

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

Jointly with

COMMITTEE ON ECONOMIC DEVELOPMENT,

COMMITTEE ON SMALL BUSINESS,

COMMITTEE ON HEALTH, &

COMMITTEE ON MENTAL HEALTH,
DEVELOPMENTAL DISABILITY, ALCOHOLISM,
SUBSTANCE ABUSE, AND DISABILITY
SERVICES

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May 9, 2017
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HELD AT: Council Chambers - City Hall

B E F O R E: Julissa Ferreras-Copeland
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Chairperson

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Chairperson

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

Gregg Bishop
SBS Commissioner

James Patchett
President of NYCEDC

Jackie Mallon
First Deputy Commissioner at NYCEDC

Stanley Brezenoff
Interim President of NYC Health + Hospitals

P.V. Anatharam
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Machelle Allen
Chief Medical Officer at NYC H+H

Mary T. Bassett
NYC Department of Health and Mental Hygiene
Commissioner

Sandy Rozza
Deputy Commissioner for Finance at DOHMH

Hillary Kunins
Assistant Commissioner for Bureau of Alcohol and
Drug Use

CHAIRPERSON FERRERAS-COPELAND: Good

morning and welcome to today's Finance Committee hearing. My name is Julissa Ferreras-Copeland. I'm the Chair of the Committee. I want to begin by thanking my Co-Chairs, Council Member Robert Cornegy and Dan Garodnick, and the members of the Small Business and Economic Development Communities for joining us. I also want to acknowledge the members of the Finance Committee and actually all of our committees who are here today, Minority Leader Matteo, Council Member Richards, Council Member Vallone, Koslowitz, Borelli, and Wills. This morning, the Committee continues its look at the Mayor's Fiscal 2018 Executive Budget with the Department of Small Business Services, SBS, and the Economic Development Corporation, EDC. We will hear from SBS Commissioner Gregg Bishop and EDC President and CEO James Patchett. I'll begin with a brief overview of the agency's budget. The Fiscal 2018 Executive Budget for SBS totals 191.7 million dollars or approximately 44.7 million, or 19 percent less than the Department's Fiscal 2017 Adopted Budget. This is largely due to a decrease in city and federal funds for the business development and neighborhood

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2 development in contract services program areas, funds

3 that are not yet reflected in the agency's budget.

4 SBS budget includes 41.2 million for EDC. EDC also

5 receives 3.2 billion as a part of the City's 10-Year

6 Capital Strategy. The majority of this is for

7 neighborhood revitalization, infrastructure,

8 investments to support economic development, and

9 affordable housing efforts. I want to highlight two

10 items that despite the Council's call to baseline in

11 our budget response were not included by the

12 Administration in this budget. The first was the

13 843,000 in fees that SBS receives to support the work

14 of the Council's small business and workforce

15 development initiative. Aside from SBS, no other

16 city agencies charges for those types of costs. I'm

17 going to read that again. Aside from SBS, no other

18 city agencies charges for these types of cost. We

19 hope that the Administration will create parity

20 between SBS and all other agencies when it comes to

21 these funding. Second, the Administration failed to

22 baseline funding for the Council's Small Business Job

23 Development Financial Literacy Initiative. Since

24 Fiscal 2007, this initiative has provided individuals

25 across the City a vital assistance in developing and

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2 expanding their business. However, ensuring that
3 these services will be available of New Yorkers in
4 the coming fiscal year continues to fall on the
5 Council. As we move towards budget adoption, I look
6 forward to continuing the conversation on these
7 Council Priorities. Additionally, I hope to receive
8 more detail today on the Mayor's goal of creating
9 100,000 permanent jobs in the city over the next 10
10 years, an initiative announced in his State of the
11 City speech this year and an important component of
12 this includes in SBS' budget is 12.8 million for
13 Green Jobs Corps Program that promises to retain
14 3,000 workers over the next three years. Today, I
15 want to explore agency's vision for this program
16 whether SBS believes it could serve as a model for
17 other job training programs and how it will measure
18 progress coming years. And while the broader goal
19 of creating 100,000 well-paying jobs is certainly one
20 that ti think all of us can get behind, we need to
21 hear from both SBS and EDC about concrete steps the
22 Mayor is taking to achieve it. I look forward to
23 hearing about these issues and many more at today's
24 hearing. I will now turn it over to my Co-Chairs for
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2 their opening remarks. We'll have Council Member
3 Cornegy followed by Council Member Garodnick.

4 CHAIRPERSON CORNEGY: Thank you, Madam
5 Chair, and good morning, Co-Chairs. Good morning,
6 Commissioner. So, I want to start by thanking my
7 awesome staff, Keegan Sheehan [sp?], for while I ask
8 for larger font, this is what he gave me. So, this
9 is borderline embarrassing that I need font to be
10 this big. I just want-- for the record, I need to
11 state that I don't need my font to be this big.
12 Thank you, though, Keegan. Good morning. I'm
13 Council Member Robert Cornegy, Chair of the Committee
14 on Small Business. Today, the committee will be
15 presiding over the Fiscal 2018 Executive Budget for
16 the Department of Small Business Services. This
17 hearing is being held jointly with the Committees on
18 Finance and Economic Development. We've been joined
19 today by Commissioner of the Department of Small
20 Business Services. So, thank you so much,
21 Commissioner Bishop, for coming. Before we begin, I
22 think-- it's already been acknowledge the members of
23 the committees that are here. The Fiscal 2018
24 Executive Budget for the Department of Small Business
25 Services is 191.7 million. That's a little

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2 disappointing because this represents less than half
3 a percent of the City's proposed Fiscal 2018 budget
4 and its 44 million or 19 percent less than the Fiscal
5 2017 Adopted Budget of 236.4 million. The Executive
6 Budget supports an overall headcount of 371 full-time
7 and full-time equivalent positions. This committee is
8 interested in learning more about how the agency
9 intends to utilize funding from the proposed budget
10 for the benefit of the City's-- of city small
11 businesses and for-- and especially for workforce
12 development. In particular we're hoping the
13 Commissioner will give us details about the Green Job
14 Corps Program which is being funded for close to 13
15 million over the next three fiscal years. We'd like
16 to learn more about the trainings that will be
17 provided through the program and how they will
18 translate to jobs for residents of the City. Also,
19 the Executive Plan included a total of 32.6 million
20 in Fiscal 2017 and Fiscal 2018 to fund the School Bus
21 Grant Program, a program that supports the employment
22 of experienced school bus drivers who were impacted
23 by the changes in the Department of Education
24 contracts. I'm sure that my colleague Dan Garodnick
25 will have plenty of questions about that. This

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2 committee is hoping to get specifics on how this
3 funding will be utilized. I'm hopeful that the
4 Commissioner is prepared to answer most if not all of
5 our questions today. After we hear from the
6 Department of Small Business Services members of the
7 public will have the opportunity to provide
8 testimony. As always, I'd like to thank my staff and
9 the committee staff for working hard to put this
10 hearing together. Thank you, and I just thought I
11 could say, "Let's get ready to rumble," but it's not
12 that kind of morning. So, thank you.

13 CHAIRPERSON GARODNICK: Thank you very
14 much, Chair Ferreras-Copeland and Chair Cornegy. I'm
15 very pleased to be here, a Co-Chair in this hearing
16 today with you, and as you've heard, we're going to
17 be hearing from among others the Economic Development
18 Corporation today. I have the privilege of chairing
19 of the Committee on Economic Development for the
20 Council, and at our Preliminary hearing in March we
21 discussed a handful of the City's capital project
22 including the now launched Citywide Ferry Service,
23 the Made in New York Center, the Life Sciences
24 initiative, and activity going on at HUB such as the
25 Brooklyn Army Terminal. We were also able to discuss

EDC's and the Mayo's plan to create 100,000 good
paying jobs over the next 10 years. While we had
productive preliminary hearing in March we continue
to have little clarity on the sources of jobs and the
Mayor's job plan. It is clear that the plan was not
developed at the time of the Mayor's State of the
City speech, and now that two months have passed
since the preliminary hearing, we hope to get more
answers. We also want to dive deeper into the
Mayor's plan for the Garment Center which has grown
entirely complicated in recent months. The plan
includes 142.4 million dollars for a Made in New York
campus at Bush Terminal as the City looks to shift
the industry from Midtown Manhattan to Brooklyn.
This plan would allow for more modernized
manufacturing facilities for the garment industry and
would help property owners in the Garment District
get their buildings up to code. A rezoning of the
Garment District, however, may uproot an economic
ecosystem that has thrived for nearly a century,
potentially displacing thousands of workers. It will
require middle class employees, many of them older
adults to commute to the far away Brooklyn waterfront
rather than the transit-rich heart of midtown

Manhattan. With so many livelihoods in-- at one of
Manhattan's iconic industries hanging in the balance,
it has raised concerns for a number of people
including local representatives on both sides of the
river, and we need to make sure that we get this
right. All in all, the Fiscal 2018 Executive Capital
Commitment Plan for EDC includes more than four
billion dollars through Fiscal Year 2021. That's
over 450 million dollars more than what was in the
Preliminary Plan and represents approximately 5.2
percent of the City's total 78 billion dollars
Executive Plan for Fiscal Years 2017 to 2021. There
are also hundreds of millions of dollars set out for
the housing fund, the neighborhood fund, 442 million
and 400 million dollars respectively. These are
extremely large figures with nearly unlimited
discretion for the mayor. We need a clearer idea of
how the City intends to spend this money, project by
project, community by community. Right now, there is
little transparency as to how these funds intend to
be used. We also have questions for the Department
of Small Business Services which Chair Cornegy will
take the lead on. As he noted, I am still concerned
with SBS' school bus driver program, particularly as

it is set to receive additional funding in this Executive Plan. Let us not forget this was meant to be only a one-time appropriation. Yet, here we are about to make our third appropriation, one in my view violates the Constitution of the State of New York. I did not believe that SBS had the authority in November 2015 to perpetuate the program without the consent of the Council, and I don't believe that it has the authority to do so again this year. By extending the grant program that supplements the wages of school bus drivers outside of any existing contract or local law, the de Blasio Administration has turned the procurement process on its head. The action is an affront to tax payers, to the competitive bidding system and to the independent law-making powers of the City Council. We intend to explore with SBS the status of this program and its continuing budgetary implications. I want to thank President James Patchett who is by now a seasoned veteran and Commissioner Gregg Bishop for being here today and testifying. I also want to thank both my staff and the staff of the Finance Division for their help in preparing for this hearing. I know that I have many questions for EDC, and I'm sure that many

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2 of my colleagues do, and with that, I turn the
3 microphone back to the Finance Chair Ferreras-
4 Copeland. Thank you.

5 CHAIRPERSON FERRERAS-COPELAND: Thank
6 you, Chairs. I also want to acknowledge the Finance
7 Staff that helped prepare this hearing, Crilleen
8 Francisco [sp?], William Charimatine [sp?], Davis
9 Winslow, and Eric Bernstein. Before we begin, I'd
10 like to remind my colleagues that each Council Member
11 will get five minutes for their first round of
12 questions and three minutes for the second. We will
13 now hear from Commissioner Bishop and President
14 Patchett after my counsel swears you in.

15 COMMITTEE COUNSEL: Do you affirm to tell
16 the truth, the whole truth and nothing but the truth
17 in your testimony before the committee today and to
18 respond honestly to Council Member questions?

19 JAMES PATCHETT: Seasoned veteran,
20 indeed. Thanks, Dan. Good afternoon, Chairs
21 Ferreras-Copeland, Garodnick and Cornegy, and members
22 of the Committees on Finance, Economic Development
23 and Small Business. My name is James Patchett, and
24 I serve as President of the New York City Economic
25 Development Corporation. I am pleased to join

2 Department of Small Business Services Commissioner

3 Gregg Bishop in testifying before you today as well

4 as my incredible staff who will join me shortly to

5 answer any questions you might have. I would like to

6 take this opportunity to speak briefly about some of

7 the larger capital allocations in EDC's FY18

8 Executive Budget with a focus on a few items that are

9 new since we last met. But first, I would like to

10 give updates on some of the items I discussed in my

11 Preliminary Budget hearing earlier this year. After

12 two years of planning and imagining, last week EDC

13 launched the first phase of our new ferry service.

14 The roll-out included a new route from the Rockaways

15 to Pier 11 Wall Street and officially integrated the

16 existing East River route into our new ferry system

17 now, for just \$2.75 per ride. So far the public

18 response has been incredible with more than 49,000

19 riders in the first week. In June, we will debut our

20 South Brooklyn route and later this summer the

21 Astoria Route. In 2018 we will launch the Lower East

22 Side and the Sound View [sic] routes. When complete,

23 the full NYC ferry network will consist of 20 vessels

24 and landings as well as a homeport facility at the

25 Brooklyn Navy Yard. In order to execute this

ambitious project, we set a Capital Budget at 59 million dollars for the construction of barges and other capital infrastructure needs. We also budgeted 96 million dollars for the purchase of new vessels and maintenance and upgrades to the existing East River ferry vessels. Finally, we have allotted 41 million dollars for our homeport facility at the Brooklyn Navy Yard. Last week's successful launch is a testament to the work our team has done in so many communities across the City over the past few years. We hosted over 250 outreach meetings with elected officials, federal, city, and state agencies, Community Boards and civic organizations. We engaged second graders across the City to source creative names for our brand new ferry boats with our vessel naming contest. At this point I'm sure you've all heard about my personal favorite, "The Lunchbox." In my testimony in March, I spent some time discussing the tools and industries the City will focus on to create 100,000 good-paying jobs over the next decade. Our team has been hard at work on a detailed plan and the methodology we will need to ensure job quality. As I have said before, we are evaluating several different strategies to create these jobs. We will

continue to activate city-owned sites like the
Brooklyn Army Terminal and Bush Terminal to grow
industrial and manufacturing jobs. We are also
looking for ways to invest in the jobs of the future
through incentive programs that catalyze business
growth and sector-based investments in promising
industries like tech and life sciences. In addition
to these updates, there are few new Executive Budget
items that I would like to discuss. One of our
longstanding priorities at EDC is improving access to
our City's waterfront. We firmly believe that this
mission is a critical part of our work to strengthen
neighborhoods and improve New Yorker's quality of
life. That is why projects like Inwood NYC are so
critical. We are ensuring the neighborhood remains
affordable for working families by creating new
affordable housing and reconnecting the community to
the waterfront. As you know, last month, the Mayor
announced inclusion of 100 million dollars in the
Capital Budget for a section of the Manhattan
Waterfront Greenway which will connect 53rd to 61st
Street. As part of that allocation, EDC will
undertake an additional five million dollar study to
identify opportunities to complete the entire

greenway. This investment will help close the funding gap for a critical portion of the long-imagined contiguous 32-mile waterfront pedestrian esplanade. We anticipate the design phase of this project will begin this year. Construction will follow by 2019, and completion in 2022. We are also making significant investments in our creative economy, including a brand new Made in New York Campus at Bush Terminal that will provide state-of-the-art facilities for garment manufacturing, film and media production. We have identified 142 million dollars in our Executive Budget for necessary upgrade to the campus including major renovations to existing and underutilized facilities, new construction and investments in utilities and circulation. We expect that these investments will revitalize the campus and make it an effective location for fashion manufacturers struggling with high rent in other parts of the City. After decades of decline, we are seeing the industrial and manufacturing sector stabilize, and we're even seeing growth in some subsectors. To help spur that growth, this Administration has invested over 150 million dollars to renovate the Brooklyn Army Terminal. To date,

renovations at BAT have included public realm [sic]
improvements, capital improvements such as boilers,
elevators and resiliency improvements, and a newly
outfitted annex building built specifically for food
manufacturing. That is an important source of
industrial employment for the City. As a result of
our investments in the facility, we have reached 93
percent occupancy for the more than 3.1 million
square feet of affordable, leasable space currently
online. That has over 100 tenants that range from a
chocolate factory to jewelry and furniture
manufacturers, all of which employ a total of more
than 3,700 New Yorkers. To build on this success, we
have 8.5 million dollars in our FY18 budget for
elevator and boiler upgrades to continue our efforts
to turn BAT into a world-class industrial campus.
Finally, we've included 1.8 million dollars in our
FY18 budget for our Clean NYC program. This
initiative removes blight from sidewalks in city's--
in the City's commercial corridors and industrial
business zones through New York City's five boroughs.
To date, the program has successfully completed power
washing nearly 1.6 million square feet of sidewalk.
In order to ensure Clean NYC has access to the most

efficient equipment with the most up-to-date
environmentally-friendly technology, EDC is moving
forward with a public RFP to source specially
designed truck. Our FY18 allotment will allow for
the purchase of 14 customized truck-mounted high
pressure cleaning systems for concrete services that
include a water recovery and recycling system. Once
all 14 trucks are on the road, we anticipate cleaning
half a million square feet per day, allowing us to
beautify NYC's commercial corridors and encourage
even more business activity. To conclude, in all of
our efforts, we at EDC remain committed to supporting
equitable growth across all corners of the City. I
look forward to continuing to work with all of you
and keep you updated as these exciting projects
evolve. Thank you for your attention. I am happy to
take any questions. Thank you.

COMMISSIONER BISHOP: Good morning, Chair
Garodnick, Chair Cornegy and Chair Ferreras-Copeland
and the members of the Committees on Finance,
Economic Development and Small Business. My name is
Gregg Bishop and I'm the Commissioner of the New York
City Department of Small Business Services. I'm
pleased to join President James Patchett and my

colleagues at the New York City Economic Development Corporation to testify today. I'm joined by SBS First Deputy Commissioner Jackie Mallon and my Senior Leadership Team. At SBS we aim to unlock economic potential and create economic security for all New Yorkers by connecting New Yorkers to quality jobs, building stronger businesses and fostering vibrant neighborhoods across the five boroughs. Today, I want to share an update on our efforts over the last year to strengthen the City's support for job seekers, small businesses and commercial corridors in neighborhoods around the City. After my testimony I'm happy to take your questions. I will start by providing an overview of our agency budget. From there we'll outline the services made possible by this funding. SBS FY18 Executive Budget is 191.7 million with a headcount of 332 employees. The Executive Budget includes pass-through funding for other financial needs within city government including 41.2 million for EDC, 21.2 million for New York City and Company and 17.5 million for Governor's Island. The remaining 110.4 million of the FY18 Executive Budget is allocated for SBS's program. Now I'm going to focus on how this funding supports SBS's

mission. At SBS we help New Yorkers to find jobs by training local residents and connecting job seekers to employers in need of talent. Through our network of 20 Workforce One Career Centers, SBS provides recruitment expertise, industry knowledge, and skill-building workshops to match candidates to jobs. Annually, we successfully connect more than 25,000 New Yorkers with quality employment and 4,000 New Yorkers with the training needed to advance their careers. As part of our efforts to connect New Yorkers to quality jobs, SBS will administer the Mayor's Green Job Corps program in partnership with the Mayor's Office of Sustainability and Climate Policy. This three-year initiative aims to train 3,000 individuals through a variety of trainings including pre-apprenticeships. We will recruit for the program through our Workforce One Career Centers beginning in June, and welcome your help with raising awareness about this opportunity. SBS is leveraging the City's industry partnerships in key economic sectors to design training programs that meet employers' needs and help New Yorkers to enter and advance in sectors that are driving New York City's economy. Training programs have launched in the

construction, healthcare, food service and
hospitality, and technology sectors. SBS is working
to create better jobs for New Yorkers through our
healthcare industry partnerships. New York Alliance
for Careers in Healthcare, NYACH, recently-- recently
NYACH input [sic] informed the certified recovery
peer advocate training program, a first of its kind
program that will fill the growing need for peer
support services, its substance use treatment in
alignment with the City's Thrive NYC initiative. The
program will train 200 peer support workers with
experience in substance use per year, with the first
cohort graduating this June. The bilingual medical
Assistant Training program is another NYACH-informed
initiative that provides tailored training to
immigrant New Yorkers with limited English
proficiency, supporting access to higher wages and a
career path as a medical assistant. Small businesses
provide opportunities for individuals to strengthen
their own economic security and provide jobs for
members of their communities. We have seven NYC
Business Solution Centers across the five boroughs
that provide free accessible services to local
businesses including securing financing and access in

City benefits. Over the last year, SBS served over 15,000 small businesses. To serve industrial and manufacturing businesses, SBS also operates eight industrial business services providers. To ensure that small businesses remain an essential part of the character of New York City neighborhoods, we recently launched Love Your Local, a public engagement campaign and business operational support program. This new initiative celebrates and promotes a diverse independent small businesses that enrich neighborhoods across New York City and encourages New Yorkers to share their favorite businesses on an interactive online map. Eligible businesses will be able to apply for business advisory services and a share of 1.8 million in business assistance support. Since the launch on Valentine's Day, we have seen over 1,700 businesses added to the map, and I would encourage you all to visit nyc.gov/loveyourlocal. SBS offers commercial lease education workshops to help business owners better understand the components and implications of signing a commercial lease. After developing an understanding of lease negotiations, businesses in the process of signing a lease and utilize this SBS Legal Assistant Services.

This initiative connects business owners with pro-bono attorneys who will review the lease and point out any concerns that should be addressed. SBS has released an RFP to expand our commercial legal services to support Chairman Cornegy's commercial tenant harassment law which gave essential legal protections to commercial tenants who previously lacked these protections. To ensure that the city's procurement reflects the diversity of our city and business owners, SBS plays a key role in the City's minority and women-owned business enterprise program. Mayor de Blasio has made a significant commitment to the City's MWBE firms, creating the Mayor's Office of MWBEs and announcing a bold new vision for the City's MWBE program which includes a goal of awarding at least 30 percent of the dollar amount of city contracts to MWBEs by 2021, and a goal of doubling the number of certified MWBEs to 9,000 by 2019. SBS is working with the Mayor's Office to support the City's commitment hitting a record high of more than 4,500 city-certified MWBEs in FY16, a 23 percent increase since the start of Mayor de Blasio's Administration. The Mayor's investments have allowed SBS to add additional staff capacity to our

certification outreach and capacity building teams.

We will also use these investments to increase and deepen our capacity building programs. Out of the MWBEs who have won contracts nearly two-third have used our services and we hope to increase that number this year. We are proud to have recently announced the contract financing loan fund which allows MWBEs to apply for low interest contract financing loans of up to half a million dollars. The loans from this revolving fund are capped at a three percent interest rate. Simultaneously, SBS has made the MWBE certification application more user-friendly and created an application for sole proprietors. We are also launching a 10 million dollar bond fund this summer to help MWBEs secure bonding or increase their bond capacity. Every year, SBS brings together MWBE's firms and city agencies with contracting opportunities for our MWBE procurement fair. Our upcoming 11th annual citywide procurement fair is an excellent opportunity to see our efforts and connect with MWBEs with procurement opportunities with the city, state and federal agencies. We encourage you to invite the MWBEs in your district to join us at this event on June 21st at BNY Mellon for another

great fair. Immigrant-owned businesses make up half of the City's small businesses and paly an essential role in strengthening our economy, uplifting communities, and defining the unique business character of New York City. Our immigrant business initiative offers targeted support to immigrant entrepreneurs through free business courses in Spanish, Chinese, Haitian Creole, Russian, Korean, and Bengali. The program recently published a step-by-step guide for immigrant entrepreneurs. The guide, Building Your Business in New York, a Guide for Immigrant Entrepreneurs, covers topics such as signing a commercial lease, navigating government and understanding the rights of immigrant New Yorkers. Developed by SBS in partnership with city community development, the guide will be available in six languages. We also partner with the New York Public Library, Brooklyn Public Library and Queens Public Library systems to better reach entrepreneurs in immigrant communities. Since the start of the de Blasio Administration, SBS has provided more than 12,000 services to foreign-born New Yorkers. Another initiative to expand the reach of our services to more New Yorkers the Childcare Business Pathways

Program, developed in partnership with NYCHA and City
Community Development. The program works directly
with NYCHA entrepreneurs to launch and grow their
homebased childcare business. In April the first
quarter of 18 entrepreneurs completed 42 hours of
business education programming and 13 hours of
specialized childcare training to become licensed
childcare providers. SBS offers a number of service-
- of programs to address critical business compliance
and regulatory needs. Through Small Business First,
a multi-agency initiative to reduce the regulatory
burden of small businesses and increase compliance,
compliance advisors guide business owners through
government processes such as inspections and
violations, helping these owners avoid costly fines
and penalties. Since the programs launched a year
ago. We have provided more than 1,500 compliance
services helping businesses to correct violations
that could have resulted in fines of more than 1.2
million dollars. Compliance consultations are
available free of charge and allows small business
owners to receive direct onsite guidance from the
City. Finally, SBS works with community-based
organizations to build vibrant neighborhoods where

New Yorkers can work, shop and live. Through Neighborhood 360, SBS invests in community-based organizations to support revitalization projects in our City's commercial corridors. SBS published six commercial district needs assessments of Downtown Flushing, Downtown Staten Island, East Harlem, East New York, Inwood, and Jerome Avenue. These reports identified the needs and opportunities for local neighborhood revitalization with recommendations from merchant organizing, public programming and other quality of life improvements. The next round of CDNA's is currently being conducted in partnership with community organizations in Bushwick, Coney Island, Corona, and Long Wood Crotona Park East. Community-based organizations have paramount expertise about their neighborhoods, but can struggle with capacity issues when implementing projects. The Neighborhood 360 Fellows program pairs neighborhood development professionals with community-based organization to provide full-time support. The first cohort graduated this March and the second cohort of 10 fellows was just selected and will begin their placements in June. The Neighborhood 360 grants allow organizations to tap into approximately three

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2 million in annual program grants to develop-- develop
3 and staff revitalization projects that address needs
4 identified in the CDNA's. Eleven community-based
5 organizations representing six neighborhoods across
6 every borough were awarded nearly nine million
7 dollars over three years to fund Catali [sic]
8 economic development projects. The Avenue NYC Grant
9 Program funded through federal CDBG investments
10 supports organizations in low to moderate income
11 areas to implement commercial varietization [sic]
12 activities that benefit businesses and local
13 residents. In April, one million dollars in grants
14 were awarded to fund 34 unique neighborhood
15 development projects across the City. SBS recently
16 relaunched our Neighborhood Challenge Program in
17 partnership with EDC to bring tech companies and
18 nonprofits together to enhance commercial districts.
19 Neighborhood Challenge will make awards of up to
20 100,000 dollars to fund innovative ideas that use
21 data-driven capacity building solutions to improve
22 operations, target services, or address local public
23 policy changes. Since launching, Neighborhood
24 Challenge has awarded 26 organizations, nearly 1.7
25 million, and SBS looks forward to seeing the

inventive solutions that will be created through the
program's new partnership structure. In addition to
supporting new initiatives to improve commercial
corridors, SBS oversees the largest network of
business improvement districts in the country with 74
bids that deliver more than a 134 million in services
this year alone. Each day, our network of bids
delivers services that support more than 85,000 small
business. In the past year we've guided several bid
expansions and new bid formations through local
organizing and the legislative process such as the
Greater JFK industrial bid in Queens and a Newdorp
bid in Staten Island. Our annual bid trends report
illustrates the contributions bids make to local
businesses and our communities including holding over
4,000 public event that are tracked 10.5 million
attendees and log in 1.4 million hours of
supplemental sanitation services. We look forward to
working with Council in the year ahead. Thank you,
and I would be happy to take your questions.

CHAIRPERSON FERRERAS-COPELAND: Thank you
very much but to the Commissioner and the President.
Commissioner, you read that rather quickly. So we
had to-- thank God we have your note, your

presentation to follow. So, we are going to go back and forth, EDC/SBS questions. I'm sure you are already used to this. So whoever thinks it more appropriate to answer, you can. So I wanted to talk about specifically job growth. OMB as well as Council Finance forecast a stalling of job growth over the course of this financial plan. How does EDC see its role in generating stronger job growth, and what indicators does EDC use internally to measure the impact on the City's broader economy, and how might that look different in periods of strong versus weak growth?

JAMES PATCHETT: Thanks for the question, Council Member. So, right now the City has a four percent unemployment rate which is the lowest in recorded history and we've created over 300,00 jobs in the last three years. So, broadly speaking that's fantastic news. We're very focused on our tremendous success and we're thrilled with where we are. But I would say two things. The first is that it's still not good enough, and the reason it's still not good enough is because there are still many New Yorkers who are being left behind, and if we look across our neighborhoods and you look at the unemployment rates

by neighborhood, there's still significant areas, the
patient low-income areas that have higher
unemployment rates, significantly higher unemployment
rates which suggests to us no matter what you read in
the paper that we are not at full employment, at
least as far as I am concerned. And the second thing
that it requires is it requires us continue to focus
on being thoughtful about the way that our economy is
going to grow and change. In particular, I'm very
focused on changes in automation and the way the
technology is changing. It is going to change our
workforce. Think actually the two reasons that I've
identified are why were' so focused on our 100,000
jobs plan. I think some people would say it's crazy
to talk about jobs right now when you're at the
lowest unemployment rate and you're reading in the
newspaper that we're at full employment, but what I
say to that is clearly we have issues in our city as
it relates to inequality and we need to continue to
focus on that and get more and more New Yorkers into
career pathways for jobs. And secondly, I would say
we have to focus on being ahead of the curve so that
as we deal with issues like automation, we have more
and more people who are getting put out of work by

things like self-checkout at grocery stores,
artificial intelligence, way that robotics are going
to replace humans in terms of actual manufacturing.
We need to make sure that those machines are built
and operated here in New York City so it's not just
that people are losing jobs, but that rather there
are opportunities for New Yorkers to build and
operate those machines which could even be higher
paying jobs. So that is my focus area. To your
question about the next 10 years, I remain very
focused on our overall tax revenue so that we have a
sufficient amount to fund the government. That's
something we're closely with OMB, and obviously on
the issues as it relates to inequality income growth
and this particular experience in different
neighborhoods.

CHAIRPERSON FERRERAS-COPELAND: So, as we
talk about, and you know, this is something that as
colleagues we all, you know, we hear the one-- the
four percent, and we understand that it's the lowest,
you know, the percentage is very low for many of our
communities that you stated. It's not necessarily
reflected in that way. So, while we see the-- you
know, I acknowledge that you say about automation and

2 the challenges that we'll be facing moving forward.

3 How do you see ED-- what is EDC's role in preparing
4 our constituents that are currently one, either
5 unemployed, or under-skilled for the jobs that you're
6 planning to build in the future?

7 COMMISSIONER BISHOP: So, if you don't
8 mind if I jump into that. I think we work very
9 closely with EDC in terms of identifying the sectors
10 that are growing, and we have switched. Since the
11 Mayor came into office he announced the Career
12 Pathways Program which identified the sectors that
13 are growing, and as President Patchett indicated,
14 some of those sectors like technology, healthcare,
15 food and beverage, construction are all sectors that
16 are fast-growing in the City and have not only, you
17 know, quality jobs, but jobs that we think we can
18 actually connect some of the constituents you were
19 talking about, some of those constituents who are out
20 of school, out of work, youth and certainly
21 underemployed individuals. So, through our industry
22 partnerships we work with the sector. We identify
23 their forecast in terms of the type of skillsets that
24 they're looking for, and that information is then
25 shared not only to influence our training programs,

but also the sectors that we work with. So we have a lot of partners that also provide workforce training programs that we share that information with. They have agreed to change their curriculum. We also work with academic institutions. A perfect example is that, you know, the tech sector has sat down with academic, the academic institutions, and indicated that curriculum needs to change and that was through our initiative through tech, tile and pipeline. So we have a number of ways, and of course, using our infrastructure, the Workforce One system, we are embedded in those communities that have, you know, either a high concentration of out of school/out of work youth or have a high concentration of underemployed immigrants. For example, to really connect them into, you know, quality jobs that we are focused on.

CHAIRPERSON FERRERAS-COPELAND: Okay.
We're going to follow up as a committee because we'd like to see the numbers on, you know, how you're measuring this, because--

COMMISSIONER BISHOP: [interposing]
Absolutely.

4 CHAIRPERSON FERRERAS-COPELAND: often
5 times, and I've been through two Administrations now.
6 We've proposed great programming, but at the end of
7 the day is who was able to get the training, get a
8 job and still has the job, right? So those are like
9 the three stages. We don't want people to be trained
10 for a job that they can't get at the end of the day
11 or that they can't keep.

12 COMMISSIONER BISHOP: And that's our
13 goal.

14 CHAIRPERSON FERRERAS-COPELAND: Right.
15 Wanted to talk about SBS and the administrative fees
16 to oversee the Council's initiative. No other agency
17 does this. We always feel that our Council
18 initiatives are to enhance or to support, and in some
19 cases, unfortunately, to fund core programming, and
20 the reality is that you are the only ones that charge
21 us an administrative fee at 840,000 dollars.

22 COMMISSIONER BISHOP: So, thank-- so,
23 thank you for that question.

24 CHAIRPERSON FERRERAS-COPELAND: Oh, you're
25 welcome.

COMMISSIONER BISHOP: And I--

[laughter]

COMMISSIONER BISHOP: You know, I think the fact that we are a small agency reflects the need for additional support from Council. We have a number of-- the reason why I was leaning over, we have a number of contracts that we have to administer through Council across all divisions, and I think we were one of the smallest. It's over 100 discretionary contracts, and this funding actually helps us with capacity. I think without this funding we would not be able to do an effective job, and certainly I appreciate you working with us to help us not only manage those contracts efficiently but also deliver the work that you expect out of the organizations that you're funding. Frankly, without this funding I don't think we'll be able to do that.

CHAIRPERSON FERRERAS-COPELAND: Yeah, I mean, like I said, the funding is for a lot of initiatives that help support the outreach that you-- you know, it helps you be a better agency essentially at 14.6 million dollars. But we will be pushing, because we just believe that the administrative cost that we give you to fund core programming should be covered and should be baselined. So that's something that we find very important because essentially we

2 could be giving you an additional support as opposed
3 to just covering the administrative costs. So, I
4 think we kind of agree. We're just trying to push
5 OMB to be able to baseline this administrative costs.

6 COMMISSIONER BISHOP: I think the
7 challenge is on the baseline. Every given year that
8 number fluctuates. So I'm happy to discuss with you,
9 you know, a strategy moving forward.

10 CHAIRPERSON FERRERAS-COPELAND: Okay, very
11 good. EDC and the Department of Design and
12 Construction, this is something that's been very
13 important to us, in particular in this fiscal year as
14 we talk about capital, the cost of building things in
15 our city, but more challenging that the cost is often
16 ballooned by the lag or the time that it takes with
17 DDC to complete projects. So, you know, building a
18 library, they give you a quote at four million.
19 Thirteen years later the library is 16 million
20 dollars, and that's, you know, I'm giving you an
21 example in my district. And I think everyone can
22 speak to something similar or even more egregious.
23 So can you give me some background on how their role,
24 projects they manage differs from EDC? Because there
25 are those that would believe that you just do it more

2 efficiently. And I don't want to put one agency
3 against another. You're not an agency, but I don't
4 want to pin you against each other, but clearly, as
5 we're studying how to make this agency more
6 efficient, there are things or mechanisms that you
7 have that you're able to move projects a lot quicker
8 than the-- than DDC. So, can you tell me what the
9 differing points are?

10 JAMES PATCHETT: Absolutely. Thank you.
11 No, thank you for the praise. Efficient and quick is
12 something we pride ourselves on. So, thank you.

