority, before a  
5 Saturday and Sunday, specifically because we want  
6 to be the place that kids can go every single day  
7 after school. And with, you know, working  
8 families, which is obviously predominant  
9 throughout the city, it's heavy in Queens, we have  
10 10,000 kids that come to see us, so if we have to  
11 close half the time, I don't believe ... a lot of  
12 those kids don't have a place to go back to until  
13 their parents get back from work, and I don't know  
14 where they'd go, I think they're going to be on  
15 the street, I think they would be out trying to  
16 find some other place to go. I don't know where  
17 they'd go. I wouldn't want to know, in some ways,  
18 you know.

19 MS. JOHNSON: No, I think that the  
20 question illustrates exactly the devastation that  
21 would occur. There really is no place for kids to  
22 go, and that's why it's so critical that we be  
23 able to keep our doors open.

24 DR. MARX: I agree with my  
25 colleagues. Let me put one other point on it. By

1  
2 our estimates, something like a quarter to a third  
3 of New Yorkers depend on the library systems to be  
4 able to borrow books, to be able to read, because  
5 they can't afford to buy books. That's why Andrew  
6 Carnegie and the City of New York created the  
7 largest public library system in the world. If  
8 you imagine that we don't ... that we can't provide  
9 those books, you know, we talk a lot these days in  
10 the presidential race, etc., about economic  
11 inequality and divide growing. Imagine a society  
12 or a city in which the bottom third or quarter  
13 can't even read, right, can't get access to  
14 quality information, can't prepare for jobs, can't  
15 be informed as citizens. I mean, it's really ...  
16 there is no fallback, there is no alternative, in  
17 answer to your question, and the possibilities of  
18 what that kind of society would look like are just  
19 very scary to me.

20 COUNCIL MEMBER JACKSON: Now you, I  
21 believe you testified in your testimony, Mr. Marx,  
22 that there's a possibility if in fact the cuts go  
23 through, that you may have to close 12 branches in  
24 the New York Library system, which includes  
25 Manhattan, Bronx and Staten Island. And I am

1  
2 afraid, obviously, because, you know, the need is  
3 so great and I know the libraries in my district,  
4 the teen library that you talked about at Hamilton  
5 Grange is on 145<sup>th</sup> Street, I was up there, and  
6 there were teens waiting to use the computers,  
7 that's okay. You're still new, and when you're  
8 new, you can, you know, if you're around ten  
9 years, but we all make mistakes though. But I'm  
10 concerned, obviously, about programs that you have  
11 that, you know, teens are the most vulnerable age,  
12 most vulnerable age, and we want to insure that  
13 those teens are engaged in positive things such as  
14 going to the library, reading books, on the  
15 computers. But also I know that there's questions  
16 about capital, and I know that you're in the  
17 process of rehabbing right now I think the one on  
18 St. Nicholas Avenue, and I'm concerned about that,  
19 that is the Washington Heights branch, and that's  
20 in my district, and Ydanis Rodriguez's district,  
21 so I'm very, very concerned overall, and I wanted  
22 to express to you that we, and everyone, will do  
23 our best to try to make sure that the money is  
24 restored. So I think that I'm going to be  
25 communicating with our constituents, your

1  
2 constituents, that you have to keep the pressure  
3 on not only us, but the executive branch, the  
4 Mayor and everyone else. Mr. Chair, thank you  
5 very much.

6 CHAIRPERSON RECCHIA, JR.: Thank  
7 you. Council Member Dickens.

8 COUNCIL MEMBER DICKENS: Thank you,  
9 Chair. And thank you to all three systems for the  
10 work that you continue to do with little resources  
11 and the cuts that you've had to sustain over the  
12 last budget years, even with the City Council  
13 attempting to try to restore as much as possible  
14 with those sustained cuts. Marx, Tony Marx,  
15 specifically I want to know what are the plans for  
16 the Schomburg Research Library, which is the  
17 epicenter African diaspora, Latino and Caribbean  
18 cultures?

19 DR. MARX: Well first let me say  
20 that I have a great partner at the Schomburg, a  
21 brilliant new director, Khalil Muhammad, who I  
22 know you've gotten to know, and who I could not be  
23 more pleased with, the energy and leadership that  
24 he's bringing.

25 COUNCIL MEMBER DICKENS:

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Absolutely.

DR. MARX: I use the Schomburg, as so many have, as a crucial research facility. I know it has at least two major needs. One is physical renovations, and we have now, we are now beginning the next stage of physical renovations. The last were in 2007, there's another phase now in the works, I think it will take about two years, including for public facilities, gallery, etc., to be much improved. But in addition, we're talking about program and staff at the Schomburg, so we are currently ... we plan to be searching for a new curator appointment there, and I am in discussions with Dr. Muhammad about additional staff. The truth is, we have to have a great collection, but it doesn't help anyone to have a great collection if you don't have the great expert librarians and curators to guide scholars and writers from around the world who come to the Schomburg because it is such a global resource center. We have to make sure that we provide that staff. One of the reasons why for instance we're interested in the Central Library plan I was asked about before is the savings that we can gain from

1  
2 the consolidation of three facilities, it will  
3 give us even more funds to hire more curators, to  
4 add to those research collections. The city helps  
5 us on the research side, but most of the research  
6 expense comes from private giving, as well as from  
7 the endowment of the New York Public Library, so  
8 we want to look for savings there, because we need  
9 to invest more in the Schomburg, and the  
10 Schomburg, I know, is increasingly interested in  
11 how it can work with the branches in its local  
12 community to bring more of that community into the  
13 Schomburg as well as the scholars who come from  
14 elsewhere.

15 COUNCIL MEMBER DICKENS: Would you  
16 tell us what three facilities again, I just want  
17 to be sure which three facilities you're talking  
18 about.

19 DR. MARX: So the Central Library  
20 plan is, ultimately it will take about five years,  
21 is to build a new Mid-Manhattan Library, the  
22 largest circulating branch, which people come from  
23 your neighborhood, my neighborhood and all over  
24 the city to use, as well as the Science, Industry  
25 and Business Library, which is in the old B.

1  
2 Altman's Building on 34<sup>th</sup> Street and Madison, and  
3 the plan is to build new facilities for them in  
4 the ... within the existing footprint of the 42<sup>nd</sup>  
5 Street building, the main building, brand-new,  
6 state-of-the-art facilities, including for that  
7 crown jewel of the branch library system, and only  
8 then to sell those two facilities, so that we  
9 never have a day in which any patrons of any of  
10 those three facilities are without the libraries  
11 that they need.

12 COUNCIL MEMBER DICKENS: Okay. All  
13 right, thank you. You know, I always like to be  
14 sure, because every now and then I have to fight  
15 about Schomburg, and the sale and the  
16 consolidation of it, and so, you know, I like to-  
17 -

18 DR. MARX: (Interposing) There will  
19 be no sale or consolidation of Schomburg, we want  
20 to invest more in the Schomburg, ma'am.

21 CHAIRPERSON RECCHIA, JR.: A word  
22 of advice I could give you, is I would give them a  
23 little lecture.

24 DR. MARX: That would be fine.

25 COUNCIL MEMBER DICKENS: No, I want

1  
2 to go back to the pilot program with DOE. Now, my  
3 understanding is that the reimbursement would be  
4 done based upon the budget that DOE has for each  
5 one of those schools, which varies. And so it's  
6 not going to be like, if they have, you know, I  
7 would say a million dollar budget, not overall but  
8 say they just had a thousand dollar budget, then  
9 you would just get a percentage of that from that  
10 particular facility, that's what my understanding  
11 is, that it's based upon the actual budget that  
12 DOE has. That's first, and maybe you can tell us  
13 about that later, since you don't have the  
14 numbers. And the other thing is, that can you  
15 tell us which of the 50 schools, which schools  
16 that this pilot program is in? And maybe you  
17 can't do it now, but would you provide the Chair  
18 with the 50 schools? Because I suspect that the  
19 50 schools are in neighborhoods that do not  
20 libraries in the school system, so therefore this  
21 is an assistance to DOE, that's one. Two, that  
22 libraries may not be readily available within the  
23 footprint of that school, and so it means it's  
24 targeted towards schools that have problems in  
25 getting to libraries, for their children to get

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into libraries. And the third part of that is,  
how old is this pilot? Is this just brand new?  
How old?

CHAIRPERSON RECCHIA, JR.: Two  
months.

COUNCIL MEMBER DICKENS: Two  
months.

DR. MARX: No, no, it's about seven  
or eight months now.

COUNCIL MEMBER DICKENS: And is  
this only at New York Public, or is this Queens  
and Brooklyn as well?

DR. MARX: So the pilot program  
with DOE is I believe seven months old now, it's  
in 50 or 51 schools, we have given the Chairman of  
the Finance Committee a list of the actual  
schools, we'll give them to you. So they're only  
in three boroughs, because it was a New York  
Public Library pilot. And it was designed as a  
pilot in order to learn, which is what pilots are  
all about, how we could help the public school  
system meet the needs of school students, get the  
books that they need, and use the largest  
circulating collection in the country to meet the

1  
2 needs of those students. We'll get you the list  
3 of the actual schools. I should point out, in the  
4 schools where we are doing these pilots are not  
5 schools where the libraries are closed. We chose  
6 only schools ... we're working with DOE only in  
7 school buildings where the library is open, but  
8 the model typically would be 10,000 or 12,000 out-  
9 of-date books that are card catalogued, by us  
10 putting computers in those libraries, the students  
11 or the teachers can call upon the books in our  
12 collection and then, again, with funding from DOE,  
13 we can deliver those books within 24 hours to the  
14 teachers or students who need them.

15 COUNCIL MEMBER DICKENS: All right,  
16 and then that goes back to the Young Men's  
17 Initiative, which is a three-year program, is that  
18 correct?

19 DR. MARX: Yes it is.

20 COUNCIL MEMBER DICKENS: And one of  
21 the measures, because it focuses on black and  
22 Latino youth at a very vulnerable age, when this  
23 city has such high gang activity within all of the  
24 boroughs, can you please tell us, is that in just  
25 New York, is it in all three systems? Is it in

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Queens?

MR. GALANTE: It's in all three.

MS. JOHNSON: Yes it is.

COUNCIL MEMBER DICKENS: All right, can you tell us a little bit about that? And with the cuts that are proposed, how would that be impacted? Is there any private partnership with that, or is that- -

DR. MARX: (Interposing) So the Young Men's Initiative that you referred to is \$127 million, three-year program that focuses on black and Latino young men between the ages of 16 and 24, is a combination of majority public funds, as well as private funds in 12 city agencies. The New York Public Library out of that is currently receiving \$175,000 to support a young adult literacy program at the Bronx Library Center, and will receive \$175,000 again in FY13. The funds also go through the Department of Youth and Community Development, and we hope to continue the programs funded by this initiative, because this is such a crucial and vulnerable part of this city that needs more services, so we hope to see this continue, ma'am.

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COUNCIL MEMBER DICKENS: Now how does this get into actually dip into the communities, the Young Men's Initiative? Is it done through libraries within certain communities? How do you choose them?

DR. MARX: I believe the vast majority of the Young Men's Initiative funds is not going through the libraries, it's going through those other 12 city agencies.

CHAIRPERSON RECCHIA, JR.: DYCD is the lead on that, I believe.

DR. MARX: That's right.

CHAIRPERSON RECCHIA, JR.: To my understanding.

DR. MARX: DYCD is the lead on that, yes. But we have been meeting with them to say how can we help.

COUNCIL MEMBER DICKENS: Okay. And the last question is, I didn't hear much about security. I know that we've been talking a lot and it's most important because of employment, about having to reduce staff and librarians, but I didn't hear anything about security much, and the reason I'm asking is because, when I went to

1  
2 Countee Cullen, not only with my Chair, but when I  
3 returned again, first editions and out-of-print  
4 books were left exposed to air, unprotected,  
5 vandalism and possible theft. So I'm very  
6 concerned, and that's just at Countee Cullen in my  
7 district, and I'm sure that I can, if I visited  
8 the other boroughs as well, so can ... and I didn't  
9 hear a lot about security.

10 DR. MARX: Well ma'am, look, we  
11 face terrible trade-offs. We need security, both  
12 to protect our collections, but also to protect  
13 our patrons. But we also need to have  
14 collections, and we need librarians to help people  
15 find what's in the collections. Approximately 65  
16 of our 87 branches have security coverage from  
17 four to five hours a day, which has been judged to  
18 be the crucial time in which that security is  
19 necessary. The research centers, though- -

20 COUNCIL MEMBER DICKENS:

21 (Interposing) We only steal during four to five  
22 hours.

23 DR. MARX: Well, it's also- -

24 COUNCIL MEMBER DICKENS:

25 (Interposing) You're asking me.

1  
2 DR. MARX: It's also about usage,  
3 the research centers, the Mid-Manhattan, the Bronx  
4 Library Center, have guard coverage 24/7, but of  
5 course as we face budget cuts, we have to look at  
6 the security budget as well as everything else.  
7 We need to make sure that we're using those funds  
8 as efficiently as possible, but we also have to  
9 make terrifying and terrible trade-off choices  
10 between security and everything else that we might  
11 spend money on.

12 MS. JOHNSON: Yeah, and the same  
13 for Brooklyn Public Library, the balance that  
14 we're trying to reach is really about patron  
15 safety, about making sure that everybody has a  
16 safe and clean environment in which to learn, and  
17 the trade-off is between focusing on theft of  
18 material versus safety in the libraries, and I  
19 think that at this point we're all focused on the  
20 latter, on safety within the libraries.

21 MR. GALANTE: Yeah, in Queens we  
22 have two libraries with security coverage out of  
23 the 62, and just those two cost me about \$1  
24 million a year in contract services. So we  
25 continue to look at ways ... and it's trade-offs, of

1  
2 how much do you spend on security versus books,  
3 versus this versus that, and judgment calls  
4 through that process obviously. We also spend  
5 considerable amount of funds to secure our  
6 collections through theft protection systems and  
7 so forth, and tagging every one of our items with  
8 a theft detection sticker that goes on, our FID  
9 tag that protects it. So a lot of money does go  
10 into security, and when I talked about that 80%  
11 staff, 10% books, and 10% other, that 10% other  
12 includes security guard services, and it includes  
13 some of this security tagging and all that.

14 COUNCIL MEMBER DICKENS: All right,  
15 well thank you so much, and again, thank you for  
16 the work that you do. I do want to, you know, say  
17 to Tony and to our Chairs, I am concerned about  
18 the program, the pilot program, and as well as the  
19 Young Men's Initiative, because those are in  
20 existing schools with problems, because our youth  
21 have so many problems, and without these libraries  
22 not only being opened, without the libraries being  
23 hired to be there to assist, which gives jobs as  
24 well, our youth are in jeopardy. And in these  
25 dire economic times, we are trying to balance a

1  
2 budget on the backs of the most vulnerable. So I  
3 just wanted to say thank you for all that you do,  
4 but I do want to put that on the table for my  
5 colleagues more than for you, because you already  
6 know that. Thank you.

7 CHAIRPERSON RECCHIA, JR.: Okay,  
8 thank you Council Member Dickens. I want to thank  
9 you all for showing up here today and testifying,  
10 and giving us your ideas, your views of what you  
11 need. As far as the new pilot project that New  
12 York is doing with the DOE, if you could get us a  
13 list of those schools, and maybe write up like a  
14 one- or two-page synopsis about what the program  
15 is all about, and so we can give it out to all  
16 Council members so they fully understand exactly  
17 what's transpiring, okay? And I would ask that if  
18 you do move forward with this project, you know,  
19 citywide or whatever, that we be consulted first,  
20 and so that we can have all the Council members  
21 fully understand what will be rolled out. If it  
22 goes that way, if not, we want to hear more about  
23 how it went, whether it's good, not good, how we  
24 can make it better. You know, we're not against  
25 new programs being implemented, we're not against

1  
2 being creative and thinking outside the box, it's  
3 just that we're facing tough economic times and we  
4 have to know what exactly is going on, especially  
5 in the DOE where we're headed, but we do support  
6 new programs, we do support creativity, and we  
7 love to ... hopefully we'll get all your money back,  
8 okay, but like I said, you know, our work is just  
9 beginning, and I would encourage anyone from the  
10 public who would like to come in and testify the  
11 last day we're going to have hearings on June 6<sup>th</sup>,  
12 please come out and testify, let us hear what you  
13 feel, what you think we should do in the three  
14 public library systems. Thank you all for coming.

15 MR. GALANTE: Thank you.

16 CHAIRPERSON RECCHIA, JR.: We're  
17 going to take a two-minute recess, Cultural  
18 Affairs will be next.

19 We'll now resume the City Council  
20 hearing on the Mayor's executive budget for fiscal  
21 year 2013. The Finance Committee and the  
22 Committee on Cultural Affairs, Libraries and  
23 International Intergroup Relations, Chaired by  
24 Council Member Jimmy Van Bramer, will now hear  
25 from the Department of Cultural Affairs. Before

1  
2 we hear from Kate Levin, I will turn the  
3 microphone over to my co-Chair, Jimmy Van Bramer,  
4 for any comments.

5 CHAIRPERSON VAN BRAMER: Thank you  
6 very much, Mr. Finance Chair, and very fitting  
7 that we've begun the executive budget hearings  
8 this morning with libraries and cultural affairs,  
9 two of the things that are closest to my heart.  
10 And obviously all of us here in the Council,  
11 everyone in the audience, are very concerned about  
12 the nearly \$50 million in proposed cuts to DCA and  
13 to culture and the arts in the City of New York,  
14 and I in particular am very disturbed by the lack  
15 of clarity when it comes to culture and the arts  
16 from the administration as it relates to our  
17 stated goals, which are good goals, and it is  
18 right and ambitious for the city to want to push  
19 our tourism numbers to even greater records and  
20 greater reaches and greater profitability for the  
21 City of New York, recognizing that culture and the  
22 arts is a driving force behind that. But the  
23 budget, unfortunately, is not going in the same  
24 direction as our goals for tourism, and there's no  
25 way we can have 70 million tourists, and that

1  
2 being our goal on the one hand, and then a \$50  
3 million reduction on the other hand, those two do  
4 not go together, they are contradictory, and you  
5 can't have one without the other. So I'm anxious  
6 to hear from the Commissioner, obviously, about  
7 her position on this, and also we are particularly  
8 interested in the Cultural Development Fund, and  
9 obviously the terrific impact that cuts would have  
10 on our most vulnerable and smaller cultural  
11 organizations and arts groups, and when it comes  
12 to our cultural institution group members, the  
13 energy subsidy -- and I went ahead and read some  
14 of your testimony, so I see that you are prepared  
15 to talk about that, Commissioner -- but we have an  
16 increase of \$8.4 million there, yet DCAS is  
17 telling us that energy costs have decreased  
18 significantly, and you know, we've had this  
19 conversation before, but it is particularly  
20 difficult to understand in these times, with these  
21 kinds of reductions proposed to our cultural  
22 institutions, that any surpluses would not go to  
23 them, but instead go to the general fund. And  
24 this is something that I think needs to be fleshed  
25 out a little bit, and I think you would probably

1  
2 agree with me on some level, but obviously I can't  
3 put words in your mouth, but I believe that we  
4 have got to get to a place where we are baselining  
5 funding for this, one of the most critical,  
6 critical drivers of the economy in the City of New  
7 York. We have got to get culturals out of this  
8 terrific budget dance and game, because they have  
9 become more important every single year. The city  
10 understands that, the administration knows that,  
11 and they are one of the few pieces of the budget  
12 pie that generates billions in revenue, billions  
13 just spinning off, billions of dollars, for the  
14 City of New York, which really helps us fund all  
15 of the other great programs and services that  
16 we're all so supportive of here in the Council.  
17 So I think we need to talk about baselining, and I  
18 hope we will have a little bit of that discussion  
19 with you, and if we can get to baselining, then we  
20 get to the place where we're actually talking  
21 about increasing funding for culture and the arts  
22 in the City of New York, because that 70 million  
23 tourist goal and all that that means for the city  
24 should be met with an equal increase in funding  
25 for culture and the arts, because that will drive

1  
2 us to the place of 70 million tourists, which is  
3 where we want to go, and even more in terms of  
4 hundreds of millions, if not billions in revenue  
5 for the City of New York. So with that, we are  
6 going to invite the Commissioner to testify.

7 COMMISSIONER LEVIN: Thank you,  
8 good morning. I'm Kate Levin, Commissioner of the  
9 New York City Department of Cultural Affairs, and  
10 I'm here today to testify with regard to the  
11 Mayor's FY13 executive budget. With me here today  
12 are Deputy Commissioner Margaret Morton, Assistant  
13 Commissioners Kathleen Hughes, Tim Thayer and Andy  
14 Burmeister, General Counsel Tracey Knuckles, MFTA  
15 Director Harriet Taub and other colleagues. There  
16 have been signs of stabilization in the city's  
17 economy, but with the slow pace of national  
18 recovery and the uncertainties in the global  
19 economy, the city's fiscal outlook remains  
20 uncertain. In October, the Mayor asked all  
21 agencies to forecast a 6% reduction to their out-  
22 year baseline budgets. As of the executive  
23 budget, DCA's current FY13 baseline, including  
24 that 6% reduction, or \$6.1 million, is \$102.4  
25 million. Remember that this is a baseline figure,

1  
2 exclusive of any restorations, initiatives or City  
3 Council member items. To review our methodology  
4 for implementing the cuts, the reduction was met  
5 by prorating the reductions between our two  
6 expense funding pools, the Cultural Institutions  
7 Group and the Program Groups, based on the  
8 percentage of our budget each pool receives.

