

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON OVERSIGHT
AND INVESTIGATIONS

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HELD AT: Committee Room - City Hall

B E F O R E: VINCENT J. GENTILE
Chairperson

COUNCIL MEMBERS:

Inez E. Dickens
Daniel Dromm
Costa G. Constantinides
Chaim M. Deutsch
Rory I. Lancman
Helen K. Rosenthal

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

Mark Peters
Commissioner
New York City Department of Investigation

1 COMMITTEE ON OVERSIGHT AND INVESTIGATIONS

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2 [sound check, background comments, pause]

3 [gavel]

4 CHAIRPERSON GENTILE: Good morning. Yes,
5 well, good afternoon. It's 12:04 so good afternoon
6 everybody. This is the Committee on Oversight and
7 Investigations, a Preliminary Budget hearing, and I
8 am Council Member Vincent Gentile, the Chair of the
9 Committee on Oversight and Investigations. And I'm
10 here with Ellen Eng our Financial Analyst, Josh
11 Hanshaft, my Legal Counsel, and where's Kevin? Oh,
12 there you are. Kevin.

13 KEVIN RYAN: Right.

14 CHAIRPERSON GENTILE: Riley?

15 KEVIN RYAN: Ryan.

16 CHAIRPERSON GENTILE: Ryan. I'm sorry.
17 I thought it was Riley. Okay, our legislative
18 person. So we thank all of you for being with us
19 today, and welcome to the Committee on Oversight and
20 Investigations Hearing on the Fiscal 2016 Preliminary
21 Budget [coughs] and Fiscal 2015 Preliminary Mayor's
22 Management Report. Today, we will hear from
23 Commissioner Mark Peters about DOI's budget and the
24 PMMR. Before we proceed, I would like to recognize
25 the members of the Oversight Investigations Committee

who are here with us today. We have Council Member Rory Lancman, and Council Member Costa Constantinides and I believe others will be joining us as we proceed.

The Department of Investigation, as you know, promotes and maintains integrity and efficiency in government operations. [coughs] Excuse me. DOI's Fiscal 2016 Preliminary Budget totals \$29.9 million, an increase of approximately \$2.3 million from Fiscal 2015 Adoption. DOI's budget supports 305 staff members, which is an increase of 16 positions for Fiscal 2015. These new personnel account for a \$2.3 million increase in the DOI's budget.

Today, my committee members and I would like to learn more about the 16 new positions, and what this means to DOI's overall operations. In addition to these new needs, we will discuss the changes to DOI's budget since the Fiscal 2015 adoption as well as its overall activities in the year. In discussing the budget, we will discuss how the Fiscal 2015 PMMR reflects our discussion last year with regards to new indicators and new vision for the agency. So we welcome Commissioner Mark Peters. We thank you for coming, and as soon as I

2 administer the oath, you may begin your testimony.

3 Do you affirm, Commissioner, to tell the truth, the
4 whole truth, and nothing but the truth in your
5 testimony before this committee, and to respond
6 honestly to council member's questions?

7 COMMISSIONER PETERS: I do.

8 CHAIRPERSON GENTILE: Great. Welcome,
9 Commissioner Peters. You may begin.

10 Thank you. Good afternoon Chair Gentile
11 and members of the Committee on Oversight and
12 Investigations. I'm Mark Peters, Commissioner of the
13 Department of Investigation, and I thank you for the
14 opportunity to address the committee concerning DOI's
15 Preliminary Budget for Fiscal Year 2016. Just over a
16 year ago during my confirmation hearing before this
17 body, I described my vision for DOI. I pledged that
18 we would vigorously root out corruption where it
19 exists, and that we would also work to put in place
20 internal controls to prevent the opportunities for
21 the corruption at the outset. As we move into the
22 second year of this Administration, I'm pleased to
23 report that the realization of that vision is well
24 underway. We have undertaken complex investigations
25 that span from unsafe day care centers to corruption

at Rikers Island. From large-scale IT projects to a widespread bribery scheme involving buildings and housing inspectors. And just last week, we released the results of our year-long review of the City's Shelter System for Homeless Families. And I welcome this opportunity to further present DOI's comprehensive strategy of high impact arrests, front end prevention, and systemic reform in greater detail and highlight examples of the work completed over the past year.

DOI's authority as the City's anti-corruption agency is founded under Chapter 34 of the New York City Charter is extremely broad and includes the investigation of quote "the affairs, functions, accounts, methods, personnel or efficiency of any agency." As of 2014, the City Charter further specifically directs DOI to investigate on an ongoing basis the policies and procedures of the New York City Police Department with quote, "The goal of enhancing the effectiveness of the department, increasing public safety, protecting civil liberties and civil rights, and increasing the public's confidence in the police force. Thus building stronger police-community relations." DOI is

empowered to issue subpoenas, take testimony under oath and issue reports of our investigative findings. We forward our findings to federal and state prosecutors, which can result in arrests, and to relevant city agencies for both appropriate disciplinary action, and broader institutional reforms. Under the City Charter we are also served as the confidential investigative arm of the City's Conflict of Interest Board. Put simply, DOI's mission is this: We protect the City taxpayer by ensuring the public funds are spent honestly, and that city services are delivered in an equitable, efficient and effective manner.

In pursuit of our mission, we rely on three key tactics.

1. Our investigations are designed to lead to high impact arrests. These are arrests that not only punish wrongdoers, but command attention and reform from the broader government community.

2. We work with agency heads to establish integrity controls that make illegal activity harder to commit and easier to detect. Preventing corruption, waste, fraud and abuse on the

front end, while less visible than arrests, is every bit as important.

3. We go even deeper by undertaking large-scale investigations with a view towards systemic change both through arrests and reform recommendations leveraging our unique position to provide insight into and a broad view across individual agencies. Further, these broad investigations provide important transparency into government operations, which is an absolute prerequisite to public confidence in city programs.

These three tactics through an aggressive strategy and emphasize investigations that target the root causes of corruption, fraud, abuse and malfeasance. I believe this emphasis will have far great long-term impact including preventing braze financial fraud, ensuring the integrity in the delivery of city services. And protecting the health and safety of the city's most vulnerable.

In 2014, DOI conducted a number of large-scale investigations based on these three principles. These investigations have already resulted in tangible reforms, and we expect they will yield benefits for years to come. I'd like to highlight

some of these systemic investigations and their results. Just last week we released a report on our investigation that found serious deficiencies in the City's shelters for homeless families. Working with inspectors from the Fire Department, the Department of Buildings and the Department of Housing Preservation and Development, DOI inspected 25 shelters for families finding many of their conditions unsafe and unhealthy for the families living there. We identified the need for immediate reform within the City's Shelter System working with the Department of Homeless Services. Some of those reforms have already been implemented or adopted. Including the need to bring vendors under contracts that the City has leveraged when vendors do not adequately take care of their properties or ignore safety violations. This investigation of the Shelter System is part of a broader set of investigations that are examining problems, both criminal and non-criminal. It has City shelter--it has city delivered social services. These investigations have already found and stopped active fraud. In one case our investigation resulted in the arrest of an HRA employee who was charged with manipulating the system

to have hundreds of dollars worth of checks issued to his friends and criminal associates, and to get a portion kicked back to him. In another case we arrested an individual charge with stealing approximately \$121,000 in adoption subsidy payments.

A second example of DOI's systemic approach involved our work exposing and stopping conduct that jeopardizes public health and safety. As an example, just a few weeks ago, DOI in partnership with the Manhattan District Attorney indicted 50 defendants including senior employees at the City's Buildings and Housing Preservation and Development Agencies who took bribes to overlook safety violations. This far-reaching investigation began when a City employee reported a bribe attempt to DOI. We could have closed the case a year ago with the arrests of several low level employees. Instead, by using labor intensive techniques such as wire taps, we were able to establish a series of bribery and kickback schemes were at plays. Schemes involving senior level employees and serious threats to public safety.

Another investigation led to the indictment of seven individuals and two companies on

charges of falsifying numerous site safety inspection reports at multiple active construction sites in Manhattan. And in another investigation, DOI arrested four childcare operators on charges of submitting an array of false documents to the City that included where the children received services. And whether teachers and other childcare professionals had appropriate credentials, training and vetting. Two City employees were also charged with receiving cash in return for aiding the childcare operators' schemes.

And finally, more than a dozen DOI investigators are working on an effort to vet vendors for the Universal Pre-Kindergarten Program. Because DOI is seen at the table with other relevant agencies, the city has and continues to ensure that vendors with integrity and safety issues can be identified and rejected before the program states. Investigators have worked hundreds of hours to stop bad actors from obtaining city funds and protecting children from building health and safety violations.

A third example of DOI's emphasis on systemic investigations is our ongoing probe into corruption and violence at Rikers Island. Through

the use of both covert and overt operations, including wire taps, undercover investigators and confidential informants, DOI identified serious vulnerabilities including insufficient screenings for contraband and incomplete vetting of personnel. These deficiencies put the lives of both correction officers and inmates at risk. DOI has issued two reports that resulted in reforms on Rikers. Specifically an expansion of drug sniffing dogs, an effort that is underway and improved recruitment measures.

In addition, and simultaneous to these reports DOI arrested 11 correction officers and supervisor who were charged with various illegal conduct such as contraband smuggling and submitting false reports to cover up inmate assaults. In going forward, we have agreed with DOC on a protocol in which we can recommend expeditious discipline of correction officers who have committed bad acts even while criminal cases are ongoing.

Let me provide a fourth and final example. Last month I testified before this body regarding our final report on delays and overruns of the City's Emergency Communications Transformation

Program known as ECTP. Our investigation uncovered a lack of project oversight and accountability resulting in a waste of hundreds of millions of taxpayer dollar. The 105-page report documents in detail how we arrived at our findings. DOI reviewed tens of thousands of documents including copies of contracts, bids, progress reports, invoices, budget documents and electronic communications. DOI also conducted more than 50 interviews with individuals involved ECTP, conducted site visits and analyzed financial records related to the project's budget. We found significant mismanagement, internal control weaknesses, and contract performance deficiencies that created the conditions for the substantial delays and rising costs, which have plagued the program.

We then made a series of recommendations many of which have already been adopted including the placement of an Integrity Monitor to ensure better oversight moving forward. This report is the outgrowth of a larger look at problems implementing large technology projects and the best practices that should be used. If DOI does not share what it has

learned through its investigations, then the City is destined to commit the same mistakes.