13 CHAIRPERSON FERRERAS-COPELAND: We
14 probably won't say that after this question.

15 JAMES PATCHETT: No? Okay, alright.
16 Okay. So, I think very quickly the-- you know, I
17 don't want to cast any dispersions on DDC because
18 they obvi-- I think one major distinction between DDC
19 and EDC is EDC has a very focused capital
20 construction effort, specifically on economic
21 development projects. And I think the obvious reason
22 for them being economically developed, economic
23 development projects, is because that's what's
24 provided for under our bylaws in the City Charter
25 when we were initially created because DDC really is

intended to be the capital construction agency for
the City. And as a result, I think frankly part of
it is just that we have a smaller capital
construction portfolio. DDC is building sewers and
roads across the entire city. Whereas we have this
focused portfolio only on economic development. And
a second thing that I would say is there are some
structural reasons that benefit EDC in terms of our
part not being an actually city agencies that allow
us to move more quickly in terms of procurement that
DDC does not benefit from, and you know, we'd be
happy to discuss those with you in more detail, you
know, as a follow-up.

CHAIRPERSON FERRERAS-COPELAND: Okay. I
mean, I guess someone can say we're building economic
development and we're building a community which is
essentially a lot of what you do when you think about
future and visioning that building a library or, you
know, enhancing a hospital, a library, a school--
well, School Construction Authority is separate, but
that that could potentially be considered economic
development. So, what would keep-- if-- what would
keep you from being able to do a construction of a
library, let's say?

2 JAMES PATCHETT: Well, we're not
3 precluded from doing construction of a library. I
4 just think-- I think my broader point is just that I
5 think one of our greatest advantages that we have is
6 much significantly smaller capital portfolio. Just
7 to be honest, it's much easier to do a focused
8 limited set of things than it is to provide capital
9 construction--

10 CHAIRPERSON FERRERAS-COPELAND:
11 [interposing] Right.

12 JAMES PATCHETT: for the entire city.
13 So, I'm not saying there's anything, you know, any
14 given library if there's an economic development
15 nexus it is conceivable that EDC could participate
16 and we'd be happy to talk about that with you.

17 CHAIRPERSON FERRERAS-COPELAND: I just
18 feel like you're going to get a lot of libraries with
19 economic nexuses.

20 JAMES PATCHETT: I-- no, I see that.

21 CHAIRPERSON FERRERAS-COPELAND: And we
22 just state that because--

23 JAMES PATCHETT: [interposing] Yeah, but I
24 think--
25

4 CHAIRPERSON FERRERAS-COPELAND: of the
5
6 timeline issue for members.

7 JAMES PATCHETT: No, I understand. I
8 think again my point is just to the-- is your run the
9 significant risk of deluding the benefits that you
10 see for the specific projects to the extent that our
11 portfolio expands. As it is, our capital budget has
12 already increased significantly, and I think we're
13 concerned to the extent it continues to increase
14 meaningfully that it could put real-- we could really
15 hamper our ability to continue to provide the kind of
16 efficient and quick construction progress that you
17 had noted earlier.

18 CHAIRPERSON FERRERAS-COPELAND: Okay.
19 Well, we'll continue the conversation and seeing
20 potential opportunities, because on the other side,
21 because the-- you know, you do smaller projects and
22 less of them or different types of projects, right?

23 JAMES PATCHETT: Yes.

24 CHAIRPERSON FERRERAS-COPELAND: EDC has
25 these huge projects, so then the Council funded
projects are tiny to them.

JAMES PATCHETT: Yeah.

4 CHAIRPERSON FERRERAS-COPELAND: And they
5 end up getting-- or what we're trying to figure out.
6 They almost get lost between the sewer mains and the
7 street, you know, repaving and so on and so forth,
8 but we'll follow up. You talked about the sidewalk
9 in cluck [sic]-- sorry-- and cleaning trucks.

10 JAMES PATCHETT: Clean like [sic].

11 CHAIRPERSON FERRERAS-COPELAND: Executive
12 Capital Commitment Plan includes 1.8 million for 14
13 new sidewalk cleaning trucks. Why is EDC in charge
14 of this program rather than Sanitation, right?
15 Because we would think if you're cleaning the City of
16 New York, why wouldn't sanitation be responsible for
17 that?

18 JAMES PATCHETT: Sure. There's two
19 reasons for that. The first is that EDC has for years
20 managed the Graffiti Free NYC program which is about--
21 - a similar concept about cleaning areas of the City.
22 So, this was very natural for us to do. It was a
23 good fit with that program. We had existing
24 infrastructure, and frankly, it's an extension of the
25 same team that does that work. So there was a lot of
reason for it. And the second is that it is
specifically focused on cleaning commercial

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2 corridors, and specifically business improvement
3 districts which are an area of commercial growth and
4 economic development which is why it makes sense for
5 EDC to do.

6 CHAIRPERSON FERRERAS-COPELAND: So, but
7 in the-- are these commercial corridors-- sanitation
8 picks up garbage in these commercial corridors or are
9 they all bids where they have private--

10 JAMES PATCHETT: [interposing] They are
11 all bids.

12 CHAIRPERSON FERRERAS-COPELAND: They are
13 all bids, okay.

14 COMMISSIONER BISHOP: But I also want to
15 jump in, that bids provide supplemental sanitation
16 service. Sanitation--

17 CHAIRPERSON FERRERAS-COPELAND:
18 [interposing] Right, well that's what I was trying to
19 see if it would--

20 COMMISSIONER BISHOP: [interposing]
21 Sanitation still picks up a bid.

22 CHAIRPERSON FERRERAS-COPELAND: Okay.

23 COMMISSIONER BISHOP: So, I just want to
24 make sure I clarify that.

25

2 CHAIRPERSON FERRERAS-COPELAND: Okay.

3 Oh. And I'm going to ask one last question before we
4 come back in a second round. The Trump
5 Administration released its Preliminary 2018 budget
6 proposals in March. Among various things, the
7 Administration is proposing a complete elimination of
8 the community development block grants. In the
9 current Fiscal 2017's budget, 86 million or 25
10 percent of SBS total funding comes from CDBG funding.
11 Of that amount, only 9.5 million or 11 percent goes
12 to fund SBS program. The remaining 89 percent goes
13 to EDC. If the program is eliminated, how would the
14 impact-- how would this impact both the agency and
15 EDC in terms of programming and headcount, and what
16 is your agency or Administration as a whole doing to
17 prepare for these potential cuts.

18 COMMISSIONER BISHOP: So, our exposure to
19 CDBG is actually pretty limited in terms of it funds
20 our Avenue NYC program which I talked about in our
21 testimony. That program provides grants to local
22 organizations to provide opportunities to revitalize
23 a commercial corridor. Certainly we are monitoring
24 the progress of the budget, the federal budget. We
25 have-- you know, we just recently awarded a million

dollars to organizations. We want to highlight the work that this funding actually has accomplished over, you know, the past decades that we've been awarding organizations. And certainly, you know, the Mayor and our budget dean has said that the City will not sort of allow cuts to happen without a fight. So we are monitoring, but certainly we have not made any sort of drastic changes until we actually see a budget from the Federal Government.

CHAIRPERSON FERRERAS-COPELAND: So, have you planned-- and I'm going-- I'd like for you to answer, but have either one of you planned for-- begun to do contingency planning in the event? Have you been asked to do that?

COMMISSIONER BISHOP: So, I think it's too early for us. you know, certainly as you can-- as you saw with the recent budget that was passed, the budget continuation, a lot of the programs that the President said would be cut wasn't, and actually some was actually funded more. So, again, it is a lot of talk that's happening right now, and we are just progressing with implementing our programs, and I think when we actually see a budget that will come-

- a final budget, we will start making plans at that point.

JAMES PATCHETT: So from EDC's perspective, we-- almost exclusively the CDBG funding we receive is disaster recovery funding which is not as I understand have been proposed to be cut as part of the Trump Administration's budget. So, it's-- as far as that concern that you articulated, fortunately EDC is not at risk right now. That being said, as a city, and I know the Council shares these concerns, we are extremely concerned about the proposals across the City. I mean, as far as economic development is concerned, the two things I would highlight are CDBG and other funds for affordable housing. Without affordable housing funding in our city the ability to continue to have a diverse workforce and people continue to live in the city is really at risk, and we're very concerned about that. And secondly, I'm extremely concerned about the terrorism funding that the Trump Administration proposed to cut, over 100 million dollars from the City's NYPD for bomb-sniffing dogs, anti-biological terror attacks. It's stunning to me that an Administration who says that

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2 they care about business and security would even
3 suggest cutting programs like that.

4 CHAIRPERSON FERRERAS-COPELAND: Thank
5 you. We will now hear-- We hear from Chair
6 Garodnick followed by Chair Cornegy. We've been
7 joined by Council Members Menchaca, Gentile, Eugene,
8 and Rodriguez, and then we will hear after the Chairs
9 for Minority Leader Matteo followed by Richards.

10 CHAIRPERSON GARODNICK: Thank you very
11 much, Madam Chair.

12 CHAIRPERSON FERRERAS-COPELAND: Oh, and
13 Council Member Perkins.

14 CHAIRPERSON GARODNICK: I'm going to
15 focus my questions to EDC for the moment, and I know
16 that colleagues have questions for everybody, but I
17 wanted to start on the various funds, these
18 significant funds, industrial fund at 320 million
19 dollars, neighborhood fund at 400 million dollars,
20 and housing funds at 442 million dollars through
21 Fiscal Year 2021, much of which appears to be
22 dedicated for neighborhood revitalization. I wanted
23 to see if you could give us a little more clarity as
24 to the point of these funds and what they have to-
25 date been used for and to the extent that you have

known projects that you intend to allocate these monies toward what they are.

JAMES PATCHETT: Sure. So, I'll start with the Neighborhood Development Fund. So the Neighborhood Development Fund is approximately 700 million dollar fund, and this was a-- out over the next 10 years, and the real goal of this was at the outset of the Administration I think the Council had been concerned about and the Administration shared the Council's concern that there had been a series of commitments made in the previous Administration attached to rezonings, but there had been no capital commitment associated with those. So, for example, the Bushwick Inwood Park commitment that was made as a part of the Greenpoint Williamsburg transa-- rezoning in the 2000's, never came to fruition, and it was a result of the fact that there was not an adequate capital allocation associated with it. And so looking-- which this Administration later came through on because we thought it was important to keep our commitment to the communities even if it was made by a previous Administration. So, taking that into account, we decided to establish the Neighborhood Development Fund associated with our

2 efforts to rezone across the City, and the way that
3 it functions is that as we go through each rezoning,
4 we work closely with the Council to develop community
5 priorities and identify specific funds that can be
6 used as a part of that. In the case of the East New
7 York rezoning, which was the first rezoning to pass,
8 there was approximately 70 million dollars allocated
9 out of the 700 million for specific projects that
10 were worked through with the local Council Member.
11 In addition to that, we continue to work through a
12 series of additional rezonings including Inwood MIC
13 which I alluded to earlier, Downtown Far Rockaway
14 which I'm sure Council Member Richards will ask about
15 later, as well as in Bay Street Staten Island. All
16 three of those are, you know, moving forward at this
17 time and anticipate to see the Neighborhood
18 Development Fund supporting those as well. As it
19 relates to the Industrial Development Fund, that
20 includes about 41 million dollars in city capital,
21 and I'm pleased to report that we have announced the
22 first project, the Greenpoint Manu-- sorry-- GMDC
23 project, Greenpoint Manufacturing Design Center?

24 UNIDENTIFIED: Design Center.

2 JAMES PATCHETT: Design Center. GMDC is
3 how I know it, I'm sorry. So we announced it as a
4 first project. That is a 41 million dollar project,
5 and it includes approximately 24 million dollars of
6 total funding from EDC, and the Industrial
7 Development Fund was really critical in closing the
8 gap on this project. and finally, the Housing
9 Infrastructure Fund which includes approximately 500
10 million dollars, this was the part of the City's
11 efforts around the housing plan and was focused on
12 unlocking sites that are primarily private-- public
13 sites that otherwise would not be available to be
14 used for housing construction. So, in particular
15 right now, we have focused on the Seaview [sic]
16 project in Staten Island which is a large project
17 that is intended to be mixed-wellness community and
18 include housing as a part of it. There are
19 significant infrastructure needs that were a part of
20 that. And then more sp-- it has literally no
21 infrastructure at this time, and so we need to make
22 the infrastructure available in order to provide that
23 site for housing and other things that that campus is
24 going to provide to the community.

4 CHAIRPERSON GARODNICK: Thank you.

5 There's a rezoning that is coming down the pike in
6 ULURP now in East Midtown for which there's been some
7 concern raised about lack of specific investment for
8 public realm improvements. So you have a rezoning
9 plan with a need for public improvements. Would we
10 be looking at presumably the Neighborhood Development
11 Fund as opposed to either of the other funds for
12 support for that rezoning?

13 JAMES PATCHETT: So, it's an interesting
14 question. The Neighborhood Development Fund was
15 specifically targeted towards housing rezonings, not
16 commercial rezonings. You know, as-- I'm not-- easy
17 [sic] is not especially involved at this moment in
18 the day-to-day on the East Midtown Rezoning, but I
19 will say it obviously important to us from a
20 commercial perspective. We think it's a fantastic
21 effort, and your leadership there has been extremely
22 important. Obviously, the City recognizes the need
23 for infrastructure investment as a part of that
24 rezoning. In particular, you know, that's obviously
25 why I know you worked with the community and so
closely with the City to advocate for an adequate
level of pricing associated with the sale of air

2 rights as part of the district. More broadly, I now
3 that the City would be happy to discuss, you know,
4 the ways to ensure that that project-- that that is
5 adequately funded in order to ensure that
6 infrastructure projects are provided to the
7 community.

8 CHAIRPERSON GARODNICK: Thank you. Let's
9 talk about the jobs plan for a second. At our last
10 hearing we spent some time talking about the
11 announcement of 100,000 jobs over 10 years. You
12 know, we went and identified some what we thought was
13 23,000 or so of the jobs that had been heretofore
14 identified. We got a letter from EDC today which
15 said that you're working on a plan that will dive
16 deeper into the industries that you intend to focus
17 on. In your testimony today you said that your team
18 is hard at work on a detailed plan. So, the question
19 here is when should we expect to see the more
20 detailed plan that will fill out the rest of this
21 proposal?

22 JAMES PATCHETT: We expect to have the
23 plan very shortly.

4 CHAIRPERSON GARODNICK: So, can you put
5 a-- can you put up a little finer point on that? Is
6 very shortly two months, or is it six months?

7 JAMES PATCHETT: I think it's definitely
8 less than six months, hopefully significantly sooner.
9 I do expect to have it very shortly.

10 CHAIRPERSON GARODNICK: Okay. Are you
11 targeting less than three months for this plan to be
12 finished?

13 JAMES PATCHETT: I would be very happy to
14 have it come out in less than three months for sure.
15 Certainly, I would love to see it come by the end of
16 the summer, hopefully sooner.

17 CHAIRPERSON GARODNICK: The absence of
18 detail on the plan has raised the question about the
19 number itself as to whether you know as a concept,
20 obviously, 100,000 is a nice round number to target.
21 It could have been 150,000 or 200,000 or 50,000. How
22 should we feel comfortable that this is the right
23 aspirational number for you to be moving toward?

24 JAMES PATCHETT: Right. Well, I mean, I
25 think-- I think you're right to ask for the plan. I
think when you see it it'll be-- you'll be able to
better judge that. Broadly speaking, the 100,000

1 jobs target, this is focused on specific ways that
2 the City is actually encouraging job growth as
3 opposed to more broadly in the economy. As I
4 mentioned, you know, we created-- the economy created
5 almost 300,000 jobs over the last three years. So,
6 but we're not talking about that. We're talking
7 about narrow ways in which the City is investing
8 specifically around the two issues I outlined in my
9 response to Council Member Ferreras-Copeland's
10 question which is how can we make sure that more New
11 Yorkers are connected to these jobs especially
12 dealing with the inequality crisis, and more broadly,
13 how can we ensure that we're thinking about the
14 future? So with those two in mind, we looked at the
15 pipeline of jobs that we already knew we had coming
16 and just thought it was a realistic stretch goal for
17 the City to achieve across the 10 years, targeting
18 those two goals.

19
20 CHAIRPERSON GARODNICK: Is the plan that
21 you put out, is it going to total 100,000, or is it--

22 JAMES PATCHETT: [interposing] Yes.

23 CHAIRPERSON GARODNICK: I mean, when you
24 come out it's going to say-- it's going to actually
25 hit with that's the number. You're going to-- it's

going to say we have the following initiatives that the City will take, and with this initiative we're going to create 7,200 jobs, with this initiative we're going to create 15,700 jobs. What should we expect? I hear your point that you're working as quickly as possible and that you're looking to do it sometimes in the next several months, although we won't hold you to a precise date here, but what is it going to look like?

JAMES PATCHETT: And I think what-- we're not-- we're not going to identify every sub-initiative of like 17 jobs here and 14 jobs there, because it's over the next 10 years, and I think as I alluded to earlier, we need to be aware of the fact that the plan will change and the economy will change over time. But we are going to go sector by sector and talk about specific job targets and a series of specific initiatives that we can announce right away that will make up a significant portion of those jobs.

CHAIRPERSON GARODNICK: Okay. We'll look forward to seeing that. Let me move on to the Garment Center. We talked last time about the future of the garment industry in New York City. Since that

4 time, EDC has announced a 51.3 million dollar package
5 to support the sector. Can you give us a little more
6 sense of how that money is going to be spent?

7 JAMES PATCHETT: Absolutely. So, the 51
8 million dollars specifically includes a relocation--
9 funds for relocation, funds for training, funds for
10 new investments in technology, and it is a joint
11 effort between the City and the local business
12 improvement district. Broadly speaking, obviously,
13 we are concern-- we are focused on two things. One
14 is rethinking the way that the garment has been
15 experienced in Manhattan in spite of the zoning
16 restrictions there. We have lost almost 60 percent
17 employment over the last 10 to 15 years in garment
18 manufacturing, and the City considers that
19 unacceptable, and at the same time we are investing
20 in Sunset Park to ensure that we have a place where
21 we know we can guarantee long-term affordable rents
22 because those will be in city-owned assets, the only
23 place where we can guarantee that there will be a
24 long-term affordable lease.

25 CHAIRPERSON GARODNICK: Of the 51 million
dollars, how much of that goes toward relocation?

JAMES PATCHETT: It's not-- it hasn't been specifically laid out, right? We're working with the, you know, the local community to determine how to best allocate it. And that-- you know, we're having a conversation with them. We understand there have been some concerns about the speed of the process, so we want to make sure we're working closely with the local community to ensure that we have a thoughtful plan that addresses the needs of Manhattan as well as Brooklyn.

CHAIRPERSON GARODNICK: Well, I think that's right. I mean, I think one of the issues has been the fact that the initial effort it appeared was to change the rules in the garment sector center even before the Made in New York Campus was complete and not necessarily ready to receive the garment businesses. Is it your hope and expectation now that the Made in New York Campus would be open before the rezoning actually takes place?

JAMES PATCHETT: I wouldn't say that. I mean, I think the short answer is we can't afford to wait to find a solution for the Garment Center, because as I said, every day that goes by we're losing more garment manufacturing jobs in the Garment

Center. So we want to work quickly to find a solution, and I would also add, you know, the Made in New York Campus will not be available for a few years, but EDC is delivering half a million square feet of available space at the Brooklyn Army Terminal, which is absolutely targeted to manufacturing uses this fall. So we do-- we'll have half a million square feet of space available this fall, and there are millions of square feet available otherwise in Sunset Park today. So, I don't think the Made in New York Campus is an essential precursor to efforts in the Garment Center, but obviously it's an important piece of a broader plan.

CHAIRPERSON GARODNICK: So, is the thought to move businesses on an interim basis to BAT in that 500,000 square feet, or is it that you view Sunset Park as a whole as the development of a brand new potential ecosystem over there?

JAMES PATCHETT: Sure. So, I guess I'd say first of all, the-- our goal is not to just "move the Garment Center from Manhattan to Sunset Park." I would say our goals are two-fold, to look hard at Manhattan with the community and the memb-- the ecosystem there to determine what are the tools that

we can use in the Garment Center to ensure that it works, because it's clearly not working today, and separately acknowledging that the best tools we have are in city-owned assets that therefore to also invest in Sunset Park simultaneously. That we wouldn't-- if we moved folks to the Brooklyn Army Terminal, they would be for long-term leases and for affordable rents. It's not as though we intend the Made in New York Campus to be the only answer in Sunset Park. And the other thing I would say is that Sunset Park is already naturally the second largest occurring garment manufacturing area in the City. So really, this is just building on the investments there with our own assets to ensure that it can continue to grow and also be sustainable in the long run.

CHAIRPERSON GARODNICK: Did EDC consider any possibility of both upgrading the zoning rules in the Garment District today while also taking steps to allow manufacturers who are there already in Manhattan to either buy or lease their own space and stay put?

JAMES PATCHETT: Yeah, those are some of the ideas that we're talking with the community about

right now, and we're, you know, obviously we're very concerned about what we're hearing from them, and we just want to make sure that we have the best tools available, but also to be realistic about the effect the zoning regulations have had which are quite limited.

CHAIRPERSON GARODNICK: I think there's no question about that from any source.

JAMES PATCHETT: Yeah.

CHAIRPERSON GARODNICK: So, is it fair to say that you're going to slow this down a little bit and, you know, develop a plan for a little more community input before moving forward?

JAMES PATCHETT: I wouldn't say that we're going to slow it down, but we are going to acknowledge-- we're acknowledging the community's concerns and want to make sure we have a fulsome conversation with them before we certify into ULURP.

CHAIRPERSON GARODNICK: Well, I look forward to a--

JAMES PATCHETT: [interposing] Yep.

CHAIRPERSON GARODNICK: useful helping participating--

JAMES PATCHETT: [interposing] Thank you.

2 CHAIRPERSON GARODNICK: if appropriate.

3 Citywide Ferry Service, and then I'm going to-- I
4 have more but I want to be-- consider my colleagues
5 here, but on Citywide Ferry Service, congratulations
6 on the roll-out. There is a 30 million dollar
7 commitment the city has made per year over six years.

8 JAMES PATCHETT: Yeah.

9 CHAIRPERSON GARODNICK: Jut lay this out
10 for us in terms of the cost per year versus what our
11 commitment is per year and how you expect that to
12 proceed over six years and whether in year seven we
13 will be making continued subsidizing commitments and
14 at what level. So, just if you could take a minute
15 and break that out for us to the extent that you have
16 that.

17 JAMES PATCHETT: Sure. I'll do my best.

18 Let me know if I do a good enough job. So, yeah, our
19 expectation based on our contract with Hornblower is
20 that we will provide approximately 30 million dollars
21 a year to subsidize the service, and based on our
22 annual ridership estimate of four and a half million
23 passengers, that breaks down to about six dollars and
24 60 cents per ride. That is less than the cost of an
25 express bus or commuter rail, but more than the cost

of subsidizing the subway system. So we think that, you know, that's just the reality of the amount that it costs these days to subsidize new public transit, and we think it's a great investment, and we think it'll be realized, and that will be demonstrated. As I mentioned, we've had 49,000 riders in the first week, which is well in excess of what we projected. On the Rockaway route alone we were projecting 1,500 passengers per week, and we had almost 2,000 on the first day. So, obviously it's been successful. So, but I think it's obviously, at that being said, too early to tell where ridership will shake out overall. Our \$6.60 is based on the four and a half million dollars-- our four and a half million passengers per year.

CHAIRPERSON GARODNICK: So, does the City-- I'm sorry. The City's total commitment per year here is 30 million dollars. If we ended up at a higher level of the number of passengers, so instead of four and a half million we end up at five million. The subsidy-- the six dollars and 60 cents is then paid--

4 JAMES PATCHETT: [interposing] Well,
5 there's then more riders. So the subsidy for ride is
6 lower.

7 CHAIRPERSON GARODNICK: The subsidy per
8 ride is lower.

9 JAMES PATCHETT: Lower because you have
10 more riders. Numerator/denominator.

11 CHAIRPERSON GARODNICK: Okay. And the
12 goal here after six, after six years.

13 JAMES PATCHETT: Yeah, the goal here
14 after six years, I mean, you know, the Mayor has said
15 that he intends this service to be permanent.
16 Obviously, you know, the Mayor won't be in office six
17 years from now unless there's a third term, but you
18 know, it's our intent to make sure this service is
19 successful so that it's something that the City
20 continues to fund. But I think if the ridership is
21 obviously extremely high, we would be, you know,-- it
22 would bring down the cost per ride significantly, and
23 that's what we're going to wait to see. It's
24 obviously too early to tell.

25 CHAIRPERSON GARODNICK: But what is the
goal and expectation? Is the expectation that in

2 seven years the city will continue to be spending 30
3 million dollars a year? What is the--

4 JAMES PATCHETT: [interposing] I think--
5 well, I mean, the-- I think it's our hope that it
6 would be, I mean, on an inflation adjusted basis
7 lower than that, because I think we hope that
8 ridership will be higher, and then over time we'll
9 build ridership. Certainly from what we've seen
10 today-- what we've seen so far, again, I don't want
11 to overstate because we're so early, but if ridership
12 continues along the trends that we're currently on,
13 it's reasonable to assume that it could be lower.
14 The other thing I would say is just the fact that the
15 service will have been up and running will likely
16 make the cost continue to operate lower because we'll
17 have more certainty around it. And so when our
18 initial round of bidding, we were partially bidding
19 into a system that was uncertain. No one knew what
20 it would be like to operate this service. So we
21 should have less risk, more certainty, and therefore
22 it should cost less going forward.

23 CHAIRPERSON GARODNICK: Okay. Last
24 question relates to the BQX. Since our last hearing
25 there was a memo that surfaced in the press

2 describing some of the challenges of the BQX project,
3 specific concern included uncertainty over budget and
4 timelines of the project and the potential that the
5 value capture model that had been conceived might not
6 provide sufficient revenue. The memo described three
7 approaches to the project depending on timing and
8 implementation. There was one approach. That was
9 the "go fast" approach, which would have-- was
10 described as requiring city funds in Fiscal Year 2018
11 of 30 to 35 million dollars, but there's no funding
12 in this budget for the BQX at this point. So, can we
13 assume that you have decided against the "go fast"
14 approach on the BQX, or are you planning on adding
15 funds here somewhere in this process before adoption?

16 JAMES PATCHETT: So, I mean, I think the
17 memo that I saw was a draft, and so it wasn't
18 complete. I think that was an over-simplification of
19 the way that the analysis was being completed. I
20 don't-- I mean, I wouldn't say that that framework is
21 one that necessarily stood up. I think that the--
22 where we are right now is that we recognize that we
23 really need a better sense of the cost and a better
24 sense of the potential value capture before we, you
25 know, begin spending significant monies on design.

4 That was always the intent, and the work we're doing
5 right now is to ensure that we know what the route
6 is, and we also have a good sense of what is in the
7 ground, because one of the greatest uncertainties
8 associated with the cost is the level of the
9 utilities under the ground, and so that has impacted-
10 - impacts the route, because if you go over sections
11 of street that have substantial utilities that might
12 need to be relocated, then that could be extremely
13 expensive. However if you route it in different
14 places you can avoid those costs to a large extent.
15 So we literally right now we have as we are going
16 around the City evaluating every potential route
17 location and doing LIDR [sic] test of what is
18 actually under the test, because although we have
19 maps of utilities, they're often quite outdated, and
20 we just need to make sure we know what is under the
21 streets before we have a better sense of the cost.

22 CHAIRPERSON GARODNICK: So, the memo,
23 while perhaps in draft form or not, I don't know, it
24 had noted that there was going to be a report maybe
25 to answer some of the questions that you're
describing now. That was going to be completed by

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2 the end of March. Do you know where that report is
3 or when we might expect to see it?

4 JAMES PATCHETT: Yeah, we will definitely
5 have another report this year, for sure.

6 CHAIRPERSON GARODNICK: In the calendar
7 year--

8 JAMES PATCHETT: [interposing] In Calendar
9 Year 2017.

10 CHAIRPERSON GARODNICK: 2017?

11 JAMES PATCHETT: Yes.

12 CHAIRPERSON GARODNICK: But we are not
13 allocating the 30 to 35 million dollars in this
14 fiscal year 2018 budget for this project, is that
15 accurate?

16 JAMES PATCHETT: That is accurate.

17 CHAIRPERSON GARODNICK: Okay. Thank you.
18 We'll go to Chair Cornegy.

19 CHAIRPERSON CORNEGY: Thank you, Chair
20 Garodnick. So, I am going to limit my questions so
21 that my colleagues can get in before they have to go
22 to other hearings, but what I'd like to ask primarily
23 about is the MWBE Bond Surety and Loan Program which
24 you referenced in your testimony. Well, my first
25 question would be, I understand that the launch was

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2 scheduled initially for the summer and you moved it
3 up to spring. I'm sorry. It was scheduled for
4 spring and you moved it to summer. What was the
5 reason for the change?

6 COMMISSIONER BISHOP: So, there's two
7 funds that we have, and I think that there may be a
8 conflation between our contract financing which we
9 did launch in March, and I believe you were there at
10 the Brooklyn Historical Society where the First Lady
11 and Deputy Mayor Richard Buery announced the
12 applications were available. We did say that the
13 bond fund was-- we had a RFP on the street at that
14 time. We have selected a vendor, and we expect to
15 have that program up and running early summer. So,
16 and we have utilization with our contract financing
17 fund already. So, we're pretty excited about that
18 program.

19 CHAIRPERSON CORNEGY: So, my initial
20 question actually was for you to-- before I heard
21 that in your testimony, it was to get a quick update
22 on the MWBE Bond Fund and MWBE loan programs,
23 respectively, for which the Administration added a
24 total of 20 million. So a lot of the advocates and
25 people who work in the MWBE sphere were very excited

about, about that. If you can just give me an
update.

COMMISSIONER BISHOP: Sure. We've had a
terrific response as you could imagine. These
programs were built based on the feedback that we had
not only from the advocates but also from MWBE's in
terms of the barriers that were impacting their
ability to not only grow their capacity but compete
on city contracts. Since launching in March we've
actually awarded over half a million dollars, about
687,000 dollars to MWBEs working on city contracts.
This money, as you know, is at a three percent
interest rate which the community recognized as one
of the lowest in terms of financing products, and
this funding helps them actually either mobilize on
an early part of their contract, either with supplies
or people, and certainly allows them if they are
bidding, and we constantly and would love the help of
Council to help build awareness of the program. If
MWBEs are even thinking about bidding, this, the pre-
approval for this fund will actually help them in
terms of the responsibility determination. So we
want to make sure that we work with as many
individuals as possible, Council, etcetera to bring

1 awareness of this program. Our Bond Fund, we expect-
2 - we have a seasoned operator for this program. The
3 organization has a tremendous history in the bond
4 field, and we expect to have, and we expect to have
5 the same utilization in terms of once we have
6 applications available, we'll see an uptick in terms
7 of individuals actually applying for that because we
8 know bonding is also another area where MWBEs have a
9 barrier in terms of having the financial capability
10 to actually get that bond.
11

12 CHAIRPERSON CORNEGY: Do you-- do you
13 know to date how much of the Bond Fund, how much of
14 the 10 million has been utilized?

15 COMMISSIONER BISHOP: So, the Bond Fund,
16 the application will be opened. We're still-- so we
17 just selected the company that's going to manage the
18 program. The program is not open yet, so
19 applications are not available until we're pushing
20 for early summer, and once applications are opened
21 then we'll, you know, we'll have to see what
22 utilization. With contract financing we were
23 actually pretty impressed with the fact that as soon
24 as the applications were opened, we had individuals
25

2 applying, and so far the utilization for the contract
3 financing is 687,000 dollars.

4 CHAIRPERSON CORNEGY: Thank you. So, I'm
5 going to save the remainder of my questions for--
6 well before I do that, I'm sticking with that theme.
7 You mentioned support from the Council in and around
8 those programs. What type of outreach has been done
9 to MWBEs to make them aware of both programs?

10 COMMISSIONER BISHOP: So, we continue--
11 as you know, one of the things that I have said with
12 the agency is that we had a lot of great services and
13 a lot of businesses, especially MWBEs, may not have
14 been aware of our services, and of course, thank you
15 for your continued support with Chamber on the Go.
16 That has been tremendously helpful, and it actually
17 contributed to our ability to serve over 15,000
18 businesses. So, we continue to do the outreach in
19 terms of-- for this program, we have additional
20 resources from the Mayor's Office of MWBE and the
21 Mayor in terms of running an aggressive marketing
22 campaign. Those campaigns we've showed you at the
23 last hearing. We ran some in not only on digital,
24 email and also subways, etcetera, and ethnic press.
25 We plan to do another round again, and of course-- so

2 that is the traditional marketing, but we also are
3 doing grassroots marketing. So we're working with
4 all the advocates and leadership associations to
5 ensure that they also let their MWBEs know. We are
6 working with the agencies. So when MWBEs are
7 submitting or are actually appear for a pre-bid
8 meeting. Agencies are letting MWBEs know about this
9 program. We're also working with private
10 contractors, because if you are a subcontractor with
11 a prime on a city contract, you're eligible for this
12 program as well. So we're working with prime
13 contractors. So we're hitting all bases in terms of
14 trying to make sure that we do everything possible to
15 get the word out. And certainly, if we could do
16 anything more, I'm happy to work with you on that.

17 CHAIRPERSON CORNEGY: I would just like
18 to probably go offline and speak to you about the use
19 of ethnic media in outreach. The City has made a
20 commitment to do that. We just want to make sure
21 that all the agencies are utilizing the ethnic media,
22 and especially obviously in this circumstance it
23 would be probably essential.

24 COMMISSIONER BISHOP: We agree.
25

CHAIRPERSON CORNEGY: Essential pipeline
[sic].

COMMISSIONER BISHOP: Yep.

CHAIRPERSON CORNEGY: Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank
you, Chairs, and now we'll begin with our colleagues.
We've been joined by Council Members Barron and
Ulrich. Minority Leader Matteo followed by Council
Member Richards followed by Council Member Wills.

COUNCIL MEMBER MATTEO: Thank you, Madam
Chair. Commissioner Bishop, I want to thank you for
your work and your staff's work on the creation of
the Newdorp bid, and the one quick question I have
for you, just my concern going forward with bids. I
have another corridor that's we're going to be
looking to create on Victory [sic] Boulevard [sic]--
I know my colleague Joe Borelli in the Southshore has
some. So, I just want to make sure that we're not
concerned that diminished budget is going to reduce
our ability to push forward the bid, and you know,
your staff does a lot of ground work and going, so I
know it's involved. I just want to make sure that as
we move forward that the budget's not going to hurt
our ability to create bids.

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2 COMMISSIONER BISHOP: Yeah, and we are
3 certainly looking at, you know, our staff capacity
4 and assure you that we want to make sure that we
5 continue delivering the services, and you know, thank
6 you for, you know, working with you, and happy to
7 continue working with you on other areas. You know,
8 and thank you for your support of Business
9 Improvement Districts.

10 COUNCIL MEMBER MATTEO: I appreciate that,
11 because, you know, getting the community behind it is
12 one thing, but it helps when we have the adequate SBS
13 staff to go around to actually explain the bid and
14 it's all the good things that come with it. So, it's
15 important. I just wanted to make sure we were--

16 COMMISSIONER BISHOP: [interposing] Sure.

17 COUNCIL MEMBER MATTEO: [cross-talk]

18 COMMISSIONER BISHOP: And of course that
19 process works best when we have a strong steering
20 committee as well, because they obviously will become
21 the engine that gets the process through.