9 According to the forecast for FY13, Program Groups  
10 would receive \$15.4 million, this is a reduction  
11 of \$1.1 million from their original FY13 base of  
12 \$16.5 million. According to the forecast for  
13 FY13, CIG would receive \$82 million, the original  
14 FY13 base of \$78.6 million would be reduced by a  
15 PEG of \$5 million to \$73.6 million, this reduction  
16 would then be offset by the \$8.4 million increase  
17 to the energy subsidy, bringing the CIG forecast  
18 to \$82 million. The energy increase reflects a  
19 calculation for potential energy consumption based  
20 on historical usage, the size of each facility,  
21 including any capital additions, as well as  
22 looking at past weather conditions. The across-  
23 the-board rationale for reductions to Program  
24 Groups, which cuts an equal proportion from each  
25 award rather than targeting any particular cohort

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2 for larger or smaller reductions, stems from  
3 several factors. It's been suggested that cuts  
4 could be made to large organizations that can  
5 absorb a more substantial loss in funding. The  
6 second assumption is that large organizations  
7 receive large awards, but this rationale poses two  
8 problems. First, focusing cuts on larger awards  
9 would not necessarily protect smaller  
10 organizations, because there is no direct  
11 correlation between the size of an organization's  
12 budget and its DCA award. What that means is that  
13 large groups often receive small CDF grants and  
14 relatively-small organizations can receive  
15 substantial award amounts. Second, larger  
16 organizations are defined as having budgets of  
17 \$250,000 and over. There are about 450  
18 organizations in this category, which vary widely  
19 in terms of budget size and scope of services.  
20 Because of this variance, it is difficult to make  
21 judgments determining cuts fairly with the  
22 appropriate sensitivity to the level of public  
23 service. We've also applied the reduction across  
24 the board for the CIG's. The FY13 budget contains  
25 reductions from previous years, including the FY10

1  
2 cuts which were implemented across two tiers based  
3 on budget size. In the case of the CIG's, levels  
4 of city funding mirror operating budgets. The  
5 tiers provided relief to the smaller institutions  
6 whose sources of funding tend to be less  
7 diversified by reducing the operating subsidies of  
8 the eight largest institutions by a higher  
9 percentage cut. Implementing the 6% reduction  
10 across the board insures that we maintain the two  
11 tiers that are built into the out-year budget.

12 Let me provide some context for the energy  
13 increase to the CIG's of \$8.4 million. The city  
14 pays for three kinds of energy at these  
15 institutions, electric, gas and steam. While all  
16 organizations use electricity, only 25 use gas,  
17 and six use steam. Only two organizations use all  
18 three kinds of energy. The price of each of these  
19 kinds of energy fluctuates throughout the year in  
20 ways that are unpredictable, and organizational  
21 use of energy, while somewhat more predictable,  
22 can vary greatly. For example, usage at  
23 performing arts venues can differ by production  
24 and overall schedule. The ultimate variable in  
25 terms of both usage and pricing is the weather,

1 which remains, alas, entirely unpredictable. DCAS  
2 bases its projected energy budget on surveys  
3 completed by each CIG for the coming year.  
4 Activities, and where applicable, expanded  
5 facilities, are assessed for estimated energy  
6 usage, which is then run through a series of  
7 calculations based on forecasts regarding energy  
8 commodity costs. The same estimates are applied  
9 to all city agencies in determining their energy  
10 budgets. OMB then reviews these cost estimates  
11 and a budget projection is finalized. Given the  
12 complex use patterns across three different energy  
13 sources, these projections will necessarily vary  
14 from actual usage. In FY10, for example, 24  
15 organizations were under-budget and nine were  
16 over-budget. In FY11, 17 organizations were  
17 under-budget and 16 were over-budget. In  
18 calculating the FY13 energy increase, the biggest  
19 single variable has been the cost of steam, which  
20 is projected to escalate sharply. While only six  
21 CIG's use steam, they include some of the largest  
22 in terms of square footage, so there is  
23 significant budgetary consequences to cost  
24 increases in this area. The difference between  
25

1  
2 the FY12 adopted budget and the FY13 baseline is a  
3 result of the budgeting process for DCA and a  
4 number of other agencies. Out-year reductions are  
5 implemented against agency baseline budgets, while  
6 restorations that take place as part of the  
7 adoption process are registered for the current  
8 fiscal year only. We're engaged in an ongoing  
9 dialogue around this issue and continue to search  
10 for a viable solution to the disparity between  
11 baseline and adopted budget amounts. We recognize  
12 that city funding is extremely important to many  
13 of our cultural groups, and that in this uncertain  
14 fiscal climate any reductions will be difficult to  
15 absorb. City support is one part of the larger  
16 funding mix for non-profit cultural organizations  
17 that include other government sources, earned  
18 income and giving from corporations, foundations  
19 and individuals. These funding sources have been  
20 particularly unstable over the past few years due  
21 to global economic uncertainties. The most timely  
22 granular data we have on the current situation  
23 comes from the 33 members of the Cultural  
24 Institution Group, which often serve as a helpful  
25 sample from which to draw general trends. Current

1  
2 data comparing calendar years 2010 and 2011 show  
3 mixed results. For instance, corporate giving is  
4 down by 20% for 2011, but board giving is up by  
5 18%. Individual giving is down by 14%, but earned  
6 income and foundation giving are up by 8% and 3%  
7 respectively. Again, this is a snapshot of a  
8 limited sample pool, so I don't think too much  
9 should be read into these numbers. The one  
10 possible long-term indicator may be the uptick in  
11 foundation giving, which suggests that many are  
12 starting to move past their three year smoothing  
13 rules that suppressed contributions in response to  
14 the 2008 economic downturn. Looking ahead, the  
15 city's financial support for cultural capital  
16 projects remains robust. Thanks to our  
17 partnership with you and the borough presidents,  
18 the agency is advancing essential infrastructure  
19 improvements, facility upgrades and capital  
20 equipment purchases at numerous organizations  
21 throughout the five boroughs. At this time no  
22 cuts have been proposed for the agency's capital  
23 budget. DCA will provide \$633 million for more  
24 than 400 projects at 197 organizations through  
25 fiscal year 2015, including design, construction

1  
2 and equipment purchases. The projects supported  
3 with this public funding have in turn leveraged  
4 close to \$1 billion in private investment. To  
5 give you a few highlights, later this week we'll  
6 open a new visitor center for the Brooklyn Botanic  
7 Garden, this summer we'll cut the ribbon on a new  
8 outdoor education pavilion at the Staten Island  
9 Children's Museum and a newly-renovated performing  
10 arts center for Mind Builders in the Bronx. In  
11 the fall we'll inaugurate a complete renovation of  
12 the Public Theater. In addition to construction  
13 projects, we continue to complete essential  
14 equipment purchases for organizations. Since the  
15 beginning of fiscal 2012, we've allocated \$3.4  
16 million in equipment funding to 27 organizations.  
17 Recent purchases include computer equipment for  
18 Teatro Circulo in the East Village and a complete  
19 outfitting of Roulette Intermedium's new space in  
20 downtown Brooklyn. We'll soon purchase a multi-  
21 media system for the Chocolate Factory in Long  
22 Island City and post-production editing systems  
23 for the Ghetto Film School in the South Bronx.  
24 From our capital and equipment portfolio we  
25 anticipate 24 project starts and 14 project

1  
2 completions over the next six months. Finally,  
3 I'd like to update you on two agency programs. As  
4 you know, the FY13 Cultural Development Fund  
5 application review process is well underway.  
6 Panel review sessions began on March 21<sup>st</sup>, as of  
7 today we've completed 14 panels, and eight remain  
8 before we conclude at the end of June. As always,  
9 we appreciate the insight provided by the City  
10 Council representatives present on each panel.  
11 Organizations currently receiving funding, i.e. in  
12 fiscal 2012, will prepare their final report.  
13 Last year we debuted final reporting online, this  
14 year, thanks to upgrades to the system, the report  
15 will yield additional data. For example,  
16 information provided in the nearly 900 final  
17 reports we received by August 1<sup>st</sup> will allow us to  
18 map where funded cultural activities have taken  
19 place. Materials for the Arts continues to  
20 support arts and cultural organizations and public  
21 schools by providing free materials for their  
22 operations and programming needs. Thus far in  
23 FY12, approximately 1,750 member organizations  
24 have conducted around 4,800 transactions to  
25 receive supplies, either by visiting the warehouse

1 or through MFTA's online direct-donation service.  
2 In fiscal 2011, MFTA contributed donated materials  
3 valued at more than \$4 million to constituents.  
4 MFTA acts as a vital source of supplies for its  
5 recipient members, so they can in turn better  
6 serve their constituents throughout the five  
7 boroughs. As part of the Mayor's initiative to  
8 increase community service opportunities in New  
9 York City, numerous groups have volunteered  
10 recently at MFTA. These include the UK mission to  
11 the United Nations, the Virginia-based Lukens  
12 Group, financial services firm the XL Group, and  
13 students from Brooklyn Technical High School and  
14 Lehman College. In conclusion, I'd like to thank  
15 Chairman Van Bramer, Chairman Recchia, Committee  
16 members and all of your colleagues on the City  
17 Council for your continued support. As we work  
18 through challenging financial times, your  
19 participation has never been more critical. I'd  
20 be happy to answer any questions you have.

21  
22 CHAIRPERSON RECCHIA, JR.: Thank  
23 you very much, Commissioner, thank you for your  
24 testimony. In your testimony, page two of four,  
25 second paragraph, you tell us only six CIG's use

1  
2 steam, and the reason why you added the money was  
3 because of the steam. Can you tell us what six  
4 CIG's use steam?

5 COMMISSIONER LEVIN: I'm probably  
6 not going to remember them accurately, but I  
7 believe they are the Metropolitan Museum, the  
8 Museum of Natural History, Lincoln Center,  
9 Carnegie Hall, State Theater and City Center.  
10 It's kind of like the seven dwarfs, I can never  
11 get them all.

12 CHAIRPERSON RECCHIA, JR.: All  
13 right, so it's the Metropolitan Museum, the Museum  
14 of Natural History, Carnegie Hall.

15 COMMISSIONER LEVIN: Lincoln Center

16 CHAIRPERSON RECCHIA, JR.: Lincoln  
17 Center.

18 COMMISSIONER LEVIN: City Center.

19 CHAIRPERSON RECCHIA, JR.: City  
20 Center and State Theater?

21 COMMISSIONER LEVIN: And then the  
22 theater, yes.

23 CHAIRPERSON RECCHIA, JR.: Right,  
24 okay. Now, according to our investigation,  
25 looking into this why they added money, all right,

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2 last year, right, five CIG's went above their  
3 budget, and those five CIG's that went above their  
4 budget are not any of the six who use steam. So  
5 could you explain to us why we're adding \$8.4  
6 million?

7

COMMISSIONER LEVIN: Because steam  
8 costs are projected to go up for the coming fiscal  
9 year, this is a projection for the year going  
10 forward, and the commodity prices of steam versus  
11 electricity versus gas are in a constant state of  
12 variation. So just because somebody didn't exceed  
13 their budget last year doesn't mean they might not  
14 exceed it this year. I mean, again- -

15

CHAIRPERSON RECCHIA, JR.:  
16 (Interposing) Well, in the investigation that we  
17 did, in the last past three years none of those  
18 institutions ... they all started going down in  
19 their budget, not up.

20

COMMISSIONER LEVIN: There's a  
21 difference between usage, as in how many kilowatts  
22 they use and how much they cost.

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CHAIRPERSON RECCHIA, JR.: No, I  
24 understand, I understand that. I'm just saying  
25 that- -

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COMMISSIONER LEVIN: (Interposing)

Yes, it is- -

CHAIRPERSON RECCHIA, JR.:

(Interposing) There is no ... I want to know where you got this information, that the cost for it are going to go up? Because we cannot seem to find this information.

COMMISSIONER LEVIN: I'm happy, if you would like to sit with us in DCAS and go over how they project energy costs, I'm happy to do it.

CHAIRPERSON RECCHIA, JR.: No, no, we understand that.

COMMISSIONER LEVIN: Right.

CHAIRPERSON RECCHIA, JR.: I just want to know where ... what are they basing this on.

COMMISSIONER LEVIN: My understanding is they're basing this on the energy commodity numbers- -

CHAIRPERSON RECCHIA, JR.:

(Interposing) Did DCAS tell you?

COMMISSIONER LEVIN: Yes, yes.

CHAIRPERSON RECCHIA, JR.: Okay.

So DCAS told you that these institutions are going up, and therefore you have to increase the energy

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2 number.

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4 COMMISSIONER LEVIN: What they have  
5 said is that they predict that the cost of steam  
6 per pound is going to increase. It apparently had  
7 started to increase during this fiscal year, it is  
8 projected to continue to increase, and this year,  
9 while we were blessed with a remarkably mild  
10 winter, that's anomalous as well, and steam cost  
11 is directly tied to weather, it is the least  
12 predictable in terms of usage apparently, because  
13 it is so closely tied to weather. You always need  
14 to turn the lights on, but you may or may not need  
15 to fire up your heating system.

16

17 CHAIRPERSON RECCHIA, JR.: We will,  
18 we are going to have an opportunity to question  
19 David Burney, and we will definitely bring this up  
20 to him, let him explain to us why all this is  
21 happening, because we just can't understand why  
22 they put \$8.4 million into a budget when none of  
23 these ... steam hasn't gone up over the last past  
24 five years, and we called different economists and  
25 different people, and they can't understand why,  
no one can tell us in their projections that steam  
is going to cost more next year. We can't find

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2 anybody who tells us this, and Mr. Burney is  
3 predicting this, so we're going to definitely  
4 bring this up to him and let him explain, and ask  
5 him where he's getting this and how he's basing  
6 this on, because we cannot find anyone who will  
7 confirm this, and so this is very ... it concerns  
8 us. Next I want to ask you about program lines,  
9 all right, they went down significantly, and why  
10 is that, and- -

11 COMMISSIONER LEVIN: (Interposing)  
12 If the adopted budget holds at the baseline  
13 amount, the program dollars would be reduced  
14 accordingly. If there is some restoration,  
15 hopefully the program lines will not end up where  
16 they are projected to, but at the moment this is  
17 our baseline budget at this time of year.

18 CHAIRPERSON RECCHIA, JR.: And is  
19 there any way you can get it up, because you know,  
20 I have the differences being \$12.3 million.

21 COMMISSIONER LEVIN: I believe that  
22 is from adopted- -

23 CHAIRPERSON RECCHIA, JR.:  
24 (Interposing) Right, from adopted- -

25 COMMISSIONER LEVIN: (Interposing)

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2 '12 to baseline '13, and I think that number is  
3 correct.

4

CHAIRPERSON RECCHIA, JR.: So do  
5 you have any mechanism or way to put back this  
6 money, or are you talking to the administration  
7 about getting some money back into these programs?

8

COMMISSIONER LEVIN: Absolutely,  
9 and you know, again, as you know, DCA is one of  
10 about six agencies that does not itself collect  
11 any revenues, no fees, no fines, to offset budget  
12 cuts, and therefore the baseline attrits with each  
13 passing year. Periodically we restore the  
14 baseline, it would be nice if we could come up  
15 with a longer-term fix to figure out how to avoid  
16 that for all of those six agencies involved.

17

CHAIRPERSON RECCHIA, JR.:  
18 Commissioner, we agree with you, we agree that,  
19 you know, even though there is no direct revenue  
20 generating, it's because of the cultural  
21 institutions, the art and the museums, and that is  
22 the economic engine bringing tourists and all that  
23 going up. So we definitely have to figure out a  
24 way, but I strongly appreciate your support- -

25

COMMISSIONER LEVIN: (Interposing)

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2 Absolutely.

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CHAIRPERSON RECCHIA, JR.: ... in telling the administration that we need to increase the programs lines, increase the money for the CIG's and overall funding. I'm now going to turn this over to my colleague, Council Member Jimmy Van Bramer.

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CHAIRPERSON VAN BRAMER: Thank you very much, Chair Recchia, and I won't repeat all the questions that Chairman Recchia asked about the energy subsidy, but I share his concerns. And I was wondering why we can't return the funds back to the CIG's that are unused, as opposed to going back to the general fund?

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COMMISSIONER LEVIN: We've explored that in excruciating detail with all parties involved. It's not that we couldn't do it, eventually it's how do we develop a formula to do that that does not ultimately frankly put the CIG's at risk for having to pay the city back when they exceed their energy budgets. And as I said, in the most recent fiscal year 16 of them are currently over-projected, so I think for most of them the spectre of having to actually pay the

1  
2 city back rather than in the happy event of them  
3 being under-projected getting rewarded for that is  
4 a level of instability that on balance I don't  
5 know that they're willing to undertake.

6 CHAIRPERSON VAN BRAMER: Right.

7 Well, that level of instability is nothing  
8 compared to the level of instability that they  
9 face every year when they're facing \$50 million in  
10 budget cuts. And we don't want to punish any of  
11 those who maybe go over, but it seems to me if  
12 there was a real desire to keep that funding  
13 within the Cultural Institution Group members,  
14 we'd figure out a way to pool it somehow so that  
15 those who went over didn't get penalized, but  
16 those who went under, in particular, but maybe  
17 then everyone gets some slice of that pie, is that  
18 something that you think is workable and something  
19 we should do?

20 COMMISSIONER LEVIN: We've modeled  
21 that, and again, we are totally open to continuing  
22 to explore it, in conversation with CIG, though,  
23 when we explained that the bottom line would  
24 absolutely be the bottom line, and exceeding that  
25 in any way, even under extraordinary circumstances

1  
2 of a particularly harsh winter, etc., would be  
3 their responsibility, I think there was a sense  
4 that it was not yet worth the risk. I'm hopeful,  
5 honestly, that as technology improves so that it  
6 becomes easier to predict and calculate energy  
7 usage and as we continue to upgrade energy  
8 sustainability and conservation infrastructure at  
9 our institutions, you know, there will be a moment  
10 where everybody figures out they can control this  
11 enough to take what is a risk but also an  
12 opportunity, my sense is that most organizations  
13 don't feel that they're there yet. It's too  
14 capricious a world, both in terms of usage and in  
15 terms of these constantly fluctuating commodity  
16 prices. Because an organization can sustain or  
17 even reduce its actual energy usage and still have  
18 to pay more in a given year because of the cost of  
19 different forms of energy.

20 CHAIRPERSON VAN BRAMER: Do you  
21 have something there? But if you had a ... what if  
22 we had a hold-harmless piece, and then whatever  
23 was left over we could distribute right back to  
24 the culturals, no?

25 COMMISSIONER LEVIN: I think that

1  
2 conceptually that's where we would like to get to,  
3 it's just very hard to guarantee that there will  
4 be enough to hold harmless, and I think there's  
5 also, you know, some feeling that an organization  
6 who does particularly well will be definition be  
7 organizing ... will be subsidizing an organization  
8 that perhaps is sloppier around areas of energy  
9 conservation, and, you know, I think there is  
10 potentially some bitterness around that as well.  
11 So I would love to get to the point where that's  
12 all we were dealing with.

13 CHAIRPERSON VAN BRAMER: Right.

14 COMMISSIONER LEVIN: But, you know,  
15 I think just even in the past 18 months alone  
16 we've done a substantial amount of work driving  
17 towards some kind of solution, because I think  
18 everybody certainly on the administration side  
19 realizes the benefits of incentivizing energy  
20 conservation through the energy budget.

21 CHAIRPERSON VAN BRAMER: Right.

22 COMMISSIONER LEVIN: It's just  
23 structurally we are anxious to do this in a way  
24 that protects our organizations from further  
25 fiscal uncertainties that would be generated by

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2 one of the most unpredictable operating costs they  
3 have.

4

CHAIRPERSON VAN BRAMER: Sure, but  
5 right now no one wins, because we're not- -

6

COMMISSIONER LEVIN: (Interposing)  
7 Oh, the organizations win in that they don't have  
8 to pay their energy costs, and I would say for the  
9 organizations that don't receive that subsidy, you  
10 know, it is devoutly to be wished. So you know, I  
11 think it is ... it is not wildly fortunate to  
12 overlook the benefit organizations receive by  
13 getting the energy subsidy. Should be we more  
14 nuanced about it? Yes. Can we? We're working  
15 towards that, and I'd like to think we'll get  
16 there eventually, but it does get complicated.

17

CHAIRPERSON VAN BRAMER: Right. So  
18 baselining, are you currently speaking with the  
19 administration about baselining funding? Can you  
20 update us on some of those conversations, how  
21 that's going and whether or not you think there's  
22 an opportunity for that?

23

COMMISSIONER LEVIN: We have  
24 several proposals that we're reviewing with our  
25 colleagues, I am constitutionally optimistic, and

1  
2 remain so on this particular topic, and you know,  
3 again, I think it's ... there is a ... the fundamental  
4 physics of the political process need to, I guess,  
5 try and accommodate the fact that for the six  
6 agencies involved, agencies that I think, you  
7 know, lots of your colleagues care a lot about as  
8 well, there just needs to be a different kind of  
9 solution. It's always hard in government when  
10 you're the anomaly, and six agencies in a much  
11 larger family of city administrative functions  
12 doesn't give you the leverage you'd like in terms  
13 of problem solving. But I am optimistic that  
14 we'll be able to come up with something that will  
15 make a lot of sense going forward.