These and other long-term investigations resulted in a broad view of problems and, therefore, more systemic reform. For example, the introduction of the Integrity Monitors is an important forward looking recommendation aimed to prevent financial fraud and waste of the kind seen in City Time. As well as non-criminal runaway cost overruns found in ECTP. Our reform for City family homeless shelters recommends numerous short and long-term efforts including improved inspection practices, immediate redress for outstanding violations, and better contracting practices. And by patiently building cases against Senior Buildings employees, we have better leveraged change in that industry. Each of the cases I've just described means go forward. There are stronger, improved city practices in place. And while some of this may seem obvious, I point out that no one has actually tried it until now.

So far in the first eight months of Fiscal Year 2015, DOI has made 248 corruption related arrests and closed 508 investigations. As I started in my testimony before this committee in March of

2014, we should not attach too much importance to these numbers. In deed, back in March I asserted that some of these numbers were likely to diminish. As we plan to focus on cases that have broader impact and undertake comprehensive reviews of internal controls that lead to enhanced procedures.

In addition to proactive anti-corruption investigations, DOI also performs critical direct services for other City agencies, including conducting checks on companies and their principals that do business with the City to help agencies determine if they're a vendor with integrity that can be awarded contracts. So far this year--in Fiscal Year 2015, DOI conducted more than 24,000 of these vendor checks. DOI also conducts background investigations of individuals selected to work in the--for the City in decision making or sensitive positions. In Fiscal Year 2014, we conducted more than 2,600 background investigations. In addition, the agency fingerprinted more than 10,000 individuals who work with children, seniors, and its shelters as required by law. This total was higher than normal due to the changing Administration. For Fiscal Year 2015, we currently have more than 1,500 background

investigations closed, and are on target to close approximately 2,000 cases this fiscal year.

Finally, our Integrity Monitor Program assists City agencies managing large projects or vendors with integrity issues to ensure that red flags are raised early and corruption vulnerabilities caught sooner than later. They act as DOI's eyes and ears and report to DOI. Integrity Monitors are more often than not paid for by the vendor if they have an integrity issue, and are contracting with the City. In proactive cases such as ECTP or NYCHA's Bond B, the City will pay for a Monitor due to the complexities of the project, and the need to monitor and the need to monitor it on a daily basis. In the case of proactive monitorship programs, while there may be additional costs to the city on the front end, they almost invariably will pay for themselves by creating more cost efficiencies in the long run. Currently, we have 16 active Integrity Monitors reporting to us with several new ones in the pipeline.

Given the breadth and depth of our work, DOI is grateful for the support shown through this preliminary budget, which recognizes that additional

resources are necessary to support the larger scale investigations we are undertaking, as well as ongoing improvements in investigative technique particularly in the digital and technological realm. For context, our staff is a network of investigators, auditors, attorneys, digital forensic specialists, analysts, and administrative personnel, and we have a squad of NYPD detectives assigned to us. Each one of our investigations involves multiple units within the agency. Our focus on complex investigations in particular requires an intense dedication of agency resources. For example, our work on the Buildings and Housing bribery scheme involved 40 staff members from 40 DOI investigative squads and three investigative support units including digital forensics, financial audits and tech services. We utilized an array of investigative techniques both undercover and overt each of which involve hundreds of hours of person power to execute.

DOI's Preliminary Expense Budget for Fiscal Year 2016 is \$26.96 million consisting of \$23.4 million that supports approximately 305 full-time staff positions, and \$6.5 million for other than personnel services such as supplies, equipment, and

space. Included in the \$23.4 million for personnel services is \$4.4 million of intercity funding such as the mem--funding for the Memorandum of Understanding with eight city agencies that support 66 positions. There are about 171 other staff members who work through--for us through various arrangements with other city agencies, including the Office of the Special Commissioner of Investigation for the schools, and the Office of the Inspector General for NYCHA. Many of these city agencies have experienced particular corruption issues over the years, and have given DOI funding for staff positions to assist in our integrity efforts. We're grateful for this essential support, the wide ranging work DOI does, and what I have reported to you today could not be accomplished without this assistance.

Let me also explain briefly how forfeiture funds play a role in what DOI is able to do. DOI works with prosecutors to ensure that stolen city funds are returned to the City. Federal Criminal Law also allows the proceeds of criminal activity to be forfeited to the federal government, and shared with investigating agencies to support law enforcement activities. DOI is a beneficiary of some

of these federally funded--federally regulated funds,
and has shared some of them with other city agencies.

In Fiscal Year 2015, DOI dedicated funds to support
the framework for a data matching program, which will
leverage the vast amounts of data available to DOI
through the City's databases that will allow us to
target our investigative efforts in a more efficient
manner while greatly enhancing our ability to
identify actual fraud. While this is of enormous
technical and legal complexity, it will take some
time to get off the ground. We are currently working
with our law enforcement partners to develop the
framework for the project. These forfeiture funds,
however, are temporary and finite, and can only be
used for certain law enforcement related purposes.
They are strictly governed by federal guidelines and
cannot be used to fund salaries for permanent staff
positions, or otherwise substitute for items the City
must fund. These funds have been instrumental in
helping DOI improve a number of essential functions
not provided for in its budget. Specifically,
updating its digital infrastructure, investigative
resources, providing training for DOI investigators
and training for lawyers of DOI and other city

agencies. And supporting DOI's public outreach efforts to education city employees and the public about its anti-corruption mission.

I would also like to update you on the progress of the Office of the Inspector General for the NYPD. We have embraced the Council's passage of Local Law 70, and after consultation with many stakeholders, I was pleased to introduce Phil Eure as DOI's first Inspector General for the NYPD. As of the first of this month, the OIGNYPD has hired more than 22 professionals reflecting a wide range of experiences including former police detectives, investigators, oversight specialists, attorneys and civil rights and community advocates. Under Inspector General Eure's expert guidance, the office has completed over 30 outreach meetings held with community groups, advocates and civil rights organizations in 2014. The OIGNYPD divided into investigations and analysis and evaluation units has jumped head first into the important and substantive work of providing external oversight of the NYPD. Having issued their first analysis of accountability and transparency in chokehold cases. And initiating other focus studies of policies, practices and

2 procedures to be released in the coming months. As
3 noted in our letter to this Council in January, by
4 year's end we expect reports on at least the
5 following: Discipline of the excessive use of force;
6 statistical analysis of quality of life arrests; and
7 surveillance of political and religious groups. All
8 three of these reviews are ongoing and we will be
9 available to discuss them upon completion.

10 Finally, let me update this committee on
11 the Office of the Special Commissioner of
12 Investigation for the New York City School District,
13 known as SCI. The unit was created in June 1990 with
14 a mandate to investigate criminal activity and other
15 wrongdoing occurring within the city's school system.
16 A special commissioner is a deputy to the DOI
17 Commissioner. Independent of the City Department of
18 Education and the Chancellor, SCI is authorized to
19 investigate and make recommendations concerning any
20 issue, which impacts the integrity of the city's
21 schools. Richard J. Condon, a former New York City
22 Police Commissioner and former New York State
23 Commissioner of the Division of Criminal Justice has
24 held the position of Special Commissioner of
25 Investigations since July 2002. He had done a superb

2 job in this role, and I have asked him to stay on in
3 the new administration.

4 In 2014, SCI received more than 5,200
5 complaints, a record high number from the agency, and
6 opened 784 investigations including 231 involving an
7 allegation of sexual misconduct. SCI also monitored
8 matters being handled by other agencies, usually the
9 New York City Police Department, and opened
10 investigations into a 179 of those cases that had
11 been closed by the NYPD and other entities without
12 arrests or disciplinary action. In Fiscal Year 2015,
13 SCI publicly released six reports detailing SCI's
14 investigations including one which found a male
15 school aid employed by an after school program
16 sexually abused two eight-year-old female students,
17 and touched a seven-year-old female student.

18 Significantly, the NYPD and the District Attorney's
19 Office had closed that investigation. But as a
20 result of SCI's continued work, the subject
21 subsequently confessed and was arrested. Other SCI
22 reports of note include one describing the
23 investigation into allegations raised by media
24 accounts that school personnel failed to address
25 fully, and which led to the fatal-- Address fully,

and which led to the fatal stabbing of a student by a student. Additional reports detailed the events leading up to the suicide of a student who had been cheating on an exam. The process followed to hire a teacher who now stands accused of committing various crimes against students. And the circumstances surrounding a 15-year-old female special needs student who walked out of the school building and was missing for three days.

DOI's approach is comprehensive. It emphasizes high impact arrests, front end prevention, internal controls, and monitoring and systemic investigations. DOI is committed to taking the best practices, lessons learned and expertise developed over decades to inform the strategy that now focuses on longer term complex investigations. We must endeavor to efficiently root out corruption as close to the source as possible. That is senior officials, those in sensitive positions, and those who would use their position to influence dozens of others to do the same. We must work toward identifying and change the practices that open the city to corruption. In this way, we protect the greatest amount of taxpayer dollars, and ensure city services are developed--

delivered in the most efficient manner possible.

DOI's strategy will achieve all of this. At this time I will be happy to take your questions.

CHAIRPERSON GENTILE: Thank you, Commissioner. I just want to recognize the colleagues that have joined us since we began. Council Member Chaim Deutsch, Council Member Helen Rosenthal and Council Member Danny Dromm. Thank you for being here. Commissioner, I'm curious. You said in your testimony [coughs] that your--one of your goals is to lead high impact arrests that command attention and reform from the Board of Government Community. I know you mentioned a lot of activity that you've done over the past year. What--what is it--what would you put in that category of high impact arrests that command attention, and lead to reform from the Board of Government Community?