22 COUNCIL MEMBER MATTEO: I agree. Thank
23 you. President Patchett, I want to talk about the 14
24 trucks that you mentioned in your testimony.

25 JAMES PATCHETT: Sure.

4 COUNCIL MEMBER MATTEO: How many trucks do
5 you have now? Do you have any for the Clean NYC
6 program?

7 JAMES PATCHETT: We don't have any
8 specific trucks for the Clean NYC program.

9 COUNCIL MEMBER MATTEO: Okay, so these
10 are--

11 JAMES PATCHETT: [interposing] We have
12 trucks for-- we have graffiti trucks, but we don't
13 have any trucks specific for the graffiti program.
14 The system we've been using to-date has been
15 primarily power washing, so going around with power
16 washers and actually having people clean the
17 commercial districts. We found that that was not as
18 effective as we had wanted it to be.

19 COUNCIL MEMBER MATTEO: Right.

20 JAMES PATCHETT: It took sometimes quite a
21 while to get a piece of gum off the street. So we
22 actually are looking for new technology that will--
23 the truck itself will clean the street as opposed to
24 it being manual.

25 COUNCIL MEMBER MATTEO: So, you put out
an RFP? That's--

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2 JAMES PATCHETT: [interposing] We will be
3 putting out an RFP with this budget allocation, yes.

4 COUNCIL MEMBER MATTEO: So, when do you--
5 what's the procurement process? Will it be-- what,
6 do you think you will have it within a year if it we
7 get--

8 JAMES PATCHETT: [interposing] We will put
9 out the procurement, absolutely, this summer.

10 COUNCIL MEMBER MATTEO: Okay. And how do
11 you expect to use the 14 trucks throughout the City?
12 You plan on putting some in each borough? Are they
13 coming out of a central location? I mean, for us in
14 Staten Island, a truck has to come from somewhere
15 far. It takes away time and doesn't get to as many
16 of the corridors as we need. So, I'd like to know
17 if, you know, where you're going to-- where you're
18 going to actually have the trucks, and will each
19 borough have a certain amount?

20 JAMES PATCHETT: Right. I mean, I don't
21 know that we're at that level of detail yet, but we
22 should get together to talk about how we can make
23 sure that your borough is being adequately served
24 [sic].

25

4 COUNCIL MEMBER MATTEO: No, I appreciate
5 that, because we-- our Clean Team that we use through
6 the Council initiative has been very successful.

7 JAMES PATCHETT: Great.

8 COUNCIL MEMBER MATTEO: But getting a
9 truck that could-- helps us through the graffiti and
10 the cleaning would be extremely beneficial. I had
11 some questions on the Citywide Ferry. I'm going to
12 defer them to my colleague Council Member Borelli. I
13 know he has some specific questions. I'm just going
14 to say that the Citywide Ferry is not-- service is
15 not citywide ferry service if it doesn't include
16 Staten Island. I'm going to end it at that and let
17 my colleague ask his specific questions when he's up.

18 CHAIRPERSON FERRERAS-COPELAND: Thank
19 you, Minority Leader. Council Member Richards
20 followed by Council Member Wills followed by Council
21 Member Menchaca.

22 COUNCIL MEMBER RICHARDS: Thank you,
23 Chairs, and greetings to both of you. So, I had a
24 question on, I guess more directed to SBS, on
25 training and jobs. So, can you speak to job
retention? So, I know you mentioned a specific
number of I think 25,000 people hired through the SBS

centers. Can you speak to what job retention looks like at these sites? And also on the question of training, so you've trained 4,000 people. I'm interested in knowing what are your plans to ensure that that training is reaching low-income New Yorkers more so than anything, and we always have this conversation on what training looks like, how do we bring training to local neighborhoods. So, has the strategy adjusted a little bit differently this year than in past years to bring that training directly into local communities that are in need of it the most?

COMMISSIONER BISHOP: Sure. So, let me take your last question first. And certainly, you know, for those, you know, the training is important to me because, you know, my background. I actually started off in technology without a college degree and actually developed a career there. So, I understand the importance of actually training individuals in careers that are in-demand and developing a skillset which is why the industry partnership is so important to us as a city, and certainly we have leverage. The relationship that we've had with the private sector to understand what

skillsets that they're looking for to ensure that not only our training programs, but you know, the community-based organizations that are training individuals that speak to your question about making sure that, you know, individuals from low-income areas actually have the right training. Those organizations along with us, we do a lot of recruitment in certain neighborhoods to make sure that they also are training individuals in their skills that are in-demand. So, we have built out a network of organizations that we work with. We have readjusted our training. We've done a lot of outreach. So, for example, Tech Talent Pipeline, we had a huge campaign in subways, etcetera, to really reach, and we targeted specific lines that run through low to moderate income areas to ensure that we had the outreach that's there.

COUNCIL MEMBER RICHARDS: So, coding and emerging industries, how are we-- so we're connecting?

COMMISSIONER BISHOP: Right. So, it's web development. It's coding. It's what the industry is looking for, and they-- and we've brought them to the table with academic institutions as well. But

2 healthcare is also a big sector that's growing. You
3 know, the food and beverage industry employs over
4 250,000 New Yorkers, and I'm not talking about fast
5 food. I'm talking about, you know, restaurants that-
6 - fine dining restaurants that are looking for lien
7 cooks, etcetera, and those careers, those jobs lead
8 to careers where you end up being, you know, the
9 actual executive chef. So those are the careers that
10 we want people to actually know about, and in
11 industrial manufacturing we have a whole maritime
12 industry that we want to activate and let people know
13 that, you know, there's a maritime career that could
14 be possible in New York City.

15 COUNCIL MEMBER RICHARDS: And then on job
16 retention, how are you tracking that? And if you can
17 be very quick because I have one-thirty left.

18 COMMISSIONER BISHOP: Sorry, I get
19 passionate about that.

20 COUNCIL MEMBER RICHARDS: So very clear
21 and concise would be great.

22 DEPUTY COMMISSIONER MALLON: Super quick.
23 We do not-- we do not really have a systematic way of
24 tracking retention person by person. We rely on the
25 state who's our partner on that to do an aggregate.

4 COUNCIL MEMBER RICHARDS: You said you
5
6 rely on the state?

7 DEPUTY COMMISSIONER MALLON: We have to.
8
9 We're-- they're our oversight for the majority of our
10 funds which are WEO [sic] funds, federal funds, and
11 we just don't have an ability--

12 COUNCIL MEMBER RICHARDS: [interposing] So
13
14 when I go to Workforce One Center and I get hired,
15 you don't track in the long term whether--

16 DEPUTY COMMISSIONER MALLON: We have no
17
18 systematic way of tracking that. The state does
19 because they get wage reporting data, and they can do
20 it at an aggregate level, but we never know person by
21 person, and it's part of our joint metrics for the
22 federal funding for people to stay in jobs a certain
23 amount of time.

24 COUNCIL MEMBER RICHARDS: Okay I'll speak
25
26 to you on that a different day. Made in New York,
27 how much is being spent on movies versus fashion and
28 other industries, and I wanted to know how does the
29 program measure its impacts? And is the data
30 available to indicate that the program is truly
31 incentivizing a movie production?

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2 COMMISSIONER BISHOP: You're-- so you're
3 asking SBS or EDC?

4 COUNCIL MEMBER RICHARDS: EDC.

5 JAMES PATCHETT: You're not talking about
6 the--

7 COUNCIL MEMBER RICHARDS: [interposing]
8 And then lastly, last question because I have 11
9 seconds left. On small business solutions,
10 especially in rapidly gentrifying areas where a lot
11 of small businesses are being pushed out, I know we
12 have Small Business Solutions. Are there plans to
13 expand it? How are you really ensuring that in these
14 areas outreach is happening as neighborhoods changed
15 and--

16 COMMISSIONER BISHOP: [interposing] Right,
17 so--

18 COUNCIL MEMBER RICHARDS: the pressure has
19 come in?

20 COMMISSIONER BISHOP: [interposing]
21 Right. So, it's not just neighborhoods. You know,
22 consumer spending is changing. You know, if you ask
23 anyone in this room when last you actually bought
24 something off of Amazon, I'm sure somebody will say
25 recently, and that is affecting our local mom and

pops. So we want to make sure that our local mom and
pops remain competitive. One of the campaigns that
we're running right now, Love Your Local speaks to
that. You know, what we want to test is really what
interventions we can make to really help mom and pops
adjust to the changing environment.

COUNCIL MEMBER RICHARDS: And are you
setting up shop in these neighborhoods, more
importantly, and what is the strategy to make sure
that you are?

COMMISSIONER BISHOP: So, in terms of
actual location, I mean, we have a team at the
different centers that actually work with, for
example, local libraries, etcetera to actually
penetrate those neighborhoods. So, and one of the
biggest I think boosts for us was our support and the
entire Council's support of Chamber on the Go which
actually delivers services to businesses. So we
actually go to those businesses. We just launched
our Compliance Advisor. So we are going to different
corridors, you know, ensuring that we target specific
necessary that we know that are changing to make
those business owners aware of our services, and we
actually, you know, follow up with those business

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2 owners to ensure that they actually take advantage of
3 our services.

4 COUNCIL MEMBER RICHARDS: So, no answer
5 on Made in New York?

6 JAMES PATCHETT: Oh, sorry. Well, the
7 Made in-- are you talking about the Made in New York
8 Campus or campaign?

9 COUNCIL MEMBER RICHARDS: Campaign.

10 JAMES PATCHETT: Campaign, the campaign is
11 run by the Mayor's Office of Media Entertainment, so
12 I don't think we can speak to that.

13 COUNCIL MEMBER RICHARDS: Okay, if we can
14 have them reach out.

15 JAMES PATCHETT: Yeah, thanks, we'll make
16 sure they follow up.

17 COUNCIL MEMBER RICHARDS: Okay.

18 CHAIRPERSON FERRERAS-COPELAND: Thank
19 you, Council Member. Council Member Wills followed
20 by Council Member Menchaca followed by Council Member
21 Rodriguez, and we've been joined by Council Member
22 Koo.

23 COUNCIL MEMBER WILLS: Good morning. I
24 have a couple of questions. So, Chair Ferreras has
25 already gone into the fact that our communities, or

2 minority communities, or low-income communities are
3 not enjoying this historically low unemployment
4 rates, and Council Member Richards just asked about
5 the drill-down on making sure those jobs are going
6 into it, but a couple of things that I wanted to ask
7 about was the 100,000 well-paying jobs over the next
8 decade. What is the pay scale that we're looking at
9 to define those as well-paying jobs?

10 JAMES PATCHETT: Well, the Mayor
11 essentially has said in his State of the City Address
12 announced the focus on jobs that pay more than 50,000
13 dollars per year, but it's not just jobs at [sic]
14 30,000 dollars more per year. It's primarily that,
15 but it's also jobs that put you on a career path to
16 achieving that a minimum.

17 COUNCIL MEMBER WILLS: And the money that
18 was used to renovate the Brooklyn Army Terminal, the
19 money that's identified in the 142 million and the
20 other things that you have spoken about, who is
21 actually facilitating those jobs? Are those
22 companies that you're hiring contracting companies or
23 are they high-- are they doing work through agencies?

24 JAMES PATCHETT: So, for the Brooklyn
25 Army Terminal it's 100 million for the renovation of

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2 500,000 square feet, and the Bush Terminal is the 142
3 million that you referenced.

4 COUNCIL MEMBER WILLIS: Alright.

5 JAMES PATCHETT: So, for both of those
6 there are circumstances where EDC has long-- provided
7 long-term leases for tenants at affordable rents, but
8 we--

9 COUNCIL MEMBER WILLIS: [interposing] I'm
10 not asking about that. I'm asking about the actual
11 construction and renovation--

12 JAMES PATCHETT: [interposing] Oh, sorry,
13 the construction work. Oh, alright, absolutely. So,
14 eyes, we hire contractors who in turn hire workers.

15 COUNCIL MEMBER WILLIS: And how much of
16 that contracting or that, those dollars went to
17 minority firms?

18 JAMES PATCHETT: Well, across the board I
19 can't speak to those specific projects, but I can
20 tell you across the board. So we have a-- the City
21 just set a goal of 30 percent MWBE participation.

22 COUNCIL MEMBER WILLIS: Yeah, I'm not
23 interested in the aspirational goals--

24 JAMES PATCHETT: [interposing] No, I know,
25 but I can tell you specifically where EDC is.

4 COUNCIL MEMBER WILLS: Right.

5 JAMES PATCHETT: So, City just set a goal
6 for five years from now hitting 30 percent. EDC has
7 today at approximately 29 percent. So, the goal for
8 five years from now across all of our projects, EDC
9 is essentially hitting today.

10 COUNCIL MEMBER WILLS: So, what I'm
11 asking is specifically about these monies?

12 JAMES PATCHETT: Yeah, I just don't have--

13 COUNCIL MEMBER WILLS: The contracts that
14 you have already done since we've set those goals.
15 How much of that money is actually going to MWBEs,
16 what percentage of it?

17 JAMES PATCHETT: At EDC, approximately 30
18 percent.

19 COUNCIL MEMBER WILLS: Approximately 30
20 percent.

21 JAMES PATCHETT: Yes.

22 COUNCIL MEMBER WILLS: Okay. SBS, just to
23 ask a couple of questions. We're dealing mostly with
24 small businesses. What are we doing with the other
25 3,000-- well, the 100,000 jobs but the 3,000 jobs?
We spoke to the Mayor in the Preliminary Budget, and

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2 I wanted to know, he said that a lot of those jobs
3 would be going into labor or different areas like
4 that, but what are we doing to complement a or to add
5 a small business section to that to make sure that
6 these jobs are not just going into organized labor,
7 but also the small businesses that could join
8 organized labor, but small business and middle market
9 are the--

10 COMMISSIONER BISHOP: [interposing] Sure.

11 COUNCIL MEMBER WILLIS: industries that are
12 adding more jobs than anybody else, really middle
13 market.

14 COMMISSIONER BISHOP: Sure.

15 COUNCIL MEMBER WILLIS: So what are we
16 doing for that?

17 COMMISSIONER BISHOP: Yeah, so and we at
18 SBS even though our name says "small business
19 services" we actually help all businesses in terms of
20 helping find a workforce through our Workforce One
21 system. So, the Green Jobs initiative, Green Jobs
22 Corps is going to have a mix of that. We are
23 training individuals in a number of things including
24 pre-apprenticeship, but certainly not only organized
25 labor, but other entities could take advantage of the

trained workforce that we are developing, and happy to talk to you a little bit more about that to figure out if there's a strategy you have in mind.

COUNCIL MEMBER WILLIS: I really don't believe that you have enough in your budget to achieve the things that we're going to be needing. The President spoke of some people think it's crazy right now to go into job creation when we have such historically unemployment rates, but I think that we would be negligent if we didn't actually drill down as Council Member Richards spoke to minority and low-income communities now while we have the opportunity. But in doing that, what I want to know is how can with the budget that you have put forward, how can you actually go into the things that these new companies are going to need not just to become small business successful, but middle market successful? They have to deal with social media. They have to deal with online commerce and different things like that. I don't believe that your budget is strong enough or large enough for you to actually drill down on what we actually need to create an economy going forward on these things. We've had these record growth numbers with net revenue of private companies

for the last five years only because of certain factors like low energy costs or lower healthcare costs and different things like that. These things are not actually going to go forward as they have robustly as they've had for the next five years. So, I think that you really need more money in your budget to work with small businesses to make sure that they can take advantage of the things that they need to go in-- that they're going to need to do. Model disruption [sic], right? That's a big thing right now, Uber, Airbnb, all of these different model disruption, market disruption models. We need to prepare the small businesses to do that and the become middle market businesses. So, I would like to sit down with you guys to see where you plan is to do that and how much money you're going to allocate towards it.

COMMISSIONER BISHOP: Sure.

COUNCIL MEMBER WILLS: Thank you, Madam Chair.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member. Council Member Menchaca followed by Council Member Rodriguez followed by Council Member Borelli.

4 COUNCIL MEMBER MENCHACA: Thank you to
5 the Chairs, and I want to follow up on Chair
6 Garodnick's questions on the Made in NYC and the new
7 campus in Sunset Park. My first question is really
8 try and understand the-- or further understanding the
9 separation of the movies investment versus the
10 fashion, if you could give us a little bit more about
11 how maybe through dollars or how you're thinking
12 about that investment, how that's being split, and
13 then the other question is-- well, and actually we're
14 going to want that paper on the 136 on how it breaks
15 down to facility versus infrastructure outside. And
16 so we just want to make sure that we're going to--
17 we'll get that in writing as soon as possible. Or
18 you can answer the kind of movie versus fashion.

19 JAMES PATCHETT: Sure. So, as it relates
20 to your civic [sic] question, you know we still have
21 to work with you to scope, to determine the specific
22 improvements that get made there, but broadly
23 speaking we're envisioning the two-thirds of the jobs
24 and space will be provided for manufacturing garment,
25 and about one-third of the space will be in film.
So, that's-- or at least one-third of the jobs will
be in film. So, broadly speaking that is our overall

4 breakdown. I don't have a specific breakdown in
5 terms of how that allocates the capital cost, but
6 that's the broad objective of the project.

7 COUNCIL MEMBER MENCHACA: Got it. That's
8 helpful, and know we're going to want to come in with
9 some--

10 JAMES PATCHETT: [interposing] Yes.

11 COUNCIL MEMBER MENCHACA: real concepts
12 from the community, which leads me to my second
13 question about the-- your testimony kind of spoke to
14 a kind of larger citywide impact that this hub will
15 have, and so how do you-- and maybe I won't leave it
16 as a question. I'm going to make it a statement.

17 JAMES PATCHETT: Okay.

18 COUNCIL MEMBER MENCHACA: We want our
19 local garment industry providers on the pri-- not
20 only the private, but also nonprofits that are
21 helping support, be part of the conversation. That's
22 something that we talked about before, but we want to
23 make sure that we kind of take home, take care of
24 home first before we think about the larger impact,
25 and then make sure that we have enough investment so
that we are able to help anything else outside of the

Sunset Park Garment Center. And I'll leave it at--
because I don't have too much time.

JAMES PATCHETT: Thank you.

COUNCIL MEMBER MENCHACA: The second
question is, this is one of the first times EDC went
out and said we need more money for our Bush Terminal
Park. So we want to say thank you for that. And if
there's any updates right now from your conversations
internally about where we are in that. Know that the
Council's going to be pushing for this, but where--
how do you feel you are in your internal
conversations about the extra 20 million dollars that
should come to our park facility right next to this
hub that we just spoke about?

JAMES PATCHETT: Well, you know,
obviously any budget conversation is a broader
conversation about city priorities. In addition to,
you know, making sure the park has all of the
investment that it needs. We're also very focused on
getting the southern entrance open as quickly as
possible. I was meeting with my team about that
yesterday, and I can tell you the southern entrance
will open in June, and I'd like to find a time to get

2 a specific date so we can go out there and open it
3 together.

4 COUNCIL MEMBER MENCHACA: Great. Thank
5 you. So know that 20 million, we need that as part
6 of the park. That second entrance is going to be a
7 great beginning to a longer investment--

8 JAMES PATCHETT: [interposing] Yes.

9 COUNCIL MEMBER MENCHACA: from the city
10 for that park. It's not done yet, and so we're
11 thankful that we are now in real partnership both
12 kind of publicly, but with asks as well.

13 JAMES PATCHETT: Yes.

14 COUNCIL MEMBER MENCHACA: So, again, we
15 just can't say that enough. Thank you for that.

16 JAMES PATCHETT: Thank you.

17 COUNCIL MEMBER MENCHACA: Next is,
18 there's a thirty-some million dollars for SBMT up
19 here. Can you talk to us a little bit more about
20 what that investment is and how that kind of connects
21 to the larger vision for SBMT?

22 JAMES PATCHETT: Right. SO I think the
23 critical thing about this is is it is primarily for a
24 little bit of build-out of the pier and for come
25 cranes that will operate on the pier, and that will

be to remove containers coming on barges, and the reason that we think that that is valuable is because we anticipate that these investments alone can take over 50,000 trucks off the street, and obviously that's a big concern of our I that community, and to the extent we can also utilize the rail link [sic] as a part of that. It'll be even more successful.

COUNCIL MEMBER MENCHACA: So, just to clarify, this is pure focus with a kind of container support for cranes--

JAMES PATCHETT: [interposing] Cranes for supporting containers, yes.

COUNCIL MEMBER MENCHACA: Cranes, and so what prevented this? I only have 30 seconds. If you can just fill that out a little bit more about--

JAMES PATCHETT: [interposing] Sure.

COUNCIL MEMBER MENCHACA: why now, why not before? What changed?

JAMES PATCHETT: Sure.

COUNCIL MEMBER MENCHACA: And then the second question, this is kind of SBS, EDC combo. With all this investment going to BAT, Bush, SBMT, there's spur in job growth. How is SBS going to take that and say we're going to meet you and not wait

until we ask for it, because we've created all this
job opportunity, and we want local-- a real focus on
local engagement, which is an immigrant community,
walk to work, working families, and so that'll be my
last question.

JAMES PATCHETT: So, as relates to the
containers, I think what we're finding is that, you
know, the focus traditionally has been on large
container ships coming in to the harbor, and what we
believe is there's a new technology. In fact-- I
mean, not a new technology, but it's a new trend that
actually works which is barging in containers. So
with smaller ships that aren't full container ships
and barging them in and there's an-- we believe that
we can capture the goods that are currently coming in
on truck from the New Jersey side of the port, coming
across on these barges on cranes. They're no longer
being delivered on trucks, and it's-- again, it is a
trend of the industry that is relatively new and we
think we want to capture it so we can reduce truck
travel.

COMMISSIONER BISHOP: And I totally agree
with you in terms of ensuring that the workforce is
available. That is one of the industry partnerships

that we have, industrial manufacturing. We, in partnership with EDC, actually EDC funded the creation of that center. We have a very specific industrial manufacturing center located in the Brooklyn Army Terminal, and that center is really to connect with all the industrial businesses in South Brooklyn to understand their needs, the skillsets that they're looking for and not only connect local job seekers to those jobs, but also influence the training that we either will create or working with our partners in the nonprofit sector.

CHAIRPERSON FERRERAS-COPELAND: Thank you, Council Member. Council Member Borelli followed by Council Member Barron followed by Council Member Koo.

COUNCIL MEMBER BORELLI: Good morning and thanks for coming. I guess my question is to EDC. What is the total subsidy per rider for the Rockaway ferry system, for a person boarding at Rockaway?

JAMES PATCHETT: I don't have the per rider break-out for Rockaway specifically, but I can tell you across the system it's six dollars and 66 per-- six dollars and 60 cents per rider

COUNCIL MEMBER BORELLI: Okay. What was the cost per rider when you guys operated it after Sandy?

JAMES PATCHETT: I don't have that in front of me, but I can get it to you.

COUNCIL MEMBER BORELLI: It was, according to your agency spokesperson, it was between 25 and 30 dollars per person. How did you guys manage to get the subsidy from 25 dollars or 30 dollars per person down to the city average of six?

JAMES PATCHETT: Was-- it was by making it a part of a broader network with additional stops, just not solely focused on the Rockaways.

COUNCIL MEMBER BORELLI: So, additional stops are part of the reason why it helped?

JAMES PATCHETT: The st-- yes, we focused on additional stops that our studies demonstrated would have the highest ridership and make it the most affordable system overall.

COUNCIL MEMBER BORELLI: Okay. So then I'm looking at the 2013 citywide ferry thing [sic], and again, you just said that more stops make it more competitive.

JAMES PATCHETT: More certain stops, yes.

COUNCIL MEMBER BORELLI: Oh, certain
stops. Because the only-- of the six routes, some of
them have sub-routes, A versions, B versions. So I
guess there's how many total, one, two three, four,
five, six, seven, eight, nine, ten, eleven. Out of
11, only one of the routes you modeled has a two-stop
route, and only one of the models you have has a Pier
79 route, and that's Staten Island. Why would you
single out Staten Island in that respect? It was the
route five, St. George to Pier 79.

JAMES PATCHETT: Well, the study you're
referring to from 2013, I can't speak to that, why
the analysis was done the way it was because I wasn't
here in 2013.

COUNCIL MEMBER BORELLI: Okay. Do you
think having just two stops as opposed to having-- in
this case, route two, for example, has one, two,
three, four stops-- so, based on what you said
earlier, is having four stops, does that make it more
marketable for people?

JAMES PATCHETT: It really depends on the
particular circumstances. Weighted [sic] broadly
like all transportation systems, you have to balance
stops with the amount of-- with speed. So, the

1 further out you are, you need to have fewer stops in
2 order to make it competitive with alternative forms
3 of transportation. For instance, the Rockaway's
4 route only has two stops because what we've
5 determined was that if it had more than one stop
6 along the way getting into Manhattan, that it would
7 be-- that it would take so long that it would make it
8 not competitive with other forms of transportation.
9 So, the key is to make sure that you can have enough
10 stops to ensure adequate ridership, but at the same
11 time balance that with not making so many stops that
12 it causes the time that it takes to get to work or to
13 home so long that it makes the service not
14 competitive with alternative forms.

16 COUNCIL MEMBER BORELLI: So, by my Google
17 Earth calculation, the Rockaway stop is 20 miles from
18 its first Manhattan Central Business District stop in
19 Wall Street. Previous locations on Staten Island
20 included Great Kills Harbor, and there was a study
21 done of Stapleton. Rockaway is 20 miles. Great
22 Kills is 16, and Stapleton is six miles away from
23 Wall Street. Is that less distance than 20 miles?

24 JAMES PATCHETT: Yes.

COUNCIL MEMBER BORELLI: So then why
wouldn't a south shore ferry been studied with
respect to the 2013 citywide study or any subsequent
studies after that?

JAMES PATCHETT: Well, you know, I can't
speak to why it wasn't studied in 2013. What I can
tell you is that, you know, we're obviously aware of
the concerns about transportation in Staten Island.
We recognize, you know, that it is a borough that has
a lot of challenges with traffic and congestion and
needs for more transportation, and we have met with
the potential ferry service providers subsequent to
that study to try and encourage possible service on
the south shore. Met with them. We met with the
Borough President. You know, I know you've been a
big advocate as well on this, and we appreciate your
advocacy there. I think it is our broad intent once
we complete-- get with the-- what the Mayor has said
and what we intend to do is get the service up and
running, get it successfully up and running and then
evaluate the possibility of more stops including in
Staten Island to add to the routes after these are
completed.

COUNCIL MEMBER BORELLI: Alright. I'll ask another. So, Rockaway is 130,000 people. The south shore has 165,000 people. Do you know what population has more commuters to Manhattan?

JAMES PATCHETT: I don't at this moment.

COUNCIL MEMBER BORELLI: That would be a good study. Why was there a decision to not include the south shore as part of the 2013 or any subsequent studies?

JAMES PATCHETT: Well, you know, again, I can't talk to the 2013 study. We haven't done a comprehensive analysis since then. The 2013 study was the basis for determining the initial routes, and we will conduct an additional study upon the successful roll-out of the first phase of the ferry service.

COUNCIL MEMBER BORELLI: Is there a conversation about a second Rockaway stop?

JAMES PATCHETT: There's not an active conversation about a second Rockaway stop any more than there is an active conversation about stocks across the entire City. We are focused on delivering the routes that we have discussed, and then for additional stops, you know, there's additional stop

2 in the Rockaways or in Staten Island or in other
3 places. We'll have to wait until, you know, we get
4 the service up and running successfully.

5 COUNCIL MEMBER BORELLI: Thanks.

6 CHAIRPERSON FERRERAS-COPELAND: Thank
7 you, Council Member. Council Member Barron followed
8 by Council Member Koo followed by Council Member
9 Perkins.

10 COUNCIL MEMBER BARRON: Thank you, Madam
11 Chair. Thank you to the Chairs for this hearing.
12 Thank you to the panel for coming. I do want to
13 acknowledge that my intern Janice Pollot [sp?] is
14 here, and she's taking this session in. I just have
15 a few questions. You talked about 30 percent of the
16 EDC contracts are presently being awarded to the
17 MWBE's?

18 JAMES PATCHETT: Approximately 30
19 percent, just under, yes.

20 COUNCIL MEMBER BARRON: Okay, and so how
21 long-- what is the requirement to qualify to be an
22 MWBE?

23 COMMISSIONER BISHOP: So, similar to--
24 because EDC, we work closely with EDC, they pull
25 certified firms off of our list, the city list. So,

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2 Small Business Services, we certify for entire city
3 and we work closely not only with EDC but also School
4 Construction Authority and other quasi city agencies.
5 They recognize our certification. And to be eligible
6 for a city's certification, you have to be 51
7 percent, in 51 the percent owned and controlled from
8 one of the eligible groups, which is either you're a
9 woman, a black, Hispanic and Asian.

10 COUNCIL MEMBER BARRON: And is there a
11 certain income or assets that you must have in order
12 to apply?

13 COMMISSIONER BISHOP: No. We are often
14 confused with the state which has a net worth
15 requirement to certify. We just look for ownership
16 and control.

17 COUNCIL MEMBER BARRON: And how long
18 would that-- there's a certain length of time that
19 you have been in business before you can apply?

20 COMMISSIONER BISHOP: You have to be in
21 business for one year. There are certain exceptions
22 with professional services. For example, if you're a
23 lawyer, you are a lawyer. So we look at in
24 professional services what field you're coming from,
25 but in most cases you have to be in business for one

year, because we have to make sure that you're a
going concern.

COMMISSIONER BANKS: And so how long does
the process take from the time that a person submits
their application to the vetting and all of the--

COMMISSIONER BISHOP: [interposing] We
publicly say six to eight weeks. We actually
recently re-did our application. So we have a new
streamline application. We pulled out sole
proprietors, because we recognize that that group did
not need to submit as many documentation as
necessary. So we're doing everything possible to
streamline the process, but while maintaining the
integrity of the program.

COUNCIL MEMBER BARRON: Thank you. Now,
there's a program in your testimony that says,
"Building your business, a guide for immigrant
entrepreneurs."

COMMISSIONER BISHOP: That would be us,
yes.

COUNCIL MEMBER BARRON: So that is
applicable only to those who are an immigrant
community, or is that for everyone or the generic
parts that would be?

COMMISSIONER BISHOP: So we have programs for all small business owners. This guide was specifically targeted to immigrant entrepreneurs for a number of reasons. One, you know, immigrant entrepreneurs, foreign-born New Yorkers make up one-third of the city's population, but over half-- they own over half of small business, and that population tend to be a vulnerable population in terms of not necessarily knowing, you know, their rights in terms of signing a lease, getting access to capital, even navigating government. So we wanted to make sure that we provided information for that particular population. Now, there's some information in that guide that certainly any small business owners can take advantage of.

COUNCIL MEMBER BARRON: You mentioned the 11th Annual Citywide Procurement Fair, is that open to anyone who would be interested, and how-- do they need to register?

COMMISSIONER BISHOP: Membership has it's privileges. It's only open to city certified firms. So, if you know of any firm that has not been certified, they should submit their application as

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2 quickly as possible so we can get them certified so
3 they can participate in the procurement.

4 COUNCIL MEMBER BARRON: How long would it
5 take for someone who has not already done it, because
6 the fair is June 11th, I think?

7 COMMISSIONER BISHOP: We will certainly
8 work to expedite the application process, and
9 certainly if they have a contract we will to expedite
10 that process as well.

11 COUNCIL MEMBER BARRON: For EDC you talk
12 about your capital commitment, I think you have it
13 four billion dollars?

14 JAMES PATCHETT: Uh-hm.

15 COUNCIL MEMBER BARRON: How are
16 communities reflected? Can you give us a report on
17 how that money has been allocated in the past,
18 particularly by zip code or community district,
19 Community Boards or neighborhoods?

20 JAMES PATCHETT: We'd be happy to follow
21 up with you on a breakdown by-- I don't know if we
22 have it by neighborhood, but we certainly provide it
23 by borough.

24 COUNCIL MEMBER BARRON: Okay. Because
25 there's one of the advocate groups that has a table

1 that they printed out, and I couldn't locate it and
2 bring it, but certainly some communities are much
3 more represented in terms of receiving those funds
4 than others, and I represent East New York, and we're
5 at the bottom in terms of getting support from EDC to
6 have businesses expand and grow and improve. And
7 lastly, I think it's the SBS that talked about a
8 community district needs assessment, and you indicate
9 that East New York was one of the areas that you
10 studied. So now that you've done the study, what are
11 you going to be able to do? You know the commercial
12 that said, "Okay, you monitor it. Now what are you
13 going to do?"

15 COMMISSIONER BISHOP: So, you'd be happy
16 to know that the Administration actually put forward,
17 not only the Administration, but we also work through
18 the private sector, about nine million dollars and
19 organizations that actually worked with us on that
20 CDNA were awarded 1.5 million. There are
21 organizations that we work closely with, Cypress
22 Hill, LDC, and I believe, East New York, East New
23 York LDC, also were recipients of those grants, and
24 again, you are correct. We highlighted the
25 opportunities in East New York, and now we are

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2 putting the money into these organizations to
3 actually take advantage of those to actually deliver
4 on some of the recommendations in that group. I just
5 wanted to point out really quickly, I would love to
6 work with you in terms of figuring out ways to
7 increase the Mayor's-- set a target of 9,000
8 certified firms for us. we certainly want to make
9 sure that we have a certified base that's reflective
10 of New York City, and I've been working closely with
11 a lot of sororities to really-- fraternities and
12 sororities to really increase the amount of not only
13 black-owned certified firms, but black-owned firms in
14 areas where, for example, engineering where we see
15 some of the work that where EDC would actually need,
16 you know, engineering companies, for example, to do a
17 lot of their projects. So we'd love to work with you
18 on that.

19 COUNCIL MEMBER BARRON: Thank you very
20 much. Thank you, Madam Chair.

21 CHAIRPERSON FERRERAS-COPELAND: Thank
22 you, Council Member. Council Member Koo followed by
23 Council Member Perkins.

24 COUNCIL MEMBER KOO: Thank you. One more
25 time. Thank you. Thank you all the commissioners

here. Small business is, you know, a critical
juncture in the home [sic] because of rents, or for
the technology, and internet, and all these other
robots [sic], all these things, self-driving cars.
So, I really appreciate your leadership in small
business and EDC. But meanwhile, and I suppose more
business complaining about the difficulty in doing
business, small business, big business. Even big
business have [inaudible] Rena Bolo [sic] closed
their headquarter someone in the 5th Avenue which is
a big corporation. They closed their store there.
Small business suffer the same thing because of the
competition from Amazon and all those big developers,
big box places. So, my question is, how does SBS
help small business to be more effective in
management, manage their resources? Because right
now small business are an even playing field, right?
Small business, they always get fines, right? They
get inspections. Meanwhile, at the same time, the
vendors on the streets, they don't fines. They don't
get inspections. They can do-- anyone can put a
vendor-- any vendor can put some business in front of
a business, and meanwhile very little enforcement.
So, I know this is not your role. I mean, this is

police work, but I want you like to be more promoting, more advocating on a even-- I'm not saying even inspections. If you want to inspect a store, you inspect the guy on the streets, too, right? Make sure they have license. Make sure they're in the right location. But usually police, they don't want to do those things. They want to go chase crimes and murders, no? Homicides, those things. When you report on the quality of life issues to them, it's their last priority. So, I want small business [inaudible] I mean, small business, you to be an advocacy for small business owners in terms of fighting for even enforcement issues. That's number one. Number two, we all know that in New York there are some streets that cost zero something, zero sidewalk display [sic] or Zero Vision streets which is--

COMMISSIONER BISHOP: [interposing] You're talking about Vision Zero?