16 CHAIRPERSON VAN BRAMER: We love  
17 all of those agencies, as you know, there is no  
18 other sector like the cultural sector that  
19 generates the billions that it does, so I think  
20 there is a real economic case for this agency to  
21 be baselined, and I'm sure on some level you would  
22 agree with that. And I hope that we can get  
23 there. Is there anything that we can do to help  
24 the conversations that you're having with the  
25 First Deputy Mayor, I would imagine, and others in

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2 the administration to get us there to a full  
3 restoration and baselining, and ultimately to the  
4 place where we're increasing funding for culture  
5 and the arts?

6

COMMISSIONER LEVIN: Well, I think  
7 that you will absolutely be part of the  
8 conversation that will break out over the next six  
9 weeks about doing this, so yes.

10

CHAIRPERSON VAN BRAMER: Well, I  
11 certainly already mentioned it to the First Deputy  
12 Mayor at the Met game, among other opportunities  
13 that we've had together, but- -

14

COMMISSIONER LEVIN: (Interposing)  
15 Did you win?

16

CHAIRPERSON VAN BRAMER: I thought  
17 it was a good discussion, Commissioner.

18

COMMISSIONER LEVIN: No, I mean did  
19 the Mets win?

20

CHAIRPERSON VAN BRAMER: The Mets  
21 did win.

22

COMMISSIONER LEVIN: See, it's all  
23 good.

24

CHAIRPERSON VAN BRAMER: The Mets  
25 did win.

1  
2 COMMISSIONER LEVIN: We're trending  
3 in the right direction.

4 CHAIRPERSON VAN BRAMER: Yes, and  
5 the Mayor and the First Deputy Mayor stayed until  
6 the last pitch, so we had a lot of time to talk  
7 about funding for culture and the arts. And I  
8 just wanted to say this again, and maybe you can  
9 share some of your thoughts on this, the NYC &  
10 Company and the city have these very, very big  
11 goals for the tourism sector of our economy, it's  
12 one of the strongest, most vibrant and growing  
13 pieces of our economy. We have this conversation  
14 with Budget Director Page all the time, and when  
15 we get that big briefing all the time, there's  
16 always bad news, bad news, bad news, and then  
17 boom, tourism, great news. And we know that  
18 culture and the arts drives that to a great  
19 extent, and so rightfully so we're being even more  
20 ambitious with that, right, we want to push that  
21 out. But we can't get there without increasing  
22 funding for culture and the arts, because you're  
23 actually, you know, asking the driver of all of  
24 that to do more, to welcome more people into their  
25 institutions, more wear and tear on the

1  
2 facilities, more wear and tear and work for the  
3 staff of those institutions, and yet we're  
4 proposing to decrease their funding by a great  
5 amount. I mean, would you agree that that's  
6 putting additional strain on our cultural  
7 institutions which are driving this very important  
8 piece of the economy, and that the goals for  
9 tourism should be met with equally ambitious goals  
10 for funding for the arts, because you can't get  
11 the one without the other?

12 COMMISSIONER LEVIN: I completely  
13 agree that the goals for tourism are connected  
14 with the dynamism of our arts and culture sector,  
15 the only nuance I would suggest is that that  
16 argument needs to not exclude organizations who do  
17 not have an obvious or immediate impact on our  
18 tourism statistics, because the vast majority of  
19 organizations we fund in fact are not necessarily  
20 immediately attracting tourists, they are  
21 nonetheless absolutely essential to the health and  
22 well-being of our neighborhoods and our neighbors,  
23 and they are part of a larger ecology that does,  
24 you know, at one level, I think, directly appeal  
25 to tourists. So I just think it's important to

1  
2 stress that an ability to directly impact tourism  
3 should not be the only rationale, because it can  
4 have I think the unintended consequence of  
5 ignoring the value of organizations who don't  
6 participate as obviously in that dynamic.

7 CHAIRPERSON VAN BRAMER: I couldn't  
8 agree with you more, and as a Queens guy, I get  
9 that on a lot of different levels. Of course I  
10 think more of our smaller organizations would be a  
11 part of that if NYC & Company itself would  
12 actually pay more attention to our boroughs and  
13 all of the wonderful things that are going on as a  
14 result of CDF and NDCA.

15 COMMISSIONER LEVIN: I guess what I  
16 would say is that tourism defined as people coming  
17 from outside New York City to the city is one form  
18 of value cultural organizations bring, but tourism  
19 within neighborhoods, getting people to go to  
20 places in the city that they might not otherwise  
21 attend to, which sometimes takes a different kind  
22 of marketing focus, is as, if not more, important  
23 ultimately.

24 CHAIRPERSON VAN BRAMER: Yes, yes,  
25 you make my point for me, not contradict it. I

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2 agree with you completely. I have more questions,  
3 but I'm sure there are other members as well.

4

CHAIRPERSON RECCHIA, JR.: Right.

5

Before we move forward, I would like to recognize

6

we've been joined by Council Member Joel Rivera.

7

Leroy Comrie, followed by Council Member Jackson.

8

Does any other Council Member have any other

9

questions? Okay. It will be Comrie, Jackson and

10

then Council Member Jimmy Van Bramer and myself

11

will close it down. Okay, Council Member Leroy

12

Comrie.

13

COUNCIL MEMBER COMRIE, JR.: Thank

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you, Chair Recchia and Chair Van Bramer. Good

15

afternoon, Commissioner.

16

COMMISSIONER LEVIN: Good

17

afternoon.

18

COUNCIL MEMBER COMRIE, JR.: I

19

wanted to ask you about the CDF panels and how do

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you ... how are they going, in detail? Have you

21

gotten the ... have you gotten all of the review

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applications back and can you give us a breakdown

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on what the type of funding for those panels will

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be?

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COMMISSIONER LEVIN: How much ... how

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many dollars we're giving out this year?

COUNCIL MEMBER COMRIE, JR.: Yes.

COMMISSIONER LEVIN: Because the panels now are making projected allocations for the FY13 budget, and because we don't know what the FY13 budget will contain, the way we work with our panels is we give them a dollar amount, usually based to some extent on both previous years and what the baseline currently contains, and the understanding is that those dollars, once we understand what the real amounts are available, will be adjusted proportionately. So for example if we end up with more funding than we thought, which was the case last year, a dollar award of X would become X plus a certain amount, so that it takes advantage of the full amount of funding we receive. But we felt it was very important to try and shift the award process, so that it took place before the start of the new fiscal year, so that we could issue that funding as quickly as possible. It used to be that the actual panel process started after the start of the fiscal year, and it meant the groups were getting awards substantially later than we thought was optimal

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for them. So it's a long way of saying we don't know yet.

COUNCIL MEMBER COMRIE, JR.: But you're trying to coincide it so that they know all of their money by June 30<sup>th</sup>.

COMMISSIONER LEVIN: Yes.

COUNCIL MEMBER COMRIE, JR.: Or know what they're going to get.

COMMISSIONER LEVIN: Well, by June 30<sup>th</sup> we know how much money we have to distribute, and then we do a fairly extensive process of assigning, spreading out those dollars based on the awards recommended by the panel, and you know, going through with it.

COUNCIL MEMBER COMRIE, JR.: But they'll all go in there at approximately the same time now, so they won't be a disparity in- -

COMMISSIONER LEVIN: (Interposing)  
That's correct.

COUNCIL MEMBER COMRIE, JR.: Like loopholes.

COMMISSIONER LEVIN: Yes.

COUNCIL MEMBER COMRIE, JR.: It won't happen- -

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COMMISSIONER LEVIN: (Interposing)

3

We'll be able to issue the dollars to everybody at

4

the same time.

5

COUNCIL MEMBER COMRIE, JR.: Right.

6

I'm not going to ... and clearly you know we're not

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happy with the amount of money that's going in and

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all of the cuts to the CIG's and the program

9

funds, I'm not going to beat that dead horse

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today, I'm not in that kind of mood. I just

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wanted to ... and then at this point I think we need

12

to find some new way to make it clear that the

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economic engine that is provided by our culturals

14

is better respected by the administration, I just

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don't know how we do that at this particular

16

moment. I think that we need to also, though, try

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to find a way to understand that, and I don't

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understand why we haven't gotten a report, or

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maybe we got it and I missed it, of the

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measurement of economic activity that was done by

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your office on the impact of culturals, so we've

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never received that report, I don't believe, or

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the study that was done as a result of the program

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that was put together by DCA that was on a ... I can

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never remember the name of it.

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COMMISSIONER LEVIN: The cultural data project.

COUNCIL MEMBER COMRIE, JR.: The cultural data project, so I would really like to see that, so that we could have some other templates, but I know that we have to find a way to try to increase the fundings for these groups, they're ... the funding that is projected for next year will definitely close programs and lose personnel and I'm concerned that we're going to lose senior personnel that are really starting to make inroads into creating opportunities for increased visitation and creates economic activity, but if a building is closed, they can't do anything. If a person knows that they're going to be on a permanent two-day-a-week type rotation, they're going to start looking for other jobs. So we need to find a way to try to increase that and make that a better part of our budget process, because the dollars that are generated, the income that's being generated, the people that we may lose because of these budget cuts, will create a long-lasting harm to the city, I think, so I think we have to work together to find a way to make

1  
2 that happen. So I'm not going to be ... I know  
3 yesterday was Mother's Day, so I'm going to be  
4 polite today, I'm not in a bad mood, I want to  
5 stay in a positive mood about how we make this a  
6 little bit better city, and how we protect our  
7 cultural groups a little bit better. So, thank  
8 you, Mr. Chair.

9 CHAIRPERSON VAN BRAMER: Thank you,  
10 isn't it good that Council Member Comrie is in a  
11 good mood today? So we throw it next to Council  
12 Member Jackson.

13 COUNCIL MEMBER JACKSON: Thank you,  
14 Mr. Chair, and Commissioner, good afternoon to  
15 you, Kate.

16 COMMISSIONER LEVIN: Good  
17 afternoon.

18 COUNCIL MEMBER JACKSON: I guess I  
19 have some questions knowing that, for example, not  
20 for example, knowing that the agencies and  
21 departments come in front and there are no  
22 speakers immediately after, and that everyone has  
23 to speak at the end, June 7<sup>th</sup>, when our last day of  
24 hearings is, meaning the union representatives,  
25 the advocates, and all of the groups and

1  
2 organizations and individuals. Can you give me  
3 and the Committee an idea of what impact this  
4 proposed budget for the Department of Cultural  
5 Affairs will have as far as any employees or  
6 potential layoffs, meaning, has institutions  
7 communicated to you based on the proposed  
8 executive budget what the impact would be, so I  
9 can get a picture as to the negative impact as far  
10 as the possibility of layoffs and things like  
11 that?

12 COMMISSIONER LEVIN: We have not  
13 received that kind of projection yet, and because  
14 cultural organizations each are so different from  
15 one another and they project and manage personnel  
16 issues so differently, we don't necessarily expect  
17 to receive that, except perhaps from the 33 CIG  
18 institutions. What we can tell you over the past  
19 year I think there have been 10.5 layoffs of full-  
20 time employees within the CIG group, and I think-  
21 -

22 COUNCIL MEMBER JACKSON:  
23 (Interposing) Per institution or in total?

24 COMMISSIONER LEVIN: No, for the  
25 overall, and that's been offset by I think about

1  
2 56 hires, so you know, there are always flexes,  
3 what that suggests to us is that we at least up to  
4 now may have been in a small period of recovery  
5 after 2008, when a number of institutions laid off  
6 workers, but it also suggests again that there's  
7 no clear employment pattern that links directly to  
8 city support, it may depend also on foundation  
9 support, on earned income, you know, on the  
10 complex funding streams that cultural  
11 organizations experience. But certainly if we  
12 receive any kind of employment projections, we  
13 would share them with you and your colleagues.

14 COUNCIL MEMBER JACKSON: Well, I  
15 know that you read in all of the newspapers and  
16 hear the noise about one of the major issues for  
17 the City Council is the proposed Mayoral cuts to  
18 youth services, meaning daycare, after-school,  
19 summer youth employment, all of the things that  
20 are going to negatively impact tens of thousands  
21 of youth in our city. If in fact I'm reading here  
22 with fiscal '13 budget, if the Council does not  
23 allocate the type of funds that the CIG's are  
24 requesting, I think that the CIG's expect to  
25 request about \$42 million in funding in fiscal

1  
2 year 2013, what type of impact would that have?  
3 Because basically what groups and organizations  
4 and advocates are asking us to do is to look at  
5 theirs, but obviously we're looking at all of the  
6 devastating youth cuts and daycare cuts, because  
7 one of the questions that we asked the ACS staff  
8 that was briefing us the other day, where are the  
9 parents going to take their kids if daycare cuts  
10 go through and daycares are closed? And we did  
11 not get an answer to that, the response was that  
12 we have a limited amount of budget, and basically  
13 that's it. But they did not respond as to where  
14 parents are going to take their kids in order for  
15 their parents to go to work. So I ask you, what  
16 would be the impact if in fact the \$42 million  
17 that the CIG's are talking about, if that's not  
18 restored, what would occur?

19 COMMISSIONER LEVIN: And I wish I  
20 could give you a precise answer. What I know from  
21 past budget reductions and from past economic  
22 cycles, cultural organizations are incredibly  
23 nimble about trying to respond and sustain a  
24 consistent level of service. That said, they  
25 often respond to funding decreases through

1  
2 reduction or reallocation of programming, there is  
3 sometimes a reduction in staff, a move to more  
4 volunteer individuals working, there could be a  
5 readjustment of hours of operation. In other  
6 words, there's a range of potential impacts, I  
7 can't tell you exactly what they are yet, because  
8 every organization is so different. One  
9 organization may furlough people, another  
10 organization may move to different hours of  
11 operation, and a third may reduce or change the  
12 kind of programming that they're going to present.

13 COUNCIL MEMBER JACKSON: Well, I  
14 guess I'm concerned that, you know, obviously  
15 you're the Commissioner, and I'm trying to get an  
16 assessment as to, I know what the proposed budget  
17 is, but I'm trying to get an assessment on the  
18 impact as far as the number of employees that  
19 could possibly lose their jobs, as far as  
20 programming cuts with institutions maybe being  
21 closed or one or two days, if in fact cuts go  
22 through, and that's mainly talking about the large  
23 institutions. The smaller ones that are real  
24 small, obviously I don't know the impact, so I'm  
25 trying to, that's why I'm asking you for an

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2 assessment overall, so that from an advocacy point  
3 of view, as a member of the budget and negotiating  
4 team, I would know what the impact is, so I can  
5 advocate from a positive point of view.

6 COMMISSIONER LEVIN: And all I  
7 would ask you to do is not take my failure to give  
8 you an accurate response and hold it against my  
9 constituency. I mean, sometimes it's a no good  
10 deed goes unpunished thing. Cultural  
11 organizations are so nimble at figuring out the  
12 numerous management challenges, as well as the  
13 artistic challenges, that they're presented with  
14 constantly, that they are very good at masking the  
15 pain and continuing to do what they're totally  
16 committed to do. So my incapacity to give you a  
17 straight answer shouldn't be held against my  
18 constituency, who, you know, any time funding is  
19 diminished from any source in a significant way,  
20 are really pressed to continue to do the  
21 extraordinary work that they do.

22 COUNCIL MEMBER JACKSON: Well,  
23 clearly I agree with you, and I as a member of the  
24 budget negotiating team would not hold anything  
25 against your constituents, our constituents, but

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2 I'm also concerned, Mr. Chair, and I'm finished  
3 with this, I'm concerned about, if in fact  
4 cultural institutions should close one or two  
5 days, the impact that would have on the  
6 constituencies of New York City and the United  
7 States, and all of the millions of ... Mayor  
8 Bloomberg said that we've reached our peak, passed  
9 our goal of 50.2 million tourists, tourists are  
10 only here for a limited period of time, and when  
11 they go to an institution based on the fact that  
12 they are leaving Tuesday to fly back to wherever  
13 they live, and they wanted to go to an institution  
14 and it's closed, that has a negative impact on  
15 them and the type of positive aspects that we want  
16 them to have while they're here. So I'm concerned  
17 about that overall and I just wanted to make you  
18 aware of that as the Commissioner, knowing that I  
19 respect you for what you've done overall, and also  
20 with the advocacies that you've done with respect  
21 to some institutions in my district, so I  
22 appreciate that, but I'm also concerned overall in  
23 general about the impact, especially the large  
24 ones, and then the ones that are not so large that  
25 don't have lobbyists and, you know, have to

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struggle just to keep their doors open, I'm concerned about those also.

COMMISSIONER LEVIN: I share your concern, thank you.

COUNCIL MEMBER JACKSON: Thank you, Mr. Chair.

CHAIRPERSON VAN BRAMER: Council Member Reyna.

COUNCIL MEMBER REYNA: Thank you very much, Mr. Chair, I just wanted to take a moment to thank the Commissioner for participating in Friday's Small Business joint with Cultural Affairs hearing, very good things were mentioned, and more work ahead of us, but nonetheless we are able to make some progress in just the collaboration that's so necessary in order to continue to have the city thrive. And clearly the ... it's an understatement to say that our city is booming when it comes to tourism and the highlights of outside of Manhattan cultural arts, working its way through and creating networks, and how vibrant it is in the outer boroughs, and we want to continue to foster that. I was curious to ask if your department has made an analysis of the

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2 purchasing power of the cultural institutions in  
3 the City of New York?

4

COMMISSIONER LEVIN: In the past  
5 we've done so just based on CIG data. Now that we  
6 have cultural data project information, we're  
7 going to go ahead and see what we can find out  
8 about that, and see how granular we can get,  
9 because the ... we know the purchasing power is  
10 significant, what we'd like to also be able to  
11 isolate is how much of that purchasing power is  
12 specifically within the City of New York, as  
13 opposed to outside city lines.

14

COUNCIL MEMBER REYNA: And I wanted  
15 to just share with you, I wanted to just pay  
16 special thank you's to the CIG community, because  
17 I had asked in previous preliminary hearings if  
18 they could calculate a lot of this, and they  
19 prepared a folder for each of us, and their  
20 figures, as far as vendors that they contract  
21 with, and this is the indirect hit that if you  
22 reverse it, if we cut CIG's we cut the economic  
23 activity in the City of New York. In fiscal year  
24 '10 it's reached the level of half a billion  
25 dollars in economic activity with vendors, and so

1  
2 12,782 vendors were contracted with CIG's on this  
3 list, and that's not including what would be the  
4 smaller non-profit cultural institutions within  
5 communities that probably will add this up and it  
6 could total a billion plus dollars. So I wanted  
7 to just share this with you that we're paying  
8 close attention, because nothing is homogeneous as  
9 far as the cultural and arts, and the institutions  
10 that give flavor to the city, all contribute to  
11 what are healthier economic activities throughout  
12 the neighborhoods in the city, and we want to make  
13 ourselves available with this data so that we  
14 understand, we can't make decisions in a vacuum.  
15 And a lot of the data is not in front of us,  
16 doesn't lend itself to very intelligent decisions  
17 that in fact are presented to us, and then we have  
18 to make analysis with very little resources. So  
19 thank you to the CIG community for helping us  
20 understand even better moreso than ever the power  
21 that they have and can continuously connect with  
22 the rest of the City of New York. Thank you.

23 COMMISSIONER LEVIN: Thank you.

24 CHAIRPERSON RECCHIA, JR.: Okay,  
25 any other Council Member have any more questions?

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2 Without that, we want to thank you, Commissioner,  
3 for coming in, we'll be in touch with you.

4 COMMISSIONER LEVIN: I look forward  
5 to it, thank you.

6 CHAIRPERSON RECCHIA, JR.: The  
7 process is just beginning, thank you very much.

8 COMMISSIONER LEVIN: Thank you.

9 CHAIRPERSON RECCHIA, JR.: Okay,  
10 we'll take a five minute break, and then we'll  
11 start with the DEP at one o'clock. (pause) We  
12 will now resume the City Council hearing on the  
13 Mayor's executive budget for fiscal year 2013.  
14 The Finance Committee has now been joined by the  
15 Committee on Environmental Protection chaired by  
16 my colleague and good friend Jim Gennaro, to hear  
17 from the DEP Commissioner, Carter Strickland. In  
18 the interest of time I will forego an opening  
19 statement and turn to my co-Chairman, Council  
20 Member Gennaro.

21 CHAIRPERSON GENNARO: Thank you,  
22 Mr. Chairman, sorry for my tardiness, and I want  
23 to state for the record that you are my friend  
24 too. Thank you for that. And I think in the  
25 interest of time, I will forego my opening

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2 statement, this is the second hearing, of course,  
3 we were here for the preliminary budget, and I  
4 think I kept people waiting long enough. We want  
5 to hear from the Commissioner and his good team,  
6 and thank you again, Mr. Chairman, for your  
7 indulgence, and it's a pleasure to see you,  
8 Commissioner, and everyone from DEP, we look  
9 forward to your testimony.