COMMISSIONER PETERS: Sure. I think there are a number of examples. Probably the best example and one that's still fairly recent is the work that we did involving public safety in the Buildings and--in the Buildings Department. We arrested 49 individuals. Well, through the Manhattan D.A., we arrested 49 individuals in January including

16 city employees including the most senior official in the entire Buildings Department in the Manhattan and Brooklyn offices on the safety inspection side. These senior people in both offices. That's a high impact arrest not only because those officials, corrupt officials influenced large number of people who report to them, but because it got people-- You know, it clearly got people's attention. It caught the attention not only of the Building Department, but that of the city as an overall. In a way that had we simply arrested some low level people earlier, I don't think we would have. Similarly, some of the arrests that we did at Rikers, especially the arrests that were done with extensive wire taps through undercover techniques, caught people's attention. Especially because we were able to link them with reports on smuggling including our ability to smuggle 250 glassine envelopes of Heroin into Rikers on six out of six occasions. Those high impact arrests linked to those reports are the reason that for the first time there will now be drug sniffing dogs checking guards as they come into Rikers. Something that had been resisted for many, many years, but is going to happen now as a result of the work. So

those are two examples, but I could give you more if you'd like.

CHAIRPERSON GENTILE: Great. And so you have seen reforms that have come from these high impact arrests.

COMMISSIONER PETERS: Yes, absolutely. I think as I said the fact that we now have--we are going to have drug sniffing dogs at Rikers for the first time is an example. The fact that for the first time there is now an Integrity Control Monitor at the Department of Buildings. I don't want to suggest that these arrests are a perfect panacea, but I think that these are important steps that over the next several years should show us good results.

CHAIRPERSON GENTILE: Okay, great. Let me just ask you [coughs] you indicate in your testimony also that DOI has made 248 corruption related arrests, and closed 508 investigations. But you caution us not to work--not to attach too much importance to these numbers. If that's the case, and we're not to attach too much importance to those numbers--importance to those numbers, how-- This is also a PMMR hearing. So how should we measure

performance if we should not attach too much importance to those--importance to those numbers?

COMMISSIONER PETERS: It's a great question, and obviously I think it's worth stating at the front that clearly doing this kind of systemic work is harder to measure. So we are talking about an approach that is harder to measure. But I don't believe that we should--we should abandon an approach simply because the metrics are more difficult. The way in which we evaluate this is to look at the--at the big impact work we've done. So, for example, if two to three years from now the Department of Homeless Services of our family shelters are all under contract with enforcement provisions, and those enforcement provisions are being used properly such that the conditions in the shelter is improved, then we're doing better. If two to three years from now we begin to see the change in smuggling and other issues at Rikers, then we're doing better. If two to three years from now we see improvements at the Department of Buildings, then we're doing better. Similarly, in the same way that I came before this committee today and was able to talk about a series of both high impact arrests, a series of reports at

several agencies that have led to the adoption of changes, you should expect that next year I'm capable-- I am able to come back and talk about a new series of high impact arrests and high impact reports with concrete examples. And I would say those are the ways to evaluate what we're doing.

CHAIRPERSON GENTILE: So, given that, and--and I--I accept that that's the case, what--what indicators in the current PMMR can we look to for performance then if that's the case? Because it sounds like it has to be a long-term.

COMMISSIONER PETERS: It does and, you know, the problem with numbers in the PMMR is that they're not always great indicators for--to give you two-- You know, to give you an example, if you were to look at the Mayor's Management Report and the Mayor's Preliminary Management Report statistics for the Department of Homeless Services between 2012 and 2014, you would see that on what they list as their critical indicators for safe--for safe, clean shelters that things got better every year. Year on year. So to look at those numbers is to suggest that the shelters were improving between 2012 and 2014. Yet, in fact, as our report last week indicated,

exactly the opposite was happening. So I think we need to be careful not to assume that the only way to evaluate programs is through sheer statistics.

CHAIRPERSON GENTILE: Okay. [coughs] But you realize the constraints we have as a Council to look at the PMMR as the--as the base of--of the efficiency of an agency?

COMMISSIONER PETERS: Absolutely, and I think part of the reason for, you know, for testimony about the PMMR is so that you can then say to me as you have and I've laid out for you, okay, are these are great-- You know, is there something we should know beyond these numbers? And if so, what are we supposed to know beyond these numbers? You know, part of the reason for taking-- You know, I acknowledge this was, you know, the testimony was rather long. And part of it was because I understand that you've got--you as a Council have an obligation to go beyond the numbers and to get a sort of detailed accounting of what we do. And so, what I would say is the best way to do this is by having these--have frequent hearings in which you can say we have these numbers. We understand that numbers are not anything like a complete indication of what's

going on. So please walk us through the more complete indication, and then let--and then--then we'll take--then we'll ask you questions about it.

CHAIRPERSON GENTILE: Right. Okay.

Several members have questions. I just want to ask--before I get to our members--one other question. You spoke a lot about the Integrity Monitors and the Integrity Monitor of the program. Can you outline the--the city versus non-city paid Integrity Monitor contracts.

COMMISSIONER PETERS: Sure. So there are really two reasons why you would put-- And let me actually take one step back if I may because the reason for Integrity Monitors is that for certain big complicated programs you need a large additional number of people with certain specialized skills. In the case of Bond B, which involves the replacement of windows and pointing at NYCHA people who know how to evaluate that. In the case of ECTP, people with accounting experience involving technology projects. You need large additional numbers of people far more than DOI has. And, of course, it shifts from year to year depending on what monitors you need. There are two basic reasons for a monitor. The first is

certain very large city projects in which we've always spent a huge amount of money, and a huge amount of money on a lot of things. For example, buying tens of thousands of windows in tens of thousands of window [sic] projects. Such that we feel as though unless there are people out there making sure that for all the tens of thousands of windows we bought they really got delivered. We just need that as an extra control. For those the City pays for directly, and I said my experience has been that that's money well spent both in efficiency and catching corruption.

The second is there are times when the City will want to contract with a private provider. Say to pave roads, to pave certain city streets. And the private provider would have had integrity problems in the past. In a perfect world, a provider that's had integrity problems in the past is a provider who we'll never contract with again. Unfortunately, in some instances there are only a small number of people can actually do the particular work. For example, painting lines on city streets. And so the City--the relevant City agency will come back to us and say, we know that the person we picked

you said has integrity problems. But there are only three companies that can actually do this work in this volume. They all have integrity problems. We have to hire one of them. And so what we'll do is say okay, fine hire them, but they must pay for an Integrity Monitor to watch them like a hawk because we know they had trouble in the past. And so that's the second instance, and in that case it's paid for by the private company as a condition of getting the work.

CHAIRPERSON GENTILE: Okay, I see. I see. Okay, I'm going to ask our colleagues to join in here with question. The first council member will be Council Member Rory Lancman.

COUNCIL MEMBER LANCMAN: How are you?

COMMISSIONER PETERS: Good. How are you?

COUNCIL MEMBER LANCMAN: Good.

COMMISSIONER PETERS: Good.

COUNCIL MEMBER LANCMAN: So I know what you just said about the--the numbers. I want to get into them a little bit more deeply, if possible. And I don't want to get into a situation where you or any other agency that has enforcement responsibility is judged by the--the numbers that, you know, there's a

slipper slope to the dreaded Q word, and we never want to go there. But maybe you could explain if-- and if you have and I missed it, I apologize. So I'm looking at--at some information that the Council prepares for us based on the MMR, the PMMR regarding the first four months of FY14 compared to FY15. And there are a number of categories where the numbers seem to be going in the wrong direction. And maybe there are reasons for them, and that's what I would like to hear. It seems according to the Management Report that the average time to complete an investigation has gone from 138 days to 172 days?

COMMISSIONER PETERS: Uh-huh.

COUNCIL MEMBER LANCMAN: That could be indicative of you're taking on more complex investigations, or maybe there are some other issues that we'd like to--to hear about. The number of current investigations has gone down. Again, this is the first four months of both fiscal years--from 949 to 707. The referrals for criminal prosecution have gone down dramatically from 269 to 89. And the number of arrests resulting from your investigations have gone down from 255 to 82. I'm not a cheerleader for prosecuting people or investigating people if the

misbehavior is not there, or the office is focusing on different things. But are any of those categories are there any particular explanations that you could offer?

COMMISSIONER PETERS: Sure and I think it's important to realize that most of the numbers you listed are all sort of related to each other. If you open fewer investigations, you're like to do fewer arrests. If you do fewer arrests, you're likely to see fewer prosecutions. So those are all number that are sort of proxy for one another. And I--and as I said, I think that there are a bunch--there are several reasons for this, but the biggest comes down to this. In the past, a lot of the arrests that you see in those numbers were, for example, large numbers of NYCHA tenants who misstated their income on their applications and, therefore, were arrested--arrested for fraud. Or City employees who brought in fraudulent doctor's notes to justify sick days. I am not justifying that behavior. Fraud is fraud and when we have evidence of those kinds of criminal acts, we will arrest people. But, in a world of finite resources--finite resources, I would rather we spend our intensive work not looking for

another 30 employees who submitted false doctors notes, but doing a report. Such as the one we did on the shelter system last week that is going to result for the first time in a plan to get all the shelters under contract. In a world of infinite resources, I would do everything, but in a world of finite resources, if we have to choose between-- As I said, where we have the evidence of the crimes, we obviously prosecute them. But I would rather spend our finite resources doing that shelter report. I would rather spend our finite resources doing all the background checks at the front end for the Universal Pre-K program even though if we had waited, we could have arrested the-- Well, we probably could have arrested the relevant people after they got into the program and hurt people. So, what I think you're seeing is a change in emphasis of where we want to spend resources on big investigations. And I think it's a--I think if we improve our shelter system, and we run a safe Pre-K program it's a tradeoff worth making.

COUNCIL MEMBER LANCMAN: So let me ask you about the Shelter Report and I don't remember.

Did that result in any criminal charges being brought or--?

COMMISSIONER PETERS: Not as of today.

COUNCIL MEMBER LANCMAN: Okay, and again, I'm not a cheerleader for that, and I hope that you don't view your success or your performance based on the number of scalps you have on the--on your mantle piece to mix a metaphor. We certainly have enough prosecutors in this town currently--

COMMISSIONER PETERS: [interposing] Uh-huh.

COUNCIL MEMBER LANCMAN: --some, you know, very close to where we're sitting who can't seem to get enough press for the work that they're doing. But, I'm wondering if you're--if you've made a determination to use the office-- I don't mean that inappropriately, but to use the office to more help shape and guide and support policy decisions or broad policy rather than catching bad guys, right. So reforming the Shelter System is a very important part of the de Blasio's Administration policy agenda as well as the--the Council's. I think it's fair to say. You know, we have control of who can audit for performance, and recommend improved performance. We

have Council committees. But you're the guy who catches bad guys doing criminal things. How would you respond to that?