COUNCIL MEMBER KOO: Not the traffic one, but no, you can-- on those streets you're not supposed to have like vendors.

COMMISSIONER BISHOP: Oh.

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2 COUNCIL MEMBER KOO: Yeah. So, can you
3 give me a list of streets that fall into that
4 category? Because for the past few years, I haven't
5 had time to find out which streets are zero sidewalk
6 display.

7 COMMISSIONER BISHOP: So--

8 COUNCIL MEMBER KOO: [interposing] And
9 then once you give me the list, I want the criteria,
10 you know, what's the definition of it. Who can put
11 [inaudible] because some stores when we call SBS they
12 want to sell some-- have [inaudible] or they say you
13 cannot do it, because this is a zero disability, zero
14 sidewalk space [sic] street. But meanwhile, anyone
15 could put a lot of busi-- sell flowers or batteries
16 in front of them. So, what's the use of this
17 definition? You cannot-- legal business cannot do
18 business. Illegal business can do business. So,
19 these are reverse. Like, we lost over-- I'm sorry, I
20 lost I guess I lost [inaudible] so can you like tell
21 me that [inaudible], the list of streets in New York
22 City increased, especially in Flushing. The rich
23 [sic] streets are zero [inaudible] sidewalks, and
24 this is fall into that category. What can they do?
25 Or what can they do?

COMMISSIONER BISHOP: Sure. So the follow
up on your two, we'll follow up on the streets. I
think you're hitting on the point of enforcement, an
certainly as you know there's a conversation
happening right now between the Administration and
City Hall and Council in terms of just overall
strategy for vending. As you know, you know, the
vending community tend to be largely immigrant
entrepreneurs, and certainly as an agency we support
entrepreneurs on both sides of brick and mortar and
vendors. So certainly we'll follow up with you on the
list of streets, but just know there's a conversation
going on in terms of, you know, what can we do in
terms of enforcement. Just on your first point, I
just want to for the record indicate that since the
Administration started, you know, fines against small
businesses have been reduced by 40 percent, and I
think to your point we want to make sure that we are
more proactive in helping business owners know what
they don't know and help them operate in compliance,
and certainly that's one of the reasons why we
launched our compliance advisors to really be more
proactive and to really go out to businesses and help

1
2 them understand what they are supposed to be doing in
3 order to operate to prevent fines.

4 COUNCIL MEMBER KOO: One more quick thing
5 to say. I want you to advocate for the-- for a
6 moratorium of the property tax and commercial tax,
7 yeah. This is critical. Small business suffering
8 because when there's more business in addition to pay
9 high rent, they pay a higher tax because the landlord
10 always pass the property tax to tenants.

11 COMMISSIONER BISHOP: So, I think-- but
12 you're talking about, and that's one of the reasons
13 why we are making huge investments in our commercial
14 leasing services, because we want to educate business
15 owners before they sign a lease, you know, some of
16 the stipulation in that lease. A lot of business
17 owners, they see a location and they just sign a
18 lease blind, and that's when they get into the
19 situation where they're in a triple-net lease and
20 when the property tax goes up that's passed through
21 to their lease. So, certainly we want to make sure
22 that business owners are empowered, and I'm happy to
23 talk to you about how we can actually, you know, get
24 a head of that in terms of making sure that business
25

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2 owners know they can take advantage of this free
3 service.

4 COUNCIL MEMBER KOO: No, this is common
5 practice. Landlords always pass the property tax to
6 commercial tenants. It's not that you can negotiate,
7 you know. [inaudible] some like undesirable areas,
8 no? You know, all good areas, most commercial
9 tenants, they have to pay the property tax. So
10 that's important as agency head helped the business
11 owner to advocate the city to have a moratorium of
12 the commercial tax increase. That's really important.

13 COMMISSIONER BISHOP: So, I have a number
14 of conversations.

15 COUNCIL MEMBER KOO: I don't know how
16 they could do it.

17 COMMISSIONER BISHOP: Yeah.

18 COUNCIL MEMBER KOO: But I would like you
19 to at least on the surface advocate for them.

20 COMMISSIONER BISHOP: Sure.

21 COUNCIL MEMBER KOO: Thank you.

22 CHAIRPERSON FERRERAS-COPELAND: Thank
23 you. Council Member Perkins?

24 COUNCIL MEMBER PERKINS: Thank you very
25 much. Would you-- I have a few things. But would

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2 you explain what the new route will be, and like the
3 East River route begins on the northern end of
4 Manhattan where? Or ends on the northern Manhattan
5 where? However you look at it.

6 JAMES PATCHETT: Yes, absolutely. So,
7 the East River Ferry does not stop in northern
8 Manhattan. The furthest north stop is makes is on
9 34th Street, but next year we'll be opening the Sound
10 View line which will run to the Bronx as well as
11 Upper Manhattan and then down the East die.

12 COUNCIL MEMBER PERKINS: Okay, so it will
13 run into the Bronx?

14 JAMES PATCHETT: To the Bronx--

15 COUNCIL MEMBER PERKINS: [interposing] And
16 towards that--

17 JAMES PATCHETT: [interposing] It starts
18 at Bronx--

19 COUNCIL MEMBER PERKINS: [interposing]
20 And towards that--

21 JAMES PATCHETT: [interposing] down to--

22 COUNCIL MEMBER PERKINS: [cross-talk]
23 upper Manhattan?

24 JAMES PATCHETT: towards upper Manhattan
25 and down to lower Manhattan.

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2 COUNCIL MEMBER PERKINS: What-- how far
3 into the Bronx does it go to?

4 JAMES PATCHETT: Sound View.

5 COUNCIL MEMBER PERKINS: Sound view,
6 okay. Thank you. The MWBE do you have a retort on
7 the con-- MWBE contracts that are a part of your
8 operation? Do you have a-- that you can provide us
9 with?

10 JAMES PATCHETT: Which--

11 COUNCIL MEMBER PERKINS: [interposing]
12 You have MWBE contracts you mentioned.

13 JAMES PATCHETT: Yes, EDC definitely had
14 contacts with MW-- that include MWBEs, yes.

15 COUNCIL MEMBER PERKINS: Can we get a
16 copy? Can I get a copy of the list of such
17 contracts?

18 JAMES PATCHETT: WE can-- I'm not-- we'll
19 be happy to provide you with some follow-up
20 information about the specific--

21 COUNCIL MEMBER PERKINS: [interposing] I'm
22 sorry--

23 JAMES PATCHETT: ways that we--

24 COUNCIL MEMBER PERKINS: I'm having a
25 little hard time hearing.

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2 JAMES PATCHETT: OH, sorry. I said we'd
3 be happy to provide specific follow-up about the way
4 that we use MWBEs across our contracts.

5 COUNCIL MEMBER PERKINS: So you're going
6 to describe for me how you use the MWBE contacts in
7 particular? And at the same time, give me somewhat
8 of a listing or number of how many such contracts are
9 available for using.

10 JAMES PATCHETT: I want to make sure I
11 understand your request and that we address it. We
12 can follow up to make sure we're addressing,
13 providing the information that you're looking for.

14 COUNCIL MEMBER PERKINS: You mentioned
15 something about MWBE contracts.

16 JAMES PATCHETT: Yes.

17 COUNCIL MEMBER PERKINS: I just want to
18 know what are they for and how many of such are there
19 that are in contract?

20 JAMES PATCHETT: Right, no, I understand.
21 I just-- I just don't-- I 'm not sure of the exact
22 level of detail that we have that we can provide, but
23 we'll be happy. We'll provide you with as much
24 information that we can to address your issue.

25

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2 COUNCIL MEMBER PERKINS: Okay, whatever
3 you--

4 JAMES PATCHETT: [interposing] I
5 understand where you're-- you're trying to understand
6 the scope of our MWBE and where we're using them, and
7 I think we can give you a sense of that in our
8 response.

9 COUNCIL MEMBER PERKINS: Yes, exactly.

10 JAMES PATCHETT: Yeah.

11 COUNCIL MEMBER PERKINS: If you can
12 provide that, that'll be useful.

13 JAMES PATCHETT: Okay, understood.

14 COUNCIL MEMBER PERKINS: And how are the
15 potential contractors informed, contacted? DO you
16 have a somewhat of a--

17 JAMES PATCHETT: [interposing] Well, we
18 have-- I mean, I guess from the-- were you talking
19 about EDC? Well, I mean, I would say SBS does broad
20 outreach to MWBEs across the city. I'll just speak
21 specifically to EDC, some of the programs that we
22 have. I think probably the most significant one is
23 one we just announced which was construct NYC which
24 has a combination of training and outreach associated
25 with it, and it's specifically targeted towards both

construction management firms who are MWBEs
themselves, like McKissack [sp?]and McKissack and
Noble and Armond. So we awarded 80 million dollars I
construction management to them just now, but then
separately it's not just about them, it's also about
the subs who work-- the subcontractors who work for
them. So what we've done is we've worked with these
as a part of this program to break up the contracts
into individual opportunities that are a million
dollars and under, because what we find is that a lot
of the MWBEs frequently don't have the capacity to
bid for the larger subcontracts, and so by breaking
them up we're able to target them successfully
towards MWBEs, and as a part of that program we're
hoping by the end of the year to award 25 million
dollars in individual contracts to MWBEs.

COUNCIL MEMBER PERKINS: And towards that
25 million dollars how many sort of contracts do you
think that might entail?

JAMES PATCHETT: Well, certainly-- I
mean, this is just in the context of the Construction
NYC program. So certainly we'll award many more than
this, but just from that alone, we'd certainly expect
it to be more than 25.

COUNCIL MEMBER PERKINS: Okay. And I
assume that there's some sort of way in which
potential contractors are informed?

COMMISSIONER BISHOP: Yeah, so and
President Patchett alluded to it. So, at SBS we and
working with the Mayor's Office of Contract Services-
- Mayor's Office of MWBE and actually the Mayor's
Office of Contract Services, we ensure that MWBEs are
included in a lot of outreach events for the specific
agencies. So we work closely with agencies to have
what we call MWBE fairs where all their buyers meet
MWBEs. We help with the marketing of those programs,
and certainly our biggest program will be the
procurement in June that I mentioned in my testimony
where we have over 80 agencies, including EDC. All
our city agencies and our state agencies will be in
one room. Our MWBEs can not only meet the buyers and
sort of network, but also learn about opportunities,
and we've seen a number of MWBEs from previous
procurement fairs actually win contracts just by
attending.

COUNCIL MEMBER PERKINS: So, you obvious-
- you seem to have a listing of some MWBEs that you

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2 have been in touch with and have been more or less
3 providing contracts--

4 COMMISSIONER BISHOP: [interposing] So we
5 have over 4,500 certified firms, and that is the
6 mailing list that we use to invite MWBEs, the
7 certified firms--

8 COUNCIL MEMBER PERKINS: [interposing] Is
9 that the MWBE list or is that just a general list in
10 which--

11 COMMISSIONER BISHOP: [interposing] That
12 is a MWBE list.

13 COUNCIL MEMBER PERKINS: Okay.

14 COMMISSIONER BISHOP: And only those
15 firms are invited to the procurement fairs, and
16 anytime we're doing an event with an agency, we use
17 that list to let MWBEs know. One of the things the
18 Mayor wanted us to do is not just have this one even
19 in the City, but we've been moving around all the
20 different boroughs from Staten Island to the Bronx,
21 to Queens, to Brooklyn, and even in upper Manhattan
22 we've had events where we invited MWBEs, local MWBEs
23 to come out and meet the agency buyers.

24 COUNCIL MEMBER PERKINS: Are there any
25 scheduled in this near future or anything like that?

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2 COMMISSIONER BISHOP: Yes, and we'd be
3 happy to send you the dates.

4 COUNCIL MEMBER PERKINS: By all means, and
5 if you can even share some of those MWBEs that you
6 have on your list, so to speak, it would be helpful.

7 COMMISSIONER BISHOP: Sure.

8 COUNCIL MEMBER PERKINS: Thank you.

9 CHAIRPERSON FERRERAS-COPELAND: Thank
10 you, Council Member. Both Chairs have just some
11 quick wrap-up, probably me more quick [sic] than
12 Chair Garodnick. Wrap-up questions. So, one is the
13 hiring freeze that the Mayor discussed. We didn't
14 get much detail. Have you been engaged in
15 conversations of the potential that the hiring freeze
16 that was included in Executive Budget that would be a
17 partial hiring freeze affecting certain managerial
18 and administrative staff, and how will this impact
19 both EDC and SBS in your positions?

20 COMMISSIONER BISHOP: SO, on the SBS side
21 we are certainly looking internally at our staffing
22 levels and awaiting guidance from the Administration
23 and OMB in terms of how this hiring freeze would be
24 enacted. Until then, we just continue to do our
25 work.

JAMES PATCHETT: And from EDC, which I
did [sic], I spoke to the budget director about this
yesterday. We're obviously focused on, you know,
making sure we meet citywide objectives and are
budget conscious, but at the same time can ensure
that our projects continue to get delivered and the
timelines that you're expecting, the reasons you
alluded to earlier. So, I mean, I'm speaking to him
about that on a regular basis, and that will be our
objective.

CHAIRPERSON FERRERAS-COPELAND: Okay.
Are any of your vacancies, if you-- any of your-- do
you have any vacancies in your agency, in either one?

COMMISSIONER BISHOP: Yes.

JAMES PATCHETT: Yes.

CHAIRPERSON FERRERAS-COPELAND: Okay, and
you do. So I would think that if any of they are
administrative or managerial that that might be a
potential place that the Administration may be
looking.

COMMISSIONER BISHOP: Correct.

CHAIRPERSON FERRERAS-COPELAND: Okay,
thank you. Green jobs, the Executive Budget includes
a total funding of 12.8 million over the three fiscal

2 years for Green Jobs Corps, a program that will
3 provide 3,000 workers. Can you tell us more about
4 the programs and such as how it will work and the
5 types of training it can provide? And what is your
6 target population for the program?

7 COMMISSIONER BISHOP: So, again, you know,
8 the Green Jobs Corps is focused on leveraging the
9 Workforce One System and again, similar to Council
10 Member Richards and some of the questions Council
11 Member Wills had. You know, at SBS we're really
12 focused on tackling, you know, underemployed,
13 immigrant under-employment, and also out of
14 school/out of work youth, and individuals who are
15 looking to get retrained. So, certainly the
16 neighborhoods that you are thinking about,
17 neighborhoods in low income areas, neighborhoods that
18 President Patchett talked about in terms of where
19 there's high employment even though the City has a
20 low-- is enjoying [sic] a low unemployment rate,
21 those are the areas that we focus our Workforce One
22 recruitment system. So we work with community
23 partners. They could be anything from a church to a
24 social agency as a pipeline to funnel job-seekers
25 into our system, and that network is what will be

2 used to actually recruit for this Green Jobs Corps.

3 You know, we have organizations that we're going to
4 be working with, for example, Helmets or Hardhats,
5 Building Works, for example. That will have the
6 ability to train them into either a pre-
7 apprenticeship or other work that we think-- other
8 skills that we think that will be focused on that
9 particular sector.

10 CHAIRPERSON FERRERAS-COPELAND: Then,
11 when will training commence, and how will you be
12 measuring outcomes?

13 COMMISSIONER BISHOP: So, we're going to
14 start July 1st, and of course similar to whenever we
15 do a retraining we look at retention. So, how many
16 people actually graduate out of the training program,
17 how many people we actually place into those jobs,
18 and as First Deputy Jackie Mallon alluded to, the
19 retention is really a joint effort between the state
20 and the city.

21 CHAIRPERSON FERRERAS-COPELAND: Do you--
22 so you measure retention in the program, not
23 necessarily how long the person stayed at the job?

24 DEPUTY COMMISSIONER MALLON: Yes. We
25 don't really have a systematic ability to collect the

2 proper evidence to be sure that an individual stays
3 in the job. We're measured in an aggregate level
4 through our state partner because they have access to
5 the data. Does that make sense, the way I said that?

6 CHAIRPERSON FERRERAS-COPELAND: Yeah, it
7 makes sense. I just think we could probably-- if
8 it's a population of 3,000, let's say you do a
9 research of 1,000 or 500, you keep in contact with
10 them, and you say, "Hey--

11 DEPUTY COMMISSIONER MALLON: Yeah.

12 CHAIRPERSON FERRERAS-COPELAND: still
13 have a job?"

14 DEPUTY COMMISSIONER MALLON: Yeah, no,
15 we-- absolutely. We do make those kinds of efforts,
16 but it's hard for us to sort of stand behind that
17 number for the 25-30,000 people--

18 CHAIRPERSON FERRERAS-COPELAND:
19 [interposing] I just think that moving forward
20 especially, you know, with these initiatives that we
21 want to be supportive of, if you're able to kind of
22 share that data with us, it would be great.

23 DEPUTY COMMISSIONER MALLON: Absolutely.

24 CHAIRPERSON FERRERAS-COPELAND: Because we
25 know a lot of our constituents that have been through

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2 several trainings, and they complete the trainings,
3 and it doesn't necessarily-- if they get the job,
4 they're only kept there on that job because it's a
5 project, right?

6 DEPUTY COMMISSIONER MALLON: Yeah.

7 CHAIRPERSON FERRERAS-COPELAND: And has a
8 beginning and an end date. That doesn't mean that
9 they're going to be available for the next project.
10 So, I think if we're trying to learn how to more
11 efficiently get people well-paying long-term jobs,
12 then we have to stay connected with the population
13 that we're working with.

14 COMMISSIONER BISHOP: So, yeah, we agree.

15 CHAIRPERSON FERRERAS-COPELAND: Okay.
16 That was easy. And--

17 COMMISSIONER BISHOP: [interposing] That
18 wasn't in details, but we'll talk about that.

19 CHAIRPERSON FERRERAS-COPELAND: We're
20 going to follow up. So, I've been asking every
21 agency or at least trying to ask every agency about
22 SYEP. It is our Council's priority. The Department
23 of Youth and Community Development has had, you know,
24 an issue with placement. We'd like to know do you
25 currently have Summer Youth Employment? I--

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2 currently have Summer Youth at your agency, and do
3 you have capacity for more?

4 COMMISSIONER BISHOP: So, as someone who
5 actually went through the SYEP program--

6 CHAIRPERSON FERRERAS-COPELAND:
7 [interposing] Oh, look at that.

8 COMMISSIONER BISHOP: I was actually
9 placed at the Police Academy in Gramercy Park, I
10 think. Well, anyway, so yes, we-- I'm certainly--
11 I'm a strong believer in SYEP, and we do have slots
12 this year to actually host an intern, and certainly
13 we've been working with DYCD to also find
14 opportunities either through our network. One of the
15 things that-- I know it's easy to think that because
16 small businesses, we should open up the flood gates.
17 Our small business have, you know, five or less
18 employees, and sometimes an intern is actually not
19 beneficial for a small business, but we try to find
20 areas where we--

21 CHAIRPERSON FERRERAS-COPELAND:
22 [interposing] But your bids are. They're--

23 COMMISSIONER BISHOP: [interposing] So we
24 try to find-- for ex-- so, certain bids because
25 certain bids as you know have a budget where it's

only two or three individuals. So, they have the same issues where onboarding an intern is actually not necessarily helpful. So we certainly look for organizations that we work with that have the capacity. So, some of the larger bids that have a budget, to encourage them to also support SYEP.

CHAIRPERSON FERRERAS-COPELAND: Well, I mean, the cost is covered by DYCD. So, I would think that they would want more support. It's free assistance.

COMMISSIONER BISHOP: But you do have to-- when you bring on an intern, it's not the cost that's the issue. It's really the person who's running the business, and you know small businesses--

CHAIRPERSON FERRERAS-COPELAND:
[interposing] Right.

COMMISSIONER BISHOP: That person tends to be the cook, the dishwasher, and--

CHAIRPERSON FERRERAS-COPELAND:
[interposing] Right.

COMMISSIONER BISHOP: everything. To stop doing that--

4 CHAIRPERSON FERRERAS-COPELAND:

5 [interposing] SO, it's the supervision part that
6 you're saying.

7 COMMISSIONER BISHOP: Correct, right.

8 CHAIRPERSON FERRERAS-COPELAND: Gotcha.

9 COMMISSIONER BISHOP: Yeah.

10 CHAIRPERSON FERRERAS-COPELAND: Okay,
11 EDC, you shouldn't have this problem at all.

12 JAMES PATCHETT: Which problem.

13 JAMES PATCHETT: That you're too small or
14 that, you know, the chef also is the person who is
15 the waiter, and I think your agency has capacity.

16 JAMES PATCHETT: So I actually-- I'm
17 going to have to get back to you on the specifics of
18 our participation in the program. I think this year
19 we've largely filled out our intern class, but I hear
20 you, it's an important-- it's an program that gets--
21 it's a great one.

22 CHAIRPERSON FERRERAS-COPELAND:

23 [inaudible] okay.

24 JAMES PATCHETT: And it's a great point.
25 We'll look into it and get back to you, just have a
conversation to make sure we're participating in an
adequate level.

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2 CHAIRPERSON FERRERAS-COPELAND: Yeah, I
3 think it would be great, and I do believe that this
4 is a lot of pipeline opportunities for many of our
5 young people.

6 JAMES PATCHETT: Yeah.

7 CHAIRPERSON FERRERAS-COPELAND: How great
8 would it be to have a summer job with, you know, the
9 people that are really supporting our city?

10 JAMES PATCHETT: There's no greater honor
11 than working with me personally, I think.

12 [laughter]

13 CHAIRPERSON FERRERAS-COPELAND: And we
14 will now give it to Council Member Koo who would like
15 to make a clarification, and then we will have Chair
16 Garodnick.

17 COUNCIL MEMBER KOO: Thank you, Chair. I
18 just want to make my clarifications. I am not
19 against street vending, no. I understand street
20 vending is a pathway to successful entrepreneurship.
21 I, myself, seen a lot of millionaires [sic] in my
22 area. They were street vendors before. My main
23 concern is the street vendor in the busy transit
24 area, especially on Main Street between a few blocks,
25 because when we have too many vendors in the streets,

the pedestrian have a hard time to navigate on the street. They have to go outside the sidewalk. To walk on the street is really dangerous. So, that's my main concern. I'm not criticizing anyone. I mean, I understand you have a difficult position, but I just want you to advocates, even police enforcement on certain busy corridors and transportation hubs, because otherwise, you know, pedestrians always have a complaint. They say New York City's not doing anything. This is [inaudible] third world country. [inaudible] all around on the streets. So, my main concern is that. As long as they're doing it on a really busy pedestrian area, it's okay. So, that's my clarification. Thank you.

CHAIRPERSON GARODNICK: Thank you again, Madam Chair. I just want to finish up with a couple questions for EDC and then a couple for SBS. So, President Patchett, back on the ferries for one second.

JAMES PATCHETT: Sure.

CHAIRPERSON GARODNICK: In our conversation before you were dividing out the per-passenger expected subsidy based on a ridership of four and a half million. I really was most

2 interested in the top line number of 30 million
3 dollars a year. Is there anything that affects that
4 number for the City--

5 JAMES PATCHETT: [interposing] Sure.

6 CHAIRPERSON GARODNICK: if ridership is up
7 beyond, you know, those numbers? Does anything
8 change for us, or in the alternative, if ridership
9 instead of being 4.5 million is, you know, one
10 million, what happens then?

11 JAMES PATCHETT: Right. So, we-- the
12 contract is structured to provide us with downside
13 protection, but also some upside opportunities to a
14 degree. So over the next six-- it is as you pointed
15 out earlier, a six-year contract. So this is only
16 for the duration of the contract, and you go forward
17 basis we have a better sense of the ridership we
18 should be able to be more precise, but what we've
19 done is provided a range so that as long as the
20 ridership is, I believe, between three and a half and
21 five and a half, there's no benefit or cost to the
22 City. So, that is to say as long as it's near four
23 and a half million we won't have to pay more and we
24 won't have to pay less. That being said, if we
25 significantly exceed our estimates, we should be able

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2 to benefit financially, and it should cost us less.

3 That was-- there was a decision to a combination of
4 mitigating our risk because we wanted the bar at the
5 bottom to be low enough that we didn't think there
6 was a possibility that we would go below it, and at
7 the same time have the bar at the top high enough
8 that we thought there was a possibility as the
9 service is up and running that we could potentially
10 get beyond it. So there was really more from our
11 perspective upside than downside.

12 CHAIRPERSON GARODNICK: So what then
13 happens if you were-- if we go above five and a half
14 million rider?

15 JAMES PATCHETT: There's an adjustment to
16 the level of payment because it becomes offset by
17 fares.

18 CHAIRPERSON GARODNICK: Okay, so the
19 amount that the City would pay is reduced by--

20 JAMES PATCHETT: [interposing] Yeah.

21 CHAIRPERSON GARODNICK: the additional
22 fares, is that correct?

23 JAMES PATCHETT: Correct, yeah.

24 CHAIRPERSON GARODNICK: And if it is-- if
25 the ridership is below three and a half million?

JAMES PATCHETT: Similarly, to a degree we have to make up the loss fare, an element of the lost fare revenue to the degree its below.

CHAIRPERSON GARODNICK: Is there any maximum amount of funds that the City would have to make up if ridership is at a much lower--

JAMES PATCHETT: [interposing] Yeah, there is. I would just say-- I mean, again, the thing about it this time, the way it was structured is this is on EDC. So we're not going to be looking to the City to come up with this fund. It was structured to that it was EDC's responsibility to manage the contract and handle the up and downside. We wouldn't be coming back to the City, to the City Council or the Administration looking for more funds if the ridership were lower.

CHAIRPERSON GARODNICK: I've got it, but I've noticed that there is some level of connection between EDC's funds and the City's funds which is why I'm asking the question--

JAMES PATCHETT: [interposing] Yeah, no.

CHAIRPERSON GARODNICK: as to whether or not there is any limit to the amount that EDC then would have to make up on the downside.

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2 JAMES PATCHETT: Yeah, there is a limit.

3 CHAIRPERSON GARODNICK: There is a limit?

4 JAMES PATCHETT: Yeah.

5 CHAIRPERSON GARODNICK: Which is what?

6 JAMES PATCHETT: I don't have it in front
7 of me, but we can--

8 CHAIRPERSON GARODNICK: [interposing]
9 Okay. Alright. Let's talk about Sunnyside Yards for
10 a second. The Executive Capital Commitment Plan
11 includes 55 million dollars for preliminary
12 infrastructure to support Sunnyside Yards for future
13 development. The Preliminary Budget included a six
14 million dollars for a study for alternative designs.
15 So, question one is which fund is this money coming
16 from, if it is from one of those funds that we
17 discussed earlier.

18 JAMES PATCHETT: It's not.

19 CHAIRPERSON GARODNICK: It is not.

20 JAMES PATCHETT: No.

21 CHAIRPERSON GARODNICK: So this is
22 separate and apart--

23 JAMES PATCHETT: [interposing] Yes.

24 CHAIRPERSON GARODNICK: from Neighborhood
25 Revitalization Funds?

4 JAMES PATCHETT: Yes.

5 CHAIRPERSON GARODNICK: What
6 infrastructure support is this being used for?

7 JAMES PATCHETT: This is specifically--
8 we've talked about it with Amtrak, the fact that they
9 are redesigning their high-speed rail shed unrelated
10 to anything that the City is doing. And so they were
11 going through that process, and it's in the middle of
12 Sunnyside Yard, and we talked to them, and it's a
13 space that we believe in the long run might provide
14 an open space for the community and so rather than
15 allowing-- above the rail shed at some point in time.
16 And so we didn't-- we decided since they were
17 redesigning it, we wanted to redesign it, make sure
18 that they designed it and constructed it in a way
19 such that it would provide for the construction of an
20 open space over the top of it at some future stage
21 rather than missing that opportunity, because if they
22 build it in a way that does not support that, in
23 theory, if you ever wanted to build that open space
24 you'd have to tear down the entire shed and start
25 from beginning, which it's a much larger-- it's a
hundreds of million dollar capital projects. The
concept was evaluate the design and see if there was

a way to integrate the elements in construction that would permit us to build the open space. We're in that design process right now. Ultimately, whether we proceed with it will be dependent on whether it is possible to construct a facility that supports the open space over the top for a reasonable cost figure.

CHAIRPERSON GARODNICK: So, am I to understand that there's going to be a certain amount of time or money spent to assess whether or not this is viable before--

JAMES PATCHETT: [interposing] That's the six million dollars, yes.

CHAIRPERSON GARODNICK: So, if it is-- if you all conclude that it's not a viable option, then that's the-- that's the total of the expenditure here, is that right?

JAMES PATCHETT: That's-- yeah, that's correct, yeah.

CHAIRPERSON GARODNICK: And if it were viable, 55 million dollars is the cost that the City would, that EDC would--

JAMES PATCHETT: [interposing] This is City, yeah, in this case.

CHAIRPERSON GARODNICK: Okay.

2 JAMES PATCHETT: This is City capital as
3 opposed to.

4 CHAIRPERSON GARODNICK: The City capital
5 dollars would go into-- would the City be doing the
6 work to address the shed--

7 JAMES PATCHETT: [interposing] Yeah, I
8 think it would be an agreement to Amtrak. Amtrak is
9 doing the overall construction work. So the way it
10 would be structured would be we essentially a
11 contribution to Amtrak's overall capital construction
12 to fill the gap in the cost of construction and
13 building that did not provide for a build-- an over
14 build of open space versus construction that did
15 provide for it.

16 CHAIRPERSON GARODNICK: At this stage of
17 the game, does Amtrak believe that this will be
18 viable so as to allow for that joint project to
19 exist?

20 JAMES PATCHETT: Well, it's a joint design
21 effort. They, you know, we've been discussing with
22 them. We're in conversation with them. We're doing
23 the design together. So, I think neither we nor
24 Amtrak have the answer to that. We certainly think
25 it's in the range of viability that we wouldn't be

spending the funds if we didn't. But jointly, we think it's a po-- I mean, they have a long-term interest in making sure that, you know, that doesn't remain an open-cut rail yard forever, and they're supportive of the efforts to ultimately make open space on that particular parcel, and so it's a joint effort, and we certainly are optimistic. But we want to, again, we want to, to your point, make sure we take a thoughtful step on design before we go ahead and spend a ton of money building something that might not actually be supportive.

CHAIRPERSON GARODNICK: Okay. On the Manhattan Greenway--

JAMES PATCHETT: [interposing] Yes.

CHAIRPERSON GARODNICK: First of all, this is a great development for city and certainly for the continuity of a greenway around Manhattan, and so we thank you for your leadership and continued partnership on that issue. You noted on your testimony that a portion-- it was a five million dollars. I wasn't sure if you were saying that it was five million of the 100 million that would go toward designing the-- what will continue to be an

existing gap between 41st and 53rd Street or if that's
an additional allocation for study.

JAMES PATCHETT: Sure. So, there's a 100
million dollars which is specifically allocated for
the construction, the full design and construction of
the segment of the Manhattan Greenway that you're
referring to going up to 61st Street. There is a
separate five million dollars that OMB allocated in
design and analysis funds to look at the entire
greenway which includes the segment south of 53rd
Street to look at what will be necessary there and
what will be necessary across the entire greenway,
because broadly the Mayor is committed to ensuring
that we actually successfully have a vision for
completing the greenway as opposed to just-- around
all of Manhattan including the segment further south
behind the UN as well as some elements in Northern
Manhattan that currently are incomplete. For
instance, if you get north of the George Washington
Bridge on the west side, there's a large area that
requires steps to go up. On the east side in Inwood
there's an element that's incomplete. There are some
segments across the city that are really not in the
level of completion that we would like to see. So

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2 this is a separate simultaneous analysis to create a
3 path for us to really finalize the Manhattan
4 Greenway.

5 CHAIRPERSON GARODNICK: That's great, and
6 we look forward to working with you.

7 JAMES PATCHETT: Great.

8 CHAIRPERSON GARODNICK: I will note that I
9 went as part of the great saunter this weekend and
10 walked all the way around the borough of Manhattan--

11 JAMES PATCHETT: [interposing] Okay.

12 CHAIRPERSON GARODNICK: and experienced
13 what you're talking about. There are some obvious
14 challenges and gaps. The west side is looking great.

15 JAMES PATCHETT: Up to George Washington
16 Bridge it's great.

17 CHAIRPERSON GARODNICK: And it is just
18 great. It is a wonderful resource, and then when you
19 come back around and you hit the east side the
20 challenges are significant, and so we appreciate this
21 investment.

22 JAMES PATCHETT: Yeah, I've done it
23 myself. I know what you mean.

24 CHAIRPERSON GARODNICK: Okay. Now,
25 Commissioner Bishop, two questions for you. One of

1 them obviously is going to be on our favorite subject
2 about school buses, but let's just talk for a second
3 about commercial rent tax. You know, there's a
4 legislative proposal that is pending in the City
5 Council right now to give some relief to smaller
6 businesses who are paying the commercial rent tax in
7 Manhattan only south of 96th Street only. The
8 proposal would increase an exemption that exists
9 today for small businesses. Right now, it's set at
10 250,000 dollars and below. If you pay less than that
11 you're exempt from this tax. If you pay more than
12 that, you are not exempt from this tax. What has
13 happened over recent years is that more and more
14 businesses because of the rents have gone over the
15 exemption level. In fact, some 62 percent of--
16 there's been 62 percent growth between 2013 and 2015
17 in the number of businesses that are now covered by
18 this tax because they're just over that 250,000
19 dollar threshold. So we have a proposal that would
20 for the first time in 16 years increase the exemption
21 amount from 250,000 to 500,000 dollars a year. We
22 would help 3,400 of the smaller businesses in
23 Manhattan while only affecting six percent of the
24 overall revenue that's generated from this tax. I
25

2 want to see if you had any thoughts or feelings on
3 this subject. I noted that revenue changes were not
4 included in the Executive Budget, but I wanted to see
5 if you had any feeling about that initiative.

6 COMMISSIONER BISHOP: So, you know, just
7 based on our conversation in the past and of course
8 all the work that we've done to get and support small
9 businesses, we of course are looking for ways to
10 reduce the cost for small businesses to operate in
11 New York City. I think the commercial rent tax is,
12 you know, one of those conversations that has to
13 happen in terms of not only looking at it, but then
14 also looking at the broader context of how it will
15 impact the budget, and I believe that is the
16 conversation that is happening right now, and
17 certainly, you know, I encourage that conversation to
18 continue.

19 CHAIRPERSON GARODNICK: Okay. Thank you.
20 I won't push you further, but we look forward to
21 hopefully your advocacy within the Administration to
22 help support small businesses which right now, you
23 know,-- these folks were not really intended to be
24 captured by this tax. They are now being captured by
25 this tax just by virtue of our inaction. So, I would

1 appreciate your support on that. Last thing is on
2 the school bus program, don't intend to go back and
3 forth on the merits or legality of this, but I do
4 want to talk about the allocation, how much money has
5 been spent to-date on the grant program. Over the
6 past, to the extent you can tell us, over the past
7 three fiscal years we'd like to know where we are.
8 The Executive Budget adds 31.5 million dollars in
9 fiscal year 2017 for the school bus program, but tell
10 us where this-- what we have allocated and what has
11 been spent over the last three years.