10 COMMISSIONER STRICKLAND: Thank  
11 you.

12 CHAIRPERSON GENNARO: That  
13 concludes my statement, Mr. Chairman.

14 COMMISSIONER STRICKLAND: Are you  
15 going to swear me in or not? Oh, I was waiting  
16 for you to swear me in, but I will- -

17 CHAIRPERSON RECCHIA, JR.:  
18 (Interposing) Oh, go ahead.

19 COMMISSIONER STRICKLAND: ... just  
20 begin to speak.

21 CHAIRPERSON GENNARO: Oh no,  
22 actually we'll follow the rules of the Finance  
23 Committee today.

24 COMMISSIONER STRICKLAND: Okay,  
25 fine.

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CHAIRPERSON GENNARO: That's kind of like an EP, you know, Jim Gennaro thing, and- -

COMMISSIONER STRICKLAND:  
(Interposing) Jim can vouch for me.

CHAIRPERSON GENNARO: Yeah, sure, sure.

COMMISSIONER STRICKLAND: Well, good afternoon, Chairman Gennaro, Chairman Recchia and members.

CHAIRPERSON GENNARO: Yeah, we're going to play by Domenic's rules today, so there you go.

COMMISSIONER STRICKLAND: I am Carter Strickland, Commissioner of the New York City Department of Environmental Protection, I'm joined today by Steve Lawitts, DEP's Chief Financial Officer, Joe Murin, DEP's Assistant Commissioner for Budget, and other senior members. Thank you for the opportunity to testify on the fiscal year 2013 executive budget. Through prudent cost cutting and prudent transparency and efficiency and targeted advocacy for regulatory reform, we are doing everything we can to keep water bills low for the 836,000 customers that we

1  
2 serve. At the same time, we must insure the  
3 delivery of clean, reliable water when New Yorkers  
4 turn on their taps, limit flooding and remove  
5 pollutants from 1.3 billion gallons of waste water  
6 generated every day. To provide these essential  
7 services, we must have adequate resources to run a  
8 system that includes 19 reservoirs, 295 miles of  
9 tunnels and aqueducts, 14,000 miles of water and  
10 sewer mains and 22 waste water treatment plants.  
11 DEP's continuing commitment to operate more  
12 efficiently, stretch every capital dollar as far  
13 as it can go, and make critical water and waste  
14 water investments on a timeframe that New Yorkers  
15 can afford, is demonstrated by the fact that we've  
16 been able to reduce the recently-adopted rate  
17 increase to 7% from the 9.3% that we had forecast.  
18 The 7% increase for fiscal year 2013 is the lowest  
19 in seven years, and our rates continue to be below  
20 the national average. Though rate increases are  
21 difficult during tough economic times, we are  
22 moving in the right direction in maintaining the  
23 high standard of services for New Yorkers. DEP's  
24 efforts to improve service delivery will continue.  
25 We expect our operational excellence program, as

1 we know it, OPEX, initiated as regarding chemical  
2 usage, sludge processing, vehicle maintenance and  
3 renegotiating DEP contracts to result in \$10  
4 million in recurring savings, starting in fiscal  
5 year '13, with additional recurring savings  
6 starting in later years. As a part of our  
7 commitment to provide the highest level of  
8 customer service, we have substantially completed  
9 the installation of our automatic meter reading  
10 network. AMR provides customers with readings on  
11 a daily basis, actually four times a day, so  
12 customers can take control of their water and  
13 sewer bill by identifying costly leaks and waste.  
14 A total of 166,000 customers, representing 187,000  
15 accounts, have signed up for access to our AMR  
16 network through [newyorkcity.gov/dep](http://newyorkcity.gov/dep) to date, and I  
17 request that you urge your constituents to take  
18 advantage of this improvement in our system. As a  
19 result of AMR, we have reduced the number of  
20 estimated bills issued year-to-date compared to  
21 2010 by 65%, and fewer estimated bills means fewer  
22 pieces of correspondence and higher collection  
23 rates. We have seen a 19% decline in fiscal year-  
24 to-date billing appeals, compared to fiscal year  
25

1  
2 2008, prior to the installation of AMR. For those  
3 unwilling to pay their fair share, we have used  
4 our lien sale authorization, which we got with the  
5 help of the Council over the past four years to  
6 collect \$367 million from delinquent customers  
7 prior to sale, hoping to keep rates lower during  
8 the unprecedented period of unfunded mandates.  
9 Our partnership with the Council on more outreach  
10 events, zero percent down payment and ten year  
11 payment agreements have resulted in a large  
12 reduction in the number of customers heading into  
13 the final sale. In comparison to 2011, at the  
14 ten-day mark this year we are observing a 39%  
15 decline in the number of accounts from 9,180 to  
16 5,628, and a 48% decline in the amount of arrears,  
17 from \$97.8 million to \$50.4 million. Because  
18 single-family homes are not included in the lien  
19 sale, and the cost of service line shut-offs often  
20 exceeds the amount owed, we have identified an  
21 alternative collection method. DEP will work with  
22 a collection agency to increase our collection  
23 rate among our most delinquent customers,  
24 including single-family homeowners, while  
25 controlling costs. We expect to enter into a

1  
2 contract with Municipal Services Bureau, a private  
3 collection agency, by the start of FY13. The firm  
4 will focus on single-family homeowners and will be  
5 paid a flat fee. At the end of a formal process,  
6 the collection agency will conduct credit  
7 reporting for customers who fail to pay. Doing so  
8 will allow us to increase our collection rate and  
9 reduce the burden of forecast rate increases in  
10 the years ahead. Additionally, for the first time  
11 ever, the city has agreed to institute a pilot  
12 program to cap the rental payment at the FY11  
13 annual rate of \$196 million, adjusted yearly for  
14 inflation, for the next three fiscal years. This  
15 step will save approximately \$98 million from FY13  
16 through FY15. This equates to a projected savings  
17 of \$14 million in FY13, \$32 million in FY14, and  
18 \$52 million in FY15. The returned funds will be  
19 used to mitigate future rate increases and invest  
20 in other programs like green infrastructure. Many  
21 municipal water and waste water systems make  
22 payments to their general fund for city services  
23 such as police, fire and sanitation, and the size  
24 of DEP's payment, even before this pilot, is well  
25 within the normal range of what other

1 municipalities pay. The value of the rental  
2 payment is based on an annual debt service  
3 payment, and is critical to the financial  
4 stability of the system, which has allowed us to  
5 finance improvements at low interest rates. Just  
6 after the preliminary budget in March, we released  
7 a 2011 progress report on DEP's strategy 2011  
8 through 2014, which offers a roadmap to accomplish  
9 our goals for our customers, as a waste water and  
10 water utility and the manager of one of the  
11 largest capital programs in the region, and as the  
12 city agency charged with protecting water and air  
13 quality and improving New Yorkers' quality of  
14 life. In the strategy's first year, 63  
15 initiatives have been fully or partially achieved,  
16 while 36 are on track to be completed on schedule.  
17 We've already saved customers \$10 million through  
18 our leak notification program, secured the ban of  
19 hydraulic fracturing in the watershed, and  
20 committed to a \$1.5 billion green infrastructure  
21 program over 20 years by signing a draft-modified  
22 consent agreement with the New York State  
23 Department of Environmental Conservation. In  
24 addition, we have enhanced customer service by  
25

1  
2 initiating the development of a service line  
3 protection program, launching an online water and  
4 sewer permitting system for businesses, engineers  
5 and contractors, and by simplifying the community  
6 right-to-know online reporting process. In  
7 operations we certified that the Newtown Creek  
8 Wastewater Treatment Plant meets Federal Clean  
9 Water Act standards for secondary treatment, that  
10 is 85% removal, two years ahead of schedule,  
11 lowered a repair time of high-priority fire  
12 hydrants to an average of 5.9 days from 7.5 days  
13 in 2010 through a new partnership with the New  
14 York City Fire Department, expanded recreational  
15 boating access to our Neversink, Pepacton and  
16 Schoharie reservoirs, and opened 6,765 acres of  
17 watershed land for recreational use, which is very  
18 important upstate. Capital milestones include the  
19 completion of the project management and  
20 information system to manage and control projects,  
21 schedules and budgets, make relevant data viewable  
22 online, the creation of an internal project  
23 controls division to maintain and expand control  
24 systems, as well as support project teams and  
25 budget and schedule management, and the

1  
2 development of a ten-year capital plan  
3 prioritizing funding for critical assets. We have  
4 also reduced total recordable workplace illnesses  
5 and injuries by 42% year-to-date. Finally, I'm  
6 proud to say that we have achieved three  
7 noteworthy sustainability milestones. As  
8 mentioned before, we signed a draft consent  
9 agreement with DEC to adopt our green  
10 infrastructure plan into Clean Water Act  
11 compliance schedules, we established the office of  
12 green infrastructure, and including 2012 awards,  
13 awarded \$8.4 million in green infrastructure  
14 grants matched with an additional \$4.2 million  
15 provided by landowners, and we started the process  
16 of revising city air and noise codes by holding  
17 stakeholder meetings throughout the five boroughs.  
18 In the past year we have also successfully  
19 convinced our regulators to defer or eliminate  
20 more than \$5 billion in unfunded mandates. This  
21 includes \$3.4 billion in cancelled deferred tanks  
22 or tunnels for CSO controls and we have also  
23 convinced the Federal government to delay until  
24 2023 a mandate to build a \$1.6 billion cover on  
25 the Hillview Reservoir in Westchester, to protect

1  
2 water quality in a way that can be done at a  
3 fraction of the cost. DEP will continue to stress  
4 that this project should be eliminated outright.  
5 Because of these and other initiatives, only 20%  
6 of the executive four-year capital plan is for  
7 mandated projects, a reversal of the past decade's  
8 trend. I will turn now to the executive expense  
9 budget. The preliminary expense budget for FY13  
10 was \$1.02 billion. The expense ... the executive  
11 expense budget for FY13 is \$1.34 billion, an  
12 apparent increase of \$114 million. However, the  
13 net expense budget increase is \$81 million, due to  
14 an adjustment in heat, light and power budget for  
15 natural gas to be used at the soon-to-be-completed  
16 Catskill Delaware ultraviolet disinfection plant.  
17 This will be adjusted with the Office of  
18 Management and Budget. I want to stress that the  
19 calculation of the need for the rate increase was  
20 based on the adjusted figure of \$81 million. The  
21 \$81 million net increase in the expense budget  
22 masked many of the savings initiatives that DEP  
23 has undertaken that kept this budget increase, and  
24 thus the rate, from being even higher. I set a  
25 target of a 4% budget reduction across DEP, the

1  
2 equivalent of \$37 million, to take effect in FY13.  
3 I think it is a credit to DEP that we've been able  
4 to exceed that target, achieving \$41 million in  
5 budget reductions, the most significant reductions  
6 were \$12 million from our reduction to our heat,  
7 light and power costs, \$6 million from biosolids  
8 disposal savings due to contracts for beneficial  
9 reuse coming in competitively-priced contract  
10 process against landfilling, \$6 million from  
11 personnel and operating expenses that are  
12 improving the system's assets, and thus are  
13 eligible for capital spending, and \$5 million from  
14 chemical savings due to the reduction in fluoride  
15 dosage and renegotiated prices. Still on balance  
16 the agency's budget did go up by \$81 million,  
17 comprising the following executive budget  
18 increases: \$10 million for increases to upstate  
19 property taxes, going up to \$153 million a year,  
20 one of our most significant operating expenses; \$8  
21 million net increase for heat, light and power,  
22 after the abovementioned adjustments, for new  
23 facilities coming online, such as the Croton Water  
24 Filtration Plant and the CAT/DEL UV Plant, and for  
25 upgrades to facilities such as the Newtown Creek

1 Wastewater Treatment Plant; \$8 million net  
2 increase for chemicals, even after \$5 million in  
3 renegotiated savings, due to increased usage  
4 required at the new plants and other processes, as  
5 well as plant increases; \$5 million for the Croton  
6 and UV plants, in addition to chemicals and heat,  
7 light and power, which is necessary for personnel,  
8 maintenance and service contracts; \$2 million for  
9 the continued implementation of the city's green  
10 infrastructure plan, to purchase, install and  
11 maintain green infrastructure components. Overall  
12 I want to emphasize this plan will result in  
13 savings, we estimate, of approximately \$2.4  
14 billion over 20 years, it's well worth it; \$6  
15 million for DOITT intercity telecom software  
16 license and to NYCWiN for AMR services; \$5 million  
17 for the new capacity management operations group  
18 to enhance the capabilities of sewer maintenance  
19 crews by providing additional engineering,  
20 investigative and analytical support and to  
21 continue our shift from reactive to proactive  
22 maintenance, which should lead over the long term  
23 to both improved performance and avoided costs for  
24 overtime, emergency construction, insurance  
25

1  
2 premiums and lawsuits; \$13 million for the voucher  
3 program for fixture replacements and for other  
4 related expense items, such as studies and site  
5 assessments to advance DEP's multi-billion dollar  
6 Delaware aqueduct repair and water for the future  
7 programs; and \$12 million for mandated programs or  
8 projects such as the filtration avoidance  
9 determination for our Catskill Delaware watershed,  
10 the Jamaica Bay environmental benefit fund, parks-  
11 related improvements in connection with the Croton  
12 plant, and fines related to using the Ashokan  
13 release channel during hurricane Irene and  
14 tropical storm Lee. In an effort to limit the  
15 2013 rate increase, DEP will reallocate 55  
16 budgeted positions, moving them to high-priority  
17 tasks that include shaft maintenance and the CMOM  
18 program in the Bureau of Water & Sewer Operations,  
19 and as well as to computer programming functions  
20 within our Office of Information Technology. We  
21 will also reallocate \$26.5 million within our OTPS  
22 budget. Cost savings from our new sludge disposal  
23 contract and our cancellation of the Con Ed water  
24 metering contract will be used to offset the  
25 funding shortfall in DEP's operations, including

1  
2 wastewater treatment plant maintenance contracts  
3 and security guard services. The executive  
4 expense budget also includes \$6.1 million in  
5 rollovers, which are one-time carryovers into the  
6 following year of unanticipated expenses that were  
7 not incurred, \$3.9 million to fund a contract with  
8 IBM to provide overall technical assistance to the  
9 Bureau of Customer Services in order to insure  
10 continued quality assurance in operation of the  
11 billing system, which includes updating and  
12 maintaining the billing system to current  
13 databases and platforms, and \$3.2 million for  
14 superfund to be dedicated primarily to the  
15 remedial investigation and feasibility study at  
16 Newtown Creek. I will now turn to our capital  
17 plan. Executive FY2013 and 2016 four-year capital  
18 plan, in general we have been able to reduce  
19 mandates from 70% of our capital budget to less  
20 than 20% going forward. That means that we have  
21 the ability to spend on much-needed drainage  
22 projects largely in Queens and Staten Island,  
23 although many in Coney Island and Brooklyn as  
24 well. In total the executive four-year plan shows  
25 \$997 million FY13 through FY16 for investments in

1  
2 the sewer system. In addition, we are able to  
3 increase our spending on keeping our plants and  
4 other facilities in a state of good repair, which  
5 will prevent more expensive upgrades later on.  
6 The executive budget includes \$1.9 billion for  
7 state-of-good-repair projects. Many of these will  
8 be done through our job order contract program or  
9 JOCS program, which is structured so that smaller  
10 capital repairs can be designed and built on a  
11 short schedule. The flexibility of the JOCS  
12 program is very helpful in keeping our costs down.  
13 I will now turn to variances between the  
14 preliminary and the executive four-year capital  
15 plan. The total variance in the four-year plan is  
16 an increase of \$489.6 million, a majority of this  
17 increase is due to projects that will not commit  
18 in FY12 that were rolled over to FY13. There are  
19 variances totaling \$27.3 million on contracts for  
20 City Water Tunnel #3, connection work, which is  
21 Department of Design and Construction work on  
22 water mains. There is a reduction of \$93.8  
23 million, \$75 million of which is for the toilet  
24 replacement program, a conservation initiative  
25 associated with the water for the future project.

1  
2 This is because the capital eligibility of this  
3 project is under discussion. For the time being  
4 this program is funded in the expense budget.

5 There is also a reduction of \$18 million in OIT,  
6 this excess funding was allocated elsewhere in the  
7 capital budget. There is a reduction of \$98.6  
8 million for projects budgeted for the water for  
9 the future project, this funding is deferred from  
10 FY13 to 16 four-year capital plan to out-years to  
11 reflect a more refined construction schedule. For  
12 example, the Catskill optimization project is  
13 being deferred from FY14 to 17 in the amount of  
14 \$74.5 million so that it will occur in tandem with  
15 the tunnel construction, and an additional project  
16 for \$24.1 million is also being deferred. The  
17 Bureau of Water Supply will assess the proper  
18 timing of these projects in the upcoming FY14  
19 preliminary ten-year plan. Since the activation  
20 of the Brooklyn leg of City Water Tunnel #3 is  
21 delayed until shaft 17B and 18B are constructed,  
22 the Brooklyn-Queens leg will require maintenance  
23 and security until activation. A total of \$15  
24 million is to provide for the next contract, as  
25 the current tunnel contract is expiring. Various

1  
2 FAD funding needs of \$40.8 million, such as the  
3 Catskill Water Corporation operating costs, land  
4 acquisition and septic replacement programs, were  
5 brought into the FY13-16 window in accord with the  
6 expected new agreement and for the planned  
7 contract registrations. For the Bureau of  
8 Wastewater Treatment state-of-good-repair program,  
9 a total of \$96.8 million has been added. Projects  
10 include \$29.2 million for the 26<sup>th</sup> Ward wastewater  
11 treatment plant primary settling tanks, which are  
12 part of the Jamaica Bay CSO order, \$24.7 million  
13 for the stabilization program at the Jamaica Bay  
14 wastewater treatment plant, \$22 million to  
15 reconstruct the digester roofs at 26<sup>th</sup> Ward, \$6.7  
16 million for stabilization at the Tallman Island  
17 Plant, \$6.3 million for the Bowery Phase 3  
18 upgrade, \$6 million for construction management  
19 for various projects, and the balance of \$2  
20 million for various capital projects. Additional  
21 change orders for the continued completion of the  
22 work at the Croton Filtration Plant are budgeted  
23 for \$68.6 million. This includes \$52 million for  
24 construction and \$16.6 million for park-related  
25 work. Finally, for specific water and sewer main

1  
2 work by DDC, \$42.4 million for water main  
3 replacement in Queens, \$12.6 million for water  
4 main work in various locations, \$16.3 million for  
5 new storm sewers and water main replacement in  
6 Acacia Avenue and other locations, and the balance  
7 of other DDC-related work of \$173.5 million for a  
8 grand total of \$244.8 million. With regard to  
9 projects in each borough, in Queens the executive  
10 four-year plan includes \$1.04 billion of spending  
11 for FY13 through FY16. Significant projects  
12 include \$50 million for dredging Flushing Bay, \$74  
13 million for rehabilitating wells in the former  
14 Jamaica water service area, \$71 million for  
15 regulators in Queens, \$56 million for main sewage  
16 pumpwork at the Bowery Bay wastewater treatment  
17 plant, and \$226 million for sewers. \$94 million  
18 is just for sewers in southeast Queens, and \$29  
19 million of that is for high-level storm sewers in  
20 southeast Queens. In Staten Island the executive  
21 four-year capital plan projects \$454 million in  
22 capital spending, \$337 million of which is for  
23 sewers. We are in the middle of the construction  
24 of the \$250 million new water tunnel (or "siphon")  
25 which is funded with \$125 million of DEP funds and

1  
2 the remaining from the Port Authority. This  
3 project will provide critical redundancy in Staten  
4 Island's water supply. We are continuing the \$248  
5 million remediation of the closed Brookfield  
6 Avenue landfill, a joint city- and state-funded  
7 project. The city portion of the Brookfield  
8 landfill cost is funded through general obligation  
9 debt, not water debt. We are also continuing to  
10 build up the Staten Island Bluebelt, the award-  
11 winning ecologically-sound and cost-effective  
12 storm water management program for approximately  
13 1/3 of Staten Island. For FY13 through 16 DEP  
14 budgeted \$70 million for obtaining more land for  
15 the mid-island Bluebelts. In the Bronx the  
16 executive budget projects \$381 million of capital  
17 spending in FY13 through 16, including \$50 million  
18 for the installation of centrifuges at the Hunts  
19 Point wastewater treatment plant, \$33 million for  
20 the reconstruction of the Throgs Neck pump  
21 station, and \$61 million for upgrades of various  
22 water main projects. In Manhattan the executive  
23 budget projects \$596 million in capital spending,  
24 including \$325 million to complete ten shaft  
25 connections to City Water Tunnel #3, as well as

1  
2 the water mains that will connect those shafts to  
3 the existing Manhattan water distribution system.  
4 This work is critical to turning on the Manhattan  
5 leg of City Water Tunnel #3 by 2013. In addition,  
6 \$50 million is provided for the installation of  
7 new centrifuges at Wards Island wastewater  
8 treatment plant. In Brooklyn, the executive  
9 budget includes \$638 million of commitments in  
10 FY13 through 16, of which \$89 million is for sewer  
11 and water main work in the Coney Island area. In  
12 addition, \$152 million is budgeted for work at the  
13 26<sup>th</sup> Ward plant, plus \$50 million for new  
14 centrifuges at the 26<sup>th</sup> Ward. In closing I want to  
15 emphasize that DEP's strategic plan, the New York  
16 City Green Infrastructure plan, and PlaNYC  
17 demonstrate the city is willing to improve our  
18 environment and public health in ways consistent  
19 with the goals of the national environmental  
20 regulation and, where justified, to commit  
21 adequate resources to do so by investing in our  
22 infrastructure. We will continue to ask for the  
23 Council's help in reforming unfunded mandates. We  
24 need to make sure that state and Federal  
25 regulations and initiatives complement and

1  
2 reinforce our efforts to make New York City a  
3 sustainable, environmental and affordable place to  
4 live. Thank you for the opportunity to testify on  
5 DEP's fiscal year '13 executive budget, I would be  
6 happy to answer any questions that you may have,  
7 along with my colleagues. Thank you.