COMMISSIONER PETERS: Sure. A couple thoughts. One is we absolutely are not involved in shaping policy. In fact, DOI never is involved in shaping policy. Policy gets made by the Mayor and City Hall and by the Council. We are solely charged with making sure that once the Mayor and you have made policy, that that policy is carried out in an honest, effective, and efficient manner. So I just want to be clear that we don't make policy. In terms of supporting policy by making sure that it is honestly and effectively carried out, yes, of course. But, in fact, the investigation would do to the Homeless Shelter System, which I think is a fine example and the point I want to make. That is an investigation that only DOI could have done. Aside from the fact that Shelter System has been a problem for a decade. So, indeed, nobody did this report until we did it. So, one, if it was easily done, it would have been done and it wasn't. It's never been done before, and we were the first to do it. But second of all, we were really the only ones who could

do it? First of all, we are the only entity in the city that has the ability to bring the Fire Department, the Buildings Department, and all of the other entities into the shelters to make them do those inspections the way they need to be done. We're the only entity that's got the ability to look at how not only the Department of Homeless Services is operating, but the Fire Department and the Buildings Department. Nobody else can bring all of those entities there, and nobody else has the investigative expertise and tools to do this work. So, in fact, it is not a surprise to me that this report had never been done before. Because there was nobody to do it but us. Right, there are other entities that look at--can make decisions about policy on homeless shelters, but there was nobody who could bring all these enforcement entities together to do this report and indeed haven't. And I believe it was a vital, vital thing for this government. Because the homeless shelter had descended to Dickensian debts. We're letting our children grow up in rooms with decaying rats in them. And somebody needed to step in and do this report so that policymakers, this Council included, can be fully

informed of the problems and so that steps can be taken like getting everything under contract. So that we can eliminate the Dickensian conditions.

COUNCIL MEMBER LANCMAN: Okay. My last question. If you could just tell us what kind of cooperation and collaboration you have with the District Attorneys' offices. We had them testify at a public safety hearing last week. You know, there are-- Ken Thompson is pretty new, Cy Vance. I still count them in the new category. Although in fairness his predecessors are there so long I don't know how long it will take for Cy to feel like he's been there for a long time. Are you--and I don't want to put you on the spot or putting anyone else on the spot. But these aren't always issues that get the attention of the district attorneys who handle more meat and potato, you know, street files. Is there anything that your office has done to improve the collaboration work with their investigative resources to uncover some wrongdoing?

COMMISSIONER PETERS: You know, the agency even before I got--I got here had a very good working relationship with the district--the various district attorneys. I think we've continued it. The

thing that I've tried to be mindful of in addition to personally meeting with the district attorneys myself is that having been a prosecutor the thing you want most in life is for investigative agencies such as ours to bring you in at the beginning of investigations. In other words, not to show up on your doorstep and say, we did this full investigation. We're ready to arrest people. And we've tried to be double. You know, if we--if we were always mindful of it, I tried to be doubly mindful of it. And I think frankly on the whole it's working quite well. I'm quite pleased.

COUNCIL MEMBER LANCMAN: Okay. Well, thank you.

COMMISSIONER PETERS: Thank you.

CHAIRPERSON GENTILE: Thank you, Council Member. We'll got to Council Member Daniel Dromm.

COUNCIL MEMBER DROMM: Thank you, Mr. Chair. Good to see you, Commissioner.

COMMISSIONER PETERS: Good to see you.

COUNCIL MEMBER DROMM: I have some questions of the SCI--

COMMISSIONER PETERS: interposing] Sure.

COUNCIL MEMBER DROMM: --as a former New York City school teacher and now Chair of the Education Committee in the City Council. So last May I held a hearing charter schools. And at that hearing I brought up an issue about one charter school, Coney Island Prep in Brooklyn, using an orange T-shirt to punish kids in the classroom. Which they have a system of giving out pride dollars when kids are good, then when your pride dollar bank is empty, they force the kids to wear these orange T-shirts. So that other kids in the class know that their pride bank is empty. And then if other kids in the classroom talk to the kid who's wearing the orange T-shirt, they have to also wear the orange T-shirt. So I wrote Commissioner Condon, and he wrote me back, and he said that he couldn't investigate that because it's a State run--the State determines discipline policy for charter schools. Do you have jurisdiction over that? Is he correct in that statement? And then it opens up a whole other set of issues in regard to actually, you know, corporal punishment. Which actually this may--this incident may have risen to that level, but corruption in charter schools, et cetera and so forth and so on.

COMMISSIONER PETERS: Sure. Commissioner Condon was correct in that it was absolutely correct. We have jurisdiction of charter schools to this extent. To the extent they are receiving City funds and to the extent that those funds are not used as allocated, we have jurisdiction over that. However, to the extent that there are issues related to how-- to the policy behind how you choose to run a charter school, how you choose to discipline students. Unless there's an actual violation of the penal code, that we do not have jurisdiction over. As long as the charter school--if the charter school uses the money in the way that it was allocated, we do not have jurisdiction over whether the decision to allocate the money in that particular way is wise or not wise. That goes into policy, which we don't do.

COUNCIL MEMBER DROMM: Okay. So in your testimony when you were mentioning the fact that you investigated a situation of bullying and it led to the fatal stabbing, it was the fatal stabbing that allowed then to investigate that or was it the bullying?

COMMISSIONER PETERS: Well, two things. That was not at a charter school.

COUNCIL MEMBER DROMM: Uh-huh. So then there's a separate rule for the charter school?

COMMISSIONER PETERS: There is not--well, there is a somewhat separate rule because they have slightly different regulatory speeds. But also, what in that case we had a fatal stabbing. But the bullying in and of itself would not be what we would-- Once we looked at the fatal stabbing was to look at all the things related to it. But in that case we had a fatal stabbing.

COUNCIL MEMBER DROMM: What about issues of sexual abuse of minors in charter schools?

COMMISSIONER PETERS: If there were allegations of sexual abuse of minors in charter schools, we would have jurisdiction to look at that, yes.

COUNCIL MEMBER DROMM: So it's the issues of a--

COMMISSIONER PETERS: [interposing] Yes.

COUNCIL MEMBER DROMM: --level that then you go in?

COMMISSIONER PETERS: Correct.

2 COUNCIL MEMBER DROMM: In the Department
3 of Education when you have corporal punishment issues
4 that goes to the internal Office of Investigation?

5 COMMISSIONER PETERS: We would--I can
6 certainly get back to you on that. If there was an
7 allegation--if you--if there was an allegation of
8 corporal punishment that violated either city
9 regulations or State Penal Code, we could and would
10 look at that. If you have an allegation--if you are
11 aware of an allegation of corporal punishment
12 violation either of those things, you should refer
13 that immediately to me and to Commissioner Condon.

14 COUNCIL MEMBER DROMM: So if--I'm not
15 saying I did, but I'm just wondering.

16 COMMISSIONER PETERS: [interposing] I
17 have one of those, too.

18 COUNCIL MEMBER DROMM: Actually, in my
19 position as Chair of the Committee this is why I'm
20 inquiring. What about issues of-- I guess you
21 answered that maybe in the mispending of city funds.
22 That absolutely is an area that you would cover.

23 COMMISSIONER PETERS: If you are aware of
24 any city charter that is spending funds other than in
25 the way allocated, you should immediately bring that

to the attention of--you should immediately bring that to the attention of both Commissioner Condon and myself.

COUNCIL MEMBER DROMM: Okay. Thank you.

COMMISSIONER PETERS: Thank you.

CHAIRPERSON GENTILE: Thank you Council Member Dromm. We've been joined by Council Member Inez Dickens. Thank you for being here. And our next questioner will be Council Member Helen Rosenthal.

COUNCIL MEMBER ROSENTHAL: You saw me and you thought Brewer, didn't you? I heard that. Commissioner, it's nice to see you. Thank you for coming in today. Thank you so for holding this. And to the staff this document was amazing. So thank you very much for helping to prepare us. My first question has to do with an issue-- Again a follow up to the hearing that we had about City Time. Where we had talked about changing some of the laws having to do with vendor--Vindex, and what would be on Vindex. And I guess my question is when--when a project when you do an investigation, and you come up with recommendations, what-- Do you have enough funding? Do you have the staff to follow up on whether or not

those recommendations are taken? Specifically in the situation that I'm thinking about, you know, it's still out there hanging some of the recommendations or at least to my knowledge it's unclear about whether or not the recommendations were ever taken.

COMMISSIONER PETERS: Sure. I think--I don't believe you will ever meet a Commissioner of any agency, City, State or Federal that tells you that if you want to give them more money, they won't take it. Having said that--

COUNCIL MEMBER ROSENTHAL: [interposing]
Yes.

COMMISSIONER PETERS: --I think that we do have adequate funding to follow up on these things. It is something that I'm really trying to make a priority of. The thing to keep in mind especially and the City, in fact, has taken a number--has agreed to adopt a number of the recommendations that were in the combined--the City Time and the ECTP Reports. Probably the most important is the agreement to retain a corruption Integrity Monitor for all big tech. For both ECTP and big technology projects going forward. I would say it's probably the most important of the recommendations. And the

City has agreed to it. Obviously, some recommendations will take years before we can see whether they are being fully adopted and followed. But, we are making a real priority follow-up on those things. And I think we are proper--we are with the additional monies allocated to us properly funded to do so.

COUNCIL MEMBER ROSENTHAL: So, is--so would those new Integrity Monitors where they have changed policy and agree to have one, those would be housed in DOI?

COMMISSIONER PETERS: The Integrity Monitors are traditionally private companies that do this kind of work. They are paid through OMB, but they report to DOI. DOI does the RFP. DOI selects them. They report to DOI. Yes.

COUNCIL MEMBER ROSENTHAL: Right, and you mentioned 16 FTEs this year.

COMMISSIONER PETERS: It's 16--well, there are 16 Integrity Monitors. The number of employees is going to be hundreds. There are 16 Integrity Monitors, but each monitor--you know, each entity that's been selected as a monitor can have-- You know in the case of Bond B, can have--

COUNCIL MEMBER ROSENTHAL: [interposing]

Oh.

COMMISSIONER PETERS: --dozens if not hundreds of people out on construction. In other words, we hire a single Integrity Monitor. Actually, for Bond B, we hire--

COUNCIL MEMBER ROSENTHAL: [interposing]

It's a company?