12
13 COMMISSIONER BISHOP: So, in the first
14 year, 28 million, and in the second year, 32.8
15 million.

16 CHAIRPERSON GARODNICK: Okay, and this
17 year--

18 COMMISSIONER BISHOP: [interposing] We're
19 projecting 31.5.

20 CHAIRPERSON GARODNICK: You know how many
21 bus drivers have benefited from that allocation in
22 each of those years?

23 COMMISSIONER BISHOP: Hold on one second.
24 So, it's about 1,200 to 1,400, and it's not only
25 drivers, it's mechanics and attendants.

2 CHAIRPERSON GARODNICK: Twelve-hundred to
3 fourteen-hundred in each, each year. Presumably it
4 was rough--

5 COMMISSIONER BISHOP: [interposing] Yeah.

6 CHAIRPERSON GARODNICK: Probably the same
7 people, I would--

8 COMMISSIONER BISHOP: [interposing] Yeah,
9 so as you know, we are just administering the
10 program, but DOE looks at sort of the employees to
11 make sure they're eligible for reimbursement. So, at
12 any given time some employees may drop off or add on.

13 CHAIRPERSON GARODNICK: Why is there such
14 a range between the actual number here of people who
15 have benefitted? I mean, 12,000 to 14, that's a
16 pretty big gap. Is there-- why is there a range as
17 opposed to a specific number of workers?

18 COMMISSIONER BISHOP: I mean, some-- I
19 mean, some workers may leave a company, so that might
20 be one of the reasons.

21 CHAIRPERSON GARODNICK: No, no, I guess
22 I'm really asking how many people have gotten extra
23 money on top of their existing paycheck from the City
24 of New York by virtue of this program. That's a--
25 that should be a fixed number.

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2 COMMISSIONER BISHOP: Yeah, we'll get back
3 to you on that.

4 CHAIRPERSON GARODNICK: Okay, alright.
5 Thank you, Madam Chair.

6 CHAIRPERSON FERRERAS-COPELAND: Thank
7 you, Chair, and that concludes the first part of
8 today's budget hearing. We are going to be sending
9 you additional questions. I ask that you respond to
10 them expeditiously, because we will need them before
11 adoption. I want to thank Commissioner Bishop and
12 President Patchett for testifying. I also want to
13 again thanks Chairs Cornegy and Garodnick and their
14 committees. As a reminder, the public will be
15 invited to testify on Thursday, May 25th, the last
16 day of Budget hearings at approximately 1:00 p.m. in
17 this room. For any member of the public who wishes
18 to testify but cannot make it to the hearing, you can
19 submit your testimony to the Finance Division on the
20 Council's website:
21 www.council.nyc.gov/budget/testimony, and the staff
22 will make it a part of the official record. We will
23 now take a five-minute break before we hear from the
24 New York City's Health + Hospitals. Thank you.

25 [break]

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2 CHAIRPERSON FERRERAS-COPELAND: [gave] We
3 will now continue the fourth day of budget hearings
4 with the testimony for interim President and CEO
5 Stanley Brezenoff of New York City's Health +
6 Hospitals. The Finance Committee is joined this
7 morning by my Co-Chairs, Council Member Corey Johnson
8 and Andy Cohen, and the Committees on Health and
9 Mental Health, Developmental Disabilities,
10 Alcoholism, Substance Abuse, and Disability Services.
11 New York City's Health + Hospitals System, the
12 largest municipal health system in the country has
13 long served as a critical safety-net for low-income
14 New Yorkers those served by the City's public
15 hospitals include hundreds of thousands of residents
16 without insurance and many immigrant patients who
17 would have nowhere else to turn. Unfortunately, as
18 we all know, the system's financial instability in
19 recent years has put these essential services at
20 risk. To address this, the Mayor announced a plan to
21 transform the Health + Hospitals last year. This
22 transformational plan aimed to remodel the way the
23 system provided services, encourage greater
24 operational efficiencies and expand access to
25 community-based care. This is designed to ensure

that H+H's finances would be stabilized in the long-term so that patients can continue to rely on quality affordable care. This year, H+H's transformation plan includes an 820 million dollar revenue generating initiative and 387 million in expense reducing initiatives, a total of 1.2 billion for Fiscal 2018. Furthermore, the Fiscal 2018 Financial Plan represents undeniable progress over Fiscal 2017 in addressing the system's financial well-being. However, I would urge the Administration to continue to plan carefully as it addresses this significant challenge, particularly given the current political situation in Washington. Although the President's healthcare plan has only passed one House of Congress at this point, it would have a substantial impact on our city were it to become law, potentially throwing large numbers of New Yorkers off health insurance and cutting billions from Medicaid. This could very well reverse the progress that we've been making with H+H. With that being said, I look forward to hearing more today about the Administration's transformation plan in particular, and I hope to explore how H+H anticipates generating and sustaining the projected savings it has laid out in the finance plan. I also

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2 want to discuss the assumptions about future federal
3 and state support that are reflected in the plan. If
4 H+H is to be the world class municipal health system
5 New Yorkers deserve, it must be able to withstand
6 future challenges as it continues to reform in the
7 coming years. I'd like to turn it over now to Chair
8 of the Health Committee, Council Member Chair--
9 Council Member and Chair Johnson for his opening
10 remarks.

11 CHAIRPERSON JOHNSON: Thank you, Chair
12 Ferreras-Copeland and good afternoon. I'm Council
13 Member Corey Johnson, Chair of the City Council's
14 Committee on Health. During today's hearing we will
15 review New York City Health + Hospitals' 7.6 billion
16 dollar Fiscal 2018 Executive Budget plan, including
17 issues related to correctional health services.
18 First, I would like to commend Health + Hospitals
19 Interim President and CEO Stanley Brezenoff on the
20 substantial improvements outlined in H+H Fiscal 2018
21 plan. While the Fiscal 2017 Adopted Financial Plan
22 projected an operating loss of 1.3 billion dollars--
23 let me repeat that, 1.3 billion dollars. In Fiscal
24 2018, H+H now projects an operating income of 64
25 million dollars. Furthermore, the Financial Plan now

projects fiscal year losses in the tens of millions of dollars rather than the hundreds of millions of dollars. Clearly, significant work remains in order to ensure a financially sound municipal healthcare system, but you and your team's progress is very laudable. I would now like to address the current political climate as it relates to healthcare. As the Finance Chair stated, the federal and state government present significant threats and challenges to Health + Hospitals' fiscal health, notably by Fiscal Year 2019. Medicaid waiver programs and federal and state charity care total 852 million dollars in H+H's transformation plan, representing 25 percent of the revenue generating initiatives outlines. However, these funding streams prove more precarious than ever. The American Healthcare Act, the misnomer, immoral American Healthcare Act recently passed by the House of Representatives would dramatically cut federal funding from Medicaid, would eliminate federal funding for New York State's essential health plan and would disrupt the state's non-group insurance market. Ultimately, the legislation would jeopardize coverage for hundreds of thousands of New Yorkers, a significant concern for

the City's single largest provider to Medicaid patients and the uninsured. As more people experience barriers to healthcare coverage and services, H+H will continue to serve as a lifeline for the City's most vulnerable populations. I look forward to working with you throughout these changes to ensure that H+H is able to deliver affordable, high-quality care to every New Yorker regardless of income or immigration status. I would like to thank the Committee Staff, Finance Analyst, Jeanette Merrill, Policy Analyst, Crystal Pond, Committee Counsel, David Sietzer, as well as my Deputy Chief of Staff, Louis Choldon-Brown, and I look forward to hearing your testimony and asking some questions after the Finance Chair asks hers. Thank you very much.

CHAIRPERSON FERRERAS-COPELAND: Thank you very much, Chair Johnson. I also want to acknowledge the Finance Staff who helped prepare this hearing, Crillian [sp?] Francisco, Jeanette Merrill and Eric Bernstein. We will now hear from the President, and after my-- we will hear your testimony. I should be clear. Not Trump. President Brezenoff after my Counsel swears him in.

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2 COMMITTEE COUNSEL: Do you affirm to tell
3 the truth, the whole truth and nothing but the truth
4 in your testimony before the Committee today and to
5 respond honestly to Council Member questions?

6 PRESIDENT BREZENOFF: Is it on? Now it's
7 on. Good afternoon, again, Chairpersons Ferreras-
8 Copeland, Johnson and Cohen and the members of the
9 three committees. As noted, I'm Stan Brezenoff.
10 Interim President and Chief Executive Officer of the
11 NYC Health + Hospitals. I am joined by P.V.
12 Anantharam, our Chief Financial Officer, Doctor
13 Machel Allen, our Chief Medical Officer, and John
14 Jurenko, our Vice President for Government and
15 Community Relations; as well as leadership from
16 Health + Hospitals. Thank you for the opportunity to
17 share our thoughts on the FY18 Executive Budget as
18 well as other programmatic initiatives. Health +
19 Hospitals is the safety net provider for all New
20 Yorkers. We serve nearly 1.2 million people, of
21 which more than 425,000 are uninsured. In 2016,
22 there were 4.5 million outpatient visits, and
23 approximately 1.2 million emergency room visits,
24 which is approximately 30 percent of the City's
25 emergency department visits. There were 195,000

patient discharges, including 18,000 newborn deliveries. Our commitment to the patients and communities we serve is unwavering, and we will continue to uphold our mission of providing high quality, affordable, culturally responsive health care to all regardless of their ability to pay or immigration status. But as you noted, the stark reality is that we are facing a fiscal cliff. We have a large budget gap, which we will also describe how we are going to attack, of \$1.1 billion in FY18, which is increasing to \$1.9 billion by FY21. This is brought on by higher costs, some inefficiencies in our system, and reimbursement policy changes at the federal and state levels that have yielded severe shortfalls associated with being the City's single largest provider of care to Medicaid and uninsured patients. We have busy emergency departments, some of the busiest in the country, with low admission rates, which indicate patient needs could be better addressed in lower-cost, lower acuity settings. We also have excess inpatient bed capacity, as do other hospitals across New York City, reflecting in part the success of strategies to better serve patients in their communities before intensive inpatient care is

needed. And as always, we need greater investment in outpatient, post-acute care and integrated social services. Hence the need to transform into a high-performing, competitive, and financially sustainable community-based system. As you know, we have developed an ambitious plan to address these dual challenges of financial stress and the imperative of better serving our communities. The transformation plan, a combination of savings initiatives, revenue enhancements, and targeted investments in the long term transformation of our system, will meet its financial targets this fiscal year. Next year the plan will be more challenging, as some of our expectations around enhanced federal support, as you noted, will probably not be met. We continue to innovate and look for new ways to enhance the effectiveness of our services while meeting those stiff financial challenges in front of us. So, let's talk about the FY18 gap closing initiatives. While we are transforming public healthcare delivery in response to structural changes to the national and local health care landscape, especially in the midst of our financial crisis, we are also making strategic changes to meet our budget gap-closing targets.

We're taking the opportunity where we can, at the management level to adopt industry standard organizational models and reduce the layers of management within our system to bring it more in line with other healthcare organizations. This necessary restructuring will help us function more efficiently and yield savings to address our serious financial challenges, and will have no impact on services or patient care, quality or safety. Six weeks ago, when I testified before Chairman Johnson and members of the Health Committee, I outlined how we will close our 779 million dollar gap for FY17, and how we would end the year with a cash balance of 100 million dollars and meet our obligations with the City. I'm pleased to report, six weeks later, but with the end of the fiscal year in sight, we will remain on track for that challenge. In FY18, I am confident that we're on a path to greater financial solvency, and will build a stronger, agile, and more stable organization. We will aggressively pursue opportunities to close the projected 1.1 billion dollar gap by pursuing 820 million dollars in revenue generating initiatives, and 387 million dollars in expense reductions. This will be accomplished by the

following: On the revenue side, implementing of a
Medicaid waiver program for \$483 million; pursuing
federal and state charity care funding, \$85 million;
implementing a range of health insurance initiatives
for \$252 million. On the expense side we're
implementing supply chain and care management
initiative that would achieve 137 million dollars and
restructuring and personnel initiative of 250 million
dollars. Let me describe it. The Medicaid waiver
program, those funds are primarily in programs that
are ongoing, such as the New York State Delivery
System Reform Incentive Payment known as DSRIP, or
that have been implemented this year, such as Value
Based Payment Quality Incentive Program, and the Care
Restructuring Enhancement Pilots. Healthcare is very
big on long definitions and acronyms. We anticipate
these programs to continue, and we will continue to
work in partnership with both the State and Federal
governments to realize additional waiver
opportunities. Federal and State Charity Care of \$85
million: We will seek approval to avert the loss of
Disproportionate Share Hospital funding using an
existing 1115 waiver provision to convert a portion
of authorized Federal Supplemental Medicaid funds to

DSRIP performance based payments; and we will work with stakeholders around the state to ensure an equitable distribution of any DSH cuts, a very important issue. On the health insurance initiative side, which we credit with \$252 million, Health + Hospitals will pursue many efforts to improve our revenue collection, including improved documentation and coding, and denials management. We will receive additional revenue from enhanced Medicaid and Medicare rates through the establishment of FQHC Centers. MetroPlus is expected to deliver significant additional revenue through care management of its population, achieving high-quality scores that result in bonus funds, and increasing membership, both generating additional enrollments and decreasing disenrollments. Lastly, through the implementation of new and additional outreach and enrollment strategies, we will ensure that all uninsured patients are evaluated for existing subsidized health care programs. On the cost reduction side, we're looking at supply chain and care management initiative of \$137 million. Savings will be achieved through product standardization, contract negotiations and leveraging corporate wide

volumes to achieve better pricing. In addition, the
340B contract pharmacy program will be expanded, and
Health + Hospitals will expand its care management
program to improve patient care, thereby controlling
our costs. On the restructuring and personnel
initiatives, \$250 million, Health + Hospitals is as I
noted earlier embarking on an organizational
restructuring that is based on industry best
practices to create a more efficient and financially
sustainable management structure to direct resources
where we need them the most, at the front line of
patient care. This effort will assist us in
functioning more efficiently and yield savings to
address our serious financial challenges. We're
pleased to report positive, albeit modest news out of
Albany. The final version of the State FY17-18
budget provides 20 million dollars gross over two
years in new funding for enhanced safety net
hospitals serving a high share of Medicaid and
uninsured individuals. Although the budget doesn't
lay out outline a methodology for funding
distribution, based on an internal analysis, we
anticipate receiving funding for H+H in the
neighborhood of 40-50 percent of these funds. Not a

lot of money, but this represents an important first step in recognizing the challenges in Albany facing safety net hospitals around the perspective cuts. We're thankful to members of the New York State Legislature for this critical funding and for our labor and community partners and the members of the City Council for weighing in on our behalf. It's a good first step. While these initiatives and new State funding are promising in bringing much needed financial and operational relief, there still remains budgetary actions emanating out of Washington that will have a negative impact on the system. As you know, Washington continues to roil the nation's healthcare landscape with a revived attempt to repeal and replace the Affordable Care Act with the Republican-sponsored American Health Care Act. We will continue to oppose the AHCA, are working closely with the Mayor's Office, healthcare associations, our labor partners, New York's congressional delegation, and partners in healthcare around the country to keep the ACA the law of the land. In light of these uncertain times, I would like to remind members of the Committees that Health + Hospitals remains committed to the health of all our patients,

regardless of their immigration status. Over the
last months, we've implemented the following programs
to protect our patients. Immigrant forums along with
the Mayor's Office of Immigrant Affairs, the New York
Immigration Committee, and the New York Legal
Assistance Corporation, H+H has held, and is
continuing to hold, a series of forums at our
facilities aimed at informing our patients of their
rights, and Health + Hospitals' commitment to
protecting patient privacy and not inquiring about
immigration status. We held four of these forums in
March, and throughout the months of April and May--
well, it's now May-- we will host three additional
forums. On the legal strategies, we continue to
pursue legal strategies with the City and the State
to oppose the travel ban and the damaging effect it
would have on immigrant communities and indeed
potentially on physician workforces. Educating our
employees, we're educating our staff on helping
immigrant patients in an uncertain climate, and have
communicated with all our staff to assuage their
concerns and direct them to H+H's Office for
Diversity and Inclusion with any questions. We've
done an open letter to patients in December 2016.

Again, along with the Mayor's Office of Immigrant
Affairs. The open letter to patients reaffirmed
Health + Hospitals' and the City's commitment to
serving the immigrant community, and protecting the
privacy rights of all those we serve. We also share
the Council's concerns about immigration actions
taking place at our facilities involving patients and
employees. This is consistent with the ICE Sensitive
Locations Policy that states that enforcement actions
at locations such as hospitals, places of worship,
and schools, generally should be avoided. Health +
Hospitals will exercise its right to review and
challenge any document that ICE produces that seeks
to grant access to non-public areas or patient
information. An important aspects of H+H's moving
forward is the Delivery System Reform Incentive
Payment Program, OneCity Health. OneCity Health is
Health + Hospitals' DSRIP performing provider system,
PPS, that is leading our system in the State's triple
aim of improving care, improving health and lowering
health care costs, by building a population health
and care management infrastructure to better manage
the access, outcomes, and utilization of our
patients. These efforts are preparing us to shift

from volume-based payments to value-based reimbursement from the Federal and State governments. It is also in keeping with the recommendations made in the One New York Health Care for Our Neighborhoods report issued by the Mayor last year, and the recently released Commission on Health Care for our Neighborhoods issue brief on building clinical partnerships. By way of background, the DSRIP program is not a grant program; there is performance risk associated with achieving certain health outcome targets as set by the New York State Department of Health. Because of this risk, on the basis of analysis provided to all PPSs from the Greater New York Hospital Association, we have to expect that our earnings may be lower than the maximum valuation of \$1.2 billion. The partnership may earn above that amount by accelerating the care management efforts to care for high-risk, high-needs patients with high inpatient utilization and by investing in staffing and other infrastructure needed to improve primary care access and frontline-level population health management and that has to be our priority. Some highlights of OneCity Health: OneCity Health has several charges, including establishing more

effective partnerships with organizations that care for the same patients, including other health systems and community based organizations; designing and implementing new interventions in the clinical, emergency department and inpatient setting, intended to reduce unnecessary utilization; developing and advancing models intended to better integrate primary care and behavioral health, both at Health + Hospitals and in community clinics; and supporting capacity building to help sustain organizations important to meeting social needs, including community-based organizations. These goals are being implemented through many initiatives, including but not limited to: Centralized Care Management: We're supporting high-risk patients for 30 days following discharge through the Care Transitions program. Transition Management Teams are now in five Health + Hospital facilities, with five more beginning soon. Over 900 patients have been followed by the team, who meet the patient while in the inpatient setting and support them in the community. Additionally, in our primary care sites we are expanding the Health Home program by providing care management services to all appropriate patients who have complex medical and

social needs. The primary care provider can make referrals to embedded care coordinators provided by OneCity Health's Health Home lead agencies. The program launched at six Health + Hospital sites and four OneCity Health DSRIP community partner primary care practices. One hundred referrals have been made in this pilot phase. In 2014, six H+H facilities received a three-year grant from the Centers for Medicare & Medicaid Services' Health Care Innovation Awards Program to use a multidisciplinary team to assess patients who present in the emergency room with ambulatory care sensitive conditions, create a plan that would avoid unnecessary hospitalizations, and provide support after discharge. OneCity Health is transitioning from the grant program at these six sites, and will provide a uniform approach to screening and enrolling into care management for all appropriate patients who are treated and released. We're also involved in outpatient clinic based improvements at five of our H+H sites and five of our community partner sites. We're beginning to integrate behavioral health services into primary care appointments to more effectively screen and treat patients for depression, and provide treatment for

medical needs common among patients with severe
behavioral health needs. We're assisting 52 primary
care partner sites to achieve Patient-Centered
Medical Home recognition to ensure a larger network
of high-quality primary care services, and we are
integrating palliative care into primary care
appointments to better manage patients' pain or other
distressing symptoms. Lastly, we are referring
pediatric patients with frequent asthma exacerbations
to community health workers who complete an asthma
assessment, and conduct home visits to evaluate the
environment for asthma triggers. In community
outreach and linkages to services, we've contracted
with 38 community non-hospital partners across four
boroughs to connect individuals to insurance and
primary care. To date, they have connected
approximately 2,500 people to primary care and
approximately 3,200 individuals to insurance. These
efforts are in alignment with Health + Hospitals'
efforts to enroll all eligible uninsured patients.
And at 55 OneCity Health partners, including five
Health + Hospitals sites, we are currently completing
cultural competence and health literacy assessments
to better understand opportunities for improvement.

In infrastructure we are implementing universal screening and identification of social support needs using tools in our electronic health record or care management platform, and training and engagement of care management and social work staff, including access to the Mayor's Office of Operation's Worker Connect portal. This will allow social workers to better identify the scope of patients' needs and current services. We are expanding access to social services of known high need patients, enlisting partnership partnering with New York Legal Assistance Group, which is a nonprofit organization dedicated to providing free legal services in civil law matters to low-income New Yorkers, as well as addressing food insecurity through SNAP enrollers and WIC outreach to Health + Hospitals facilities. Last year, we transitioned from the system's old organizational structure based on geographic networks centered around hospitals to three service lines focused on patient care: hospitals, ambulatory care, and post-acute care. Here are some highlights of our early experience. We are in the process of developing a system-wide clinical service plan that will guide us in appropriately scaling our inpatient service

capacity to meet the needs of the communities we
serve, and redesign the distribution of clinical
services across facilities to better manage the
access, outcomes and utilization by our patients.
The CEO for each hospital will be held accountable
for the performance of their hospital, based on a
hospital-specific scorecard. For ambulatory care, in
coordination with inpatient, post-acute, and OneCity
Health initiatives across the system, on the
outpatient side we are focused on improvements to
meet the needs of the community and grow our patient
base by increasing access and improving quality of
care. And, in keeping with the Mayor's Caring
Neighborhoods initiative, our primary care expansion
is well underway. Of the seven identified
facilities, we completed renovating three in the
Bronx and Brooklyn within the last six months, and
over the summer and fall of 2017, we expect the
remaining four in Brooklyn, Queens, and Staten Island
to be done. Expanded services at these sites will
now include, comprehensive primary care, and
specialties based on community needs, which include
behavioral health, cardiology, endocrinology, and
after-hours urgent care. On the post-acute front,

each year, our post-acute care facilities provide 800,000 patient encounters for frail and elderly New Yorkers at five skilled-nursing facilities, three adult daycare centers, a home health agency, and a long-term care acute care hospital. Four of our five skilled nursing facilities have received a five star quality rating, the highest grade given by CMS. And, while we have some of the highest rated facilities in the country, we are always seeking to make improvements by implementing new skilled-nursing facilities services and identifying ways to collaborate with our managed care partners to improve quality. Recently, 22 Health + Hospitals sites received the designation "Leader in LGBTQ Healthcare Equality" from the Human Rights Campaign Foundation for 2017. This honor acknowledges hospitals, community health centers and nursing homes across the country that embrace LGBTQ inclusion and patient-centered care. Specific accomplishments in this arena: In 2011, Health + Hospitals became the first public healthcare system in the United States to mandate LGBT Cultural Competence Training for staff, and it has continued to develop and evolve LGBTQ training. In 2014, Health + Hospitals/Metropolitan

was the first public hospital in New York City to
open an LGBTQ Health Center to help reduce barriers
and increase access to health care for that
community. Last year, the hospital expanded its
health services for transgender patients, including
gender-affirming surgeries and increased access to
hormone therapy. We thank the Speaker for the
funding. Earlier this year, the health system
received a multi-million dollar grant from the New
York State Department of Health for staff training,
which includes strategies for fostering diversity and
inclusion in the workplace related to LGBTQ issues.
We've partnered with the National LGBT Health
Education Center, a program of the Fenway Institute,
to optimize the health system's ability to
effectively serve those communities by creating a
certification track for physicians interested in
completing intensive training to increase core
competencies in LGBTQ health services. The pilot
program launched in April. Critical to Health +
Hospitals transformation is upgrading its information
technology infrastructure to support an integrated
patient-focused approach for care delivery and more
efficient operations. In the FY18 Executive Budget,

Health + Hospitals received upwards of 200 million dollars in capital funding for FY18-FY27 for the installation of a new patient registration and billing system that will integrate with the clinical records system at all sites, as well as funding to upgrade network infrastructure equipment and biomedical devices at multiple facilities. Below are highlights of some of the capital projects that have received the continued support. The renovation and expansion and outfitting of the Roberto Clemente clinic is complete. Patients will now have access to behavioral health programs, and we want to thank Council Member Rosie Mendez for her support and contribution to this successful completion of this project. On Staten Island, the Vanderbilt Avenue site will open this fall. This new 28 million dollar, 18,000 square foot ambulatory care facility will offer comprehensive primary medical and mental health system services for children and adults. The site will also feature an after-hours urgent care center to better accommodate patient needs. I want to thank Council Member Debbie Rose for her contribution to this project. In Queens, work is underway at Elmhurst Hospital to renovate and expand

its adult emergency room. The project is currently in a design phase, and we expect that it will be completed in 2019. We would like to thank the Queens Borough President and the Queens City Council delegation for their support. I also want to thank Council Member Mathieu Eugene for his commitment to provide funding for Kings County Hospital to replace and upgrade needed medical equipment. There's been a lot of activity and interaction with FEMS. In addition to the aforementioned capital projects, we continue to work on key projects to rectify the damage caused by Hurricane Sandy and to make our facilities more resilient to protect them from future storms. We've been working closely with our partners in the Mayor's Office of Recovery and Resiliency and the New York State Economic Development Corporation on these initiatives. Projects to relocate and/or protect critical infrastructure equipment including electrical, mechanical, heating and ventilation units, as well as projects to mitigate the effects of floods are underway at Bellevue, Coler, Coney Island and Metropolitan. I talked earlier about information technology. I want to note we're in the process of implementing a new a new Epic revenue cycle, which

will integrate seamlessly with our EMR system that we began adopting last year. This new technology will standardize revenue collection in our acute care facilities and across dozens of our community-based sites, and we expect it to yield up to 142 million dollars annually in revenue, based on FY16 patient volume. The benefits of the integrated suite are significant. Health + Hospitals will now experience improved clinical documentation to support billed services, reduced claims denials, and accelerated reimbursement. Providers will now have access to consolidated and complete patient records to improve efficiency, and patients will more easily understand the costs of their care, and be able to pay their bills online. The two-year launch of the integrated revenue cycle and EMR platform is expected to begin by the end of 2018 and be fully completed by the end of 2020. H+H will invest 289 million dollars over the next five years to fully implement the integrated suite across the system. The City of New York has allocated \$150 million in capital funds, and Health + Hospitals will invest \$139 million from its operating costs, of course, pending approval by our Board of Directors. Still on the technology support front, we

are implementing an Enterprise Resource Planning Project. The project is designed to replace the existing financial systems that are over 30 years old. The new system will replace six existing systems into one integrated system. A single ERP system allows for organic integration, workflow, business process, and reporting, streamlining operations and reducing cost of implementation, and system maintenance. Reporting is much quicker and easier since all the information is stored in the same manner and in the same place. An ERP allows for increased productivity, accountability, performance-based management reporting, and dashboards using outcome-based indicators. The goal is to implement a user-friendly and fully integrated ERP application with related modules, data integration, training, implementation assistance, and ongoing software support. The architecture will be highly flexible to enable rapid change to support business needs and provide access to data. First implementation, the phase of this implementation will begin this summer, which will replace the existing back office accounting systems and the core supply chain management system so integral to our ambitious goals

in supply chain. On the radiology front we're implementing a new system that will increase efficiency, bring about standardization to our system, and improve patient outcomes and quality care. H+H will realize savings by eliminating duplicate hardware needs, redundant applications and related resources, thus resulting in a more efficient support model. The work is underway at four facilities and will be completed by the end of the year. No discussion of H+H is complete without focusing on behavioral health. As the provider of the majority of inpatient psychiatric treatment in New York City, Health + Hospitals understands the critical need for greater access to mental health care in New York City. We continue to lead and expand efforts to provide much-needed behavioral health services for New Yorkers at every stage of life, at our many patient care locations. We have integrated universal depression screenings for adults in primary care locations across the City, have successfully led efforts throughout the boroughs to screen all pregnant women and new mothers for maternal depression. We have focused efforts to promote health care services to young people at Youth

Health neighborhood centers, and we are very proud to be expanding a pilot program established at the Bronx Family Justice Center to provide on-site behavioral health services at each of the city's five FJCs, which are designed to provide a comprehensive range of services to survivors of domestic violence in each borough. And lastly, Health + Hospitals is leading efforts in NYC to address the opioid epidemic that is devastating many of our communities. We have begun efforts to routinely screen and offer team-based care for harmful substance use in our primary care clinics. And as part of the Mayor's HealingNYC initiative, we are quadrupling the number of providers able to treat opioid use disorder with medication, and are establishing an innovative addiction consult service to help care for the tens of thousands of patients we diagnose with substance use disorder every year. This year, 2017, marks the first year in which Correctional Health Services is the direct provider of care in the city's jails. We have made and continue to make tremendous progress in increasing the quality of and access to care for one of New York City's most vulnerable patient populations. Our infrastructure has been re-

engineered to enhance the expertise and support of
our providers. We continue to successfully roll out
our initiatives including enhanced pre-arraignment
health screening, expansion of PACE units, extension
of telehealth services, and treatment of Hepatitis C.
We continue to leverage the resources of H+H to
improve continuity and quality of care during and
after incarceration, including linkages with
Metroplus, Gotham Health and Health +
Hospitals/Coler, one of our skilled nursing
facilities. As part of the City's opioid strategy,
CHS is also expanding its substance use services
including doubling the methadone maintenance program,
tripling the buprenorphine program, quintupling
Naloxone distribution at the visit center, and
extending re-entry services for opioid addicted
patients who are at high risk of overdose death after
release from the jail system. Thank you for the
opportunity to testify and for listening, and I look
forward to your questions.

CHAIRPERSON FERRERAS-COPELAND: Thank
you. I feel like we should offer you some water
after that testimony.

[laughter]

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2 CHAIRPERSON FERRERAS-COPELAND: Thank you
3 very--

4 PRESIDENT BREZENOFF: [interposing] It
5 shows, right?

6 CHAIRPERSON FERRERAS-COPELAND: Very
7 detailed testimony. We appreciate it. So, we're
8 just going to dive right in. The Fiscal plan, and I
9 know that you went into great detail over the plan.
10 I just wanted to know how sustainable are these
11 financial measures particularly given the current
12 political climate on both the Federal and State, and
13 I know you broke it down, but are you starting to
14 think about contingency plans?

15 PRESIDENT BREZENOFF: So, an interesting
16 strategic and tactical question. No, we have not
17 publicly thought about contingency plans. Our mode of
18 operation right now is focused on opposing, on
19 fighting, on not giving any indication that's what's
20 being-- what might be put forth is tolerable. This
21 is not to say that we don't think in alternative and
22 option terms all the time. I do think that FY18 even
23 on the revenue side is achievable. The mischief that
24 they're involved in in Washington at an early-- at
25 the earliest date would probably be October going

1 into next federal fiscal year. So, I have a guarded
2 degree of confidence. We took out the immediate DSH
3 cut from our financial plans and effectively absorbed
4 it in our gap closing, our gap closing initiatives,
5 and we are prudently reaching on our expense
6 initiatives and our other revenue enhancement. I use
7 the term advisedly. They're not slam dunks, but
8 they're clear routes to achieving them, and we're
9 committed to achieving them, and we will be working
10 very hard to achieve them. So, on the revenue side
11 we're going to be vigilant, the big revenue side that
12 I think you're referring to.

14 CHAIRPERSON FERRERAS-COPELAND: Right.

15 PRESIDENT BREZENOFF: In Albany and
16 Washington we're going to be vigilant with our
17 colleagues at OMB, and be prepared to deal with what
18 might be emerging, but as of this moment, I believe
19 we're in decent shape for FY18.

20 CHAIRPERSON FERRERAS-COPELAND: And I
21 understand the Mayor has also expressed the same
22 level of, I guess, not wanting to show your hand and
23 show that we could absorb a cut, right? Like, I get
24 that strategically, but I do believe that, you know,
25 as we plan we also have to have our backup mechanisms

2 and our contingency plans. So I know that you said
3 you publicly haven't done it, but I'm hoping that
4 privately you're, you know, you're working within
5 your leadership team to figure out in the event that
6 these things come, this is how we can absorb the
7 brunt.

8 PRESIDENT BREZENOFF: Alright, I have to
9 say yes to that.

10 CHAIRPERSON FERRERAS-COPELAND: Okay.

11 PRESIDENT BREZENOFF: It also depends on
12 how ugly that ultimately--

13 CHAIRPERSON FERRERAS-COPELAND:
14 [interposing] Right, of course.

15 PRESIDENT BREZENOFF: comes, right?

16 CHAIRPERSON FERRERAS-COPELAND: Of
17 course. Understood. Last month, H+H issued a memo
18 suggesting that organizational restructuring [sic]--
19 re-- sorry, restructuring could lead to about 400 and
20 600-- from 400 to 600 layoffs. Can you provide more
21 details about the proposed restructuring and how much
22 would the restructuring generate in savings, and why
23 was this not identified in the 2017 hearings that we
24 were talking about what the potential opportunities
25 were. So this wasn't reflected in last fiscal year.

4 Is this something that you just came up with last
5 month? Is this real? Like, walk us through this.

6 PRESIDENT BREZENOFF: Well, in a sense we
7 did just come up with it. We-- part of that creative
8 thinking that you alluded to. We're on the watch on
9 the march for finding savings within the organization
10 that any prudent executives or managers were taking,
11 any healthcare system in any organization. So, not
12 before the last hearing chaired by Councilman
13 Johnson, but soon after that as we I think noted in
14 the testimony. We were very mindful of what we're
15 facing, and we took the approach of examining our
16 management structure throughout the organization.
17 That was a New York Post article, so not entirely--
18 not entirely--

19 CHAIRPERSON FERRERAS-COPELAND:

20 [interposing] Usually we're quoting the articles.

21 PRESIDENT BREZENOFF: The-- we set upon a
22 path of examining facility by facility our management
23 structure against industry best practice standards,
24 things that I have done in the voluntary sector
25 that's done routinely in healthcare. We're in the
midst of that process. The numbers were made up by
the post, but I expect that as a consequence of that

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2 effort there will be substantial savings that will
3 contribute to that 250 million dollar number in the
4 plan.

5 CHAIRPERSON FERRERAS-COPELAND: And--

6 PRESIDENT BREZENOFF: [interposing] I
7 don't have final numbers, but we will share them as
8 soon as we have them, including the numbers of
9 individuals who are affected.

10 CHAIRPERSON FERRERAS-COPELAND: Two
11 hundred and fifty million.

12 PRESIDENT BREZENOFF: Is the-- in the
13 plan as the--

14 CHAIRPERSON FERRERAS-COPELAND:
15 [interposing] Oh, right. Okay. And do you--

16 PRESIDENT BREZENOFF: [interposing] But
17 that's not for that one thing. That's a part of it.

18 CHAIRPERSON FERRERAS-COPELAND: Okay,
19 okay. So, you'll get us the number as to what the
20 potential savings would be with these layoffs. And
21 which of the facilities will be affected by this
22 restructuring?