8 CHAIRPERSON RECCHIA, JR.: Thank  
9 you very much, Commissioner, and before we get  
10 started, I just would like to recognize all the  
11 members that are here with us, Diana Reyna, Leroy  
12 Comrie, Steve Levin and Brad Lander. Okay, I have  
13 questions, but I'm going to let all my colleagues  
14 go first, and then I'll save it for the end. So  
15 at this time I'll turn it over to Jim Gennaro. If  
16 any Council Member would like to ask questions,  
17 please have Kate Seely-Kirk, give her your name.  
18 Thank you.

19 CHAIRPERSON GENNARO: Thank you,  
20 Mr. Chairman, and I think that out of respect for  
21 my colleagues who have other things to go to, I  
22 actually would like to recognize those other  
23 members of the Environmental Protection Committee  
24 or the Finance Committee that have questions. I  
25 do have on my list, Mr. Chairman, if you're

1  
2 keeping a questions list, but I see that Council  
3 Member Lander has signed up for questions, and so  
4 if I could do so, Mr. Chairman, I would like to  
5 present Brad to ask questions, and like the  
6 Chairman said, if any other members have  
7 questions, they should make that known and I'm  
8 being told that Council Member Comrie has made  
9 that known, so why don't we just have this be the  
10 list, or whatever? Okay. And with that said, I  
11 recognize Council Member Lander.

12 COUNCIL MEMBER LANDER: Thank you  
13 very much to both of you, I was counting on a  
14 little more time in learning from your wisdom  
15 before I dove right in, but I'll start.

16 CHAIRPERSON RECCHIA, JR.: It's  
17 okay, because I have some questions I could start  
18 with.

19 COUNCIL MEMBER LANDER: Go ahead.

20 CHAIRPERSON RECCHIA, JR.: Okay.  
21 The first question I'd like to start with is, as  
22 you know, the unemployment rate in New York City  
23 is very, very high, okay, and it has been brought  
24 to my attention, okay, that when we pay our water  
25 bills, all right, bill payments, they are being

1  
2 sent to Pittsburgh, Pennsylvania. Could you  
3 explain to why we're not sending them to New York  
4 City and why we're sending them to Pittsburgh,  
5 Pennsylvania, and why we're giving jobs to  
6 Pittsburgh, Pennsylvania and not New York City?  
7 And I just want you to know, I sent you a letter  
8 on February 29<sup>th</sup>, 2012, and got no response; sent  
9 you a letter on March 29<sup>th</sup>, 2012, got no response.  
10 So could you please answer the question first?

11 COMMISSIONER STRICKLAND: Okay.  
12 Well, you know, I apologize for not getting you a  
13 response, I don't know what the issue was in our  
14 office, we'll look at that. I know that we've had  
15 extensive correspondence with a number of Council  
16 members, Halloran and others, about this issue.  
17 We ... the Water Board has had a longstanding  
18 contract with the Bank of New York, which is a  
19 veritable, you know, a longstanding institution in  
20 New York City, have a lot of employees here.  
21 They've moved their processing facility to  
22 Pittsburgh, and I believe it was in connection  
23 with a takeover by Carnegie Mellon Bank ... Mellon  
24 Bank, which is based in Pittsburgh. So- -

25 CHAIRPERSON RECCHIA, JR.:

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(Interposing) Say that again.

COMMISSIONER STRICKLAND: So, Bank of New York.

CHAIRPERSON RECCHIA, JR.: Right.

COMMISSIONER STRICKLAND: Is now merged with Mellon Bank.

CHAIRPERSON RECCHIA, JR.: Right, they did that a long time ago, right.

COMMISSIONER STRICKLAND: And it happens to be based in Pittsburgh, so we do have some new contracts, in the contract period coming we'll take a look at that, but it was deemed more cost effective to stick with the existing contract, to keep our mailing costs low, and I'll turn to Steve Lawitts, our Chief Financial Officer, for additional details on that.

MR. LAWITTS: Thank you, and Chairman Recchia, the contract that we currently have with the Bank of New York-Mellon does provide a very low rate for processing what we call lockbox services, which is the collection and then counting of the bill payments, and Bank of New York decided to switch this to Pittsburgh in the middle of the contract term, and rather than

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2 terminating our contract early and rebidding the  
3 contract, because we already have a very favorable  
4 processing rate, we made the decision the least-  
5 costly approach was to ride out the remainder of  
6 the term of this contract that expires within the  
7 next year, we will be ... that is the Water Board  
8 will be rebidding the contract, and we'll be  
9 looking for a lockbox processor that is located in  
10 New York City, if there is one, at a competitive  
11 price.

12 CHAIRPERSON RECCHIA, JR.: Yeah, I  
13 know you say "at a very low rate", but the low  
14 rate costs us jobs here in New York City, because  
15 people ... they moved their operation to Pittsburgh  
16 and people lost jobs. I mean, and I was just  
17 wondering if the contract had a clause in there  
18 that you had to stay in New York City and so  
19 forth. Do you have a clause like that in the  
20 present contract?

21 MR. LAWITTS: Well, we haven't put  
22 the next term's contract out to bid yet, but as I  
23 said we will explore the opportunities- -

24 CHAIRPERSON RECCHIA, JR.:  
25 (Interposing) No, no, no.

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MR. LAWITTS: ... built into the contract- -

CHAIRPERSON RECCHIA, JR.:  
(Interposing) Well, my question is- -

MR. LAWITTS: (Interposing) ... for a New York City location.

CHAIRPERSON RECCHIA, JR.: In the present contract that you have with Carnegie Mellon- -

MR. LAWITTS: (Interposing) No, there was no such clause.

CHAIRPERSON RECCHIA, JR.: There was no such clause, no such clause that they had to stay in New York or jobs had to be kept here in New York City.

COMMISSIONER STRICKLAND: No, that's correct.

CHAIRPERSON RECCHIA, JR.: Okay, thank you.

COMMISSIONER STRICKLAND: You know, we have our ... we see our mission as not only delivering services, but at the right price and taking any number of steps to keep costs low, but I do want to emphasize that among the city

1  
2 agencies we have the largest capital project  
3 budget, and that does create real jobs for New  
4 Yorkers, and very well-paying jobs too.

5 CHAIRPERSON RECCHIA, JR.: I

6 understand that, you know, but when we give these  
7 banks our bank deposits with them, we give them  
8 millions of dollars, and then they outsource to  
9 other cities, okay, while it might not be  
10 problematic to you and DEP, it's problematic to  
11 this City Council, because it falls on us. Maybe  
12 this is the reason why the unemployment rate is  
13 9.7% in New York City, and growing, because if  
14 every commissioner had your attitude, the  
15 unemployment rate would be 12.7% instead of 9.7%,  
16 and I think we really have to start considering  
17 what's going on, and you just can't say, "I get a  
18 better rate, so I'm going to go outside", because  
19 this is the problem, you keep outsourcing, the  
20 jobs are going to go from New York City. We deal  
21 with the people that don't have jobs, they come to  
22 our offices, and this is extremely a problem to  
23 me, to other Council members, and you're going to  
24 force us to pass legislation that you're not going  
25 to like, then you're going to say, "Well, you're

1  
2 tying our hands". We're not tying anybody's  
3 hands, you're forcing us to do it, you're forcing  
4 us. Everywhere we go, people want to know why  
5 they're mailing their payments to Pittsburgh,  
6 Pennsylvania, and it is a problem, especially when  
7 the unemployment rate is rising. Okay. So with  
8 that in mind, a new contract is coming, a new  
9 contract and I just want you, you know, as you  
10 know, Council Member Halloran, Dan Halloran is  
11 pursuing this, and this is a problem to us. Okay.  
12 I don't have any further questions at this time.

13 CHAIRPERSON GENNARO: Thank you,  
14 Mr. Chairman. Brad?

15 COUNCIL MEMBER LANDER: Sure.

16 CHAIRPERSON GENNARO: I recognize  
17 Council Member Lander.

18 COUNCIL MEMBER LANDER: Thank you  
19 to both of the Chairs, and I think we all share  
20 the sentiment, we want to see those jobs locally  
21 and obviously part of why the Responsible Banking  
22 Act, which I know Chair Recchia is also been a  
23 leader on, is coming down the pike, so we can do a  
24 lot better in making sure when we spend our money  
25 here it has value here. I want to ask quick

1  
2 questions about Superfund and Gowanus and then  
3 also following up on the tracking discussion that  
4 we had in the preliminary budget hearing as well.  
5 So one thing I noticed in the new needs, this is  
6 on the Newtown Creek side, rather than the Gowanus  
7 side, is a \$3.2 million toward the, I guess it  
8 would be the review investigation or the  
9 feasibility study, can you just tell me how that  
10 came about and what it's buying and how it relates  
11 to the agreements with DPA and what's being  
12 accomplished there?

13 COMMISSIONER STRICKLAND: Sure,  
14 that as you know, Gowanus was listed some six  
15 months earlier than Newtown Creek was, and so we  
16 already had budgeted funds to do the investigation  
17 in the Gowanus, which we are going forward with.  
18 On the new needs identified here is in connection  
19 with Newtown Creek, and at Newtown Creek that  
20 remediation process is also being overseen EPA.  
21 We are part of a potential responsible party group  
22 with five other parties, and they have a work plan  
23 going forward to investigate the creek, because we  
24 all want to get the creek clean, but we have to  
25 figure out, you know, how much, where the

1  
2 pollution is, what it consists of, how best to  
3 clean it up. And so that is a very time-consuming  
4 process, it may seem, but it's certainly better to  
5 get it right the first time, and that's what  
6 that's about. So that's our portion, essentially,  
7 of those investigative costs.

8 COUNCIL MEMBER LANDER: Thank you.

9 Back on Gowanus, since the preliminary budget  
10 until now, as you know, as you and I have spoken  
11 about it, but I wrote you along with the other  
12 environmental agencies at the state and Federal  
13 levels a letter, seeking better coordination  
14 between the city, state and Federal elements of  
15 that clean-up and in particular the Superfund, but  
16 also the long term control plan and some of the  
17 other issues that DEC sort of landside  
18 remediation, and so I do want to reiterate my  
19 request here today, if you can answer it,  
20 wonderful, but if not, I look for it by writing.  
21 I think that begins with the city's willingness to  
22 accelerate the long term control plan for Gowanus  
23 specifically, so we wind up in a position where  
24 the remedy we put in place for Superfund and for  
25 CSO reduction can be aligned. Obviously the

1  
2 capital budget that we're looking at is when some  
3 of that spending would take place, so I just want  
4 to reiterate my request that the city see what it  
5 can do to accelerate the long term control plan  
6 and then align the remedy on the CSO side with the  
7 remedy on the Superfund side.

8 COMMISSIONER STRICKLAND: Sure, and  
9 thank you for your support in that, that is  
10 something that we have supported for a long time,  
11 we've made some ... numerous written submission to  
12 the EPA to that effect, look, there's a lot going  
13 on in the canal, we actually as a city are  
14 spending hundreds of millions of dollars to  
15 improve that, build the Flushing tunnel, as you  
16 know, and that certainly should be coordinated  
17 with Superfund. Right now our long term control  
18 plan is scheduled to be submitted in June, 2015.  
19 However, a few years before then, so, you know,  
20 starting about now, there's a whole process,  
21 public process, it includes very extensive water  
22 quality modeling, it includes post-construction  
23 monitoring of those improvements, like the  
24 Flushing tunnel that we're building already,  
25 because we want to know, okay, you know, we're

1  
2 building stuff now, what is the effect going to  
3 be, and then what do we need to do in addition. I  
4 will report to you that we have had a very  
5 successful month and a half or so of technical  
6 meetings in exchange with the EPA at a staff level  
7 and a senior level, and it does look like there's  
8 some movement towards alignment, I can't speak for  
9 the EPA. They are making a submission to what's  
10 called the National Remedy Review Board in the  
11 next few weeks, and then we'll learn more.  
12 Obviously they're also responding to something  
13 called CSTAG, or the Contaminated Sediment  
14 Technical Advisory Group, which came out with a  
15 position very much in favor of alignment, and this  
16 was the city's position that we had presented to  
17 that board back in December. So we are cautiously  
18 optimistic that we'll see more of that alignment  
19 going forward. We have offered to the EPA, and  
20 I'll repeat it again here, to accelerate a number  
21 of studies, even if we can't move forward that  
22 long term control plan date, although we're still  
23 looking at that, we have offered to accelerate a  
24 number of the studies, because there's a lot of  
25 things that need to be looked at there. One is

1  
2 the impact of the Flushing tunnel and other  
3 improvements that are going to reduce CSO's by 45%  
4 there to the canal. But also there's some 200  
5 pipes that have gone uninvestigated that drain  
6 directly from a lot of these industrial  
7 facilities, there's, as you know, metal recycling  
8 yards there, there's a lot of things that need to  
9 be looked at, these are things that we would ...  
10 some of which we would look at in the long term  
11 control plan process to allocate sources of  
12 pollution, because we can only fix, you know, our  
13 portion of it. Those studies we think we will be  
14 accelerating, taking in additional samples to  
15 determine what exactly the constituents are in  
16 CSO's.

17 COUNCIL MEMBER LANDER: All right,  
18 thank you, I appreciate, and I know we talked at  
19 the preliminary, you and I have talked separately  
20 about the high-level storm sewer investment that's  
21 in the capital plan. It's good to hear there's  
22 progress being made, I do want to continue that ...  
23 continue to urge you to figure out what the agency  
24 can do to help start more concretely modeling what  
25 additional CSO reduction improvements the city

1  
2 will be willing to explore and able to explore in  
3 the long term control plan, because I think that  
4 will help us really make sure that we're getting  
5 to the best possible clean up that we can. My  
6 other question, my only other question, goes at  
7 the preliminary budget hearing we also talked  
8 about a couple of issues related to the city's  
9 liabilities in relationship to hydrofracking, and  
10 we talked about two possible policy approaches,  
11 one seeking some sort of bonding or  
12 indemnification, in case anybody that would do any  
13 drilling would have, you know, failure or  
14 potentially catastrophic failure, and what the  
15 implications could be financially for the city, so  
16 directly relevant to the budget hearing. And then  
17 the other piece of legislation that I'm working on  
18 along with the Chairman and others to figure out  
19 whether we can do it, which would look to use the  
20 city's pollution prevent powers within the  
21 watershed to prevent the disposal of wastewater at  
22 least at city-operated water treatment plants, but  
23 possibly anywhere within the watershed, treating  
24 that waste more as pollution than as water to  
25 process, in which case we would be able to prevent

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2 it from being processed anywhere within the  
3 watershed, and so you guys had said that you would  
4 take some look at what you thought on both those  
5 fronts as in terms of both what the power of the  
6 city is, and what would be why it's policy, and I  
7 wonder if you had a chance to look at either of  
8 those things.

9 COMMISSIONER STRICKLAND: We have  
10 been looking- -

11 CHAIRPERSON GENNARO: (Interposing)  
12 Before you do, I'm begging everyone's indulgence,  
13 I just want to jump in here and say that I'll have  
14 some follow-up questions, and also just a note to  
15 Council Member Lander, I did have some  
16 conversations with the Speaker's staff, you know  
17 regarding all of the financial ricochets that, you  
18 know, could be presented by fracking and I have  
19 been informed through Laura Popa that she reached  
20 out to DEP and that there's some kind of analysis  
21 that they're doing, trying to put some numbers  
22 together on that, but that was something that I  
23 was talking to DEP about. I just wanted to kind  
24 of let you know that that is something that had  
25 happened, but certainly I'm eager to hear the

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Commissioner's reply to your question and then  
I'll follow up when I get a chance to question.

COUNCIL MEMBER LANDER: Great, so,  
thank you.

CHAIRPERSON GENNARO: Thanks  
everybody, I just wanted to add that.

COUNCIL MEMBER LANDER: Sure.

COMMISSIONER STRICKLAND: Well, we  
have successfully so far gotten hydrofracking out  
of the watershed, which is helpful, but you're  
pointing to some other concerns that we do have  
and share. One is disposal of wastewater  
treatment ... wastewater produced water,  
essentially, within the watershed. The state is  
tightly controlling that process. I don't have  
the final answer on either of your questions, you  
know, I want to say, but we share those concerns.  
I think the bonding approach is very interesting,  
it's one that's been taken elsewhere in the state,  
particularly water taken from Lake Ontario and  
Erie, and the state regulations already do require  
some bonding, whether it's enough is another  
matter. We don't have a final answer on whether  
the city itself would have authority, and I think

1  
2 that is a very thorny issue. Generally these  
3 bonding acts have occurred at the state level.  
4 But certainly the waste ... the plants that the city  
5 operates, the eight plants that we operate  
6 upstate, we have authority to control what goes  
7 into the headwaters, and we control that very  
8 tightly. With the other plants, the state is  
9 working on a permitting regime to make sure that  
10 there's very tight controls on produced water.  
11 And we're, needless to say, following that and  
12 very closely involved at the most minute levels  
13 with the state processes.

14 COUNCIL MEMBER LANDER: Thank you  
15 very much, and thanks to both of you, Mr. Chair  
16 and Commissioner, for your leadership on this  
17 issue, which I've praised in the past, and will in  
18 the future. Thank you.

19 CHAIRPERSON GENNARO: Thank you,  
20 and thank you. Leroy, I was going to recognize  
21 you, so if you're ready to go, I'd be happy to  
22 recognize Council Member Comrie from Flushing.

23 COUNCIL MEMBER COMRIE, JR.: Thank  
24 you for recognizing me.

25 CHAIRPERSON GENNARO: Oh, and I

1  
2 also would like to add that we were joined by  
3 Council Member Peter Vallone, a member of the  
4 Environmental Protection Committee.

5 COUNCIL MEMBER COMRIE, JR.: Thank  
6 you. Good afternoon, Commissioner.

7 COMMISSIONER STRICKLAND: Good  
8 afternoon.

9 COUNCIL MEMBER COMRIE, JR.: Thank  
10 you for being here. I hope that ... well, I'll be  
11 parochial first, I hope that you and your staff  
12 can attend the town hall meeting that Assemblyman  
13 Scarborough and I are planning for later this  
14 month to talk about the issues in southeast Queens  
15 and the groundwater flooding and so forth, so I  
16 won't bring up all of those specific issues today,  
17 other than I hope that we have some opportunities  
18 to have a full and updated discussion about it at  
19 that time, when hopefully ... maybe I should ask if  
20 there's anything that you need us to do beforehand  
21 to insure that you can have the full participation  
22 from the state and also the Federal folks to be  
23 there as well. So as in regards to the Jamaica  
24 Bay watershed and the flooding plan. I am  
25 concerned about a couple of things, and one thing

1  
2 that I'm primarily concerned about is the high  
3 level storm sewer construction plan for the  
4 borough, and is unfortunately being put out into  
5 out-years and I'm hoping that the \$11.67 million  
6 in 6/15 and \$663,000 in 6/19, those are way out  
7 too far in the future, they have a history of  
8 vanishing as soon as there is a new  
9 administration, and hopefully, you know, I think  
10 that we need to move those up since those have  
11 already been identified, those locations have  
12 already been identified by your agency through  
13 trial and a lot of effort, so hopefully we could  
14 get those moved up. Also, can we ... when you do  
15 the citywide emergency repairs, you have the  
16 capital commitment for \$4 million and \$2.136  
17 million, can we get a detailed allocation list,  
18 and is there a possibility that we can talk about  
19 how those emergency repairs are being determined,  
20 so that the communities can know about them as  
21 well? Hopefully we could have some of those  
22 issues dealt with, as far as the high level storm  
23 repairs within those emergency capital repairs, so  
24 are you allocating that money separately? I was  
25 unclear about that. I guess that would be my

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first question.

COMMISSIONER STRICKLAND: Okay.

Well, you know, let me say that we will absolutely be there at the town hall, I believe it's May 24<sup>th</sup>.

COUNCIL MEMBER COMRIE, JR.: May 24<sup>th</sup>.

COMMISSIONER STRICKLAND: And I did, I ran actually in the state capital last week into Assemblyman Scarborough and told him that I would be there, or a staff would be there, and we certainly will participate, I think we had a very positive meeting at the ... convened by the Queens borough president and with the borough boards, and we would hope to continue that. I thank you for being a very positive force towards focusing everybody on problem solving, and we certainly, we do want to do that, we think we've come up with some solutions, and we'll have some further details at that town hall. With regard to the high level storm sewer plan, I do see that it has been deferred out, it's in 2015. This is something we can, as we prepare our ten-year capital plan, we can look at going forward. So we hear what you're saying and we can take a look at

1  
2 accelerating that, there are a number of drainage  
3 projects that we have in southeast Queens in  
4 particular, as you know, this has to fit in with  
5 that piece, puzzle piece, but we'll take a look at  
6 accelerating that piece of it. On the emergency  
7 plan, essentially what that is, is if we can't fix  
8 it with our crews, it's either too big, it needs a  
9 specialized piece of equipment, or you know, it's  
10 too much at once, then we bring in our crews. So  
11 there was just a sewer collapse in the Bronx, for  
12 example, we kept trying, after three repairs it  
13 kept breaking, we had to ... we're going to have to  
14 fix that whole, one whole block, then we'll bring  
15 in emergency services crews. So generally, you  
16 know, that contract is designed and set up for  
17 emergency responses. It may not make the most  
18 fiscal sense for something that's not an emergency  
19 but that could be a planned repair, but there's  
20 other ways to get there.