COMMISSIONER PETERS: It's a company.

COUNCIL MEMBER ROSENTHAL: [interposing]

I didn't understand that.

COMMISSIONER PETERS: Yes, we hire a company.

COUNCIL MEMBER ROSENTHAL: Okay.

COMMISSIONER PETERS: That company in the case of Bond B I'm a little afraid to say hundreds of people because somebody will come back and tell me--

COUNCIL MEMBER ROSENTHAL: [interposing]

Yes, I totally understand.

COMMISSIONER PETERS: --that only 90, but you get the point.

COUNCIL MEMBER ROSENTHAL: Yeah, yeah.

So that's very helpful, and it sort of answers my second question. But do you think that we could get

a little more information about the Integrity Monitors. You know, the nature of the work they're doing, or the report that they issue at the end of the day, or the projects that you have them working on? Is that public or Council information?

COMMISSIONER PETERS: Sure. I mean, a good chunk of it is anyway. And let me just use Bond B as an example, and I'm happy to provide you further information maybe here or at a later date.

COUNCIL MEMBER ROSENTHAL: Thank you.

COMMISSIONER PETERS: So for example, Bond B is a half billion dollar project to restore windows, painting and other related aspects of NYCHA buildings. As a--the Federal Government gave the half billion dollars to the city to do the work, and as a condition of it there had to be an Integrity Monitor hired by DOI reporting to DOI. So that Integrity Monitor does a number of things. They are making sure that if we say we're buying a thousand windows for this particular set of buildings that 1,000 windows get delivered. That when the contractors say, and they have some multiple contracts, it too so many person hours to install the windows, you know, that they will literally have

people out on the sites who can say I went out to this site on this date. And when they said they had guys out there for 6-1/2 hours, I can verify that they really had guys out there, and I saw guys out there for 6-1/2 hours.

COUNCIL MEMBER ROSENTHAL: Got it.

COMMISSIONER PETERS: They would also-- you know, one of them--

COUNCIL MEMBER ROSENTHAL: [interposing] And that was paid for as part of the \$500 million that was--

COMMISSIONER PETERS: [interposing] Yes.

COUNCIL MEMBER ROSENTHAL: Okay

COMMISSIONER PETERS: That is correct.

COUNCIL MEMBER ROSENTHAL: Sorry. I didn't mean to interrupt.

COMMISSIONER PETERS: You know, and lastly, I think this is a very important issue and one that, you know, I expect to talk about hopefully more this time next year when you all ask me for what I did for my next year's worth of work. Wage theft in general and prevailing wage theft in particular is a real problem for a variety of reasons. Not only does it steal money from individuals who are often in

no place to defend themselves, but also because it tends to be a gateway to other safety problems on construction projects. We have arrested people for prevailing wage violations over the past year, and we--that is something that these Integrity Monitors help us focus on to make sure--

COUNCIL MEMBER ROSENTHAL: [interposing]

And--

COMMISSIONER PETERS: --that wages are paid.

COUNCIL MEMBER ROSENTHAL: --so does it-- and so did that issue, for example, come out as a result of what your Integrity Monitors--your Integrity Monitor at the NYCHA windows project found--

-

COMMISSIONER PETERS: [interposing] Well, we--

COUNCIL MEMBER ROSENTHAL: --and that was like a lead?

COMMISSIONER PETERS: Integrity Monitors have helped us find these things. I'm not at this time going to go into details of the NYCHA Bond B Integrity Monitor on this issue as that's an investigation still in progress.

COUNCIL MEMBER ROSENTHAL: So on thing I'd like to sort of add to your bucket of things for possibly that Integrity Monitor and another one to keep an eye on are the security cameras at NYCHA and implementation of all the--what's being dubbed security cameras. But it's really a much larger project that has to do with layered access, and other ways of security the NYCHA buildings. Where I have found in my agreeing to fund projects that the numbers are sort of wildly all over the place.

COMMISSIONER PETERS: [interposing] Uh-huh, that is very much on our radar.

COUNCIL MEMBER ROSENTHAL: That's already on your radar?

COMMISSIONER PETERS: It is and I will make sure it doubly is so now.

COUNCIL MEMBER ROSENTHAL: Okay. I appreciate that and thank you.

COMMISSIONER PETERS: Okay.

COUNCIL MEMBER ROSENTHAL: So I have a couple more questions. Can I continue? The--you mentioned--I'm going to switch over now to--as Chair of the Contracts Committee the MWBE Program.

COMMISSIONER PETERS: Uh-huh.

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2 COUNCIL MEMBER ROSENTHAL: You mentioned
3 that you this past year did 24,000 vendor checks.

4 COMMISSIONER PETERS: Uh-huh.

5 COUNCIL MEMBER ROSENTHAL: Does any of
6 that work have to do with whether or not a firm that
7 calls itself an MWBE really is?

8 COMMISSIONER PETERS: Uh-huh, we as part
9 of the basic vendor check process, we do--that is not
10 part of what we do

11 COUNCIL MEMBER ROSENTHAL: Okay.

12 COMMISSIONER PETERS: There are other
13 city agencies that do that. We certainly have done
14 MWBE fraud cases especially with the Manhattan
15 District Attorney.

16 COUNCIL MEMBER ROSENTHAL: [interposing]
17 Yeah.

18 COMMISSIONER PETERS: And I imagine we
19 will do so again. So where we have had allegations
20 with somebody who is engaged with MWBE fraud, which
21 we obviously take very seriously, we have done those
22 investigations. There have been arrests as a result.
23 We do not check, routinely audit for this. There are
24 other City agencies that do that.

25

2 COUNCIL MEMBER ROSENTHAL: So SBS you
3 mean?

4 COMMISSIONER PETERS: We have had
5 involvement with that, but I would leave it to those
6 commissioners to discuss it.

7 COUNCIL MEMBER ROSENTHAL: Okay. Thank
8 you.

9 COMMISSIONER PETERS: Sure.

10 COUNCIL MEMBER ROSENTHAL: And the
11 results of your vendor checks, is that information
12 online? Like how many when you do a vendor check get
13 rejected?

14 COMMISSIONER PETERS: Well, Vindex is
15 absolutely online, and so one of the things that in a
16 Vindex form or flags. The way it works, and I want
17 to be careful with the word "rejected." We don't--
18 it's not as though what we do is we reject somebody.
19 We do a vendor check and we then say to the relevant
20 hiring agency there are problems. In theory, an
21 agency is empowered to say we don't care what you
22 think. We want to hire this corrupt--

23 COUNCIL MEMBER ROSENTHAL: [interposing]
24 Sort of what you were talking about earlier--

25 COMMISSIONER PETERS: Right.

2 COUNCIL MEMBER ROSENTHAL: --only three
3 options.

4 COMMISSIONER PETERS: Right. I am
5 putting it--nobody ever does that. Occasionally,
6 people come to us and say, you know what, we don't
7 have the--you know, there are three people who do
8 this. They all came up bad, and that's when we will
9 sit down and say fine let's put a--but we don't
10 actually-- It's not as though there's an accept or
11 reject, if that makes any sense.

12 COUNCIL MEMBER ROSENTHAL: It does. I
13 actually went through Vindex training last week so I
14 know exactly what I mean, and I see where the red
15 flags are. And actually it's of concern to me.

16 COMMISSIONER PETERS: [interposing] Uh-
17 huh.

18 COUNCIL MEMBER ROSENTHAL: Because the
19 red flags--I mean first of all I actually caught a
20 couple of mistakes where things weren't linked from
21 one spreadsheet to another in the system.

22 COMMISSIONER PETERS: Uh-huh.

23 COUNCIL MEMBER ROSENTHAL: And so I
24 wonder about the meaningfulness of those flags. I'm
25 just wondering. By the same token, and I don't mean

to send a vendor into, you know, that they can never be hired. There must be room for redemption for sure, but I'm just sort of wondering. I'm starting to think about it.

COMMISSIONER PETERS: Yeah, it--we put a lot of resources into Vindex. I'm by no means--as does the Mayor's Office of Contract Services. I'm by no means going to suggest that it's a perfect system, but on the whole it seems to be working reasonably well.

COUNCIL MEMBER ROSENTHAL: So here's the exact sample that I found and this is my last question. It had to do with the fraud case with the--I forgot what it was called at that time, but it had to do with wiring of the schools.

COMMISSIONER PETERS: Uh-huh.

COUNCIL MEMBER ROSENTHAL: And in the last few weeks we identified that DOE sort of pushed through a contract having to do with wiring the schools and new hardware. And they ended up using their company custom computer specialist. I'm forgetting the name where five years ago this-- Someone that they partnered with--

COMMISSIONER PETERS: [interposing] Uh-huh.

COUNCIL MEMBER ROSENTHAL: --is now in prison because of taking money from the City. Now, DOE assures us that they put in new systems so that that could never happen again. And I want to believe them about that. But in Vindex, there was no link between CCS's current status. You know, when you looked at them on Vindex they had a clean record And there was--and when you looked into the written details of what was going on, it absolutely mentioned Lanham [sic] as a partner. But that information was not linked in any way to a red flag. You had to dig so very, very deep to find that. It makes me nervous sort of (A) as a prelude to the question of do you have any concerns about this new contract that DOE just signed with an organization that (A) you know, has a spotty record, has a terrible record. And is not, you know, doesn't seem to even meet the basic criteria for contracting with. In other words, this is a billion dollar project, and they only have \$30 million in revenue as a company. Where there were other companies that have, you know, solid revenue streams, a real history, blah, blah, blah. Would

that ever come to your attention, and would you look into that?

COMMISSIONER PETERS: A fair question.

As to the specific Vindex link issues on this specific case, I'm going to have to get back to you on it. I haven't looked at the Vindex--this specific Vindex form, but I'm happy to get back to you on it. Again, I think it's important to note that assuming that the Vindex form either worked or didn't, but our role here would be to make sure that the information is readily accessible to DOE that this entity has these problems. I'm not particularly qualified to discuss whether given those problems they should still get the contract given the other folks involved. That's a question for DOE that I would suggest asking DOE, but I will get back to you on the first part of your question.

COUNCIL MEMBER ROSENTHAL: Yeah.

COMMISSIONER PETERS: With the Vindex link I honestly sitting here now and haven't looked at that particular Vindex situation.