23 PRESIDENT BREZENOFF: Potentially every
24 facility.

25

2 CHAIRPERSON FERRERAS-COPELAND: Every
3 facility, and is it just management titles, is that
4 what--

5 PRESIDENT BREZENOFF: [interposing] Yes,
6 and the central office.

7 CHAIRPERSON FERRERAS-COPELAND:
8 Management and central office. Will any of these be
9 union?

10 PRESIDENT BREZENOFF: No.

11 CHAIRPERSON FERRERAS-COPELAND: Okay.
12 [inaudible] Now, the transformation plan projects 55
13 million in Fiscal 2017 for restructuring and
14 personnel incident as part of the expense reducing
15 initiatives increasing to 544 million by Fiscal 18.
16 Do you anticipate generating all the savings purely
17 from workforce attrition or restructuring, or do you
18 expect non-union layoffs in the out-years also?

19 PRESIDENT BREZENOFF: So, those numbers
20 go back to the original plan. We're achieving the
21 same global numbers, but in not completely with
22 headcount reduction in FY18. So the way, the 55
23 figure that you referred to was achieved largely
24 almost completely by attrition.

25 CHAIRPERSON FERRERAS-COPELAND: Okay.

2 PRESIDENT BREZENOFF: The efforts in 18
3 are a mix of direct action, some of which we just
4 discussed around the management structures, some
5 carry-over from 17 to 18 where we're exceeding the
6 goal. So, we have both the continuing run rate and
7 the additional heads as it were that we're achieving
8 in 17 that will carry over into 18, and we have what
9 we're calling other kinds of management efficiencies
10 that we're in the early stages of developing, but
11 expect to fully develop during the course of 18
12 around sharing services across the system,
13 consolidating services, taking advantage of the size
14 and spread of our system where we would use the tools
15 of targeted attrition and redeployment to achieve the
16 savings. At the end of the day in that bucket in the
17 financial plan, which is the 250 million that I
18 referred is-- that's how we'll achieve it, that mix,
19 and it includes the management restructuring that we
20 just discussed.

21 CHAIRPERSON FERRERAS-COPELAND: Okay. In
22 the transformation plan you also project a
23 substantial increase in savings resulting from supply
24 chain and care management as you stated in your
25 opening statement, from 63 million in FY17 to 204

2 million by Fiscal Year 2020. Can you provide more
3 details as to how you will sustain these projected?
4 I know that you've detailed what it'll be, but how do
5 you sustain that? Because year over year over year
6 over year you reflect savings, and usually when we
7 engage with administrations it's like one time unless
8 every machine at the hospital is duplicated and
9 you're going to do it every year. You know, how do
10 we -- help walk us through how you achieve this
11 savings.

12 PRESIDENT BREZENOFF: So, it's a mix of
13 one-time savings that-- and recurring savings. It's
14 just that we have so much room to get better in
15 revenue cycle and supply chain as examples that we
16 believe that we will be able to get these amounts of
17 savings, some of which we have a clear route to
18 already, inventory control for example, just in time
19 inventory, standardization of product lines to get
20 better pricing and to avoid one-off pricing. The
21 controlling how things are purchased within the
22 system. There's just so much there. Now, over time,
23 yes, I think it's true, though it can be when you're
24 starting from where we are it's an extended period of
25 time, there is a plateauing effect and not sort of

baked in, and prices continue to go up. One of the features of healthcare is that costs often go up faster than revenues do and so on. So, but that is a future-- that is a future prospect. Right now, over the next several years, I anticipate that we will in fact achieve this level of supply chain savings.

CHAIRPERSON FERRERAS-COPELAND: Okay, we're going to keep an eye on it, because you know--

PRESIDENT BREZENOFF: [interposing] Me too.

CHAIRPERSON FERRERAS-COPELAND: Okay. Well, I hope so. As part of the revenue generating initiatives, since we're talking about this, the transformation plan includes 100 million in Fiscal 2020 and in Fiscal 2021 from developmental opportunities. Can you provide details? What are developmental opportunities?

PRESIDENT BREZENOFF: I think that refers to underutilized real estate that--

CHAIRPERSON FERRERAS-COPELAND: [interposing] Okay, so is that the sale of underutilized real estate or the rentals, the leases?

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2 PRESIDENT BREZENOFF: I don't know if it's
3 restricted to sale. I think it is also-- allows for
4 productive re-use.

5 CHAIRPERSON FERRERAS-COPELAND: Okay.

6 PRESIDENT BREZENOFF: I'll just use an
7 example. We have some buildings on the Kings County
8 campus that are not used for anything. They're just
9 sitting there now. It's not necessarily-- they're
10 not necessarily easily susceptible to the
11 redevelopment or re-use, but they're there and it
12 varies within the system. So the number is a place
13 holder for those kinds of things in the system.

14 CHAIRPERSON FERRERAS-COPELAND: Okay. SO
15 potential for other. So, is it for use within the
16 hospital, or do you envision that some of these sites
17 could be used for affordable housing or some of these
18 sites can be used for, I don't know, a school or a
19 li-- like--

20 PRESIDENT BREZENOFF: So, when we look at
21 it, our first look is how we might put it to
22 productive use, but there are larger forums where the
23 relative value of different approaches would be
24 considered, but we would in those cases, and I guess
25 one example would be the use of Draper Hall on the

Metropolitan Hospital Campus, which is now being used for housing, or some portion of the Seaview campus which is-- our RFP is being responded to there for a mix of health and wellness activities and possible housing. We would get credit for the money in our budget--

CHAIRPERSON FERRERAS-COPELAND:

[interposing] So, that's what I wanted to better understand, because it's a developmental opportunity. Is it that it's sold to the City, leased to the City or what's the relationship? How does it become a revenue-generating opportunity if it's not something that is under the purview of H+H?

PRESIDENT BREZENOFF: So, the crediting system is a bit-- I'm not sure it's easy to define, but it can help make the case for our own capital needs.

CHAIRPERSON FERRERAS-COPELAND: SO, it's like a trade-off potentially in capital?

PRESIDENT BREZENOFF: Yeah, I think there's a variety of ways that it's been put to use, but we also in some cases have directly gotten the proceeds.

2 CHAIRPERSON FERRERAS-COPELAND: Okay, so
3 we're going to ask for a joint briefing on just this
4 portion of, you know, of your developmental
5 opportunities where'd we like to see where those
6 locations are and what this trade-off that could be
7 more complicated to explain. But I think if we can
8 all sit down and you can walk us through it, it would
9 be helpful.

10 PRESIDENT BREZENOFF: Good.

11 CHAIRPERSON FERRERAS-COPELAND: Okay. My
12 last question before I open it up to the Chairs and
13 we hear from our colleagues, which have joined us,
14 Council Members Perkins, Matteo, Koo, Williams,
15 Levine, Cornegy, Vacca, Mendez, Gibson, Borelli,
16 Grodenchik, and Barron. There's multiple hearings
17 happening, so people are coming in and out. Yes, I
18 said you, Council Member Wills. The Administration
19 has promoted MetroPlus, the health insurance arm of
20 H+H to the City's nonprofit sector, suggesting the
21 Administration would increase funding for groups that
22 agreed to examine the plan. What are the specifics
23 on these negotiations between the Administration and
24 the City's nonprofit community, and how would this
25 agreement affect H+H's enrollment in MetroPlus?

PRESIDENT BREZENOFF: So, the only aspect of that that we have been involved in is the formulation of a proposal, a plan that would provide insurance to employees of those groups. We did that. That is MetroPlus did that with our-- with H+H's involvement, and that dynamic is ongoing. Our proposal is in the mix. It was designed to be economical, and comprehensive for in relation to the needs of the employees of the not-for-profits. It's a very exciting possibility from our perspective, and we bent every effort to put together a competitive produce.

CHAIRPERSON FERRERAS-COPELAND: And how much revenue could this potentially raise?

PRESIDENT BREZENOFF: A lot depends. In this insurance game, a lot depends on who the patient-- the members are, their experience and what the medical loss ratios turn out to be. But we anticipate that assuming that what we proposed was accepted, and right now there's no ability to accept that assumption. It would be several million dollars that we would get.

CHAIRPERSON FERRERAS-COPELAND: Several million, okay. Now, I have a question without, you

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2 know, disclosing anybody's personal information, but
3 what percentage of H+H employees are enrolled in
4 MetroPlus?

5 PRESIDENT BREZENOFF: Actually, I don't
6 know the answer to that.

7 CHAIRPERSON FERRERAS-COPELAND: Well, I
8 think you should find out.

9 PRESIDENT BREZENOFF: I will.

10 CHAIRPERSON FERRERAS-COPELAND: Yeah. You
11 know, because I just think we're engaging this
12 nonprofit sector and the potential-- and of course we
13 want to give everybody priority and preference, but
14 if we're doing it for a sector, I wonder, you know,
15 I'd like to know.

16 PRESIDENT BREZENOFF: So, I--

17 CHAIRPERSON FERRERAS-COPELAND:
18 [interposing] Just a guestimation [sic], nothing--

19 PRESIDENT BREZENOFF: [interposing] So, I
20 have the most august group in healthcare in America
21 here.

22 CHAIRPERSON FERRERAS-COPELAND: Yeah.

23 PRESIDENT BREZENOFF: So, I'm going to ask
24 if anybody know that. I know it's a low number.
25 Does anybody know the answer to that? Very low, I

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2 said that. You're not showing your augustness. A
3 little over 5,000 is the consensus [sic].

4 CHAIRPERSON FERRERAS-COPELAND: A little
5 over 5,000.

6 PRESIDENT BREZENOFF: In a number that's
7 around 45,000 overall.

8 CHAIRPERSON FERRERAS-COPELAND: Out of--
9 oh, 5,000 out of 45,000.

10 PRESIDENT BREZENOFF: Roughly.

11 CHAIRPERSON FERRERAS-COPELAND: Okay,
12 well, I mean, we'll follow up off the-- I just think
13 that this is a produce that's important to the City,
14 and--

15 PRESIDENT BREZENOFF: [interposing] So,
16 I'm going to do a commercial for my friend Bob Lin
17 [sp?] at OLR.

18 CHAIRPERSON FERRERAS-COPELAND: Okay.

19 PRESIDENT BREZENOFF: I think there's very
20 strong city interest in expanding the ability of
21 MetroPlus to serve the city workforce overhaul.

22 CHAIRPERSON FERRERAS-COPELAND: Okay.

23 PRESIDENT BREZENOFF: And to, in
24 particular, the H+H workforces strong interest in
25 doing that.

2 CHAIRPERSON FERRERAS-COPELAND: Okay.

3 PRESIDENT BREZENOFF: As we're learning
4 from the nonprofit dialogue.

5 CHAIRPERSON FERRERAS-COPELAND: Exactly.

6 PRESIDENT BREZENOFF: Not so easy to do.

7 CHAIRPERSON FERRERAS-COPELAND: Okay.

8 Fair enough. Thank you. I'm going to come back in a
9 second round of questions, but now we will hear from
10 Chair Johnson followed by our colleagues.

11 CHAIRPERSON JOHNSON: Hi Stan.

12 PRESIDENT BREZENOFF: How you doing?

13 CHAIRPERSON JOHNSON: So, before I get
14 into some of the specifics of your testimony and over
15 the financial plan, we know you know through your
16 many decades of working in this industry and your
17 position now that healthcare is complicated, has
18 gotten more complicated, is ever-changing and
19 evolving, and I think one of the principles which
20 makes-- this is the largest public hospital system in
21 America, correct?

22 PRESIDENT BREZENOFF: Yes.

23 CHAIRPERSON JOHNSON: So, I think one of
24 the things that makes this public hospital system the
25 best and one of the most renowned is the fact that

2 the ability to pay isn't a factor by in large when
3 someone needs treatment. They come in. They get the
4 services they need, and they're treated by a world-
5 class set of doctors and healthcare professionals. I
6 mean, that's basically correct.

7 PRESIDENT BREZENOFF: Absolutely.

8 CHAIRPERSON JOHNSON: SO it's really not
9 about profit in many ways. It's about, you know,
10 being able to meet your obligations to the public
11 benefit corporation, but it's not about profit here.
12 Is that right?

13 PRESIDENT BREZENOFF: Correct.

14 CHAIRPERSON JOHNSON: So, given that is
15 the case, do you support a single-payer health system
16 which takes away profit, takes away the ability for
17 health insurance companies to make decisions and is
18 really a patient-centered, patient-based program that
19 is about helping everyone regardless of their ability
20 to pay?

21 PRESIDENT BREZENOFF: Let me make up for
22 my lengthy testimony by saying absolutely, yes.

23 CHAIRPERSON JOHNSON: I feel like we made
24 news here today, Stan. You support single-payer.

25 PRESIDENT BREZENOFF: Yes, I do.

2 CHAIRPERSON JOHNSON: You are left wing
3 radical, Stan Brezenoff.

4 [laughter]

5 PRESIDENT BREZENOFF: Others have said
6 that over the years.

7 CHAIRPERSON JOHNSON: Oh, my God. Well,
8 that's good to hear, because I think that there is
9 this weird moment that we're in with the horrible
10 things that are happening in Washington that you're
11 seeing these town halls across the country where
12 folks are standing up and saying it needs to be about
13 patient decisions, doctor's decisions and not health
14 insurance companies making decisions that aren't
15 always in our best interest that bankrupt us, that
16 determine we have a pre-existing condition that price
17 prescription drugs at an exorbitant rate, and it
18 really needs to be patient-centered, and I think
19 single-payer is about that. My colleague who
20 represents part of my district, Dick Gottfried, has a
21 bill at the state level, and I'm really happy to hear
22 that the leader of the largest public health public
23 hospital system in America supports it.

24 PRESIDENT BREZENOFF: Absolutely. Steve
25 Stafiore [sp?], Montefiore and I are as far as I know

2 the only hospital executives in New York who do
3 support.

4 CHAIRPERSON JOHNSON: Thank you very
5 much. Okay, so now I'm going to be a little more
6 tough on you.

7 PRESIDENT BREZENOFF: Okay.

8 CHAIRPERSON JOHNSON: So, as the Chair
9 said, as Chair Ferreras-Copeland said, in 2020 and in
10 2021 there are projected hundred million dollars,
11 hundred million dollars for development
12 opportunities. Last year you had a 100 million
13 dollars in redevelopment [sic] opportunities, and it
14 wasn't you, it was Doctor Raju, and we you know, beat
15 him up a little bit by saying, "What the hell does
16 that mean?" you know you can't just throw random
17 whole large numbers into a financial plan without a
18 lot of details, explaining how you arrived at that
19 number, is that number achievable, is it just trying
20 to come here today and say you have a good sound
21 financial plan. I want to know really specifically
22 what the 100 million dollars for 2020 and 2021, how
23 you achieve that number, because it's not detailed in
24 a detailed way in the plan.

4 PRESIDENT BREZENOFF: So ,not to-- to get
5 to the thrust of the question. There is a fair
6 amount of property that tis underutilized, really a
7 fair amount. We-- where I do think it's credible and
8 prudent to expect that value can be derived from
9 those properties. New York City is a pretty complex
10 land use development environment, so things don't
11 necessarily move expeditiously, but the truth is
12 probably on most of our campuses there is available
13 and/or alternative uses for underutilized land that
14 do not in any way impact on patient care or actually
15 or potentially or de-limit us in any way. Remember,
16 we're talking about a recent history of declining
17 volumes of various kinds, significant
18 underutilization. So, I think what I can pledge to
19 do is to sit down with you, show you the parcels that
20 were-- are on our mind, and you can just whether how
21 much value might be derived from these under
22 different scenarios, because the thinking about these
23 sites is frankly not always highest and best use,
24 which would generate the most dollars. But--

25 CHAIRPERSON JOHNSON: [interposing] How
many sites are we talking about?

2 PRESIDENT BREZENOFF: Oh, wow, now I'm
3 doing it from memory. Between 10 and 13. And some
4 of them are being used. I just don't-- so, I
5 mentioned Draper Hall at Metropolitan, and there's no
6 Draper Two, I guess, that's going on. Seaview does.
7 Now, Seaview is an example of you're not going to do
8 high-rise there and it's not going to be a lot of
9 value that's derived from the utilization of the
10 site, but there are two examples of where value is
11 being obtained. And there's a-- well, Woodhole [sic]
12 is a site we're looking at, but there is the old tea
13 [sic] building in Queens that comes to mind.

14 CHAIRPERSON JOHNSON: SO--

15 PRESIDENT BREZENOFF: [interposing] It's a
16 large structure.

17 CHAIRPERSON JOHNSON: But how confident
18 are we that 100 million in two different projected
19 fiscal years or 200 million dollars, how did we
20 arrive at those numbers? Did we have a-- people that
21 are involved in real estate come in and assess
22 property values and project what we thought it would
23 sell for? How did we arrive at those number?

24 PRESIDENT BREZENOFF: So, some of that
25 process is ongoing, and when ideas are moving along

the track where development becomes a real possibility, then professionals do the assessment. Honestly, I think the 100 million is kind of a placeholder, but not without enough roots to give support to the notion that it's achievable. So, I don't want to say that there's been a careful calculus done; there hasn't, but I think they're achievable numbers.

CHAIRPERSON JOHNSON: Okay, I hear you, and I look forward to sitting down and getting a more detailed briefing on the individual sites and how we're projecting the amount of money. I just think that--

PRESIDENT BREZENOFF: [interposing] It's a fair question.

CHAIRPERSON JOHNSON: Thank you. I just think that when you're putting placeholder number at 100 million dollars a pop, that's a big placeholder.

PRESIDENT BREZENOFF: I accept it.

CHAIRPERSON JOHNSON: Okay. So, I think Chair Ferreras-Copeland hit on this, but I also want to just reiterate the fact that 78 percent of the planned projections in 2018 are revenue-generating initiatives, and notably two of those revenue-

4 generating initiatives, Medicaid waiver programs and
5 Federal and State Charity Care, they require state
6 and federal action.

7 PRESIDENT BREZENOFF: Yes, but there's a
8 hi-- there's a higher degree of confidence. Some of
9 that parallels what happened before, their existing
10 program. They're not subject really to the
11 depredations that might come from Washington. I
12 mean, I know what you're thinking.

13 CHAIRPERSON JOHNSON: Well, but how much
14 of this could Secretary Price determine on his own or
15 his staff could determine on their own, or the new
16 head of CMS, that they're not going to do this
17 anymore? How much of it is legally what are they
18 obligated to do and what are they not obligated to
19 do?

20 PRESIDENT BREZENOFF: So, a real rogues
21 gallery there. P.V., do you want to talk about that?

22 P.V. ANATHARAM: I think your question
23 refers to the fact that CMS could any point in time
24 deny a particular waiver or stop a program. That's a
25 lot more difficult to do for programs that have
already been authorized, not unbelievably, but the
whole concept of the 18 plan is that there's more

4 certainty to these numbers than what might require a
5 new application for additional funds.

6 CHAIRPERSON JOHNSON: I am not typically
7 a pessimist. I try to be a wide-eyed eternal
8 optimist generally, or I couldn't do this job every
9 day. But I think that what the last 108 days have
10 taught us, or whatever the number is, that we should
11 not be making assumptions that things are going to go
12 well. The standard playbook as been sort of torn up
13 and thrown out the window on all sorts of things that
14 we didn't expect. I mean, who would have thought
15 that they would be talking about getting rid of pre-
16 existing conditions, maternity care, all of these
17 things? So for us to to make assumptions based off
18 of the future fiscal health in two major revenue-
19 generating sources on this, I'm just not-- I'm not
20 sure we should make these assumptions.

21 PRESIDENT BREZENOFF: So, we have I guess
22 guarded optimism about these things. P.V.'s point
23 that these are authorized program where the money is
24 already flowing and has flowed seem less likely to
25 supper from evil inclinations in Washington. They're
also subject to legal constraints. To the degree

2 that existing, authorized existing program get
3 arbitrarily a change, there's--

4 CHAIRPERSON JOHNSON: [interposing] But
5 there's a new waiver that's being asked. The new
6 waiver that's being asked for which isn't previously
7 authorized is for 369 million dollars.

8 PRESIDENT BREZENOFF: Right, and that's
9 the previous-- no, that's the other one. That's the
10 DSRIP one.

11 P.V. ANATHARAM: If you go back to the
12 482 million dollars that you see as the waiver
13 program, Medicaid waiver program--

14 CHAIRPERSON JOHNSON: Yes.

15 P.V. ANATHARAM: About half of that has
16 already been authorized, and already in this year we
17 are seeing revenues from that.

18 CHAIRPERSON JOHNSON: SO how much has not
19 been authorized yet out of that 483 million?

20 P.V. ANATHARAM: So, of that, 178 million
21 dollars of UPL conversions have been authorized to
22 the larger aid--

23 CHAIRPERSON JOHNSON: [interposing] Upper
24 Payment Limit Conversions.

4 P.V. ANATHARAM: Yes. That-- sorry,
5 thank you. That has been authorized up to 600 million
6 dollars in the larger eight billion dollar waiver.
7 Our expectation-- we still have to submit the
8 necessary documents to convert those UPL dollars into
9 waivers, but given that the feds have already given
10 us the authorization for conversion up to 600, we
11 believe that it's doable. And that's the bulk of the
12 difference. There are-- there's about 33 million
13 dollars of conversion to DSRIP, the disproportionate
14 share dollars again, that also be expect to fall
15 within that larger 600 million dollar appropriation.
16 There are numbers in the out-years. We intentionally
17 pushed out a new waiver program that we had proposed
18 last year for covering the uninsured that we decided
19 was going to be a stretch in the current year, but
20 that we shouldn't give up the advocacy for that. So
21 we've allocated that for about 100 million dollars in
22 Fiscal Year 19.

23 PRESIDENT BREZENOFF: So, if I could just
24 add to that. There is a high degree of uncertainty
25 overall. No one can quarrel with your assessment of
the situation, but it's hard to see what our choice
is except to be wary and watchful and ready to both

2 do combat and to come up with ways to either fend off
3 or deal with whatever mischief that they do. If we
4 can't count on this money it would be devastating,
5 and as I say, we'd have to fight it, but to try and
6 take the hit now in anticipation wouldn't make any
7 sense.

8 CHAIRPERSON JOHNSON: Have you guys been
9 talking to Center Schumer's office?

10 PRESIDENT BREZENOFF: Yes.

11 CHAIRPERSON JOHNSON: Frequently?

12 PRESIDENT BREZENOFF: Frequently.

13 CHAIRPERSON JOHNSON: And the budget that
14 was voted on a couple of weeks ago in Washington, a
15 bi-partisan budget in some ways, did it have any
16 effect on any of this or no? This is all basically
17 staff that is in the pipeline at the Department of
18 Health and Human Services. It will go through CMS
19 and the standard protocol where waivers are granted,
20 conversions are made. There was nothing in a new
21 budget that affects any of this?

22 PRESIDENT BREZENOFF: That's a correct
23 description.

24

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2 CHAIRPERSON JOHNSON: Okay, great. So,
3 just on the State Charity Care, why do we feel
4 optimistic?

5 PRESIDENT BREZENOFF: On the State
6 Charity Care--

7 CHAIRPERSON JOHNSON: [interposing] The
8 Charity Care numbers that we're projecting additional
9 revenue coming in?

10 PRESIDENT BREZENOFF: You're referring to
11 the 85 million?

12 CHAIRPERSON JOHNSON: Yes.

13 PRESIDENT BREZENOFF: SO, that again is an
14 existing waiver provision to create it, to move it
15 over to still another federally approved program.

16 CHAIRPERSON JOHNSON: SO, it's not new
17 money. It's--

18 PRESIDENT BREZENOFF: [interposing] It's
19 not--

20 P.V. ANATHARAM: [interposing] Alright.
21 One part of that is expecting that the DSH cuts will
22 happen and the state has a provision within its
23 budget to relook at the distribution of the DSH
24 dollars in the state. And our ask here is that
25 because of the way the DSH program is structured, we

2 get the last dollar in. So when they take away any
3 cuts in the DSH program, we happen to lose the first
4 dollar, and the-- about 52 million dollars of that 85
5 million dollars is to ask for an equitable
6 distribution of DSH spending in the state.

7 PRESIDENT BREZENOFF: In the state.

8 P.V. ANATHARAM: Yes. That would be a
9 state item.

10 CHAIRPERSON JOHNSON: Okay. Stan, you
11 mentioned that the 400 number as it related to lay-
12 offs was an inaccurate number that was reported in
13 the New York Post.

14 PRESIDENT BREZENOFF: What I-- so let me
15 be precise about it. I don't know the number. We--

16 CHAIRPERSON JOHNSON: [interposing] How do
17 you not know the number?

18 PRESIDENT BREZENOFF: Because we're still
19 working on the materials coming in from the hospitals
20 and the facilities, and we're going over.

21 CHAIRPERSON JOHNSON: How many people
22 have already been laid off?

23 PRESIDENT BREZENOFF: Of this number?
24 Only that first group that we talked about at the
25 earlier healthcare hearing.

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2 CHAIRPERSON JOHNSON: Which was 70?

3 PRESIDENT BREZENOFF: Seventy, only
4 seventy, seventy-three, I think.

5 CHAIRPERSON JOHNSON: Seventy-three
6 people have been laid off currently.

7 PRESIDENT BREZENOFF: Right, yeah. I'm
8 resisting, I guess, to giving you a specific number,
9 but it's going to be substantially larger than the
10 73, the new number, and when we have it-

11 CHAIRPERSON JOHNSON: [interposing] Give
12 me a range. So, it's not 73, it's--

13 PRESIDENT BREZENOFF: Is this your--

14 CHAIRPERSON JOHNSON: [interposing] We can
15 play like the Price is Right game.

16 PRESIDENT BREZENOFF: It's going to--

17 CHAIRPERSON JOHNSON: [interposing] Going
18 to be less than a thousand.

19 PRESIDENT BREZENOFF: Less than a
20 thousand.

21 CHAIRPERSON JOHNSON: Less than 700?

22 PRESIDENT BREZENOFF: And more-- right.
23 Less than a thousand and more than 200.

24 CHAIRPERSON JOHNSON: Let's than a--
25 that's a pretty big range.

4 PRESIDENT BREZENOFF: Less-- okay, I'll
5 use the Post. Less than 600 and more than 200.

6 CHAIRPERSON JOHNSON: Okay, somewhere
7 between 200 and 600. And when will we know what that
8 number is?

9 PRESIDENT BREZENOFF: Within days,
10 really. Within a-- we're actually going over the
11 submissions right now. So, I'll give myself a
12 deadline. What should I give myself? Two weeks I'll
13 give as a deadline.

14 CHAIRPERSON JOHNSON: Two weeks, and
15 you're going to report back to us on what the actual
16 number is and these layoffs are managerial titles
17 only.

18 PRESIDENT BREZENOFF: Yes.

19 CHAIRPERSON JOHNSON: As the Chair said,
20 no union jobs here.

21 PRESIDENT BREZENOFF: no union jobs here.

22 CHAIRPERSON JOHNSON: I Okay. I have a
23 couple more questions then I'm going to turn it back
24 to the Chair. I want to come back for a second round
25 as well after my colleague and the Chair ask some
Administration questions. In your follow-up response
to the project hearing, you stated in the first three

2 months of 2017, nine H+H facilities had less than a
3 one week wait time to obtain abortion services. You
4 also stated that the lack of same-day access
5 constitutes a significant concern for H+H. What are
6 the major sources of delays for same-day abortion
7 access?

8 MACHELLE ALLEN: This is-- I'm Doctor
9 Machelles Allen, the Chief Medical Officer. The major
10 delay is if a woman wants a surgical abortion with
11 anesthesia. So, it's getting access to an operating
12 room with anesthesia services. So, you can get same-
13 day abortion if you want a medical abortion which is
14 in the very first early weeks, the first 10 to 11
15 weeks. We offer abortion services at all of our
16 facilities, and several of our facilities actually go
17 up to 24 weeks. So the larger-- the further along in
18 your pregnancy that you go, the more likely the
19 woman's going to want anesthesia.

20 CHAIRPERSON JOHNSON: So, what do we need
21 to do to ensure that if someone comes in and they
22 want same-day abortion services that they will have
23 access to an operating room and an anesthesiologist
24 so they don't have to wait a week to have an
25

abortion? What do we-- what do we need to do
operationally to make that happen?

MACHELLE ALLEN: What we need to do is
actually to evaluate the need for that and make sure
we have the staffing and the operating rooms to
provide that.

CHAIRPERSON JOHNSON: Are we doing that?

PRESIDENT BREZENOFF: I'm not a clinician
and I defer completely to Doctor Allen, but what it
sounds like to me is that effectively we'd be
treating it like emergency surgery in terms of the
availability of an appropriate anesthesiologist,
which I think would be part of the challenge. This
is a challenge, and because not all of our hospitals
even have that kind of availability. We'll have to
continue to focus on this. I continue to believe
it's a real need, though. I think Doctor Allen was
pointing out that each case has to be evaluated and
reviewed with the patient, but assuming that there's
a compelling case for it, we'll have to work to
figure out how to provide the service.

MACHELLE ALLEN: On an individual basis,
every women is evaluated individually and based on

what her needs are, and we do everything we can to
satisfy her needs.

CHAIRPERSON JOHNSON: I understand, but
given-- and I'm grateful. I'm not in any way trying
to attack you all, because I think you provide
excellent care, and I'm really grateful for the
patient population that you serve and the work that
you do, as I said at the outset of my questions. I
just want to make sure that we're doing this in the
best way possible, and that you have the resources
you need to provide that access to care in a timely
way without a delay, especially given the current
political climate and context that we're living in of
Planned Parenthood being attacked, abortion access
laws being rolled back all across the country,
immigrants coming under attack. I just think it's
really important that when someone needs a service
it's provided to them in a timely way, and so I would
hope that you guys will look to improve those times
moving forward.

MACHELLE ALLEN: We agree with you. We
actually work very closely with Jane Kaitlyn [sp?],
Joan Maitlyn [sp?], Planned Parenthood work together

collaboratively. We feel the same way and the same way Joan does. This is a priority for women.

CHAIRPERSON JOHNSON: Okay. Lastly, Epic, so how far behind schedule is Epic from when it was initially supposed to be implemented?

PRESIDENT BREZENOFF: So, I honestly don't think of it in that way, having rolled out at several different places systems like this. I know that there were dates projected that the early adoption and onset of the system. What our timeframes are now going forward are a produce of our experience and reflection on that experience at the places where we have implemented. We've implemented Epic now at three places, the two hospitals in Queens and Coney Island, and based on that experience we were plotting out the timeframe that corresponded to that experience. However, now with the City's help we are able to marry the revenue cycle segment of Epic with our EMR segment.

CHAIRPERSON JOHNSON: How much have we spent on Epic so far?

PRESIDENT BREZENOFF: Who has that amount?

4 CHAIRPERSON JOHNSON: Hundreds of
5 millions of dollars.

6 PRESIDENT BREZENOFF: These things are
7 not cheap. They really are not cheap. They're very,
8 very--

9 CHAIRPERSON JOHNSON: [interposing] It was
10 my understanding that Epic was supposed to be fully
11 implemented across the system by 2018, initially.

12 PRESIDENT BREZENOFF: That was the-- I do
13 believe that was the EMR without the revenue
14 component.

15 CHAIRPERSON JOHNSON: And what percentage
16 of the system has it been implemented in, 25 percent
17 30 percent?

18 PRESIDENT BREZENOFF: Three hospitals.

19 CHAIRPERSON JOHNSON: That's not many.

20 PRESIDENT BREZENOFF: No, and again, I'm
21 not-- personally, I'm not surprised by the complexity
22 and difficulty of rolling it out. That in and of
23 itself has not cost us more dollars. And this is a
24 big achievement on H+H's part to have the city
25 endorse instead of just moving forward and then
coming back with the revenue. The endorsement and
the funding of the revenue site component is a big

plus for us, and it's worth what might be seen as a
delay as we reboot to get the revenue component
developed and then go back to the three hospitals
that had only the EMR put in and then go forward
simultaneously putting them in. that's such a good
thing that it doesn't matter to me really that the
time frame is long.

CHAIRPERSON JOHNSON: Okay. I'm going to
have some more questions. I want to go back to the
Chair. Thank you.

CHAIRPERSON FERRERAS-COPELAND: Thank
you, Chair. We will now hear from our colleagues.
We've been joined by Council Members Crowley, Miller,
Cumbo, and Rosenthal. We will hear from Council
Member Cohen followed by Council Member Miller.

COUNCIL MEMBER COHEN: Thank you, Chairs.
I'm going to try to go over territory that I think
we've gone over, but Chair Ferreras-Copeland and
Chair Johnson are smarter than me and they understand
it better, so I'm going to ask you to try to explain
it to me in a way that maybe I could understand it.
I don't even know if that's a realistic goal. But I
am sort of like-- I'm scratching my head as to why
there's going to be almost half a million dol-- half

4 a billion dollars more in revenue from the waivers in
5 FY18 versus 17. What happened in 17 that this money
6 wasn't available but will be available in 18?

7 P.V. ANATHARAM: So, a big reason for the
8 decline in revenues between 17 and 18 is the DSH cuts
9 that are coming through from the federal government.
10 So, there's about--

11 COUNCIL MEMBER COHEN: [interposing] But
12 how do cuts add revenue?

13 PRESIDENT BREZENOFF: I think he's asking
14 why is there more--

15 P.V. ANATHARAM: I'm sorry, can--

16 COUNCIL MEMBER COHEN: I don't understand
17 why there's the increase in revenue and when you talk
18 about the DSH cuts, I don't understand how cuts equal
19 increased revenue.

20 P.V. ANATHARAM: So, I was going to the
21 point of why the revenues declined. The reasons why
22 we are comfortable in assuming that half a billion
23 dollars of revenues will be coming through is because
24 half of it has already been approved in the current
25 year, and then follow through for the next four
years. So there are ongoing revenues that come from

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2 the approvals that we got in 17 that will be
3 available for us in 18, 19 and 20 and onwards.

4 COUNCIL MEMBER COHEN: But why wasn't
5 that money approved in 17? What wasn't there--

6 P.V. ANATHARAM: [interposing] Because--

7 COUNCIL MEMBER COHEN: [interposing] a
8 similar revenue stream?

9 P.V. ANATHARAM: There are two separate
10 programs. One of them was called a value-based
11 program, quality improvement program, and the other
12 one is the CREP program which is care restructuring
13 enhancement pilots, and both of these are driven
14 along the same lines as DSRIP which is essentially to
15 reorganize care at the local level so that you can
16 get ready for accountable care programs in the
17 future. So, it is intended to transform the
18 healthcare system from paying for a normal episode of
19 care that you deliver to actually managing the care of
20 the individual.

21 COUNCIL MEMBER COHEN: Are these one-time
22 revenue--

23 P.V. ANATHARAM: They are four-year rev--
24 they are spread over four years, both of those, and
25 they-- you get additional dollars in each of the

years. The first couple of years you get money for putting a program into place, designing the program, taking an assessment of your current structure in terms of what changes need to happen, and in the following years you get money for achieving certain metrics, paid reduction in diabetes reduction and infections from central lines, things of that nature.

COUNCIL MEMBER COHEN: So, of the half a billion dollars, 250 million we feel with a high degree of certainty because it's already been approved will come in and then the-- what degree of certainty do we have toward the other quarter of a billion dollars?

P.V. ANATHARAM: So, but when the Federal Government approved the eight billion dollars waiver for the State of New York it included within there 600 million dollars of the ability to convert our existing UPL and DSH dollars. It's called supplemental payments into a DSRIP type waiver, which is to allow us to use those monies to further reform care, and that authority exists in the current waiver that has been granted to the State. It is up to us now to make an application for a program that we think fits that rubric, and we are waiting to--

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2 COUNCIL MEMBER COHEN: [interposing] Who
3 grants the waiver?