21 COUNCIL MEMBER COMRIE, JR.: Okay.

22 COMMISSIONER STRICKLAND: Joe, do  
23 you want to add anything on the high level storm  
24 sewer?

25 MR. MURIN: No, I think- -

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COMMISSIONER STRICKLAND:

(Interposing) Okay.

COUNCIL MEMBER COMRIE, JR.: And those members that have emergency repairs or are identified for repairs can contact your office about how those can be addressed as well? Because we're getting ... it seems like they're doing a lot of milling in my area, and it seems like they're cracking a lot of the catch basins for some reason, and I think we need to make sure that you're notified about those as well.

COMMISSIONER STRICKLAND: No, please do call me, any time, anybody obviously on the Committee, on either Committee, can call me any time, but please do, because we certainly would like to hear about that before it becomes too widespread.

COUNCIL MEMBER COMRIE, JR.: Right, okay, great. And then there was a question, I notice you put in, in your budget, almost \$4 million for IBM consultants, is that work that couldn't be done by DOITT, or by personnel already inside? Or what kind of work is that that we need specialized consultants?

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2 COMMISSIONER STRICKLAND: I'm going  
3 to let Steve Lawitts, our Chief Financial Officer,  
4 to address that.

5 MR. LAWITTS: Thank you. Council  
6 Member Comrie, this is work that- -

7 CHAIRPERSON GENNARO: (Interposing)  
8 Steve, I would just ask you to state your name for  
9 the record.

10 MR. LAWITTS: Oh sure, Steven  
11 Lawitts, Chief Financial Officer at DEP. This is  
12 a continuation of work that IBM has been doing on  
13 our billing and collection system for several  
14 years, and they have been with us, they have a  
15 very specialized knowledge of our system and in  
16 the past few years and in the next few years their  
17 work has been and will be very critical, as we've  
18 introduced automated meter reading throughout the  
19 city, and we've accompanied automated meter  
20 reading with a number of service improvements to  
21 our customers, such as automated leak  
22 notification, and the ability for any subscribing  
23 customer to view his or her water consumption in  
24 nearly-real time, it's been the IBM team that's  
25 enabled those customer service improvements, and

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2 so we need to continue to build on that to roll  
3 out more of these AMR-related service  
4 improvements, as well as doing the kind of basic  
5 maintenance on the system, which they are very  
6 familiar.

7 COUNCIL MEMBER COMRIE, JR.: Okay,  
8 all right. So and so this is a special skillset  
9 that can't be taught to your in-house folks, or is  
10 this a skillset that they are holding proprietary,  
11 some proprietary claim on?

12 MR. LAWITTS: Right, this is ... we  
13 are going to be expanding the skillset internally,  
14 and I think the Commissioner previously referred  
15 to some additional resources in DEP's internal  
16 information technology group, but in the short  
17 term we need to continue IBM's services.

18 COUNCIL MEMBER COMRIE, JR.: Okay.

19 COMMISSIONER STRICKLAND: Council  
20 Member, if I could just add to that, we are adding  
21 through reallocation of existing head count some  
22 20 people to our IT group, and so we do recognize  
23 the need to have in-house capabilities. I also  
24 want to emphasize that a lot of our online  
25 permitting that we're doing this year, those

1  
2 programs were essentially created by our in-house  
3 group, so we are using them for quite a number of  
4 projects.

5 COUNCIL MEMBER COMRIE, JR.: Okay,  
6 great. I had asked you during the preliminary  
7 budget hearings if you had had an opportunity to  
8 talk to the state about reducing your tax costs  
9 for the watershed properties upstate, had you been  
10 able to make any headway on that with the state  
11 government, or any more allocation of state money  
12 as the result of the fees that you have to pay for  
13 the maintenance of the watershed properties, which  
14 are critical to keeping our water supply, but they  
15 seem to be a little prohibitive lately.

16 COMMISSIONER STRICKLAND: It is,  
17 and you know, we've taken a number of steps to  
18 negotiate templates, which will reduce our future  
19 tax burden, reduce the increases to our future tax  
20 burden. So we think looking forward to the next  
21 five, ten years, we do have those better, more  
22 stability in those costs, going forward. So we  
23 have made some progress, those settlements have  
24 not been finalized yet, but this, you know, for  
25 example, the town of Wawarsing, where we spend a

1  
2 lot of money because we have a huge piece of  
3 infrastructure up there, and I will emphasize, you  
4 know, that some \$9 million, almost \$10 million in  
5 additional taxes this year, \$5 million of that are  
6 associated with the UV plant, which you know, the  
7 total tax burden of that is going to be \$15  
8 million a year, we estimate.

9 COUNCIL MEMBER COMRIE, JR.: And  
10 will that cost be reduced over time once it's  
11 implemented, or is it- -

12 COMMISSIONER STRICKLAND:  
13 (Interposing) In absolute terms, no, but ... or not  
14 likely, I don't want to say never. But you know,  
15 the increase will be tamped down, so if we can  
16 hold it steady we'll be in good shape.

17 COUNCIL MEMBER COMRIE, JR.: Okay.  
18 And will you have to acquire more land as you are  
19 doing the Croton reimprovement or redoing the  
20 restructure, redevelopment of the Croton  
21 waterworks system, is it Croton that's being  
22 rebuilt? Am I using the right name?

23 COMMISSIONER STRICKLAND: Well,  
24 there's two, there's actually ... there's the  
25 ultraviolet disinfection plant and then there's

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the Croton filtration plant.

COUNCIL MEMBER COMRIE, JR.: Right.

COMMISSIONER STRICKLAND: We won't ... at the plant facilities we won't have to acquire more land, we're done there. In those watersheds, though, we will continue to acquire land. We hope, and this is actually there's a filtration and avoidance determination, sort of mid-year review, we've got a ten-year FAD at 2017, but this is, 2012 is a mid-year review, we're supposed to be done with that in July, the last piece of that is land acquisition and what our obligations are going to be over the next five years for land acquisition. We are talking to the state now about a more targeted, smarter approach, so that when pieces of property come up, for example, that could, you know, would benefit water quality in the Kensico Reservoir. We can acquire that, we don't have a sort of one-size-fits-all rule, we'll acquire any piece of land in the watershed, they're not all created equal, some pieces of land are more critical to water quality, and that's what we want to focus our efforts on.

COUNCIL MEMBER COMRIE, JR.: Okay,

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great. And on the ... which water tunnel is being repaired? I forget.

COMMISSIONER STRICKLAND: City Tunnel #3 is currently under construction, and we're working on it, it's built in Manhattan, Brooklyn, Queens work is ongoing and we're going, by 2013 we're going to complete the connections to the Manhattan distribution system.

COUNCIL MEMBER COMRIE, JR.: Okay.

COMMISSIONER STRICKLAND: Oh, and Staten Island ... the Staten Island siphon is, that's just starting right now.

COUNCIL MEMBER COMRIE, JR.: Okay, and you won't have to acquire any new land for any of those?

COMMISSIONER STRICKLAND: No, that's ... land acquisition is done for those.

COUNCIL MEMBER COMRIE, JR.: Okay, great. And then just my last question, did you get an update on the condition of all the wells in the Jamaica water system, so that we know which ones are going to actually be pumped and ... or discharged or if they're going to need to have some pumping of it at least out into the sewer

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system, the local water tables and that?

COMMISSIONER STRICKLAND: Not yet, but we do have a very strong contract that is out in the street, and that is for an engineering assessment of those wells. So at the end of that process, so it will happen on a rolling basis, but at the end of that process we will have the plan for those wells that can be repaired and at what cost, so that is the ... the point of that contract is a very ... you know, the wells are in very different conditions, very different depths, the water quality is also very different, so that's going to be very complicated engineering assessment, but we've started it.

COUNCIL MEMBER COMRIE, JR.: Okay. All right, and as I've mentioned at the preliminary budget hearing, we've had some serious reductions in Queens overall as about the amount of sewer work being done, I hope that we can re-address that as we go through this executive budget process, it's gone from \$400 million in FY13 to \$127 million in FY16 according to your projected budget, and I think the work throughout Queens, especially in southeast Queens, I know

1  
2 other parts of Queens, cannot really wait for  
3 reductions in budgets, so I hope we can address  
4 that in detail, and I know that the Chair has been  
5 very active in working on that, and I want to make  
6 sure that we can together work on trying to  
7 increase those numbers. I know that every time we  
8 increase numbers on one end, it happens in our  
9 pocketbooks on the other end, but we need to  
10 insure that the capital allocations are  
11 consistent. All right, and I just want to say on  
12 a positive note, I've been using the direct  
13 deposit for the bill payment and it makes it a lot  
14 easier.

15 COMMISSIONER STRICKLAND: Great.

16 COUNCIL MEMBER COMRIE, JR.: And  
17 it's a lot clearer as well, so I want to thank you  
18 and applaud you on that, that the emails come and  
19 you go right to the site and it tells you how much  
20 you've used and it makes a lot of sense as well,  
21 so thank you.

22 COMMISSIONER STRICKLAND: Great.

23 COUNCIL MEMBER COMRIE, JR.: Thank  
24 you, Mr. Chair.

25 CHAIRPERSON GENNARO: Thank you,

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2 Council Member Comrie, and I'm grateful to ... and  
3 thank you for the compliment about ... yeah, I  
4 appreciate that. And it's my pleasure to  
5 recognize Council Member Levin for questions.

6 COUNCIL MEMBER LEVIN: Thank you  
7 very much, Mr. Chairman, thank you, Commissioner.  
8 I'm going to, like Council Member Comrie, start  
9 with a parochial issue, but I'm going to get a  
10 little bit more into the details, asking  
11 specifically about Newtown Creek wastewater  
12 treatment facility. Two things that are of  
13 concern to me that have come up in the last couple  
14 of weeks. First I just want to talk a little bit  
15 about, this is a small-ticket item, but since it  
16 is budgetary, it falls into the expense budget.  
17 Can you explain to me a little bit about what's  
18 going on with the maintenance of the Newtown Creek  
19 nature walk? And the reason that I ask is that  
20 I've spent now a good three or four hours over the  
21 last couple of weekends out there with volunteers  
22 doing the weeding and the maintenance of the  
23 nature walk ourselves, and it was kind of  
24 necessary work, kind of around Earth Day, but then  
25 it kind of extended beyond that, because no one is

1  
2 out there doing the maintenance. Can you explain  
3 to me what's going on and whether that \$25,000 is  
4 committed in the budget this year?

5 COMMISSIONER STRICKLAND: Okay, so,  
6 you know, we will get that funded in the budget,  
7 but, you know, let me just speak more broadly  
8 about maintenance there. We have been sending out  
9 sewage treatment workers on a regular basis to  
10 pick up trash, do some basic things. They're not  
11 trained horticulturalists, so let's just say they  
12 took out what they thought were weeds, which were,  
13 you know, native plants, and so we told them to  
14 stop that, and they were probably doing more  
15 damage than good there. But you know, we do want  
16 to keep it, you know, a safe place. Going  
17 forward, we are looking at some work with the  
18 monitoring committee to either ... there's a few  
19 options available to us. One is to co-share with  
20 the Parks Department, another is to just contract  
21 it out. So Joe has, you know, Murin has told me  
22 that while not called out in the budget, we will  
23 have the ability to make that happen, and we're  
24 committed to it.

25 COUNCIL MEMBER LEVIN: Thank you, I

1  
2 would also encourage you to kind of have a good  
3 open line of communication with the monitoring  
4 committee so that, particularly on the issue of if  
5 we're going to contract somebody, who we are  
6 contracting with, whether or not they have kind of  
7 the ... they don't have to ... I'm not saying they  
8 have to be from the Brooklyn Botanic Gardens or  
9 something like that, with the level of skill  
10 that's involved, but they should have some  
11 sensitivity to how to kind of keep up on the kind  
12 of the parks end of it. And then just a question  
13 about the Committee it came to my attention last  
14 week that there is ... DEP is of a mind to move the  
15 Committee meetings from monthly to quarterly.  
16 They've been monthly since the Committee was  
17 formed in 1991, I believe, or '92. It's, I mean,  
18 the way that I put it, the meetings are lengthy  
19 and filled with, you know, substantive issues on a  
20 monthly basis, if we're going to do it quarterly,  
21 they'll turn into like six- or seven-hour  
22 meetings. Is that a budgetary decision? I mean,  
23 I'm totally against it, I think that we should  
24 have monthly meetings, I think the monthly  
25 meetings serve the community well, they serve DEP

1  
2 well, they serve the plant well. But is this  
3 something that is driven by a budget issue, and I  
4 would strongly encourage ... I meant to call you  
5 last week to talk about it, but I strongly  
6 encourage you to reconsider that and to work with  
7 us on a viable solution.

8 COMMISSIONER STRICKLAND: Well, you  
9 know, it is a budget issue in the sense that  
10 everything is a budget issue, of course, and so  
11 you know, our staff, our community affairs staff,  
12 is stretched thin, and our commitments to these  
13 monitoring committees, we don't have them  
14 everywhere, we don't have them at every one of our  
15 14 plants or other facilities. But we have had  
16 monitoring committees where they have been, for  
17 example, part of ULURP, and also where we have  
18 major, major construction projects. So that was a  
19 \$5 billion construction project, there were a lot  
20 of community impacts, there certainly, you know,  
21 was more of a need, but that's winding down, and  
22 it's, you know, going back to quarterly, which I  
23 believe was the obligation, you know, in ULURP, we  
24 think is appropriate, because our staff have to be  
25 ... this is the community affairs staff is, they

1  
2 also staff other monitoring committees, but they  
3 are out every water main break, they go out to the  
4 businesses and make sure that folks can get water  
5 turned on. When there's sewage backups, they're  
6 in the streets talking to the affected customers,  
7 so it's very important for us to have that staff  
8 where the action is, and if they are at monthly  
9 meetings, you know, it's not just the meeting,  
10 which happens at night, it's the preparation time,  
11 it's everything else that goes with it. So you  
12 know, if we had a monitoring committee at every  
13 single one of our facilities, we couldn't do much  
14 else, and so it is an allocation of resource  
15 issue.

16 COUNCIL MEMBER LEVIN: I mean, I'd  
17 have to go back and look at the language of the  
18 ULURP, this is, you know, going back 20 years, Ken  
19 Fisher, one of his crowning achievements was  
20 getting this into the ULURP, he told me in his  
21 early years. But it's something that I believe  
22 there has ... I'm not sure if it's like advice and  
23 consent but it has to be kind of agreed upon by  
24 the committee in terms of the schedule or  
25 something, I'm going to be look at it, because I

1  
2 do think that it's of value, I mean, because it's  
3 so huge and it's such a tremendous community  
4 impact, that when there's construction there, you  
5 know, everyone in Greenpoint is affected.

6 COMMISSIONER STRICKLAND: At  
7 Newtown Creek we are in many respects down to  
8 punch list items, so the construction is really  
9 wound down. The south battery is opened months at  
10 a time, and we've complied with the Clean Water  
11 Act removal requirements a few years ahead of  
12 time, so we have actually, this is ... we've put a  
13 lot of resources into Newtown Creek, our largest  
14 plant, we had to rehabilitate it while it was  
15 operating, obviously, and so that's one of the  
16 main reasons why it was expensive to do, and there  
17 were a lot of community impacts, but it is winding  
18 down.

19 COUNCIL MEMBER LEVIN:  
20 Commissioner, could I just ask you really quickly  
21 about the CMOM, Capacity Management Operations and  
22 Maintenance?

23 COMMISSIONER STRICKLAND: Yes.

24 COUNCIL MEMBER LEVIN: Executive  
25 budget calls for an additional \$5 million, could

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you tell us a little bit about the program and how you foresee it impacting reducing CSO's, the city's ability to deal with them?

COMMISSIONER STRICKLAND: Yes.

COUNCIL MEMBER LEVIN: Etcetera.

COMMISSIONER STRICKLAND: Okay.

Sure, I mean, we're very excited about this program, capacity management, operation and maintenance. Essentially how we operate our sewer collection system, it's housed within the group that does both the water distribution and the sewer collection, and what it is is, it's a group that will through engineering contracts, through mapping processes, through diagnostic abilities, including new cameras that we can take pictures of the sewer, smart covers, for example, where we can tell whether, if sewer is rising in a manhole, we can get crews out there quickly. It's an attempt to get to the problems and resolve ahead of time, so that we don't have to wait for the 311 process come to us, we send crews out, we want to identify those, for example, segments that are recurring problems, put crews there, do some programmatic flushing and cleaning, degreasing, and so we

1  
2 resolve problems. So we've noticed a pretty  
3 substantial drop already in sewer backups, which  
4 is wonderful, especially in dry weather sewer  
5 backups, which are not connected to the rain,  
6 that's one of the metrics we use. The connection  
7 to combined sewer overflows is a little bit  
8 different. I mean, you know, that group, the  
9 primary beneficiary of that group is going to be  
10 reduced street flooding and sewer backups. The  
11 combined sewer overflows and discharges into our  
12 navigable water is regulated under the Clean Water  
13 Act, a somewhat different issue, however, to the  
14 extent that we keep our system clean, flowing,  
15 we'll get more waste to the plant, more treated in  
16 the plant, and that will reduce combined sewer  
17 overflow. So we don't actually in the long term  
18 control planned processes that Council Member  
19 Lander has mentioned, I know you're aware of what  
20 we're doing in Newtown Creek, it's a little later  
21 in the process. We're going to be looking at, and  
22 trying to model, the benefits of our increased  
23 programs, so we're doing something similar, not  
24 within this program but within our wastewater  
25 treatment group, on the big interceptors, and that

1  
2 we've created millions of gallons of capacity just  
3 by taking out a lot of debris in the sewers, you  
4 know, everything from brickwork and millings, as  
5 Council Member Comrie mentioned earlier, to  
6 bowling balls and mattresses, it's all down in  
7 those sewers, believe it or not. I don't know how  
8 they get down there, but they do. And we pull it  
9 out and that creates more flow, so that is going  
10 to be of substantial benefit, and this, it does  
11 require an investment in people and also in  
12 emergency contracts, maintenance contracts, and  
13 equipment. I mentioned those pole-mounted  
14 cameras, smart covers, things like this that's  
15 really bringing that network to the 21<sup>st</sup> century  
16 management system so that we can track and monitor  
17 our progress.

18 COUNCIL MEMBER LEVIN: And then  
19 just one last question about the green  
20 infrastructure program.

21 COMMISSIONER STRICKLAND: Yes.

22 COUNCIL MEMBER LEVIN: And can you  
23 maybe explain a little bit about how, what DEP has  
24 been doing in terms of inter-agency coordination  
25 with the Parks Department, Housing Authority, the

1  
2 Department of Transportation, the Department of  
3 Education and School Construction Authority in  
4 terms of ... because obviously it's a ... to reach the  
5 real efficiency there needs to be a lot of  
6 coordination, and the greatest potential for  
7 impact is on city-owned property. Can you speak a  
8 little bit to that?

9 COMMISSIONER STRICKLAND: Sure.

10 Over the past year and a half we've convened  
11 quarterly green infrastructure taskforce meetings  
12 with all the agencies you mentioned, plus others,  
13 plus OMB, to in fact try to coordinate, DDC being  
14 a big partner, coordinate our capital plan so that  
15 we can add green infrastructure where we can, and  
16 we have quite a number of successful projects.  
17 For example, at NYCHA Bronx River Houses, we have  
18 installed a number of green infrastructure,  
19 everything from green roofs to bio-swales. We  
20 think that's an exciting template going forward,  
21 we have a contract with CDM who's doing the design  
22 for Edenwald Houses, which is a 50-acre complex in  
23 the Bronx, which will improve, we're going to  
24 build a lot of green infrastructure there that  
25 will improve the Hutchinson River. Just going

1  
2 down the list, with all these agencies we have an  
3 agreement of some form or another, Parks, we are  
4 underwriting now the Green Streets program, so  
5 that's \$5.6 million a year. All the green streets  
6 they build from now on are going to be storm water  
7 management devices designed very differently,  
8 sited differently, but built by Parks and it will  
9 help as part of our system. The Department of  
10 Transportation, we're doing some very exciting  
11 projects, for example Astor Place - Cooper Union,  
12 we're going to be building on a lot of bio-swales  
13 there, we're working with them on a number of  
14 permeable pavement technologies, which we think  
15 are important. The Department of Education, we're  
16 working with the Department of Ed, but we've  
17 progressed more with our partners like Trust  
18 Republic Land, which are doing some conversions of  
19 schoolyards to playgrounds, and when they do that  
20 and they rip up the ground, we are putting in  
21 certain permeable treatments. So, you know, that  
22 is very exciting and sort of demonstrates the win-  
23 win projects. That's on the capital side, so we,  
24 and one of our main partners is the Department of  
25 Design and Construction, so we've let some very

1  
2 major contracts for ... targeted initially at  
3 Gowanus Canal, Newtown Creek and also in Flushing  
4 Bay, for them to do area-wide contracts, build out  
5 bio-swales in thousands of acres. On the  
6 maintenance side we have agreed, at least in the  
7 near-term, meaning the next five years, we entered  
8 into an MOU with Parks Department and DOT as well,  
9 Parks is really doing most of the work, to fund  
10 Parks' Green Streets crews to take care of our  
11 bio-swales. So we are working very closely as a  
12 city together in coordination.