COUNCIL MEMBER ROSENTHAL: Absolutely.

But sitting here now did anyone flag for you that this particular contractor, who was, you know, in the

2 SCI Report it said banned from ever contracting with
3 the City again. The individual but not the company.
4 Did it come to your attention that they were being
5 considered for a contract, and that in the
6 negotiations, a lot of sort of shady things went on.
7 It went from being a \$1.1 billion bid down to being a
8 \$635 million contract with no change in scope. I'm
9 not a lawyer, but that doesn't pass the smell test.

10 COMMISSIONER PETERS: I was--I was not
11 personally--I did not personally know about this one--
12 -

13 COUNCIL MEMBER ROSENTHAL: [interposing]
14 Okay.

15 COMMISSIONER PETERS: --until it became
16 public. I would be happy to get back to you with
17 what was discussed at a lower level.

18 COUNCIL MEMBER ROSENTHAL: Yeah. I mean
19 that's good to know. So I mean when it became public
20 then what would have happened in your agency to--to
21 think about it?

22 COMMISSIONER PETERS: Sure. I'm happy to
23 get back to you on it.

24 COUNCIL MEMBER ROSENTHAL: Okay.
25

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2 CHAIRPERSON GENTILE: [off mic] Thank
3 you.

4 COMMISSIONER PETERS: Sure.

5 CHAIRPERSON GENTILE: [on mic] [coughs]
6 Thank you. Excuse me. Thank you Council [coughs]
7 Member. I'm fighting a head cold today.
8 Commissioner, you had--you had talked a lot about
9 Integrity Monitors in NYCHA. A few of us here are
10 curious. Do you have Integrity Monitor for SCA,
11 School Construction?

12 COMMISSIONER PETERS: We--the School
13 Construction already has an Inspector General
14 obviously who reports to me. There are--I'm trying--
15 I don't believe any other than the integrity-- You
16 know what? I don't want to answer this and get it
17 wrong. I'll be happy to get back to you as to
18 whether any of the 16 Integrity Monitors are working
19 on projects linked to the School Construction
20 Authority. But certainly to the extent that somebody
21 is hired for a project that--who has had problems in
22 the past, that is what we would insist on. I just
23 don't want to--I'm happy to get back to you, but I
24 don't know off the top of my head whether any of
25 those 16 projects happen to be linked to SCA. But

they might be, and certainly that's something over which--Certainly if SCA chose to--the SCA contracting process goes a little bit different than most other City processes because they actually have what's called pre-qualified bidders. Meaning people who the SCAIG has already reviewed and determined are acceptable bidders. So it reduces the instances where-- There are downsides to that system, too, and it takes a lot of money to put it in place, and a lot of time. But there are fewer instances as a result where you need the monitor at the back end. But I don't want to--I don't want to say there aren't any of those 16 on SCA without knowing. I'm happy to get back to you.

CHAIRPERSON GENTILE: Great. Please get back to us on that.

COMMISSIONER PETERS: Okay.

CHAIRPERSON GENTILE: You also said in your testimony on the Integrity Monitor program that often--more often than not they are paid for by the vendor. But in certain cases like the ECTP and NYCHA's Bond B, the City will pay for a monitor because of the complexities in the project and they monitor on a daily basis. So, I'm curious. If

you're saying that those agencies need to have a Integrity Monitor then that becomes a budget issue for them, right?

COMMISSIONER PETERS: Correct.

CHAIRPERSON GENTILE: And then they have to make that request through OMB and so on. What--to what extent does DOI I guess certify or help those agencies convince OMB that that money had--that that allocation has to be made?

COMMISSIONER PETERS: Well, where we believe an Integrity Monitor is necessary we tell that to the agency. The next step is the agency then goes--has to go to OMB and say, look, we need that money. But to give you an end, clearly certainly in my time here I've found that OMB has been pretty responsible, the best example being ECTP where as a result of our work we said there is absolutely a need for an Integrity Monitor. It will absolutely cost money out of the project's budget, and do it and OMB--you can ask both of them to do it. And OMB basically met and everybody concluded yes we've gotten--yes it has to be done. There has never been an instance that I'm aware of where we said you need an Integrity Monitor and the city has to pay for it,

and the agency-- You know, the agency has said no or OMB has said to the agency, well, we won't give you the money for it.

CHAIRPERSON GENTILE: So those requests have not been denied?

COMMISSIONER PETERS: I'm not aware of an instance where it's ever been denied. No.

CHAIRPERSON GENTILE: Okay, that's good to know.

[background comment]

CHAIRPERSON GENTILE: Oh, okay. We've also been joined by Council Member Jumaane Williams. Thanks for being here. Before we go to Council Member Dickens for questions, I just had one more question I wanted to bring up to you. OMB I'm told has asked all agencies to--to develop a list of agency efficiencies.

COMMISSIONER PETERS: Uh-huh.

CHAIRPERSON GENTILE: What--what agency efficiencies have you identified to OMB, if you've done so yet?

COMMISSIONER PETERS: We have identified some efficiencies to OMB already. I'd like to believe we are a pretty efficient lot to begin with.

But there are certainly some efficiencies in the way things are paid for especially in regards to things like overtime that can be done a little bit better. There are certain report that are frankly I think a holdover from past events that could be reduced. And so we've given OMB a couple of suggestions. On the whole, I mean our budget is a tiny, tiny percentage of--you know we're \$29 million out of a--What is it, a \$70 something billion budget. So we're sort of playing at the margins.

CHAIRPERSON GENTILE: Can you just share with us at some point that list of efficiencies?

COMMISSIONER PETERS: Yes, I'd be happy to forward that onto you.

CHAIRPERSON GENTILE: Great. Thank you. We'll go to Council Member Inez Dickens.

COUNCIL MEMBER DICKENS: Thank you, Chair, and good morning. Thank you, Commissioner Peters for your testimony. [coughs] I was looking over the Fiscal '15 Preliminary Mayor's Management Report Measures, and I just want to mention the three goals that are mentioned here. The first is the maintenance of the integrity of the City's agencies and employees, et cetera. The second is the service

goal and the last is the goal to ensure that all background investigations are conducted in a timely fashion. And I want to comment that I noticed that the Vindex has remained about the same, and I congratulate you on that in that it hasn't been a significant decrease in the number of Vindexes checked or the time that it takes to do that investigation from--actually from FY13. It's gone up significantly for FY12 but not from FY13. So I wanted to compliment you on that.

COMMISSIONER PETERS: Thank you.

COUNCIL MEMBER DICKENS: Because the last time we really had a chance to talk, I questions you about the effectiveness of investigation. And so that's great. I think that's good. And also the agency is great on responding. I noticed that the response time has gone down for letters and emails as well. I think that's great. However, the--it also has an indicator here of the number of agency customers of the surveys that were sent back. And that's gone down significantly or the number of surveys have gone down significantly. Can you tell me why?

2 COMMISSIONER PETERS: I honestly cannot
3 tell you why the number of surveys returned has gone
4 down. I would happy to talk to my staff and get back
5 to you on that.

6 COUNCIL MEMBER DICKENS: No, I just--I
7 just wanted to know had you sent out the same number
8 of surveys and those people had not responded, or
9 your surveys--

10 COMMISSIONER PETERS: [interposing] From
11 --the surveys from--

12 COUNCIL MEMBER DICKENS: --had been sent
13 out. That's the first question

14 COMMISSIONER PETERS: I don't know the
15 answer. I'm happy to get back to you on it.

16 COUNCIL MEMBER DICKENS: All right, and
17 the other thing that I have is referrals for civil
18 administrative active has gone down one-third.

19 COMMISSIONER PETERS: Uh-huh.

20 COUNCIL MEMBER DICKENS: Referral for
21 criminal prosecution has gone down. This is from
22 FY13 I'm talking--comparing--has gone down one-half.
23 Arrests from your investigations have also gone down
24 about one-quarter. Financial recoveries has gone
25 down significantly from 38 to 11, and financial

recoveries for the City has also--has gone up, though. So can you tell me why that is? Why all of that has gone down significantly, yet your investigations seems to have remained the same?

COMMISSIONER PETERS: Sure and there are--all of those numbers are linked. You know, if you open few cases, you make fewer arrests. If you make fewer arrests, you know, you make fewer referrals, et cetera. So they're all--they're all linked numbers. And really, what this is the result of is a change in emphasis towards larger more high impact arrests and larger more systemic investigations. So that fraud is fraud, and where we have evidence of fraud we will arrest people and prosecute them for it. But if in given finite resources I would rather target those--in terms of things I'm going to proactively investigate, I'd rather spend my time doing for example the shelter--the Homeless Shelter Report that we issued last week even though it results in--it resulted so far in no arrests and no referrals for discipline. So as a statistical matter it is zero, but I think it's one of the most important things we could do given the condition of the shelter system. And given the changes in the way we run our shelters

that have been agreed to as a result of this report. I'd rather spend my resources on that than, for example, doing-- You know, investigating 20 cases where somebody may have submitted a false document. You know, some low level employee submitted a false doctor's not to get an extra sick day.

COUNCIL MEMBER DICKENS: Right.

COMMISSIONER PETERS: With evidence of the false notes I'm going to arrest and prosecute fraud as fraud. But in a world of finite resources, what you're seeing is the result of a conscious decision that we need to first and foremost make sure that the most vulnerable citizens in the City of New York are getting the services they need. So that we don't have small children growing up in homeless shelters with, you know, decaying rats on the floor. So that's what's the--that--that is the effect of that decision is what you're seeing.

COUNCIL MEMBER DICKENS: All right. So then it means that you're really your office has decided to concentrate on those things that are--are a more--can be seen by the public more so than some of the things that may be going on covertly I should say.

2 COMMISSIONER PETERS: Well, I think it's
3 both that and things that are having a greater impact
4 on public safety, public health and delivery of
5 public services.

6 COUNCIL MEMBER DICKENS: Because you
7 know, City Time--I just want to remind you that City
8 Time was done, and that was--that, you know, that was
9 going under the radar for some time--

10 COMMISSIONER PETERS: [interposing]
11 That's correct.

12 COUNCIL MEMBER DICKENS: --and it wasn't
13 a sexy thing. And so, you know, until all of a
14 sudden everybody discovered there's millions.