4 P.V. ANATHARAM: I'm sorry?

5 COUNCIL MEMBER COHEN: Who will grant
6 that application?

7 P.V. ANATHARAM: CMS will grant that
8 waiver. It's the authority has been granted. We
9 have to drop the program and have the State submit it
10 to the feds for approval.

11 PRESIDENT BREZENOFF: If I could add, it
12 might be worthwhile to focus for a minute on 17,
13 because we started out in 17 with the same kinds of
14 questions with lots of money allocated to be drawn
15 down to be earned in some cases through performance,
16 and as I noted, despite the challenges, we have met
17 each one of those targets. Eighteen is not entirely
18 dissimilar from that situation, and but we have a
19 high degree of confidence as we did in 17 that this
20 money is achievable and not easily susceptible to
21 mischief from Washington, which I assume is part of
22 the backdrop of your question.

23 COUNCIL MEMBER COHEN: I guess I have more
24 and I'll come back, but can you just talk a little
25 bit about-- North Central Bronx is in my district,

2 and I'm-- my constituents are perpetually concerned,
3 and I am perpetually concerned about the wellbeing of
4 that hospital. Could you just talk a little bit for
5 a minute about how it sort of you see it in the
6 future fitting in the constellation of the hospitals
7 and what the role is of NCB?

8 PRESIDENT BREZENOFF: NCB is one of the 11
9 facilities in our system. I would note at this time
10 in reference to the concerns and the sensitivities of
11 your constituents that the Mayor has said there will
12 be no closures. That is the firm rule that we
13 operate under. NCB, because I look at each of these
14 institutions, these facilities, separately and
15 discretely around what the needs of the community
16 are, what the needs of the facility might be, what
17 are their strengths, what are their shortcomings, and
18 I'm very focused on the fact that this is a very low-
19 volume facility. It is some 17 stories tall with
20 about 125 occupied beds. So, I'm very focused on how
21 we can strengthen NCB.

22 COUNCIL MEMBER COHEN: I would like to
23 partner and help you in any way that we can to make
24 that happen.

25 PRESIDENT BREZENOFF: Thank you.

4 COUNCIL MEMBER COHEN: Thank you. Thank
5 you, Chair.

6 CHAIRPERSON FERRERAS-COPELAND: Thank
7 you, Council Member. Council Member Miller?

8 COUNCIL MEMBER MILLER: Thank you, Madam
9 Chair, and thank you, Mr. President, you and your
10 team for being here again. So, as just perusing
11 through the briefing and your testimony here,
12 although I understand that there's an immediate
13 deficit and shortfall to be addressed, I don't find
14 this testimony much unlike last year or the year
15 before where we were in dire streets as well. But I
16 was under the impression that there was a plan and
17 that we were in the process of implementation among,
18 around those plans. There was a lot of talk about
19 city and state reimbursement and federal funding and
20 so forth. Has that not come to fruition or have we
21 seen the diminishing of funds from the city-- from
22 the state and federal government added to the
23 equation, or is it the potential loss that we are
24 dealing with. Help us understand, please.

25 PRESIDENT BREZENOFF: So, it's a mix of
things, and I'll start with the most recent. Many of
us in healthcare probably in the country at large

we're optimistic about the country and what might happen in healthcare until the national election. We were-- frankly, we at H+H and in the City thought that with the right Administration in Washington we could develop a comprehensive program that would include the uninsured population and that we'd be able to have such a program here in New York. That didn't happen and is likely not to be in the immediate future. But lots of other things have been put in motion, lots of good things have been achieved, many of them that predate me. So, I want to-- this is not me trumpeting my own horn, but rather referring to the product of a lot of hard work within H+H and within-- with our city and community partners. We are a major participant in the DSRIP program which is funded by the state. The early years of which were very focused on putting the pieces into place, developing processes and so on, and now recently and looking forward we are in the process of actually implementing. I've alluded to some of those things that go to population health and care management, and I'm sure those were principles that were annunciated in the earlier discussion that you referred to. A part of the thinking though was

1 some hard steps, difficult steps that H+H had to take
2
3 to both develop savings and to create more revenue
4 opportunities. That too, was a very difficult
5 challenge in Fiscal Year 17, but I'm really happy to
6 say that we will achieve those targeted figures that
7 must have been discussed early on, certainly last
8 year and the year before. We are on the path that
9 has been appointed to by the Blue Ribbon Commission,
10 by the Mayor's Annunciation of the Future and his
11 challenge to us. We're on the path, not there yet,
12 to reduce our reliance on obsolescent and inefficient
13 reliance on inpatient care and more focused on
14 ambulatory care, on the care, the avoidance of
15 hospitalization, the emphasis on wellness and
16 prevention. This is in the current jargon, "a
17 journey" and we're only part way down the road, but
18 we can see clearly ahead.

19 COUNCIL MEMBER MILLER: So, I
20 particularly was optimistic about that process that--
21 and this implementation that it would be more a
22 community-based oriented and that we see that because
23 we were kind of getting away from the hospital beds,
24 and that there was not necessarily that demand in
25 that way. I have yet to see it really manifest

1 itself locally, and we're certainly representing the
2 district that does not have a hospital, Queens
3 Hospital is our local hospital, but not in the
4 district. There is certainly a demand. We'd love to
5 see the preventive care with a lot of the private
6 healthcare providers kind of not providing the
7 services that they once had or just packing up and
8 leaving the community. There has to be some follow-
9 up there, and we were hoping that this system and its
10 implementation would bring that, and we don't know
11 who those community partners and what they are
12 bringing to the community. I might I may add that
13 with a number of the new housing developments that
14 have come up within the community a., they have added
15 volume to the community, but they also reached out in
16 an attempt to bring in healthcare facilities into
17 those new residents to provide services, and we were
18 hopeful that that would happen to kind of alleviate
19 some of your burden at the hospital level, but we
20 haven't seen that. It's the program not-- is
21 implementation not where we thought it would be at
22 this moment, or can we--

24 PRESIDENT BREZENOFF: [interposing] I
25 mean,--

4 COUNCIL MEMBER MILLER: [interposing] look
5 forward to having community partners providing
6 preventive healthcare in the community?

7 PRESIDENT BREZENOFF: There's a lot more
8 work to do, but I'm going to suggest that we arrange
9 a sit down to talk about your community, the needs
10 that you've alluded to, because hospitals shouldn't
11 be seen as the confining element in how we deliver
12 healthcare, and I'm extremely interested. H+H is
13 extremely interested in expanding our relationship
14 with the populations of New York City apart from our
15 hospitals. So, I'd like if we could follow up.

16 COUNCIL MEMBER MILLER: I certainly will
17 because we've certainly bought into that. Can I
18 just-- just one more question about the workforce. I
19 know we talked about the re-org and what that means
20 for managers, and they said there was a commitment
21 that there'd be no layoff of union workers. I know
22 in the past it was diminishment of titles through
23 attrition and outsourcing. Can we see that as we
24 move forward? Can we expect to see that?

25 PRESIDENT BREZENOFF: I think you can
expect to see what I'm calling targeted attrition.
Then that would be based on people leaving their jobs

or possibly being redeployed, subject to whatever collective bargaining constraints there are, based on an analysis that tells us it works for H+H, but the individuals would be protected. Look, I don't want to pull this up on this punch. It's hard to save hundreds of millions of dollars in an organization without affecting personnel, but the method that we've used for rank and file, for hands-on patient care personnel has been to rely on attrition and to evaluate that attrition to see if the jobs need to be filled relative to service needs and mission, but I can tell you that we won't see a smaller workforce. I can tell you it won't include layoffs of union personnel.

COUNCIL MEMBER MILLER: Okay, and that finally when that-- when you're evaluating the reports, I hope that those bargaining units representing those workers are in the room during that evaluation that they have a voice at the table as well.

PRESIDENT BREZENOFF: Believe me, they're always in the room.

COUNCIL MEMBER MILLER: Thank you so much.

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2 CHAIRPERSON FERRERAS-COPELAND: Thank
3 you, Council Member.

4 COUNCIL MEMBER MILLER: Thank you, Madam
5 Chair.

6 CHAIRPERSON FERRERAS-COPELAND: Council
7 Member Rosenthal, and we were joined by Council
8 Member Van Bramer and Rodriguez.

9 COUNCIL MEMBER ROSENTHAL: Great. Hi.

10 PRESIDENT BREZENOFF: Hi.

11 COUNCIL MEMBER ROSENTHAL: It's nice to
12 see you.

13 PRESIDENT BREZENOFF: Same here.

14 COUNCIL MEMBER ROSENTHAL: I have to say
15 that, you know, with you and P.V. at the helm we have
16 a chance, and that's great. So thank you for your
17 service. You know, the last time I thought about
18 these issues we were talking about the bad debt in
19 Charity Care pool. I don't even know if that exists
20 anymore.

21 PRESIDENT BREZENOFF: It's called
22 something else.

23 COUNCIL MEMBER ROSENTHAL: Right, no
24 doubt. But I will say this-- oh, wait, I had one
25 quick question. Really, I've been doing other

things. So, do the hospitals-- when you talk about the federally qualified health centers, are those your health centers or hospitals that will become qualified?

PRESIDENT BREZENOFF: They're free-standing health centers that we're converting to FQHC.

COUNCIL MEMBER ROSENTHAL: Okay. So, I have one in my district that it's not on anyone's radar where I think we could do some good there. I'm happy to follow up with you on it. It's on Amsterdam Avenue at 93rd Street. I think it's one we lost a bunch of years ago, and we should try to pull it back in. and I take too you're working closely with Primary Care Development Corporation, and--

PRESIDENT BREZENOFF: [interposing]
Absolutely.

COUNCIL MEMBER ROSENTHAL: Okay. So, the only thing I will say is that-- and again, this is why I'm so glad you're at the helm because I think that you have-- you see this through the lens of, you know, human, you know, what people need, quality of life not just a pen, you know, crossing off dollars and programs. You know, when I worked with you I

2 went out to visit Kings County Emergency Room, and we
3 were looking at a capital request that we had been,
4 you know, of course, cutting back on, and walking
5 through the hos-- the emergency room and seeing
6 people in those beds, it was the first time that I
7 had a deep understanding of the word "Dickensian."
8 And I hope that you'll be working to find a way so
9 that, you know, people are taken care of with
10 dignity.

11 PRESIDENT BREZENOFF: It's the most-- one
12 of the most important points that could be made.
13 It's especially an imperative for us. Ninety
14 percent, better than 90 percent of our admissions
15 come through the emergency room. It is upper most in
16 our thoughts both in terms of providing the highest
17 quality most human services because we get a range of
18 individuals that come through there. We have a
19 psychiatric emergency rooms. We have CPEPs. We have
20 pediatric emergency rooms. It is our first encounter
21 with sick people. So, a challenge for us is to have
22 the most clinically effective, humane patient-
23 centered emergency rooms that we possibly can have.
24 We're also focused on the fact that many of the
25 patients we have in an ideal healthcare world would

not be there in the emergency room. They have conditions that if properly supervised, attended to, managed, dealt with in the community and on a continuous basis would never see the inside of an emergency room, diabetic patients, asthmatic children, substance abusing individuals. So, emergency rooms are centered to us. We are making investments in emergency rooms, one I mentioned in Elmhurst with the help of the Queens Borough President and the Queens delegation, but throughout our system this is our highest priority, your fundamental point is. And this, I didn't bring to H+H. This is baked into H+H to each one of these individuals. Today is-- we had Doctor's Day for H+H and I spoke at a group of honorees, doctors, and the commitment of the individuals who work at H+H to the wellbeing of patients, they could be elsewhere many of these people. They are committed to the mission of H+H, to serving people regardless of their ability to pay or regardless of their condition, regardless of their overall profile.

COUNCIL MEMBER ROSENTHAL: Right. So, I assume when you say you're investing in the ERs, you

4 mean you're investing in the Urgey [sic] Center right
5 next door to the ER, yeah?

6 PRESIDENT BREZENOFF: Another good-- on a
7 roll.

8 COUNCIL MEMBER ROSENTHAL: Okay.

9 PRESIDENT BREZENOFF: That's another good--
10 - Urgy Centers are in some ways a wave of the future.
11 People are choosing those Urgy centers with their
12 feet.

13 COUNCIL MEMBER ROSENTHAL: Well, not the
14 poorest of the poor.

15 PRESIDENT BREZENOFF: No, that's exactly--

16 COUNCIL MEMBER ROSENTHAL:[interposing]
17 And they're the ones going to the ER, and that's why
18 we need, you know, PCDC or urgent care centers very
19 much part of the ER.

20 PRESIDENT BREZENOFF: So, we already have
21 things called fast-tracks, but we're interested in
22 exploring the notion of an H+H-type urgry center that
23 took everybody, that takes everybody. So, we don't
24 lose the paying patient to the depredations of for-
25 profit urgry center. So we're on that track as well,
but all of the points you raised are right on.

4 COUNCIL MEMBER ROSENTHAL: Of course you
5 are. So nice to see you. Thank you, Chairs.

6 CHAIRPERSON FERRERAS-COPELAND: Thank you
7 so very much. I have a-- we actually just decided
8 that we are going to pose all of our second round
9 questions in writing to you so that we're hoping that
10 you can get back to us, but we are going to be-- I'm
11 giving some closing statements. I just wanted you to
12 add in your list of gratitude for Elmhurst Hospital's
13 Emergency Room, you need to add me.

14 PRESIDENT BREZENOFF: OH.

15 CHAIRPERSON FERRERAS-COPELAND: I was the
16 proponent, the biggest advocate, and Doctor Raju knew
17 that, and we had a lot of very tense moments, but you
18 know, Danny Dromm and I share-- I just want you to
19 know.

20 PRESIDENT BREZENOFF: No, I'm happy to
21 know. And I may shoot a few people for not letting
22 me know.

23 CHAIRPERSON FERRERAS-COPELAND: There you
24 go. There go. So we will hear from Chair Johnson,
25 and then we'll close out the hearing. Go ahead.

CHAIRPERSON JOHNSON: I have a lot of
questions but I'm not going to ask them because we're

very far behind schedule, and I would ask-- and this is not anyone's fault, but I would ask that we need a lot of time to talk about an almost eight billion dollars public benefit corporation which is the largest healthcare provider in the City of New York and the United States. Two hours isn't long enough. You gave us detailed testimony. It's not long enough. So, in the future, we should not do this on the same day as the Department of Health, because we shouldn't have a hard stop or making Commissioner Bassett and her team wait. We should be able to have a two, three, four hour hearing to go into all these issues in a public way to be able to talk about these things. So we're going to send you a letter, but the things that I wasn't able to ask about which are really important to me is continuing to improve ADA accessibility. Chair Ferreras-Copeland has been a longtime champion with former Council Member Maria del Carmen Arroyo on accessibility for women who may be disabled and need access to certain types of machines and services. The infection rate has greatly exceeded the average. Metropolitan, Elmhurst, Bellevue, Lincoln, and Woodhall, I want to talk about that. Action healthcare, OneCity Health,

4 which you mentioned-- we didn't get to talk at all,
5 and I know Patsy Yang and her team are here about
6 correctional health services on Rikers Island. The
7 Chair had a very fun hearing yesterday with the
8 Department of Correction. I know you used to be the
9 Chair of the Board of Correction. So, I know that
10 you take a keen interest in what's happening in
11 Rikers Island, but everything that's happening on
12 Rikers, whether it be inmate violence, in-jail
13 employee healthcare services, mental health services
14 and the PACE units, PREP being available, hepatitis C
15 treatment, all of these things on Rikers Island are
16 extremely important to me. And then it would be
17 helpful to not just get updates on where you all
18 stand in your transformation plan and in your fiscal
19 plan as it relates to the set deadlines of the
20 November Plan, the January Preliminary Budget
21 document, the January Update, the Preliminary Budget,
22 then the Executive Budget. It would be nice to get
23 quarterly updates on where things stand financially
24 so that we see where things are going, we understand
25 where things are, we understand where you're able--
where you're seeing success as part of the plan and
where it's come up a little bit short. So, I would

like to see that, and then the Chair and I asked for
a detailed briefing on the placeholder 100 million
dollars on 2020 and 2021, the 10 to 13 real estate
assets that are being under consideration for sale
and actually generating that revenue, and then
understanding the Epic and the EMR roll-out, where
it's on schedule, where it's making money, if it's
not making money, how much money we've lost, all of
that. We're talking about big numbers here. We're
talking about an uncertain future as it relates to
healthcare in the United States with some potential
major changes coming down, and so much of what we're
sort of on the knee of, the federal government and
the state government for the vast majority of our
funding for this essential public benefit corporation
and to understand what the actual practical realities
are as it relates to all of the large-scale budget
items that we're talking about I think are really,
really important to this Council to be able to
understand what the path forward is. So we're going
to send you a letter with all the questions we
weren't able to get to and potentially more, and it
would be great to get detailed responses to those
questions and to have some quarterly updates moving

forward on where things stand in the transformation
plan.

PRESIDENT BREZENOFF: We will do just
that.

CHAIRPERSON JOHNSON: Thank you very
much. Thank you, Madam Chair.

CHAIRPERSON FERRERAS-COPELAND: Thank
you, Chair. Again, we'll have additional questions
both from both committees. We expect you to respond
to them expeditiously because we will be using them
for budget negotiations. So, it would be a great
advantage to you also that your response was in a
timely manner. Thank you very much for coming to
testify today, and we will continue to do all of our
follow-up. This concludes this portion of today's
budget hearing, and I want to thank President
Brezenoff for testifying. Again, a reminder that the
public will be invited to testify on Thursday, May
25th, the last day of budget hearings, at
approximately 1:00 p.m. in this room. For any member
of the public who wishes to testify but cannot make
it to the hearing, you can submit your testimony to
the Finance Division at the Council's website:
Council.nyc.gov/budget/testimony, and the staff will

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2 make it a part of the official record. We will now
3 take a three-minute break before we conclude today's
4 hearing with the Department of Health and Mental
5 Hygiene.

6 [break]

7 CHAIRPERSON FERRERAS-COPELAND: We will
8 now conclude the fourth day of the budget hearings on
9 the Fiscal 2018's Executive Budget with Doctor Mary
10 Bassett, Commissioner of the Department of Health and
11 Mental Hygiene. The Committee is again joined by Co-
12 Chairs Council Members Johnson and Cohen and the
13 members of their committees. In the interest of time
14 I will forgo an opening statement and turn over the
15 mics to my co-chairs to deliver their opening
16 remarks. We will hear from Chair Cohen followed by
17 Chair Johnson.

18 CHAIRPERSON COHEN: Thank you, Chair. I
19 will read fast because I know the hour is getting
20 late. Good afternoon, I'm Council Member Andrew
21 Cohen, chair of the Council's Committee on Mental
22 Health, Developmental Disabilities, Alcoholism,
23 Substance Abuse, and Disability Services. Today's
24 hearing on the Department of Health and Mental
25 Hygiene's 1.57 billion dollar Fiscal 2018 Executive

Budget. We will conduct oversight regarding issues
of contract management and procurement as we
addressed during the Preliminary Budget hearing. The
Division of Mental Hygiene relies heavily on Human
Services providers to support the City's 850 million
dollar investment in ThriveNYC and the Council's 13
million dollars in mental health initiative portfolio
among others. The Fiscal 2018-- yeah, I'm just
trying to read along. The Executive Budget includes
nearly 500 mental hygiene service contracts
representing approximately 500 million dollars. I
recently had the opportunity to meet with many of
these contractors during a disability services
roundtable with Speaker Melissa Mark-Viverito. These
providers care for the City's most vulnerable
populations, from low income children with autism
spectrum disorders to homeless adults with cognitive
disabilities. Their appreciation for city funding
and support was palpable, but so was their
frustration with city contracting. For example, in
February of this year, one organization was still
negotiating the scope of services for a contract the
City Council designated in August of 2016. Our
City's human service professionals have advocated for

increases to city contracts. We are eager to hear the Administration's response, especially in light of vocal concerns about recruitment and retention issues from nonprofits serving our most vulnerable citizens. Similarly, the direct care workers are calling for wage increases from the state level. It is concerning to hear that care providers who serve the elderly or disabled may be earning less than a fast-food worker or the 15-dollar minimum wage. I look forward to working with your Department to implement a more efficient contract management system and procurement process to best serve our human services sector. Last week we conducted an update hearing specifically on ThriveNYC. I was pleased that virtually all of the 54 incidents already being implemented or on the verge of being implemented. ThriveNYC is ground breaking in the sense that the scope of all these initiatives reach virtually all New Yorkers no matter their level of mental health needs, from NYC Well for initial contacts to NYC Safe for seriously mental ill sufferers. It is a holistic plan for the wellbeing of all. During today's hearing, I also plan to address the Administration's investment in combatting the opioid epidemic through

1 Healing NYC, specifically the 8.4 million allocated
2 to DOHMH in FY2018 for addiction services, opioid
3 education, and naloxone distribution. I am sure there
4 will be opportunities as this initiative rolls out
5 for Council collaboration to best serve our
6 constituents who struggle with substance abuse
7 disorder-- substance use disorder. I know the
8 Administration shares the Council's commitment to
9 promoting mental health and wellness in New York
10 City, and I look forward to discussing these issues
11 this afternoon. I just want to acknowledge that over
12 the course of the hearing Council Member Johnson,
13 Wills, Grodenchik and Borelli, and lastly I want to
14 just thank for their work, Jeanette Merrill, Nicole
15 Abine [sp?], Michael Benjamin, and my Legislative
16 Counsel Kate Theobald [sp?]. Thank you, Chair.

18 CHAIRPERSON FERRERAS-COPELAND: Thank
19 you, Chair. Now we'll hear from Chair Johnson.

20 CHAIRPERSON JOHNSON: Thank you, Chair
21 Ferreras-Copeland and good afternoon. I'm Council
22 Member Corey Johnson, Chair of the City Council's
23 Committee on Health. During today's hearing we will
24 review the Department of Health and Mental Hygiene's
25 1.57 billion dollar Fiscal 2018 Executive Budget.

First, I would like to thank the Administration for its substantial investment in animal welfare in New York City. In Fiscal 2018 Executive Capital Commitment Plan includes more than 79 million dollars for the construction and renovation of the City's Animal Care Centers, and the Capital Strategy now includes nearly 95 million dollars for animal welfare projects. Securing adequate capital funding for the construction of full service animal shelters in Queens and the Bronx has long been a priority of this Council and a personal goal of mine, and I look forward to working with DOHMH and the Department of Design and Construction to monitor the progress of these projects. I would now like to address the political climate in Washington and the passage in the House of Representatives of the American Healthcare Act. The Affordable Care Act has proven invaluable in increasing access to health coverage and services, and subsequently in promoting preventative care and reducing disparities. We can be proud that today approximately 87 percent of adult New Yorkers have health insurance. However, the American Healthcare Act would jeopardize coverage for hundreds of thousands of New Yorkers. I'm

particularly concerned about individuals on Medicaid
and everyone living with serious and expensive pre-
existing medical conditions including HIV and AIDS
like myself. I'm HIV positive. The ACA's Medicaid
expansion enabled thousands of people living with HIV
to access health insurance, helping them to afford
their medication and to stay in treatment. The
American Healthcare Act threatens this access to care
as well as funding streams for HIV and AIDS and other
vital public health issues. For example, the
Department's Fiscal 2018 Executive Budget includes
107 million dollar federal grant for the Ryan White
HIV/AIDS program and a 13 million dollar federal
grant for the Hospital Preparedness Program. The
American Healthcare Act jeopardizes the status of
these grants and numerous other public health funding
streams. I know this Administration and the
Department remain commitment to protecting and
promoting the health and wellbeing of all New
Yorkers, and the Council and I will support your
efforts to sustain and improve every community's
health regardless of the political climate that we're
in. Thank you very much, Madam Chair.

2 CHAIRPERSON FERRERAS-COPELAND: Thank
3 you, Chair, and Doctor Bassett, you may begin after
4 you're sworn in by my Counsel.

5 COMMISSIONER BASSETT: Thank you, Chair.

6 COMMITTEE COUNSEL: Do you affirm to tell
7 the truth, the whole truth and nothing but the truth
8 in your testimony before the committee today and to
9 respond honestly to Council Member questions?

10 COMMISSIONER BASSETT: I so affirm. Good
11 afternoon Chairpersons Ferreras-Copeland, Johnson,
12 Cohen and members of the committees. I am Dr. Mary
13 Bassett, Commissioner of the New York City Department
14 of Health and Mental Hygiene, and I'm joined today by
15 First Deputy Commissioner Dr. Oxiris Barbot and Sandy
16 Rozza, Deputy Commissioner for Finance. Thank you
17 for the opportunity to testify on our Executive
18 Budget for fiscal year 2018. Our great city has long
19 heralded as a leader in innovative and progressive
20 public health initiatives, and that has continued
21 this year. We have taken comprehensive steps to curb
22 the opioid epidemic, expanded our groundbreaking
23 effort to address mental health needs for our city's
24 most vulnerable population, and confronted the
25 emerging outbreak of Zika virus. We have rebranded

and expanded services in our Sexual Health clinics
and have continued to champion chronic disease
prevention efforts. Last month, we learned that the
legal challenge to our sodium warning label
requirement has ended. And a day later, we testified
on a package of tobacco-related bills that Council
has introduced that will help make substantial gains
in reducing tobacco use in the City. Before I
discuss the Department's newly funded efforts in the
Executive Budget, I'd like to take a moment to
discuss both the State and Federal fiscal climates.
During our Preliminary budget hearing in March, I
raised the very concerning issue of proposed State
cuts to Article 6 funding. The Governor's executive
budget included a 32.5 million dollar cut to the
Department through this vital public health aid
mechanism. I am pleased to report that this cut did
not come to fruition in the enacted State Fiscal Year
2018 budget. The Department avoided the need to
reduce TB and asthma staff, scale back tobacco and
obesity media campaigns, distribute fewer naloxone
kits, or close one of our Sexual Health clinics. In
addition, despite the Governor's annual effort to
fold School-Based Health Centers into Medicaid

Managed Care, the State Department of Health once again provided a one-year extension. We're relieved that these vital and essential programs are protected for Fiscal Year 2018, but we will continue to push for a permanent carve out for future years, and I thank you for your continued support on this issue. Finally, I am pleased that New York has joined 48 other states in raising the age of criminal responsibility. While not specifically a health issue, we know that treating youth as adults in the criminal justice system harms youth economically, educationally and emotionally, and these factors affect health. Now let me turn to the federal government. While we have not yet gotten concrete details of the President's Fiscal Year 2018 Budget, the so-called "skinny budget" released in March, and a separate document released shortly thereafter regarding proposed cuts for FY2017, make-- these make clear that this Administration's public health priorities do not align with our own. Potential cuts to the National Institutes of Health, the Centers for Disease Control and Prevention, the Prevention and Public Health Fund, and the Environmental Protection Agency, as well as other vital federal entities could

have dire implications on the health and well-being of the people in our city. It is possible that the Department could lose tens of millions of dollars in federal funding. This kind of cut would severely hamper our ability to implement effective public health initiatives, and would put the City at increased risk for infectious disease outbreaks and higher chronic disease incidence. Both the President's budget proposal and the House's recently passed American Health Care Act will slash funding for public health preparedness and response, which is irresponsible and dangerous. As I mentioned in my Preliminary Budget testimony, since 2010 we've seen the uninsured rate across all ages drop to a current all-time low of 9.3 percent in New York City. If the American Health Care Act passes through the Senate in its present form, it may reverse this positive trend, leaving millions of New Yorkers without affordable coverage and care. The lives of working poor, pregnant women, new mothers, people with pre-existing conditions, seniors, and those with disabilities, among many others, will be negatively affected by this piece of legislation. Our nation's immediate fiscal future may be plagued with uncertainty, but we

stand firmly by our City's values. This means we will continue to push back on these funding threats in order to best serve New Yorkers. In addition to potential cuts to our own agency's work, the cross-sector nature of public health makes us extremely concerned about threats to agencies that handle education, social services, emergency preparedness, transportation, housing, and the environment. We do not know what the President's budget will contain, but we will persist in our efforts to protect and promote the health of all New Yorkers. I will now speak to the Fiscal Year 2018 Executive budget for the Department. Our current operating budget is \$1.5 billion, of which \$643 million is City Tax Levy and the remainder is federal, state and private dollars. This reflects a net increase in spending of 49 million dollars from the Fiscal Year 2018 Preliminary budget, and I am also pleased to report that our agency has found 59 million dollars in City Tax Levy savings over two years. These savings will have no impact on services. The Fiscal Year 2018 Executive Budget helps to ensure that the Department can continue to provide necessary services, create and enforce effective policy, and implement equitable and

evidence-based programs. I will now highlight the major new funding streams that have been added in the Executive Budget. We launched NYC Safe in August of 2015 to provide behavioral health support to the small subset of New Yorkers who have both displayed or threatened violence against the public and struggle with a mental illness and/or substance use disorder. We know that NYC Safe is working; as of March 2017, 96 percent of participants have not been charged with a violent offense since being referred to the program. After a year and a half of operational experience, we have a better understanding of the needs of the target population and how best to meet our goals. To this end, we're adding \$1.1 million in Fiscal Year 2018 and \$4.4 million in the out-years to the Intensive Mobile Treatment, or IMT, program. IMT was launched as a demonstration project in January 2016 with three teams serving up to 25 clients each. The teams work with people who raise concerns about violent behavior and have had recent and frequent contact with the mental health, criminal justice and homeless systems, and for whom traditional treatment models have proven ineffective. The teams include peer specialists,

master's level behavioral health professionals,
nurses, and psychiatrists who engage clients across
multiple settings 24 hours a day, seven days a week.
There is no time limit for this support. This new
funding will enable IMT to add four more teams, and
increase capacity to reach more New Yorkers. We
currently have teams in Brooklyn, Manhattan and the
Bronx, and we will extend services to Staten Island
and Queens. We are pleased to have an additional 8.2
million dollars allocated to the Department for
HealingNYC, our citywide plan to reduce opioid
overdose deaths by 35 percent over five years.
Overdose deaths from opioids, which include both
opioid analgesics and heroin, are a public health
crisis in New York City. In 2016, we have seen 1,268
confirmed overdose deaths, with 80 percent involving
opioids and we are on track to see this number exceed
1,300 when data are finalized for 2016. This
disturbing increase parallels the entry of fentanyl
in the city's street drugs. Approximately half of
the confirmed drug overdose deaths from July to mid-
December 2016 involved fentanyl. We can confidently
say that fentanyl is driving the increase in overdose
death rates in the New York City, and these overdose

deaths are preventable. This new funding will allow the Department to expand its multipronged approach, increasing naloxone distribution, buprenorphine training, judicious prescribing, public awareness campaigns, and introducing a rapid assessment and response capacity. More specifically, in Fiscal Year 2018, the City will distribute nearly 62,000 naloxone kits. The Department will distribute approximately 48,000 of these kits, and other City agencies will distribute the remainder. In addition to increasing the number of naloxone kits available, this new funding will help us increase the number of patients who receive buprenorphine treatment from 38,000 to 58,000 over the next five years. Funds will also be used to increase public awareness through media campaigns and outreach. These efforts are critical, and we remain steadfast in our commitment to curbing this epidemic. I also want to touch briefly on a few additional funding changes in the Executive Budget. The Department will receive 1.3 million dollars in funding for the provision of mental health services to additional residents at the Center for Urban Community Services, or CUCS, for Fiscal Year 2018 and beyond. Previously, CUCS was a 43-bed transitional

living community for homeless women with mental illness, and in early 2017, they moved to a larger space. This funding adjustment will cover the on-site rehabilitation services for the Center, including an additional 32 beds in the new space. There is an adjustment in the budget to account for the shifting of funds for the NYC 15/15 Supportive Housing initiative, from Department of Social Services to the Health Department. Supportive housing is affordable, permanent, and independent housing for individuals and families coming from a period of homelessness, hospitalization or incarceration. The program provides support for tenants within a neighborhood and community, and offers programming on various topics, including mental health services, financial independence and community integration. The NYC 15/15 initiative aims to fund and develop 15,000 new units of supportive housing in New York City over a period of 15 years. This funding shift will allocate 26.5 million dollars to the Department in Fiscal Year 2018, \$50.3 million in Fiscal Year 2019, and \$74.4 million in Fiscal Year 2020 to administer the program in partnership with DSS and HPD. The Department is responsible for

contract management, budget management, program
development, technical assistance, program monitoring
and evaluation. I'd also like to point out the
Service Provider Wage Adjustment in the budget, which
will support our social service provider workforce
with another round of Cost-of-Living Adjustment
increases. In recognition of the critical role that
these providers play in New York City, the Executive
Budget allots 6.3 million dollars in Fiscal Year
2018, \$12.4 million in Fiscal Year 2019, and \$18.9
million in FY2020 for this adjustment. Lastly, we
received an additional \$79 million in the Capital
Plan for animal shelter construction and renovation.
We have had an exciting and productive year at the
Department. I am grateful that the City budget for
Fiscal 2018 provides funding to advance our
priorities. Thank you again for the opportunity to
testify, and for your support of the Department's
work. We are pleased to answer any questions.

CHAIRPERSON FERRERAS-COPELAND: Thank
you, Doctor Bassett. I wanted to talk about
headcount and then some procurement and a couple
questions, and then we'll hear from the Chairs. The
Department's headcount decreases by 113 fulltime

positions in Fiscal 2018's Executive Budget when compared to Fiscal 2017's Adopted Budget to 5,398 positions. The public health sector experiences a net decrease of 90 positions. What led to these headcount decreases, particularly the 12 positions in the Bureau of Sexually Transmitted Disease Control and the 13 positions in the Bureau of Food Safety?

COMMISSIONER BASSETT: Alright, I'll begin, and then I may turn to our Deputy Commissioner for Finance, Sandy Rozza, for more details, but some of these budgets, 68 fulltime positions and I believe some 30 part-time positions were part of efficiencies that we identified at the request of OMB. These reductions had no impact on service delivery. Sandy, do you want to address the specific issues about Food Safety and Sexual Health clinics?

DEPUTY COMMISSIONER ROZZA: Yes. Good afternoon. Sandy Rozza, Deputy Commissioner for Finance at the Department of Health and Mental Hygiene. So, as the Commissioner said, we were asked to put up some efficiencies. So, we took 62 vacancies from around the Department. They were the oldest vacancies and put those up as efficiencies. On the Food Safety side, they were part of it. On

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2 the STD side, these are just grant awards that have
3 not been implemented yet, and we'll do so after the
4 Adopted Budget when we reconcile our grants.

5 CHAIRPERSON FERRERAS-COPELAND: So, then
6 you would do additional hiring?

7 DEPUTY COMMISSIONER ROZZA: Yes. Our
8 Fiscal Year 18 grants have not all been loaded yet.
9 So as we load them, there should be an increase in
10 that headcount for STD.

11 CHAIRPERSON FERRERAS-COPELAND: So, do
12 you know by how much that headcount would increase?

13 DEPUTY COMMISSIONER ROZZA: No, not at
14 this time.

15 CHAIRPERSON FERRERAS-COPELAND: Okay.
16 So, we'll follow up after adoption. Procurement, 60
17 percent of New York's Human Services nonprofits are
18 financially distressed having no more than three
19 months of cash reserves. The chronic delay in
20 government contract payments contributes greatly to
21 the problem, and DOHMH is no exception. What are the
22 major sources of delays in the contracting progress
23 at DOHMH?