13 COUNCIL MEMBER LEVIN: I just have  
14 one last question if that's okay?

15 CHAIRPERSON GENNARO: Yes.

16 COUNCIL MEMBER LEVIN: Thank you,  
17 Mr. Chairman. I just want to ask you, so I was at  
18 a Brooklyn food conference, Brooklyn Food  
19 Coalition conference this weekend, someone asked  
20 me a question that I wanted to ask to you.

21 COMMISSIONER STRICKLAND: All  
22 right.

23 COUNCIL MEMBER LEVIN: Because it  
24 was ... what can we do as a city to incentivize  
25 private homeowners, more than what we're doing

1  
2 now? What would be some creative ideas to  
3 incentivize private homeowners to do green roofs?  
4 How do we get the most impact, how do you do it so  
5 that it's effective and has a real impact?  
6 Because obviously there's ... how do you reach  
7 economies of scale, that type of thing?

8 COMMISSIONER STRICKLAND: It's a  
9 great question, and a critical one. The city has  
10 for a number of years tried some things to various  
11 degrees of success. One has been the property tax  
12 abatement, which does give folks, assuming they  
13 meet the required steps, which include making sure  
14 your roof is strong enough to hold up a green  
15 roof, very important, gives them \$4.50 a square  
16 foot, that's a third to a quarter of the cost,  
17 that we think is very important. Not too many  
18 people have taken advantage of that. I think it's  
19 a surprise to some, but it should not be, that  
20 they have to get a permit to build this. It's  
21 important to make sure that folks are safe. We  
22 have, as I mentioned in my testimony, had a green  
23 infrastructure grant program that's gone to  
24 private landowners, a lot of them have matched it.  
25 And I think you mentioned it was a food coalition

1  
2 meeting, one of our great projects is at the Navy  
3 Yard, Brooklyn Grange is building out some 16,000  
4 square feet of a rooftop farm, and we think that's  
5 important as well. So we, there's a number of  
6 education and just information steps that the city  
7 can take, and is taking, to encourage people to  
8 look at their roofs as a resource, as a potential  
9 resource. I think if you're asking about  
10 financial incentives, it's something we're  
11 continuing to look at, our green infrastructure  
12 grant program changed from year one to year two,  
13 certainly it will be refined over time, and I know  
14 that the current tax abatement, I believe, sunsets  
15 in 2013, that will get reviewed at that time, if  
16 not earlier.

17 COUNCIL MEMBER LEVIN: Right, I'm  
18 just trying to think maybe outside the box beyond  
19 tax incentives and specific grant programs,  
20 because it's something that ... I mean, I can see  
21 where with the Brooklyn Grange project, where you  
22 have a lot of square footage that, you know,  
23 that's actually ... that's more reasonable in terms  
24 of how to get to where we want to go.

25 COMMISSIONER STRICKLAND: Right.

1  
2 COUNCIL MEMBER LEVIN: It's a  
3 question of just putting money in there and  
4 getting it going. The question is with the  
5 smaller homeowner, smaller roofs, how do we make  
6 it on people's radar, how do we make it worth  
7 their while? So anyway, it's food for thought.  
8 Thank you very much, Commissioner. Thank you very  
9 much, Mr. Chairman.

10 CHAIRPERSON GENNARO: Thank you,  
11 Council Member Levin. We're joined by Council  
12 Member Brewer, very happy to have her, but now  
13 it's my pleasure to recognize Council Member  
14 Vallone for questions.

15 COUNCIL MEMBER VALLONE, JR.: Thank  
16 you sir. You said you saved \$37 million this  
17 year, but your budget went up \$81 million, and I  
18 was going through some of those categories that  
19 went up. The largest category is \$13 million for  
20 the voucher program for fixture replacements and  
21 for other related expense items, such as studies  
22 and site assessments to advance the Delaware  
23 Aqueduct repair program. What is that and how is  
24 the voucher program for fixture replacement  
25 somehow lumped in the same category as the

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Delaware Aqueduct repair program?

COMMISSIONER STRICKLAND: Well, to take that repair program, as you know, is you know, to replace a leaking portion of it, actually a few leaking portions of our aqueduct that leak, depending on how much water we put in the aqueduct at the time, between five and 35 million gallons a day. It's important to insure the integrity to fix that tunnel repair. When we do fix that tunnel, we're making, doing a number of repairs, grouting in one section, a bypass tunnel in another section, we do have to make sure that the city has water during that construction period. Part of that includes looking at augmentation with other sources, which we think will be important for ... in terms of long-term reliability in case of droughts, and part of that is conservation obviously, to the extent the city is using less water, it helps us in a number of ways. One, we have to find less replacement water, two, there's less throughput through the whole system, so we use less energy, which is one of our fast-growing costs. So we think that conservation programs are a significant portion of part of our portfolio in

1

2 terms of controlling costs, that's what it comes  
3 down to, and when we had ... the city had in the  
4 mid-90's the largest toilet replacement program,  
5 one point- -

6

CHAIRPERSON GENNARO: (Interposing)

7

Commissioner, I think that Council Member

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Vallone's question gets to, you know, what are the

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vouchers for?

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COUNCIL MEMBER VALLONE, JR.: Yes.

11

COMMISSIONER STRICKLAND: Oh, I'm

12

sorry.

13

CHAIRPERSON GENNARO: Yes, I think

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that's- -

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COMMISSIONER STRICKLAND:

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(Interposing) I'm making, I'm jumping ahead in my

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mind. So the vouchers will be for fixture

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replacements, so to take your, for example, old

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toilet that uses seven gallons per flush to one

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that uses, you know, one gallon a flush.

21

COUNCIL MEMBER VALLONE, JR.: That

22

was my next question.

23

COMMISSIONER STRICKLAND: Okay.

24

COUNCIL MEMBER VALLONE, JR.: But I

25

mean, you were actually answering what I asked,

1  
2 and I don't actually think it's the right answer,  
3 because I still don't see how a voucher program is  
4 stuck in the same category as the Delaware  
5 Aqueduct repair, so how much for the voucher  
6 program, and how much for the Delaware Aqueduct  
7 repair? That's what we do, we do oversight, we  
8 can't just lump them all into one paragraph.

9 COMMISSIONER STRICKLAND: No, no,  
10 it's a fair question, and I'm going to turn it  
11 over to Joe Murin, our Assistant Commissioner for  
12 Budget.

13 CHAIRPERSON GENNARO: And Joe, I'll  
14 just ask you to state your name for the record  
15 before you proceed.

16 MR. MURIN: Certainly, Mr.  
17 Chairman. It's Joe Murin, Assistant Commissioner  
18 for Budget at DEP. The program is broken down \$10  
19 million for the voucher program, which, as the  
20 Commissioner said, is for the fixture replacement,  
21 \$3 million is for those expenses that we incur  
22 that may not result in a capital project, such as  
23 if we're doing site assessment or studies of the  
24 feasibility of a capital program. Those items  
25 under the Comptroller's Directive #10 are not

1  
2 capital-eligible unless they result in a fixed  
3 asset, you know, being created for the system. So  
4 we cannot put those through the capital program  
5 unless we do result in a capital asset being  
6 created.

7 COUNCIL MEMBER VALLONE, JR.: Well,  
8 this is under the expense budget.

9 MR. MURIN: Yes.

10 COUNCIL MEMBER VALLONE, JR.:  
11 That's another reason why I was confused that the  
12 Delaware Aqueduct was in there. So none of that  
13 money that we're talking about, that 13, is  
14 Delaware Aqueduct.

15 MR. LAWITTS: The \$3 million that  
16 Joe just mentioned is for site assessments for  
17 potential water augmentation related to the repair  
18 of the Delaware Aqueduct.

19 COUNCIL MEMBER VALLONE, JR.: I see  
20 now, okay. I'm just asking to break it out that  
21 way, \$3 million for site assessments and \$10  
22 million ... \$10 million is a pretty big hit, we'd  
23 like to know what we're spending on vouchers. Go  
24 up a little bit, it says \$8 million net increase  
25 for chemicals, what chemicals are we talking

1

2 about? Other than, well, I know you've got  
3 fluoride, you've got chlorine, but tell me how  
4 much they cost and which ones went up.

5

MR. MURIN: Hypochloride, which is  
6 used in wastewater treatment, other chemicals for  
7 wastewater treatment plants, like polymers,  
8 they're used in the processing of our wastewater.  
9 The prices of chemicals can be pretty volatile, we  
10 monitor them very closely year-to-year. Three or  
11 four years ago we had very large percentage  
12 increases in some of them, some of them came down,  
13 but they're going back up again.

14

COUNCIL MEMBER VALLONE, JR.: And  
15 how much does it cost to put ... to purchase  
16 fluoride for our water supply?

17

MR. MURIN: Okay, we can get you  
18 the total cost.

19

COUNCIL MEMBER VALLONE, JR.: Okay,  
20 thanks. Because- -

21

MR. MURIN: (Interposing) Hold on a  
22 second.

23

COUNCIL MEMBER VALLONE, JR.: Yes.

24

COMMISSIONER STRICKLAND: I might  
25 have the answer here. Okay, here we go. But I do

1  
2 want to take the opportunity to talk about one  
3 more thing, but I want to answer your question  
4 first. Let me see, \$6.4 million in FY10, \$5.2  
5 million in FY11, FY12 to date it's been \$4.17  
6 million. I do want to emphasize though that I  
7 mentioned earlier, and maybe pretty quickly, so I  
8 want to expand on it if I can, about our  
9 operational excellence program, and this is an  
10 effort we've undertaken over the last six months  
11 across the agency to look at our operational  
12 budget, with the goal in mind of reducing it by  
13 10%. And one of the things we've done is, we want  
14 to make sure, you know, fluoride is one of those,  
15 you know, important public health measures that  
16 has been credited really saving lives and  
17 improving public health, much more than any other  
18 method. But the CDC and the Federal authorities  
19 have reduced the recommended dosage from one  
20 milligram per liter to .8, we've done that and we  
21 estimate that the benefits will be \$1.2 million in  
22 terms of fluoride dose, and then actually there's  
23 another savings on it of- -

24 COUNCIL MEMBER VALLONE, JR.:

25 (Interposing) When did you do that? First of all,

1  
2 you probably know, maybe you don't, but I disagree  
3 as much as is possible to disagree, about the  
4 benefits of fluoride, but that's for a different  
5 time. But when did you lower the amount, which  
6 then saves us money? Because I was ... I've been  
7 asking about that, I've not been informed about  
8 that, in fact I was told it had not happened, that  
9 we're still waiting for some sort of Federal  
10 mandate.

11 COMMISSIONER STRICKLAND: About six  
12 weeks ago.

13 COUNCIL MEMBER VALLONE, JR.:  
14 Really, so you lowered the amount of fluoride?

15 COMMISSIONER STRICKLAND: Yep.

16 COUNCIL MEMBER VALLONE, JR.:  
17 Interesting, I like that.

18 COMMISSIONER STRICKLAND: And we're  
19 at the recommended dosage within that range, and  
20 there's an additional savings from a reduction in  
21 cost that happens as you use to balance out the  
22 fluoride of \$.4 million, so it's about a \$1.6  
23 million a year recurring savings.

24 COUNCIL MEMBER VALLONE, JR.: Yeah,  
25 we'd save \$7 million minimum if we took it out

1  
2 completely. So I'll invite you to my anti-  
3 fluoride rally tomorrow at 11 o'clock. So let me  
4 go on to another question, because that's for a  
5 different ... I mean, I don't want to take this  
6 hearing to talk about that, it's about budget.

7 CHAIRPERSON GENNARO: Thank you.

8 COUNCIL MEMBER VALLONE, JR.: I  
9 stayed on budget, like I said, not here today, but  
10 at my hearings we'll go all over the place. The  
11 last question, we've been working together to try  
12 to get the Federal government to end the mandate  
13 for the \$1.6 billion cover on the Hillview  
14 Reservoir, to protect, I guess, bird droppings I  
15 think it's for. Well, why not just build a golden  
16 giant owl for the \$1.6 billion, it might be a  
17 better use of our money. But this is good news  
18 that they delayed the project to 2023, it's just a  
19 badly-written sentence. It says, "They delayed  
20 the project to 2023 to protect water quality in a  
21 way that can be done at a fraction of the cost".  
22 Maybe you didn't read it that way, but that's ... so  
23 did they delay it so you come up with another way  
24 to do this?

25 COMMISSIONER STRICKLAND: We have ...

1  
2 I'm agreeing with you now on the way it as  
3 written. Let me explain what we mean by that. We  
4 have already a very good system to control the  
5 birds, as you mentioned, which are one factor for  
6 these potential contaminants. We have a very, a  
7 vast monitoring network, we take over half a  
8 million samples a year of our drinking water  
9 system to make sure it's safe. We found no public  
10 health impacts from the way the reservoir has been  
11 operated for the last 90 years, we have invested a  
12 lot in bird control, we have wires across, we have  
13 sharpshooters go by for the ruddy ducks who are  
14 not deterred by everything else. It's true. And  
15 so we have a very ... we have a number of ways that  
16 are a lot cheaper and a lot more commonsensical  
17 than a concrete cap to protect public health,  
18 which we're going to continue to do.

19 COUNCIL MEMBER VALLONE, JR.: Well,  
20 other than the sharpshooters I couldn't agree  
21 more. And I know that the Chair and I have been  
22 working with you and we'll continue to do anything  
23 we can to save that money and come up with some  
24 other way to satisfy this ridiculous Federal  
25 requirement, \$1.6 billion, but congratulations on

1  
2 getting them to push that out past any of our  
3 terms. But again, if there's anything we can do  
4 on that to help you when it comes to alternative  
5 ways, please keep us informed. Okay, thank you,  
6 Mr. Chair.

7 CHAIRPERSON GENNARO: Thank you,  
8 Council Member Vallone, and thank you for your  
9 assistance on the mandate stuff, we see where  
10 we're getting someplace with that and we're  
11 grateful for that, and it's my privilege to  
12 recognize Council Member Brewer for questions.

13 COUNCIL MEMBER BREWER: Thank you  
14 very much. I had a question, it says \$6 million  
15 for DOITT intracity software issues and NYCWiN, so  
16 I'm wondering how much specifically goes to  
17 NYCWiN, I assume it's used for some of the water  
18 calculations, but I just wanted to know how much,  
19 and is it used to its full capacity and what it  
20 costs.

21 MR. MURIN: Of that total, Council  
22 Member Brewer, about \$800,000 is going to pay for  
23 our usage of the NYCWiN system. We use NYCWiN for  
24 our automated meter reading, and because NYCWiN  
25 was created before we launched our AMR system, we

1  
2 were able to piggyback on it and the total capital  
3 cost of producing AMR was much less than if we had  
4 to create our own network. We have been working  
5 with DOITT, we actually ... the \$800,000 is a  
6 reduction over what they initially wanted us to  
7 pay this coming year, and we'll have to keep  
8 working with them as the next year ensues, we  
9 monitor our traffic over the system versus other  
10 users, to make sure that the cost allocation of  
11 the system to us fairly represents our usage.

12 COUNCIL MEMBER BREWER: Because my  
13 understanding is that it's not used to its fullest  
14 capacity, that's why I was asking.

15 MR. MURIN: That's also my  
16 understanding.

17 COUNCIL MEMBER BREWER: Okay. What  
18 is ... I should know this, what is DOITT intracity  
19 telecom, what is that, and what is that money for?

20 MR. MURIN: That is ... DOITT manages  
21 the citywide telecommunications.

22 COUNCIL MEMBER BREWER: And you pay  
23 them for that.

24 MR. MURIN: We ... yes.

25 COUNCIL MEMBER BREWER: And is that

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2 something that is newly you're paying for or you  
3 have always done that?

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MR. MURIN: We've always paid them.  
5 And again, that's based on a number of factors,  
6 the size of our telecommunications system, the  
7 number of phone sets, the voice-over internet and  
8 the number of trunk lines out and so on.

9

COUNCIL MEMBER BREWER: Okay. My  
10 other question is a little bit policy and a little  
11 bit budget, trying to put the two together. When  
12 one calls 311 about a myriad of issues, I think  
13 people do get confused, is it a Con Ed issue, is  
14 it DEP issue, is it DOT issue? I don't know if  
15 311 can sort it out, so I'm just wondering,  
16 obviously there's a cost, you know, hard to  
17 calculate, but there's a cost if like three  
18 entities are overlapping, that's my experience.  
19 So I'm just wondering, how do you, how are you  
20 working out this issue, if it's an issue?

21

COMMISSIONER STRICKLAND: Well,  
22 you're right that it can be a cost, and it's a  
23 cost when, for example, nine people call at the  
24 same catch basin. Obviously we try to do the best  
25 we can on our end to make sure we're not sending

1  
2 nine crews but one crew to a single problem. But  
3 we do work from time to time with 311 staff to  
4 refine their call protocols to get to the right  
5 answer without having a call take too long, so  
6 that I ... you know, they certainly have to balance  
7 speed, they don't want people to hang up, with  
8 responses- -

9 COUNCIL MEMBER BREWER:

10 (Interposing) Yes.

11 COMMISSIONER STRICKLAND: ... getting  
12 accurate information, and we do work with them to  
13 make sure that they ask specific questions that  
14 are directed to DEP.

15 COUNCIL MEMBER BREWER: Okay, I  
16 just ask that because I think Con Ed is in there  
17 too, because nobody knows sometimes whose problem  
18 it is, if it's a manhole issue, or if it's some  
19 kind of an eruption issue. I mean, I'm just  
20 saying, in the neighborhoods, everybody calls 311,  
21 but my guess is, some get routed to you, some get  
22 to Con Ed, and then it gets sorted out. I assume  
23 that you're going to be maybe spending more time  
24 so that everybody isn't siloed. Just a  
25 suggestion.

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2

COMMISSIONER STRICKLAND: Yes,

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thank you.

4

COUNCIL MEMBER BREWER: Okay. The

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other issue is the Croton, I was one of the few

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people who voted against it originally, but my

7

question is, how many people ended up being New

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Yorkers actually working on that project? And I

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think that project is almost done, that's what you

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indicated, but how many people from the City of

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New York ended up working on that? It was before

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your time, all the controversy.

13

COMMISSIONER STRICKLAND: Yes.

14

COUNCIL MEMBER BREWER: Maybe it

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wasn't before your time though, but it was before-

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-

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COMMISSIONER STRICKLAND:

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(Interposing) It was before my time.

19

COUNCIL MEMBER BREWER: I know it

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was before your time.

21

MR. LAWITTS: Yes.

22

COUNCIL MEMBER BREWER: Those guys

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were around though.

24

MR. LAWITTS: The ... yeah, we've

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been monitoring that since the construction began,

1  
2 and my recollection is that approximately 20% of  
3 the construction jobs associated with the Croton  
4 plant have gone to Bronx residents.

5 COUNCIL MEMBER BREWER: Okay, and  
6 that's what you expected? That's what were  
7 promised, or we weren't promised anything?

8 MR. LAWITTS: We weren't promising,  
9 we were constrained to some extent by the nature  
10 of the construction contracts and the nature of  
11 the unions, and the way that they staff specific  
12 construction jobs, but we feel, given those  
13 constraints, that 20% participation by Bronx  
14 residents is a good participation rate.

15 COUNCIL MEMBER BREWER: Okay, I  
16 might disagree, but I'll let it go for now. And  
17 then maybe you did this over and over again, but  
18 just how much does it cost to deal with the just  
19 the cleaning-out, and is there anything we can do  
20 as New Yorkers, because the catch basins I assume  
21 you clean out often, and we have dog poop in them,  
22 we have trash in them. I don't want to go through  
23 the long list. How much is allocated to that, and  
24 is there any prevention measure we could do to try  
25 to prevent some of these issues, because then you

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end up with all the overflow issues too?

COMMISSIONER STRICKLAND: Well, you know, thank you for recognizing the issue, and we do ... we have 144,000 catch basins, we inspect them- -

COUNCIL MEMBER BREWER:  
(Interposing) That's a good number, 144,000, go ahead, yep.

COMMISSIONER STRICKLAND: And we inspect them on a three-year basis, so we inspect them.

COUNCIL MEMBER BREWER: Okay.

COMMISSIONER STRICKLAND: And we clean and repair those as necessary. Some are broken, a truck goes over them, etc. So we're doing very well, for example, in terms of our backlog of catch basin repairs, it's very low, I think the lowest it's been in many years. With the cleaning, it's part of what the CMOM group will complement, they'll do the sewers that the catch basins lead into. We have dedicated trucks, one-man truck crews that go around with those clam-shell buckets and, you know, do clean out the catch basins on a periodic basis, as part of not

1  
2 automating, but improving the analysis and job  
3 order processing of catch basin cleaning, we'll  
4 obviously be able to direct more resources to  
5 those catch basins that need cleaning on a more  
6 frequent basis. What can people do? They can,  
7 you know, don't litter.

8 COUNCIL MEMBER BREWER: Right.

9 COMMISSIONER STRICKLAND: You know,  
10 clean up certainly, it does help when they move  
11 their car so that it can be ... you know, the  
12 sanitation trucks can go by and clean the streets,  
13 because that is, we're finding that there are many  
14 neighborhoods that don't have street sweeping, I  
15 guess folks don't want to move their cars or for  
16 whatever. But there we have to clean catch basins  
17 more frequently.