15 COMMISSIONER PETERS: And City Time was
16 an incredibly important case to do, but what's
17 interesting is that the overall number of arrests the
18 agency was doing would go up year after year while
19 City Time was happening. City Time was an incredibly
20 important case that had to be done, and those are
21 the--you know, more important that catch like that.
22 You know, more important than we find the problems in
23 the Shelter System and get them fixed. So that's
24 what you're seeing with this. [sic]

COUNCIL MEMBER DICKENS: [interposing]

Because that started with just doing a little check--
a cursory check. That's how it got started.

COMMISSIONER PETERS: Uh-huh.

COUNCIL MEMBER DICKENS: And then it
spiraled into--

COMMISSIONER PETERS: [interposing]

Right.

COUNCIL MEMBER DICKENS: --something no
one ever anticipated.

COMMISSIONER PETERS: And that's why we
need to put internal controls in place at the front
end, which again takes a lot of time. It takes
probably sometimes it takes as much time as it takes
to put in internal control. It takes as much of my
staff's time to do internal controls on the front
end, but you'll never see arrest numbers coming out
of that.

COUNCIL MEMBER DICKENS: All right, well
thank you. That's what I was looking at this.

COMMISSIONER PETERS: Sure.

COUNCIL MEMBER DICKENS: Thank you.

Thank you, Chair.

CHAIRPERSON GENTILE: Thank you, Council Member Dickens, and what was it that the Commissioner was going to follow up on?

COUNCIL MEMBER DICKENS: I had asked about the number of surveys that were returned. Why is it down more than half.

CHAIRPERSON GENTILE: Uh-huh. Okay. We'll put that on the list here. Thank you. Commissioner, are there any new needs that you will be requesting from OMB in the Executive Plan that are not reflected in the Preliminary Plan?

COMMISSIONER PETERS: There are no substantial new needs. There are some small things that we are still discussing, and as soon as we finalize that, we will get to OMB. I'm happy at that point to also discuss them. There are some small things, but beyond the new needs that you see, the additions that are in the Preliminary Plan, there are not massive new needs additionally coming?

CHAIRPERSON GENTILE: So we won't see a major change in the Executive Plan?

COMMISSIONER PETERS: I don't believe you will. I believe there are some small things, but nothing huge.

CHAIRPERSON GENTILE: I see. Are they in the area of just additional positions?

COMMISSIONER PETERS: Yes. In other words, I'm not sitting with all the staff trying to, you know, determine which-- As I said, you will never meet a commissioner anywhere in the world who tells you that if you want to give them more money they can't--

CHAIRPERSON GENTILE: [interposing]
Right.

COMMISSIONER PETERS: --make use of it.

CHAIRPERSON GENTILE: Right.

COMMISSIONER PETERS: But I'm also trying to make sure that any additional needs we suggest are grounded in absolute necessity, you know, given that I understand that there finite-- Not only do I have finite resources, but the city does as a whole. But I don't--I don't anticipate large numbers of new needs at least at the moment. If that changes, we'll certainly let you--we'll let OMB and you know.

CHAIRPERSON GENTILE: Speaking about positions and filling positions, the Preliminary Plan adds four additional investigative audit staff.

COMMISSIONER PETERS: Correct.

CHAIRPERSON GENTILE: How does that--or what impact will these additional auditing staff have on the existing operations.

COMMISSIONER PETERS: Tremendous. For example, we now have four investigative audit staff. The ECTP investigation consumed a substantial part of all four of their time. Which meant that a lot of other--a lot of other things, and a lot of other large systemic cases where we wanted to be looking at financial records had to proceed without them, and we had to put investigations on hold. This will dramatically increase. It will increase by double our ability to do these kinds of large scale investigations like ECTP, like the shelter system where, you know, investigations-- Where the investigations are not simply sitting on wires and listening to corrupt officials. Although we certainly do that, and are requesting some extra staff to help do that. But also going through thousands of pieces of paper to try to figure out, you know, where the money ultimately ended up.

CHAIRPERSON GENTILE: So I'm curious. What if any interaction or interplay would a financial auditing staff member have with an Integrity Monitor?

COMMISSIONER PETERS: An Integrity Monitor is brought in for a specific thing where you need a huge number of auditors. So they are brought in when for example ECTP now will get an Integrity Monitor to be looking going forward and in real time with the money being spent. They're not--they're looking for wrongdoing, but they're not doing the specific investigation. The auditing positions are there so that at the outset when I say, or as in this--the case of ECTP the Mayor says, Is something going wrong there? Go look. They're the people who can go and start looking. When we determine there's something wrong, and there needs to be a monitor, then we can turn that over to an Integrity Monitor which is a sort of more systematized, you know, I need to see very third invoice. I need to cross-check every, you know, fifth shipment with a relevant invoice.

CHAIRPERSON GENTILE: So a financial auditor is a more focused inquiry--

COMMISSIONER PETERS: [interposing] Yes.

CHAIRPERSON GENTILE: --as opposed to--

COMMISSIONER PETERS: [interposing]
Correct.

CHAIRPERSON GENTILE: --the systematic--

COMMISSIONER PETERS: [interposing] Yes.

CHAIRPERSON GENTILE: Okay.

COMMISSIONER PETERS: Exactly.

CHAIRPERSON GENTILE: I see. Okay. I believe Council Member Dickens you have one more question.

COUNCIL MEMBER DICKENS: I apologize. There was one other question. The PMMR briefly talks about an E-Learning margin. Can you tell me what that is?

COMMISSIONER PETERS: Sure. That's something that we're working on with DOITT. We give corruption prevention lectures where we actually have staff go out, and talk with staff at various City agencies to make sure-- You know, both to make sure they--to make sure that they understand their obligations, and understand that they to report certain things to us. What the E-Learning modules will do when they're in place, and they're going to do a test sample and have it hopefully in place more broadly within the City. And DOITT I think has a better sense of the timing than I do. Is it will allow us to do a lot of this through people's

computers while they're sitting at their desks, which will free up investigators to be doing more investigations.

COUNCIL MEMBER DICKENS: So this is really going to be doing something that would probably be implemented through DOITT, that's one.

COMMISSIONER PETERS: Yes.

COUNCIL MEMBER DICKENS: What is the cost of it?

COMMISSIONER PETERS: This will be implemented through DOITT.

COUNCIL MEMBER DICKENS: What's the cost that's going to be do in doing these e-modules?

COMMISSIONER PETERS: It will be similar to the--the things that we were teaching people in the corruption prevention lectures. In other words, here are some of the rules. Here are things to be looking out for. If you see corruption here's who you should call. By the way, if you see corruption, you actually have an affirmative obligation to report it. Things like that.

COUNCIL MEMBER DICKENS: Since this is an E-Learning Module, is there going to be any cost, unit of appropriation? Is there going to be any cost

attributable to the implementation of this, or costs.

It could be cost savings--

COMMISSIONER PETERS: [interposing] I think ultimately--

COUNCIL MEMBER DICKENS: --conversely.

COMMISSIONER PETERS: Sure. Ultimately, it is a cost savings because it is more efficient to do this via E-Learning than it is via investigators. There is obviously a start-up cost. I believe that's being dealt with by DOITT, though not by us.

COUNCIL MEMBER DICKENS: All right. So you really don't know?

COMMISSIONER PETERS: No.

COUNCIL MEMBER DICKENS: I like that word that ultimately.

COMMISSIONER PETERS: Ultimately.

COUNCIL MEMBER DICKENS: That means it's a cost attributable.

COMMISSIONER PETERS: Yeah, there's a cost attributable but it's going to be in DOITT's budget, nor ours.

COUNCIL MEMBER DICKENS: All right, and-- and when would this be implemented or is this an action now?

COMMISSIONER PETERS: I believe there's going to be a pilot program this year. I honestly don't know when it will be fully implemented. I suspect--well, I know that that's going to depend in part on how the pilot goes.

COUNCIL MEMBER DICKENS: All right.
Thank you.

COMMISSIONER PETERS: Sure.

CHAIRPERSON GENTILE: Thank you, Council Member, and I believe that Council Member Jumaane Williams has some questions.

COUNCIL MEMBER WILLIAMS: Thank you, Mr. Chair. Thank you Commissioner. I have a couple of questions that may have been answered. So, you don't have to, just let me know that you addressed them. The first one I think it was great to read about in the media the report that came out on the homeless shelters. I have to admit I haven't read the report. But from what I saw, I didn't see--identify where they are located and who the owners were. And I was wondering if there was a reason why that was left out.

COMMISSIONER PETERS: Sure. That's a two-part question. We identified the general

location of the shelters at the request at DHS. We did not put in the report the specific addresses to protect both the privacy and the safety of shelter residents. So they requested that we did not do so, and we honored it. We did not--you know, this report was about shelter conditions and focusing on fixing the conditions, and DHS's obligation to get them fixed. So it was not focused on the private owners. That part of our investigation is ongoing, and I think it likely we will have something additional to say about that in the coming weeks and months.

COUNCIL MEMBER WILLIAMS: Just so I understand, it's about getting the Commissions fixed, and you may have something that's additionally about the owners, is that right?

COMMISSIONER PETERS: About some of the property owners yes.

COUNCIL MEMBER WILLIAMS: Okay. I mean I think it's a good report. I just--normally, you see the person who did the bad thing mentioned as a way to try to hold them accountable as well.

COMMISSIONER PETERS: Sure. I think it's a two-step process here. The first thing is DHS needs to be held--DHS has an obligation to get the--

to get the shelters under contract and under enforceable contract with enforcement provisions. And then to go out and use those enforcement provisions. And in the first instance, that was-- The point we wanted to make more desperately than the other was you cannot run a safe homeless shelter system unless every shelter provider has a contract. Has a contract with specific--and has a contract with an enforcement provision. So you can say to the shelter provider we found, you know, you didn't have smoke detectors here. You didn't have window guards there. You've got 30 days to fix it, or we're going to fix it and withhold money from the rent. And while that may seem like a pretty obvious thing, in fact, we have never done that before. And so this report was focused on getting that done so that we can efficiently hold the landlords accountable. I think some of the landlords deserve to be held accountable right now. And as I said, we may have something else to say about that. But, I wanted to get this--we wanted to get this piece done in a fairly sort of strong way as soon as we could.

COUNCIL MEMBER WILLIAMS: Thank you.