18 COUNCIL MEMBER BREWER: Do you feel  
19 that the funding that you have is sufficient for  
20 keeping the cleaning current, in other words?

21 COMMISSIONER STRICKLAND: Yes, we  
22 have, we're very confident that the three-year  
23 inspection schedule and cleaning-as-needed  
24 schedule, we've been keeping up with that.

25 COUNCIL MEMBER BREWER: Okay, thank

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you.

CHAIRPERSON GENNARO: Thank you,  
Council Member Brewer.

CHAIRPERSON RECCHIA, JR.: No, no  
questions from me.

CHAIRPERSON GENNARO: Okay.

CHAIRPERSON RECCHIA, JR.: So.

CHAIRPERSON GENNARO: Okay, here I  
go, here I go. I want to thank the Chairman and  
all my colleagues, some of whom are here and some  
of whom have gone, for adding a lot to this  
hearing. I greatly appreciate their, you know,  
robust participation, and I just made a couple of  
notes in your statement, Commissioner, that I'll  
go through, and just to follow up on what Council  
Member Lander was talking about before, and we  
talked about this at the last hearing, with regard  
to the submission that the state had made with the  
submission that DEP had made to the state  
regarding fracking, you know, whether there was a  
... various things that were going from, you know,  
the seven-mile buffer all around to the five plus  
two, using kind of shorthand now.

COMMISSIONER STRICKLAND: That's

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right.

CHAIRPERSON GENNARO: And also DEP quite appropriately, you wanted to do sub-service investigations within a five-mile zone, and other things, and the sort of, the stated risk that we'd be taking on in a way with that relaxed, or somewhat more relaxed posture, but prudent, you know, saying that in certain areas you have to have seven miles regarding this tunnel, but other things where there's some kind of redundancy, and DEP really trying to be a good sport and work with the state and say, okay, if this is something that the state really feels it needs to do, we're going to kind of do our part and try to be as reasonable as we can and kind of work with you, and that's admirable that DEP would do that, but the document that was submitted to the state was more of a technical presentation, and not so much that it really wraps its hands around all of the potential financial consequences should anything happen, and that's what, you know, gave rise to my interest in there being something put together by somebody that would try to really quantify to the extent possible and, you know, reasonable what the city

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2 could be facing in terms of expenditures for  
3 repairs of aqueducts for, you know, doing sub-  
4 service investigations, for doing, you know, who  
5 knows what. And I had some consultation with the  
6 Speaker's staff and it's my understanding based on  
7 my conversation with them, they reached out to you  
8 and there is some attempt underway to ... well, when  
9 I say you, I mean DEP, to try to, you know, get  
10 some sense of what the agency could particularly  
11 be, could be looking at, in terms of consequences  
12 from fracking, and it was sort of my intention  
13 then to either, you know, go to the Water Board or  
14 ... so that they can make an appeal to the state,  
15 saying it's all well and good for the entity that  
16 we regulate, you know, that is DEP, to, you know,  
17 try to be nice guys and work with the state in a  
18 very cooperative way, but you know, we as members  
19 of the Water Board have to look out for the  
20 financial integrity of the system and the rate  
21 payers and the bondholders and all that, and to  
22 have them call upon the state to make sure that  
23 all this was duly considered when the state rolled  
24 forward with its, you know, fracking proposal or  
25 fracking paradigm, or whatever it's going to be.

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2 And I felt that if the Water Board didn't pose  
3 that question to them and put it on the state's  
4 grid, in addition to what DEP is doing, I just  
5 feel it's important to make the strongest case as  
6 to what the state's movement toward fracking could  
7 potentially cost, you know, the rate payers of the  
8 City of New York, and I think that has to be  
9 quantified, I think it has to be done, almost, you  
10 know, sort of like a financial appendix to the  
11 submission that DEP made, and this is sort of like  
12 a long-winded follow-up to Brad's question, and  
13 now that I know that this has been, you know, put  
14 forward to the DEP by the Speaker's staff, I'm  
15 just wondering how that's going, if it's something  
16 that you're aware of, and what you think generally  
17 of, you know, the strongest case being made  
18 possible to the state that they can think about  
19 fracking and revenues and everything that they're  
20 excited about, but, you know, we don't want to be  
21 paying bills for this program that we don't get  
22 quite the benefit from, and for DEP to be good  
23 guys and sort of work with the state and that is  
24 one thing, but the people of the City of New York  
25 and the people that water rates have to be

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2 protected. And this is all under the paradigm of  
3 if DEP even gets everything we're looking for,  
4 which let us just say may not be the case, and so  
5 that only compounds the imperative of, you know,  
6 what kind of financial ricochets we might have to  
7 deal with, and, you know, we need those spoken to,  
8 and I think until somebody tries to quantify them,  
9 it's going to be well, what are you talking about,  
10 we don't even know what kind of money is on the  
11 table here. So a long-winded question, sorry  
12 about that, but it's the way I am, and there you  
13 have it.

14 COMMISSIONER STRICKLAND: No, look,  
15 we ... your support has been fantastic throughout  
16 this process, and we look forward to it going  
17 forward. I don't have any new milestones to  
18 report since we spoke at the preliminary, we have  
19 not heard back from the state. We don't know, as  
20 you say, what our- -

21 CHAIRPERSON GENNARO: (Interposing)  
22 But I was told also that the Speaker's staff  
23 reached out to someone in DEP and there's an  
24 agreement by DEP to try to put together some  
25 numbers or, you know, make some quantifications,

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2 if that's even a word, of what we could be ...  
3 Steve's not sure that that's a word. Or he's not  
4 sure that this ever happened. Like when I said  
5 the word quantifications, I think it threw him.  
6 But- -

7

COMMISSIONER STRICKLAND:

8 (Interposing) No, we're, you know, that certainly,  
9 you know, I think it was a great suggestion then,  
10 and it's something we're going to do going  
11 forward. Many of these costs are difficult to  
12 quantify, we do feel that certainly our proposal  
13 we felt was protective, otherwise we wouldn't have  
14 put it forward.

15

CHAIRPERSON GENNARO: Certainly.

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17 COMMISSIONER STRICKLAND: But as  
you point out, it's not been accepted- -

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CHAIRPERSON GENNARO: (Interposing)

19 But there is like ... within their proposal there is  
20 some, you know, black letter recognition of some  
21 risks that we're kind of taking on, and that is  
22 what it is, and just because it's prudent doesn't  
23 mean it might not have a price tag associated with  
24 it.

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COMMISSIONER STRICKLAND: Yes.

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CHAIRPERSON GENNARO: Right, so.

COMMISSIONER STRICKLAND: No, I agree, and, you know, certainly when we're ready you will, you know, be among the first to know, as you always are.

CHAIRPERSON GENNARO: Thank you.

COMMISSIONER STRICKLAND:  
Especially on hydro-fracking.

CHAIRPERSON GENNARO: Sure, sure. Sure, and we certainly appreciate your efforts, you're trying to protect the integrity of the system, you're trying to work with the state, you're trying to compile a scientific, you know, record of how this could even be done, and it's certainly a lot to do, and I certainly do applaud the body of work that DEP did back in 2009, and then again in 2011, and 2012. I think people around the country are looking at some of the science that we're putting on the table and they're being informed by it and benefiting from it. So, but this is ... I just feel very strongly that this is a case that we have to make in terms of what kind of price tag might be associated with this, and if we don't make that strong case, I

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2 don't think anyone is going to make it for us.  
3 And yeah, and so I certainly do appreciate that.  
4 My next ... my other questions, which will be  
5 shorter, getting to the third paragraph on the  
6 second page, regarding the pilot program regarding  
7 the rental payment, this is the first initiative  
8 that I have seen to try to put the brakes on the  
9 runaway rental payment which is based on a formula  
10 that, you know, no one in this room had anything  
11 to do with, and we're just trying to put a little  
12 bit of a reality check on this, which I do  
13 applaud. And my first question regarding this is  
14 that \$196 million, would that be the total rental  
15 payment or would that be the ... what I call the  
16 rental payment residual that, you know, once the  
17 GO bonds from pre-84 are paid off, so this \$196,  
18 does that represent the entire rental payment or  
19 what I call the residual?

20 MR. LAWITTS: Right, Mr. Chair, the  
21 \$196 is what you call the entire rental payment,  
22 or what we would call the gross rental payment.

23 CHAIRPERSON GENNARO: Okay.

24 MR. LAWITTS: And then in the case  
25 of 2011, from that would be paid the debt service

1  
2 for old general obligation bonds that were used to  
3 fund the water system- -

4 CHAIRPERSON GENNARO: (Interposing)  
5 Right.

6 MR. LAWITTS: ... before the Water  
7 Finance Authority and the Water Board were  
8 created. For 2011 that was approximately \$54  
9 million.

10 CHAIRPERSON GENNARO: So just to  
11 get a better grasp of this rental payment pilot  
12 program, the \$196 million will stay at 196 for the  
13 gross rental payment, and whatever has to come out  
14 of the 196 for the pre-84 GO debt is whatever  
15 comes out, right? Is that what it says?

16 MR. LAWITTS: That's correct. And  
17 the general obligation debt, over the next several  
18 years it varies, but it's between \$33 and \$37  
19 million.

20 CHAIRPERSON GENNARO: Right.

21 MR. LAWITTS: For each of the next  
22 several years.

23 CHAIRPERSON GENNARO: Okay. Okay,  
24 and then going down further in the paragraph, the  
25 returned funds and the returned funds is what I

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2 would kind of characterize as the residual, right?

3 That ... those funds that are not used to pay the  
4 pre-84 GO debt are kind of labeled here as the  
5 returned funds, is that a way to put it?

6 COMMISSIONER STRICKLAND: Well, by  
7 that we mean we're going to hold steady at \$196  
8 plus an inflator for inflation.

9 CHAIRPERSON GENNARO: Right.

10 COMMISSIONER STRICKLAND: You know,  
11 whatever the formula produces above that will come  
12 back to us, so it's some \$14 million in FY13 we  
13 predict.

14 CHAIRPERSON GENNARO: Oh, okay,  
15 okay, I see what you mean, because had we just  
16 done the rental payment, you know, based on the  
17 way it was calculated in 1985, it's 15% of the ...  
18 of the ... right. And so the returned funds would  
19 be those that we saved as a result of this pilot  
20 program.

21 MR. LAWITTS: Right.

22 CHAIRPERSON GENNARO: Right.

23 MR. LAWITTS: Because those are  
24 funds that would come back into the system, \$98  
25 million estimated over the next three years.

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2 CHAIRPERSON GENNARO: Right, right,  
3 right, because I thought what might be alluded to  
4 was that some of the rental payment residual  
5 whether going into the general fund, some of that  
6 would kind of come back to DEP, but that's not  
7 really talking about that.

8 COMMISSIONER STRICKLAND: No, and  
9 you know this is all part of the whole state  
10 financing scheme.

11 CHAIRPERSON GENNARO: Right.

12 COMMISSIONER STRICKLAND: And so  
13 this is a way to do it and keep that financing  
14 scheme in place and intact without an adjustment  
15 in the state law. I will point out that, you  
16 know, certainly over the past almost 30 years that  
17 we've had the benefit of that structure, and it's  
18 meant that we've paid very low interest rates on  
19 our outstanding ... on our bonds, and it's been good  
20 for the overall financial health of the system.

21 CHAIRPERSON GENNARO: But my rub  
22 goes back to that date and time at which the  
23 rental payment was used just for the payment of  
24 the pre-84 GO debt and when the so-called line was  
25 crossed and then we were going with, you know, a

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2 different metric that didn't measure the rental  
3 payment, which meant that some money came back to  
4 the city, and I get it, but it was just getting  
5 higher and higher every year, and I think this was  
6 a situation that cried out for some recognition  
7 and some kind of attention and some kind of  
8 program, and you've put that forward, and I  
9 applaud that, and so this is the first measure  
10 that I've seen since this has taken place that  
11 we're trying to bring some sanity to a formula  
12 that was just going to a very costly place. And  
13 so it's a good thing, and so thanks for that  
14 clarification. We talked about mandates, we did  
15 that, and with regard to the ... with regard to the  
16 fluoride dosage, you're doing the .8 now, because  
17 remember when the Feds first did their study, and  
18 it was like a range of 1.2 ppm to like .7 ppm,  
19 that was like a range, and then they said that we  
20 should do it towards like the lower end of that  
21 range, it would probably be beneficial, or it  
22 wasn't necessary to do more than that, but they  
23 did reaffirm that it was very important to do at  
24 least .7, and but I guess like the operational  
25 thing was if you have a range that's from 1.2 to

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2 .7, and they're telling you now they want you to  
3 really like aim for .7, but make sure that you  
4 have like .7 everyplace, is tricky to do, because  
5 if you aim for .7, some places are going to have  
6 .2, and so was it the case that they put forward  
7 this notion of what they wanted people doing, but  
8 then they have kind of operationally figure out  
9 what systems they're going to have to deal with  
10 and because when I was talking to the Feds back  
11 when I got interested in this issue a while ago,  
12 based on my position of being pro-fluoride and in  
13 dealing with people who aren't, I was talking with  
14 some of the Feds and they said, look, we're  
15 telling people to, you know, shoot for .7, but  
16 it's hard to get right on the money, so there's  
17 going to have to be a range and most people are  
18 going to kind of do what they did anyway and shoot  
19 for like 1 ppm, and so that everyplace will have  
20 at least .7, is that, am I saying that about  
21 right?

22 COMMISSIONER STRICKLAND: You are,  
23 and I guess, you know, you might be wondering why  
24 we're at, you know, since those discussions were  
25 talking about a range of .7, why not go down to

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2 .7. We're willing to actually, but they're not  
3 quite there yet, so we follow direction, it's  
4 indirectly from CDC through State Health.

5 CHAIRPERSON GENNARO: Right.

6 COMMISSIONER STRICKLAND: And there  
7 they've been comfortable with going down to .8.

8 CHAIRPERSON GENNARO: Right.

9 COMMISSIONER STRICKLAND: We've  
10 done that. If they say .7, we'll make sure it's  
11 .7. We aren't building in, I guess, I don't know  
12 if this is the question you're asking, but we're  
13 not building in a margin of error. We are, you  
14 know, we'll set a target and we'll hit it, where  
15 our dosage is pretty accurate.

16 CHAIRPERSON GENNARO: Oh, I see.

17 COMMISSIONER STRICKLAND: So it's  
18 just that so far the clearance has been to go to  
19 .8.

20 CHAIRPERSON GENNARO: Right, okay,  
21 because when I was having some kind of  
22 conversations, whether it was with City Health or  
23 the Feds, I forget, I know I was talking with  
24 someone about ... because they were talking to me  
25 about the operational issues that would be

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2 attended to in making sure you had .7 everyplace,  
3 and they said that could be tough for people to  
4 do, because it kind of a range that people have to  
5 go by based on like the vagaries of the system and  
6 all that, but you're telling me that you can  
7 calibrate for .8 and .8 is .8? And so it's always  
8 better to talk to people that are running the  
9 system, who can, you know, speak with the best  
10 knowledge of how they can get that right. We did  
11 the voucher program, I want to lend my voice, of  
12 course, to people who are entering for the green  
13 infrastructure, that plan and how well that's  
14 going. Somebody did the IBM, toilet replacement,  
15 when I sit back people just do my job for me,  
16 which is great, they ask all the right questions.  
17 And with regard to the Staten Island Blue Belt, I  
18 just want to hear how many acres are under DEP  
19 control or under some kind of control that they  
20 can be used for the Blue Belt Program and what the  
21 total acreage DEP may be looking to preserve, if  
22 that is known.

23 COMMISSIONER STRICKLAND: It is  
24 known somewhere, but you might have stumped me.  
25 Hold on a second though, this probably is ... I want

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to say over 5,000 acres managed on Staten Island.

CHAIRPERSON GENNARO: Okay.

COMMISSIONER STRICKLAND: And we're ... and Mid-island Blue Belt are going to add another 5,000 acres to that, so a substantial portion of Staten Island.

CHAIRPERSON GENNARO: Yeah, that's ... and the way that the land is preserved is through ... there's a couple of different ways, I guess, it can be acquired outright, it could be easement, it could be land trust, I'm not sure how that's working, I guess a couple of different ways you try to- -

COMMISSIONER STRICKLAND:

(Interposing) Well, what we try to do is, you know, we buy the land, and you know, if we can buy it, that's great, you know, we may have to condemn it, but it's land that we own. Some does feed into some existing parkland, you know, and that's obviously an arrangement, you know, that we work out. But we are very, you know, we're committed to building out the Blue Belt. People want this infrastructure, unlike a lot of other infrastructures that we have, and I think in part

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2 because they view it as an amenity and a resource,  
3 which it can be, so that is great. And one thing  
4 we're doing, and actually I'm about to, you know,  
5 head out to Springfield Gardens, is to bring the  
6 Blue Belt concept elsewhere to the city, so  
7 there's some pockets in the park ... in the Bronx,  
8 rather, where we can do it, there's some, you  
9 know, larger pockets in Queens where there's  
10 wetland complexes that we can use to manage storm  
11 water, and we want to do that because we think it  
12 makes sense and it saves the ratepayer money.

13 CHAIRPERSON GENNARO: Yeah, that  
14 would be great, and I certainly do applaud that,  
15 and the second last paragraph you indicate that  
16 you will continue to ask the Council's help in  
17 dealing with further mandates, please continue to  
18 do that, we're more than happy to try to, you  
19 know, play a constructive role in what you're  
20 trying to get done with regard to the higher  
21 levels of the government telling you how to spend  
22 your money. And so, yeah, so.

23 COMMISSIONER STRICKLAND: Thank  
24 you, I appreciate that. I think, I mean, you  
25 know, people, you know, take our criticism on

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2 unfunded mandates as a backing down from our  
3 environmental mandate, and it's quite the  
4 contrary, it's rather a control issue, as you're  
5 pointing out. You know, the point of unfunded  
6 mandates is, if you don't give us money, then you  
7 know, certainly regulate to some degree, but don't  
8 micromanage, I guess. And as we are shifting our  
9 capital project to, we have more control, you can  
10 see we're spending on things that people want,  
11 which is flood control, you know, management of  
12 sewer backups, and the like. And you know, that's  
13 important, it's also we do certainly we will  
14 invest in water quality control. We might not  
15 have bid all of our jobs in 2006 at the height of  
16 the market when we had to, you know, bid Croton  
17 and some other facilities that caused our costs to  
18 go up, and you know, that was a time when the  
19 private construction was booming.

20 CHAIRPERSON GENNARO: Right.

21 COMMISSIONER STRICKLAND: Commodity  
22 prices were through the roof, and we ultimately  
23 paid for it, and I'm thinking of the Croton plant  
24 in particular, but certainly many things we would  
25 do, but just on our own schedule, and on our own

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priority list.

CHAIRPERSON GENNARO: It certainly makes sense that higher levels of government should give an entity like you the ability to be flexible and to make the case for why you have a way of doing things that might be more cost effective and might serve the people better, and they should listen to that, and it looks like you've been getting through, and we do appreciate your efforts, and any way you want me to yell out at state and local government, or the state and Federal government, I'm always most happy to do that. And it's my understanding that Domenic is on his way back to kind of wrap it up. Okay, and I'd like to say for the record that Council Member Crowley was here and yeah, while we're waiting for ... while we're waiting for Domenic to ... oh he is, okay. Yeah. So the Finance Chairman and the Environmental Chairman walk into a bar, okay, and so ... no, okay, Mark is saying we aren't there. And we entered the bar and we would just say we want to make sure no one is smoking in here, you know, because there is a law against that, and we want to make sure no one does that. So yeah, Mark

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2 is counseling me to keep me comedy off the record,  
3 and so yeah. You sure he's coming back? Okay  
4 then, I'm just going to like ask another question  
5 or something, you know. I mean.

6 COUNCIL MEMBER BREWER: Here he is.

7 CHAIRPERSON GENNARO: Okay.

8 Perfect timing, perfect timing. I was just  
9 talking about how you and I sometimes, you know,  
10 try to enforce the health code. Yeah, we're good.

11 CHAIRPERSON RECCHIA, JR.: Okay.

12 This concludes our hearing for today. The Finance  
13 Committee will resume its executive budget hearing  
14 on Wednesday at 10:00 a.m., tomorrow the Finance  
15 Committee will resume its legislative hearing to  
16 override the Mayor's veto on the prevailing wage  
17 bill sponsored by Council Member Melissa Mark-  
18 Viverito. After we override the veto, this  
19 Committee will re-pass the bill. The hearing will  
20 be in this room, we'll begin at 10:00 a.m., please  
21 try to be on time. Our next round of budget  
22 hearings will begin 10:00 on Wednesday, May 16<sup>th</sup>,  
23 in the City Hall Council Chambers, we will be  
24 joined by the Aging Committee to hear from the  
25 Department for the Aging and then followed by

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Parks and Recreation Committee to hear from the

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Department of Parks, Commissioner Adrian Benepe,

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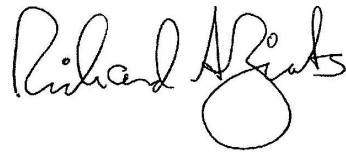
please try to be on time. This hearing is now

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adjourned.

C E R T I F I C A T E

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



Signature \_\_\_\_\_

Date May 30, 2012