Thank you for addressing Council Member Dickens. She

had some questions that I also had about why certain arrests were down. I think you answered them. But it looked like from some of the numbers that the civilian salary dropped by half from 2013 to 2014, which might not have been you. But do you want to-- do you know why they were dropped so much?

COMMISSIONER PETERS: I'm sorry. When what dropped? I missed that.

COUNCIL MEMBER WILLIAMS: The civilian salary. The salaries seems to have been cut from '13 from 2013 to 2014.

COMMISSIONER PETERS: From 2013--

COUNCIL MEMBER WILLIAMS: [interposing]
It wouldn't be this--it wouldn't be this one here?

COMMISSIONER PETERS: No, the--the civilian--the salaries of the DOI staff were increased last year. MY first year here are being increased again. Prior to last year, all the salaries have been cut every year for the--I believe for the four or five years before I took this job. But having not been here, I can't speak to why they were cut previously. The Administration increased our budget last year, my first year here, and is increasing it again this year.

COUNCIL MEMBER WILLIAMS: I have some NYPD ID questions. Is the staffing complete for the IG Unit and are the staffing levels sufficient?

COMMISSIONER PETERS: The staffing levels are--with the caveat that I've always mentioned, which is no commissioner will ever turn down additional staff. I believe the staffing levels are efficient. We are almost but not quite there in terms of hiring--finishing the hiring up. But we are more than--we've hired more than enough to begin the work as we mentioned. You know, and I think the most important thing is that we mentioned in the letter that we sent to the Council with the first chokehold report there are three big things that we expect to issue reports on by the end of the year. And I actually expect sooner than that. One is a more comprehensive review of the way in which discipline is handled for officers found to have used excessive force. The second is a statistical review of quality of life arrests, and what that tells us. And the third is a review of surveillance of political and religious groups. And I expect--I expect--I can tell you there will be detailed reports on all three of these topics by the end of the year.

2 COUNCIL MEMBER WILLIAMS: Are there any
3 other investigations that IG has been engaged with?

4 COMMISSIONER PETERS: There are some
5 specific--those are the three big ones. There are
6 some specific investigations that are ongoing, but as
7 they're ongoing I'm not going to go into the details
8 of them right now.

9 COUNCIL MEMBER WILLIAMS: Okay. Are
10 there any other reports just in general of IG that we
11 should know about? Not just the NYPD?

12 COMMISSIONER PETERS: To read it? Sure.
13 We expect there are a number of other reports that we
14 are working on, but I'd rather not in a public
15 setting discuss what those reports are going to be
16 until they're ready to be issued, and until the
17 investigations are completed. But I can assure you
18 there are a number of other investigations going on
19 both overt and covert.

20 COUNCIL MEMBER WILLIAMS: Now, obviously
21 the HPD and DOB craziness was really bad and could be
22 dangerous to the public trust. And so I think there
23 was a good job done there. I believe that was
24 initiated by the agencies.

25 COMMISSIONER PETERS: [interposing] Yes.

COUNCIL MEMBER WILLIAMS: If I am correct. Are you--is it your purview to make sure that corrections are made after arrests, and do you follow up to make sure corrections are made, or how does that work?

COMMISSIONER PETERS: Sure. It is absolutely in our purview. We've made, and I will tell you that there are some places where it's harder to make corrections than others. Two things, we are continuing to look very hard at DOB and HPD. So we are intensely looking at those agencies. They have agreed to make some changes that we think will be helpful. They have also agreed to conduct some reviews that we think will be helpful. The Inspector Generals for those agencies will be following that very, very closely. Both to see whether there are additional issues of corruption that need to be found, and to see whether those agencies are over the next six to nine months really taking steps. I'd like to believe that this was a very good wakeup call for these agencies. They certainly report that they've taken it as a good wakeup call. But it's our job to be watching over the next--the rest of this

year to see whether the wakeup call has taken full effect and to comment on it as we go and we will.

COUNCIL MEMBER WILLIAMS: Thank you, Commissioner.

COMMISSIONER PETERS: Thank you.

COUNCIL MEMBER WILLIAMS: Thank you, Mr. Chair.

CHAIRPERSON GENTILE: Thank you. Do you have anything. Yes, Council Member Dickens.

COUNCIL MEMBER DICKENS: [interposing] Commissioner, this is a question I want to really piggyback on Council Member Williams when he asked about the shelters. They're privately owned properties frequently but are they city managed?

COMMISSIONER PETERS: No--well, in some-- the answer is yes and no. In some instances they are city managed. In most instances what happens is the city hires a--usually a not-for-profit. The not-for-profit then pays the private landlord and does the management of the services. And either in some instances the management of the building or in some instances the landlord does. Part of the reason that we said that there must a contract--everything must be under contract is that it's kind of a diffused

1 system. And so there's a real issue of, you know,
2 multiple people pointing fingers in multiple
3 directions. And so what we've insisted upon, and
4 what for the first time the City has agreed to do--
5 although it will take them a couple of years to get
6 it fully implemented--is every single shelter has a
7 single contract that says-- You know, that says if
8 you do not--you know, if there are code violations of
9 any sort, smoke detectors, window guards, vermin.
10 You know, we get to inform this person. This person
11 must fix it. If this person doesn't, the City can
12 fix it and take--deduct the cost from the rent paid
13 to that person. It's expressing the cost to the City
14 a diffused process that you and Council Member
15 Williams have been asking about. But it's absolutely
16 essential to get this all into contract. So we don't
17 spend a lot of time trying to figure out who is to
18 blame. We've got a single straight line of command.

19 COUNCIL MEMBER DICKENS: It's a
20 regulatory agreement that would be between the--a
21 shelter that is run by a not-for-profit that has been
22 hired as an outside contractor--

23 COMMISSIONER PETERS: [interposing] Uh-
24 huh.
25

2 COUNCIL MEMBER DICKENS: --a vendor--

3 COMMISSIONER PETERS: [interposing]

4 Right.

5 COUNCIL MEMBER DICKENS: --with the City
6 of New York versus where the shelter is run by the
7 say owner of the building.

8 COMMISSIONER PETERS: Uh-huh.

9 COUNCIL MEMBER DICKENS: That regulatory
10 agreement would be different somewhat I would assume.

11 COMMISSIONER PETERS: Yes.

12 COUNCIL MEMBER DICKENS: If so, in what
13 way and who's--who's going to be responsible for
14 what?

15 COMMISSIONER PETERS: Sure.

16 COUNCIL MEMBER DICKENS: Because that's
17 where the problem come in is that--that the lines are
18 crossed, and there's--there's no verifiable way of--
19 within any of the agreements that says that the owner
20 of the building is responsible for A, B, C. There is
21 also a responsibility if you're-- As a vendor--

22 COMMISSIONER PETERS: [interposing] Uh-
23 huh.

COUNCIL MEMBER DICKENS: --you have the responsibility to collect whatever and pay all the bills associated with it.

COMMISSIONER PETERS: It's a great question and it's something that we have said-- mentioned to different homeless services they include CORE [sic] counsel's office. Because you're right. There are multiple parties involved, and part of the problem has been, you know, that each party says that it's somebody else's fault. And so what's going to need to happen, and although I'm a lawyer, I wouldn't claim to be qualified to draft these kinds of very technical contracts. But happily, there are folks at CORE Counsel's Office who are. They are going to need to draft agreements that bind in each instance all of the relevant parties. For our part, the most important thing is that where DHS or--and by the way, there's now going to be a working group. The City has agreed for the first time the cost of this Report to have a working group with the Department of Homeless Services and the Fire Department and HPD and Buildings. And we will be monitoring this working group to make sure that we are checking constantly and vigilantly for violations of any sort. And the

contracts have to make it possible that when we see those violations, there's an enforcement mechanism binding everybody involved. So that you can say you have 30 days to fix this. If you don't, we'll come in and fix it, and we'll deduct from the payment the city makes. Whether it's to the not-for-profit of the landlord.

COUNCIL MEMBER DICKENS: [off mic] As part of these-- [on mic] As part of these regulatory agreements I would suggest that it be delineated the responsibility of say the not-for-profit or the outside vendor that's been hired to manage. So that there are things that they're obviously responsible for them to make certain repairs.

COMMISSIONER PETERS: Absolutely.

COUNCIL MEMBER DICKENS: And there are others that the owner of the building would be responsible for. That needs to be specifically delineated so that there is no confusion as to who does what. Because those things that are responsible for the--the agency that is actually managing it. They need to be held accountable, and what--what--what parameters are going to be in there for that to be addressed as well?

2 COMMISSIONER PETERS: I absolutely agree
3 with you, and as I said that's the reason that we are
4 now insisting that there be a formal contracting
5 process with enforcement mechanisms. Because I
6 absolutely agree with you. That's got to be done,
7 and we've said that quite clearly.

8 COUNCIL MEMBER DICKENS: [off mic] Thank
9 you, Commissioner.

10 CHAIRPERSON GENTILE: Thank you Council
11 Member. Commissioner, just a final question. Are
12 you or do you have or thinking about better
13 indicators that might help us better understand DOI's
14 performance as reported by the PMMR?

15 COMMISSIONER PETERS: We are often--you
16 know, we certainly are thinking about it. I think as
17 I said that we need to remember that not all
18 government progress-- There is obviously always has
19 been--historically, there's been a huge desire to
20 measure all government progress with statistics. I
21 think we need to be careful not to get ourselves
22 completely bound up by looking at statistics as
23 opposed to all of the other indicators that are
24 deeply important including the ones that I mentioned.
25 So, yes, we're thinking about it, but I also as I

said think we need to be careful not to assume that everything is reducible to a series of numbers.

CHAIRPERSON GENTILE: Agreed. I think that wraps it up. I do want to just make note for the record that--that commissioner [coughs] you have agreed to follow up on the list of Integrity Monitor projects. Also on the Vindex concerns as expressed by Council Member Rosenthal. Also to provide an Agency Efficiency list that you gave or will be giving to OMB, and then also Council Member Dickens' concerns on the reduction of the surveys from the PMMR. Okay.

COMMISSIONER PETERS: We will do that absolutely.

CHAIRPERSON GENTILE: Great. Thank you for your time this afternoon. We'll see you in a couple of weeks.

COMMISSIONER PETERS: Thank you very much.

CHAIRPERSON GENTILE: Okay. Thank you. This hearing is closed.

[gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date March 28, 2015