24 COMMISSIONER BASSETT: Again, I'll start,
25 Madam Chair. At this point, we have 70 percent of

all of the contracts that were cleared by MOCS
registered. So, we think we're doing pretty well on
this. We have 250 more contracts to register than we
had in FY15, but we still have achieved 70 percent
registration. We're very grateful to the Council for
its early designation, but about half of the
remaining contracts, we only had cleared by MOCS in
at the end of last year. So, as you're alluding,
there are many steps, but our department can't begin
its work with the vendors until the contracts have
been cleared by MOCS. That's not simply a
responsibility of MOCS. It's a back and forth
between the vendor and MOCS.

CHAIRPERSON FERRERAS-COPELAND: Okay, we
just wanted to get it on the record, because it's the
one challenge that we kind of go back and forth on of
through this whole pipeline. I wish I could just get
all of you in one room and, you know, maybe you'll
point at--

COMMISSIONER BASSETT: [interposing] That
wouldn't be a bad idea.

CHAIRPERSON FERRERAS-COPELAND: each
other. Maybe, but just to figure out, because
there's nothing more frustrating especially when

nonprofits have cash flow issues. Knowing you have the contract, it's a year later, and there's-- a year or two years later they still have no payments. I know that we worked and you have identified as a management contract arm with Public Health Solutions, do you think that-- you know, can you walk us through how they may have helped you get to the 70 percent? Or I know that-- is it 10 percent? Walk me through the relationship between Public Health Solutions and the Agency?

COMMISSIONER BASSETT: Well, we have a longstanding relationship with Public Health Solutions, but the most recent role that they played in our contract management was with the Mayoral designations. In other words, what the baselining of what were previously Council dollars into the Agency's budget. That is managed through a master contract, and they have registered all of the-- okay, I'm going to let-- they've registered all of their contracts in January of this year. I mean, they've-- I don't know, registered is not the right word, but they execute-- all of them have been executed in January of this year. I'll turn it over to Sandy to say more.

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2 DEPUTY COMMISSIONER ROZZA: So, you're
3 asking in particular for the Council designations--

4 CHAIRPERSON FERRERAS-COPELAND:
5 [interposing] Right.

6 DEPUTY COMMISSIONER ROZZA: how does PHS
7 help us?

8 CHAIRPERSON FERRERAS-COPELAND: Right.

9 DEPUTY COMMISSIONER ROZZA: So, the only
10 portfolio that goes through PHS from a Council
11 designation are the HIV contracts.

12 CHAIRPERSON FERRERAS-COPELAND: Right.

13 DEPUTY COMMISSIONER ROZZA: And those have
14 been processed by PHS. All other Council designations
15 are processed by the Agency.

16 CHAIRPERSON FERRERAS-COPELAND: Okay. I'm
17 just trying to understand if they have assisted in
18 expediting the process, or is this something that we
19 could look at other contracts. This was kind of--
20 you know, is this something that we can expand on or
21 that you have found efficient, or what is your
22 opinion having--

23 DEPUTY COMMISSIONER ROZZA: [interposing]
24 So, we actually find it very efficient for the HIV
25 portfolio.

CHAIRPERSON FERRERAS-COPELAND: Okay.

DEPUTY COMMISSIONER ROZZA: Which is why we went to PHS for the Mayoral baseline funding, but we've had a lot of issues with processing of those contracts, which is why for the mental hygiene Mayoral baselining we're going to bring it back in house, because we believe we can do them more efficient.

CHAIRPERSON FERRERAS-COPELAND: Okay. We were talking about the-- the Mayor has expressed the partial hiring freeze, and I wanted to know what effect the hiring freeze would have on your agency, and also in large scale initiatives such as ThriveNYC? A lot of these initiatives are supported by the administrative staff in some cases. So, if we're doing a hiring freeze on administrative and management positions, what will be the impact, and if you've already begun that exercise of looking what the potential effects are, especially since you proposed such a significant efficiency already with your vacancies. What's your plan?

COMMISSIONER BASSETT: Well, at this point, we know formerly as much as you've just described that it's aimed not at frontline workers,

4 but at managerial and administrative staff, and of
5 course, we've turned to the deputies and alerted them
6 to begin looking at their vacancies, looking at their
7 current positions. I don't expect that there's--
8 there's been no talk about layoffs. That is not part
9 of this exercise.

10 CHAIRPERSON FERRERAS-COPELAND: Okay.

11 During the Preliminary Budget hearing you stated that
12 DOHMH was looking into changes to Article 47 on the
13 City's Health Code regarding the inclusion of
14 childcare centers in City shelters. Can you give us
15 an update on the status of those discussions?

16 COMMISSIONER BASSETT: Those discussions
17 remain ongoing.

18 CHAIRPERSON FERRERAS-COPELAND: Do you
19 see an end to the discussion that will bring you to a
20 plan, or you know, or that you can say by this date--

21 COMMISSIONER BASSETT: [interposing] As
22 soon as we can inform Council on a plan, we will do
23 so. We are still in discussion on the matter.

24 CHAIRPERSON FERRERAS-COPELAND: Okay, but
25 I would think you start the discussion with an end-
goal of saying, "We'd like to be here by this date,

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2 or we'd like to see how we can encompass these other
3 centers." So, is that anywhere in the horizon, or?

4 COMMISSIONER BASSETT: That definitely is
5 on the horizon, but I can't give you any more--

6 CHAIRPERSON FERRERAS-COPELAND:
7 [interposing] I feel like we're still not giving our
8 number [sic].

9 COMMISSIONER BASSETT: information than
10 the timeline.

11 CHAIRPERSON FERRERAS-COPELAND: Okay.

12 COMMISSIONER BASSETT: The specific
13 timeline at this point.

14 CHAIRPERSON FERRERAS-COPELAND: Okay. We
15 will now hear from Chair Cohen who actually has to
16 step out, so we're going to give him some time to ask
17 us questions, and then we'll hear from Chair Johnson.

18 CHAIRPERSON COHEN: Thank you, Chair. I
19 appreciate the courtesy. At the-- we had a very good
20 Thrive hearing last week, and there was-- I guess
21 we're still working on collecting some of the follow-
22 up information from that hearing, but I do want to
23 reiterate on the record that I am very interested in
24 sort of the component contracts of Thrive. I'd like
25 to sort of have a discussion about and just to be a

1 little bit more knowledgeable about who's providing
2 the services and how that money is getting spent.
3 So, I know that your agency's committed to doing
4 that, and that the time between the last hearing and
5 this hearing was very brief, but I am keenly
6 interested in that, and I think my colleagues are
7 too. So, I know we're working on that.

9 COMMISSIONER BASSETT: We can give you
10 ballparks at this point, but I know that you're
11 interested in specific information, and we are
12 working on it, and we'll get it to you.

13 CHAIRPERSON COHEN: I appreciate that.
14 Diversion Centers, I think there might actually be an
15 update as opposed to us every cycle having the same
16 discussion. Maybe there's some new information
17 relating to that.

18 COMMISSIONER BASSETT: Yes, I'm very
19 pleased that we have made progress on Diversion
20 Centers. I can't give you, again, the specifics of
21 it, but I know that you've been hearing me talk about
22 these sites that offer an opportunity for people with
23 mental health issues engage with the police to be
24 brought somewhere else and not end up on a pathway to
25 jail, and instead be taken to a Diversion Center

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2 where they can be connected to care. So, we have a
3 long learning experience, but we have the right
4 contract mechanisms. We're very close to having
5 vendors identified.

6 CHAIRPERSON COHEN: Are we close to
7 having one site or two site?

8 COMMISSIONER BASSETT: Two sites is the
9 plan, and it will require a bit of additional
10 funding.

11 CHAIRPERSON COHEN: But we current-- it
12 was my understanding, I think, that we had a
13 commitment for two sites.

14 COMMISSIONER BASSETT: Yes, the plan is
15 for two sites, and that's what we've continued to
16 work diligently towards. I thank you for your
17 patience.

18 CHAIRPERSON COHEN: No, and--

19 COMMISSIONER BASSETT: [interposing] And
20 thank my staff for their endurance.

21 CHAIRPERSON COHEN: But in your testimony
22 they were making progress on both sites.

23 COMMISSIONER BASSETT: Correct.

24 CHAIRPERSON COHEN: Okay, that's great
25 news, and I look forward to a more definitive update.

COMMISSIONER BASSETT: Coming soon.

CHAIRPERSON COHEN: I've asked this also
in the past, and I've never, I think, been quite
clear in my own mind. On Intensive Mobile Treatment,
how does someone end up in that column, so to speak,
in that silo that they are-- that they're in need of
those? How do you identify someone, and how do they
end up in that silo?

COMMISSIONER BASSETT: The Intensive
Mobile Treatment or IMT teams were really developed
as part of the response to the problem which is not a
very common one of people with mental health issues
who pose a threat or have acted violently, and the
real flexibility of them is that they're multi-
disciplinary. They can follow the person anywhere
that they go. They are not tied by any reimbursement
standards, any diagnostic criteria. I heard you
earlier use the phrase "serious mental illness" but
they don't have to meet some, you know, an Axis I
diagnosis. It can be anybody judged in need of
ongoing services. So, this has proved a very
successful strategy, very-- we started it as a pilot
and we filled the slots. Most of the referrals to

this program come from H+H followed by Homeless
Services.

CHAIRPERSON COHEN: I guess what I--
well, first, let me just say that I appreciated that
it is a small population, and I know you know this,
but I just think it's-- you know, when these people
fall through the cracks when they don't get the
treatment they want, I think they set the entire
mental health community back. So, it's-- even though
it's a small number, it's vitally important services.
I guess I'm just not clear. What is the mobile
element in-- what does that consist of? What
services are mobile? In other words, if I identify
as somebody on the street who seems to me to be
potentially a harm to himself or someone else, and as
you know, all New Yorkers, I've encountered people
like that, how do those people get services?

COMMISSIONER BASSETT: Well, obviously if
you're scared, you should always call 911.
Otherwise, we have a referral mechanism called the
Single Point of Access, or SPOA. You've probably
heard it discussed, and through that it's decided
what level of services a particular individual needs,
and for this very vulnerable hard to reach

1 population, many of whom are homeless, street
2 homeless, who have fallen through the cracks, the IMT
3 has proved an incredible resource, and the idea is
4 that you meet them wherever they are, the mobile is.
5 If you want to meet at the Dunkin' Donuts on the
6 corner with a peer counselor, you can meet there. If
7 you end up on Rikers, they can find you there. If
8 you end up at a hospital, wherever that individual
9 is, the team will find them. You're not asking how
10 they got there, whether it was by a car or the
11 subway. That's--

12 CHAIRPERSON COHEN: [interposing] No, I'm--
13 - no, that's not what I--

14 COMMISSIONER BASSETT: [interposing] Okay.

15 CHAIRPERSON COHEN: I mean, getting the
16 services directly to the person where they're at,
17 sometimes getting them. sometimes we have to get them
18 out-- you know, trying to, you know, when people are
19 out, like I said, out in the field, and again, I
20 think as all New Yorkers we have experience where we
21 see people who seem to really be in a very bad state,
22 ranting, raving and perhaps, you know, making
23 threatening gestures and trying to figure out what
24 the appropriate response is that is more medical--
25

3 based versus law enforcement-based is, you know, a
4 very big concern. I think for people who are
5 reticent when someone is having what appears to be a
6 mental health crisis to call the police. Like that--

7 COMMISSIONER BASSETT: [interposing] No,
8 no, that should only be if you're fearful of your--
9 of your safety or safety of others in a very
10 immediate sense. If you think somebody looks like
11 they need help, you can call 311 and then from there
12 you get connected.

13 CHAIRPERSON COHEN: I do have-- you know,
14 well there's just one more, and maybe this is a
15 follow-up to the question about the Thrive contracts,
16 but in the portfolio, the Council-- you know, I'm
17 very proud of the commitment that the Council has to
18 funding mental health service providers, particularly
19 with the support of the Finance Chair, but at some
20 point I would also like to sit down maybe and we
21 could talk about the implementation of those
22 contracts, because those service providers are
23 struggling like the rest of the service providers,
24 and I also think that it would be helpful to know on
25 the council side that we're in agreement that the
funds are actually getting under the ground, that

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2 they're getting used. So, I'd like to follow up with
3 that when we do, maybe when we talk about--

4 COMMISSIONER BASSETT: [interposing]
5 Understood.

6 CHAIRPERSON COHEN: I appreciate your
7 testimony. Thank you, Chairs.

8 CHAIRPERSON JOHNSON: Hi Mary.

9 COMMISSIONER BASSETT: Hello, Health
10 Committee Chair.

11 CHAIRPERSON JOHNSON: Good to see you.
12 So we had a great hearing a couple of weeks ago on
13 tobacco legislation, and I'm really proud to work
14 with you all on the package of bills that we worked
15 on together, the Department, City hall and the
16 Council. One of the big issues that came up during
17 that legislative hearing was that the Sheriff, who I
18 guess is part of the Department of Finance, said his
19 office--

20 COMMISSIONER BASSETT: [interposing]
21 Correct.

22 CHAIRPERSON JOHNSON: was developing a
23 proposal for more enforcement personnel to address
24 the illegal cigarette and tobacco trade in the City,
25 namely more staff for the office's tobacco inspection

1 detail. And one of the big issues that was raised in
2 that hearing was the illegal underground market that
3 exists in the City, and the fear that my bill which
4 raises the minimum price to above 13 dollars, that
5 that would increase the underground illegal trade in
6 New York City, and that that's a major concern. I'm
7 not an expert on this. The Sheriff sounded like
8 doesn't have a very big staff at all, and Council
9 Member Koo in that hearing was saying that in
10 Flushing there are people selling illegal cigarettes
11 everywhere. I mean, he said it's just totally
12 omnipresent in that neighborhood. So, I have-- of
13 course I'm committed to the package, and I want to
14 pass the bill. Do you have any thoughts though on
15 what we need to do to ensure that us passing this
16 doesn't drive up a further underground illegal
17 market?

19 COMMISSIONER BASSETT: Well, thank you for
20 that important question, and it's a question that's
21 often raised when there's an effort to raise the
22 price of cigarettes. So, let me just take a moment
23 and remember for the Council and remind ourselves
24 that raising the price is one of the single-most
25 effective prevention strategies that we have. It

keeps people from starting to smoke, and people who have to pay more for their cigarettes are likely to smoke less, and this has been true even in the presence of the concerns that you've raised. The Department of Finance and the Department of Consumer Affairs are the enforcement arms of the package of legislation that the Council is now going to consider, and I'm confident that they will make the necessary requests for additional staff if they need them in order to meet the enforcement requirements of these bills.

CHAIRPERSON JOHNSON: Is it a real fear, though? I mean, do we have any data or analysis that bears out?

COMMISSIONER BASSETT: Well, without trying to minimize the fact that we don't like to have untaxed products in our city, the fact remains that the rise in prices has resulted in a reduction in tobacco use. So, from a public health perspective, I have every confidence that this, that your bill will have the impact on smoking rates that we want it to have, and I have every confidence that the Sheriff and the Department of Consumer Affairs will enforce it.

2 CHAIRPERSON JOHNSON: Thank you. During
3 the Preliminary Budget hearing you stated that the
4 Department of Health and Mental Hygiene is working
5 with the Department of Design and Construction to
6 develop a plan for the construction of the Public
7 Health Laboratory which is currently budgeted at 72.5
8 million dollars in the 2018 Capital Commitment Plan.
9 Can you update us on the status of this capital
10 project?

11 COMMISSIONER BASSETT: We have been-- as
12 you know, we've been working with EDC, the Economic
13 Development Corporation. They have been helping us
14 to identify a site. We, as usual, always seek to
15 identify sites on city-owned property because the
16 process is less cumbersome. So we are in active
17 negotiations about this, and soon as we have
18 something that is sure, we'll be happy to tell
19 Council about it.

20 CHAIRPERSON JOHNSON: Okay.

21 COMMISSIONER BASSETT: It's a real
22 priority. If I-- and I'm grateful that you've asked
23 the question, because the Public Health Lab is in
24 many ways the jewel in the crown of our Health
25 Department, but it often isn't acknowledged or even

known about. So, they really have to have a new building, and I'm committed to making progress on it.

CHAIRPERSON JOHNSON: Great. I'm excited to see the project get underway and for it to be a state of the art laboratory, which the Department deserves.

COMMISSIONER BASSETT: Thank you.

CHAIRPERSON JOHNSON: So, there's a hiring freeze, right?

COMMISSIONER BASSETT: You know, we are waiting for a detailed memo, but as you note, the commissioners have all been informed that this is happening.

CHAIRPERSON JOHNSON: So, the Fiscal 2018 Executive Plan allocates 300,000 dollars to the Health Department to hire four legislative affairs staff to track, evaluate and facilitate legislation related to health. How did the Department determine the staffing need?

COMMISSIONER BASSETT: Well, obviously the Department has a need in the legislative arena that advances our goals. I'll turn that to-- that's really about all. You know, that's-- our intent is and our expectation is that these staff will advance

4 the Department's goals in terms of legislative
5 affairs.

6 CHAIRPERSON JOHNSON: But given the
7 Mayor's interest in managing the City's headcount as
8 announced as part of the Executive Plan, how does the
9 Department justify adding four positions?

10 COMMISSIONER BASSETT: You know, this is
11 a-- we have a staff of 6,000 people. Four positions
12 is not a very large number, and we have real needs in
13 terms of ensuring that our department is well-
14 represented in Washington where you have noted and I
15 have noted that the fight will continue. So I am
16 confident that this will be good for the Health
17 Department.

18 CHAIRPERSON JOHNSON: So, are these four
19 staff positions for Washington?

20 COMMISSIONER BASSETT: I don't know, but
21 wherever they are we're having-- we're going to have
22 a lot more legislative affairs on our plate.

23 CHAIRPERSON JOHNSON: But it would be
24 helpful to know where they're-- what that's slated
25 for.

COMMISSIONER BASSETT: Okay, I'll do my
best.

2 CHAIRPERSON JOHNSON: No, no, it would be
3 helpful to know right now. We're in the budget
4 hearing talking about the budget. There's a 300,000
5 dollar line. So I'm sure someone has an answer of
6 what those four people are slated to do.

7 COMMISSIONER BASSETT: Well, their role
8 is to work on legislative affairs that are relevant
9 to the Department of Health's needs and interest.

10 CHAIRPERSON JOHNSON: At City Hall? In
11 Albany? In D.C., or all of the above?

12 COMMISSIONER BASSETT: Wherever they are
13 placed they will advance the legislative needs.

14 CHAIRPERSON JOHNSON: You're not giving
15 an answer, Commissioner Bassett.

16 COMMISSIONER BASSETT: I'm doing the best
17 I can, Health Committee Chair, and I think I'm giving
18 you the answer that I-- that should be clear enough
19 for all of us. We have legislative needs. These
20 staff will help us address them. I can get back to
21 you.

22 CHAIRPERSON JOHNSON: That would be
23 helpful. So, diabetes affects approximately 700,000
24 New Yorkers and contributed to thousands of deaths
25 each year, but diabetes prevention efforts receive

far less City funding that other public health problems. Has the Department considered implementing the National Diabetes Prevention Program, an evidence based program recognized by the CDC in an effort to stem the City's increasing diabetes rate?

COMMISSIONER BASSETT: Absolutely we are in the process of supporting this program, both in communities and actually within our own agency.

CHAIRPERSON JOHNSON: So, what does that-- what does that mean? What are we-- what specifically are we doing?

COMMISSIONER BASSETT: This is a package of programs. It's a series of sessions that individuals participate in who are identified as people with pre-diabetes. Pre-diabetes is when you have abnormalities in the way your body handles sugar, but you are not quite a diabetic, and the management of it is basically to eat healthier and exercise more, but we all know that it's very hard to adjust your life so that you do that, not just for a week or a month, but for the rest of your life, and that's what this program has been shown to do. In trials, it's reduced by nearly 60 percent, the risk that you will develop diabetes in the future. So the

Department has been supporting through, mostly through CDC grants, the implementation of this program. There have been some small grants that were given to community-based organizations to also promote non-clinical strategies that help people prevent diabetes. You can understand that while managing your diabetes when you have the diagnosis is important. Public Health Agency has as its first priority the prevention of diabetes, and in large part that refers to healthier food and more exercise.

CHAIRPERSON JOHNSON: So, is this going to require additional funds, or you can do it with the current resources?

COMMISSIONER BASSETT: We're doing this with the current resources. We estimate that our budget spent on this whole area of work and prevention is about 3.4 million.

CHAIRPERSON JOHNSON: Great. Last month, the Department said it would launch a pilot program to sterilize female rats using a compound dubbed "ContraPest." Can you provide any details regarding the timing, scale and location of the ContraPest launch?

4 COMMISSIONER BASSETT: I really don't
5 know how this got into the news, but the Department
6 has not endorsed this product in any way. We, as you
7 know, have a large rodent control program and there
8 is a plan which so far doesn't have any details
9 attached to it to take a look at this product and see
10 how it does.

11 CHAIRPERSON JOHNSON: No tails attached.

12 COMMISSIONER BASSETT: No tails attached.
13 No-- that's pretty good.

14 CHAIRPERSON JOHNSON: We have to laugh a
15 little, Doctor Bassett.

16 COMMISSIONER BASSETT: Thank you,

17 CHAIRPERSON JOHNSON: Thank you.

18 COMMISSIONER BASSETT: Chairman Johnson.

19 CHAIRPERSON JOHNSON: You kind of laughed.
20 You're laughing now. Okay. Did we replace Doctor
21 Varma with a permanent replacement?

22 COMMISSIONER BASSETT: No, we have Doctor
23 Daskalakis who is-- remains acting.

24 CHAIRPERSON JOHNSON: Yes, at the last
25 hearing--

COMMISSIONER BASSETT: [interposing] He's
still acting. He's wonderful.

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2 CHAIRPERSON JOHNSON: He's wonderful, and
3 I want him to get that position fulltime.

4 COMMISSIONER BASSETT: I think you've said
5 so.

6 CHAIRPERSON JOHNSON: Yes. When's the
7 decision being made?

8 COMMISSIONER BASSETT: As soon as I can
9 tell you, we will get back to you.

10 CHAIRPERSON JOHNSON: Are you a lawyer,
11 Doctor Bassett?

12 COMMISSIONER BASSETT: I'm not, but there
13 are lawyers in my family.

14 CHAIRPERSON JOHNSON: I can tell. I
15 don't think I have any other major questions. Just
16 that I think that the Department should have more
17 money, and I said that at the press conference with
18 the Mayor on tobacco.

19 COMMISSIONER BASSETT: You did, and you,
20 I believe, said it to me the first time that we met
21 in one of these hearings.

22 CHAIRPERSON JOHNSON: Yes, and you've
23 gotten more money over the years,--

24 COMMISSIONER BASSETT: [interposing] And
25 we have gotten more--

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2 CHAIRPERSON JOHNSON: [interposing] but
3 this year there's not that much more money.

4 COMMISSIONER BASSETT: But I think that
5 I'll use the answer that I've given you the first
6 time and every time--

7 CHAIRPERSON JOHNSON: [interposing] We'll
8 always take more money. We'll use it.

9 COMMISSIONER BASSETT: No, Commissioner.

10 CHAIRPERSON JOHNSON: We'll do good public
11 health work--

12 COMMISSIONER BASSETT: [interposing] We'll
13 never turn down--

14 CHAIRPERSON JOHNSON: [interposing] when
15 we get it.

16 COMMISSIONER BASSETT: additional funds.

17 CHAIRPERSON JOHNSON: Yes.

18 COMMISSIONER BASSETT: Thank you.

19 CHAIRPERSON JOHNSON: So, I, you know, I
20 call upon the Administration and my colleague in the
21 Council to as we negotiate the budget to ask for
22 increased funds especially in light of what is
23 happening in this country right now, in the light of
24 what's happening to immigrants, and we have the
25 largest number of undocumented immigrants in New York

City than anywhere in the country, in light of the good things we've seen in keeping HIV infections down to the lowest rate ever recorded in New York City, that is because of the investments that we've made. Whether it be fighting Zika, or diabetes prevention, or HIV and AIDS, or the work that was done on Legionnaire's, or the work that was done on Ebola, or the work that is done on pre-k inspections, or the work that is done on pest control and abatement, these are all vital public health programs, and sometimes the data isn't sexy. So you look at the data and it doesn't tell you the whole story, but the human story behind these datasets, the people that aren't becoming infected with HIV, the young people who are not being poisoned by lead because of the inspections that the Health Department is doing, the human effects that that has is real and tangible and has a real impact on New Yorkers, especially the most vulnerable New Yorkers, and so further investments in public health in New York City, further investments in the wake of what we're seeing in Washington, further investments that have paid off over the last three and a half years I think have really been remarkable. I'm really proud of the work that you

1 have done and your staff have done on these vital
2 programs, and the launch of new programs that we've
3 seen over the last three years. It hasn't been one.
4 It hasn't been two. It's been a couple of dozen new
5 things. Some of them have been comprehensive,
6 whether it be HIV and AIDS work, which I think in New
7 York City have stepped up in a bigger way than any
8 municipality across the county on HIV and AIDS over
9 the last three and a half years, or whether it be
10 pilot programs like working with mothers to talk with
11 their children and seeing the effect that that has on
12 kids, or the Nurse Family Partnership investments,
13 these are all vital things. So, I really want OMB
14 and the Mayor to continue to invest in public health,
15 to continue to invest in these programs, because when
16 we talk about disparities in New York City and we
17 talk about a tale of two cities, one of the most
18 immediate ways we see them is just in mortality rates
19 across New York City. When you look at the mortality
20 rates from the Upper East Side to 20 blocks north to
21 East Harlem, the numbers don't lie, and we have to do
22 all that we can to bring those numbers down, and the
23 way we bring those numbers down is investing in
24 public health, are getting folks that have been
25

marginalized and oppressed and left behind by
societal institutions for many years investing in
those things. That's what this department has done
over the last three and a half years under your
leadership. That's what this Administration has
invested in. The investment isn't big enough this
year. The investment needs to be greater. We can't
start good work and see good results and then not
further invest. So, I along with Chair Ferreras-
Copeland and my colleagues are going to as we did in
the Council's Budget Response call for money to be
invested in all the programs that you do and new
programs so that we can continue to see these rates
go down. I have no further questions. I look
forward to finding out what that 300,000 dollars is
for the four legislative affairs staffers.

COMMISSIONER BASSETT: Thank you.

CHAIRPERSON JOHNSON: And I thank you for
your testimony today.

COMMISSIONER BASSETT: Thank you, and I'd
like to acknowledge my staff, many of whom are here.
It's really to them that all of the success of our
agency's hard work is due. So,--

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2 CHAIRPERSON JOHNSON: [interposing] And
3 Dimitri is fabulous.

4 COMMISSIONER BASSETT: Thank you, Mr.
5 Chair.

6 CHAIRPERSON JOHNSON: Thank you,
7 Commissioner.

8 CHAIRPERSON FERRERAS-COPELAND: Thank
9 you, Commissioner. We will now hear from Council
10 Member Crowley.

11 COUNCIL MEMBER CROWLEY: Good afternoon,
12 Commissioner, and thank you to both our Chairs for
13 having this important hearing. I have a question as
14 it relates to Neighborhood Health Action Centers and
15 Health Centers within schools.

16 COMMISSIONER BASSETT: Okay.

17 COUNCIL MEMBER CROWLEY: So, I understand
18 that some of our high schools-- I'm not sure if our
19 middle schools have these. I don't have any in my
20 community or any in the districts that I represent.
21 Do we know just how much of the City is served and
22 how much is underserved?

23 COMMISSIONER BASSETT: Well, there are
24 about 150 school-based Health Centers in New York
25 City in our schools. These are a critical resource

for the children of our city, particularly children who are low-income, because they are the easiest access to care. We were very worried about these centers when the Governor proposed to roll them into Medicaid Managed Care, but we are pleased that the State Health Department has deferred this action for another year. So, these are scattered around our city. They are a service available to all children in our city, and in schools that don't have a school-based Health Center, we have a nurse in every school that has more than 200 students, and with the ThriveNYC initiative we have the biggest expansion in history of our mental health services for schools. Every single school in our city has access to a mental healthcare expert. So, these are an important resource, and I'm glad that you're interested in them.

COUNCIL MEMBER CROWLEY: Right. I know they are very important resources. For the ones that are neighborhood-based Health Action Centers, are they mostly funded by the State?

COMMISSIONER BASSETT: Oh--

COUNCIL MEMBER CROWLEY: [interposing]
Are they private?

4 COMMISSIONER BASSETT: this is very
5 different than the school-based Health Center.

6 COUNCIL MEMBER CROWLEY: They are very
7 different?

8 COMMISSIONER BASSETT: Yes. The
9 Neighborhood Health Action Centers are-- that have
10 been launched this year-- actually, I want to
11 acknowledge that the Speaker was present at a launch
12 just about a month ago of the East Harlem
13 Neighborhood Health Action Center, and actually
14 allocated some funds to help us renovate part of that
15 center. So there's one in East Harlem, one in
16 Central Brooklyn in-- actually, it's in Brownsville
17 and one in the Bronx, the Tremont Center. We have
18 four additional buildings that are Health Department
19 buildings that are also being called into action in
20 these neighborhoods. These neighborhoods were
21 identified because they have the highest disease
22 burden in the City.

23 COUNCIL MEMBER CROWLEY: And same with
24 the high schools or the schools that have Health
25 Centers, is it because they're the most burdened for
disease as well?

COMMISSIONER BASSETT: No, the school-based Health Centers are scattered across the City and serve-- are in present all across the City. The main barrier to having a Health Center in a school is space, the availability--

COUNCIL MEMBER CROWLEY: [interposing] Oh, so it's not funded.

COMMISSIONER BASSETT: of space.

COUNCIL MEMBER CROWLEY: It's more space over funding.

COMMISSIONER BASSETT: Yes, that's a key barrier additionally because of the uncertainty that I described and how Albany is allowing school-based Health Centers to bill for their-- for the children who use their center. There is a growing reluctance of providers, but I would say space is one of the key barriers. We've had a huge expansion over the past decade in the number of school-based Health Centers. They're funded by both the City and principally by the State. I want to also answer your question on Neighborhood Health Action Centers. These are funded entirely with-- by City funds. Although, some of the projects that run out of them are supported by Federal or State funds.

4 COUNCIL MEMBER CROWLEY: Now, when you
5 say each of the schools has a school nurse, I
6 remember that when I was in school and my kids were
7 in school, but I think that is really like, oh, you
8 have a temperature or you don't feel good you go to
9 the school nurse. School nurse contacts someone from
10 home; you get picked up. I mean, I really don't
11 think that it's like a health center or, you know,
12 could be near the level of a health center such as
13 you have in high--

14 COMMISSIONER BASSETT: [interposing] It is
15 not the same, but I am hopeful that our school nurses
16 are doing a little more than taking temperatures.

17 COUNCIL MEMBER CROWLEY: No, no, no. I
18 mean, they're one person, and yeah, when you have
19 over 200--

20 COMMISSIONER BASSETT: [interposing] That
21 is correct.

22 COUNCIL MEMBER CROWLEY: kids and the vast
23 majority of our schools are more like a thousand or
24 more. I just want to make sure that there's a way to
25 spread the coverage and look at underserved
communities. There's so many communities in our city
that is undeserved, and there could be a way to

better catch those in need of services by just
connecting healthcare providers such as Neighborhood
Health Action Centers. I don't have one in my
district. I know that a lot of Queens is underserved
when it comes to access to healthcare. So, I think
that we could have a better coordination with the
Department of Education to try to make sure that at
least every family knows or every student knows if
they're in middle school or high school where they
can go for that vaccination or for that healthcare
service, even if they want to go independently of
their family. So, I would like to work--

COMMISSIONER BASSETT: [interposing] I
appreciate that comment.

COUNCIL MEMBER CROWLEY: more on that
together.

COMMISSIONER BASSETT: Thank you.

COUNCIL MEMBER CROWLEY: Yeah. Okay.
Thank you, Chair.

CHAIRPERSON FERRERAS-COPELAND: Thank you,
Council Member. Commissioner, I just have two
questions for you. I know that you are an integral
part of the Healing NYC and with the support of H+H
and NYPD and we have the whole list of the roadmap,

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2 but I ask you this because you are one of the
3 partners and you may not have the answer to this
4 question, but I know that your agency is, you know,
5 budgeted to get two-- eight positions, right, or
6 eight new headcount positions--

7 COMMISSIONER BASSETT: [interposing] Yes,
8 that's right.

9 CHAIRPERSON FERRERAS-COPELAND: for
10 awareness, the Awareness Campaign, Addiction
11 Treatment and naloxone distribution.

12 COMMISSIONER BASSETT: Yes.

13 CHAIRPERSON FERRERAS-COPELAND: Is that
14 correct?

15 COMMISSIONER BASSETT: Yes.

16 CHAIRPERSON FERRERAS-COPELAND: And the
17 other agencies seems to get-- so there's eight in
18 your agency, 134 in NYPD, two in DHS to place a
19 staffer, I guess two staffers at shelters, and one
20 staffer placed at HIV/AIDS shelter. In your
21 conversations, you know, it seems that NYPD is
22 getting a very large portion of this new hire or
23 headcount. Can you talk or walk me through what the
24 thinking was behind this? This is a potential of 84
25 new detectives, 50 lab personnel, and I understand

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2 the kits. So it's about 20 million dollars, but I
3 would think that the agency that needs the most staff
4 is yours.

5 COMMISSIONER BASSETT: Let me just tell
6 you what the activities will be. I mean, I'm
7 obviously not in-- I don't think it's of interest of
8 any of us to frame competitively the different
9 agencies all of us--

10 CHAIRPERSON FERRERAS-COPELAND:
11 [interposing] Oh, it's not competitive. I just want
12 to understand the program.

13 COMMISSIONER BASSETT: have a role to play
14 what the thinking is. So part of-- a fair amount of
15 our budget is for the purchase of naloxone.
16 Naloxone, as you know, is a-- like an antidote to an
17 opioid and it reverses an overdose. I'm really
18 pleased that the team was able to leverage the bulk
19 procurement because we're going to be rolling up
20 eventually to 100,000 kits a year to get a better
21 price from the provider. So we're going to be
22 getting from the company that's brand name Narcan, a
23 really nice, simple to use kit, but that's a big part
24 of our budget. We're also going to be doing public
25 awareness because it's important that people

understand, first of all, that they can save a life
by carrying naloxone that they-- that people
understand the risks of opioids that we succeed in
destigmatizing entry into treatment, which we are
promoting and funded to promote. So that's also
another part of our budget. So I think you can see
that the headcount for some of these items is not
necessary. These are activities that are really
important, but will be conducted by our community
partners.

CHAIRPERSON FERRERAS-COPELAND: Okay. And
so just so that I understand, do you-- the NYPD
purchased their own kits, or do you purchase? You
know, does every agency purchase their own kits, or
do you purchase kits for--

COMMISSIONER BASSETT: [interposing] No,
we're procuring on behalf of the City. It's sensible
to centralize, but we won't be distributing all of
the kits.

CHAIRPERSON FERRERAS-COPELAND: Okay. So,
I guess, in the description and maybe this-- it's
only a couple of words, so maybe there's more detail
and that's why I need clarification. It says
naloxone distribution under your line, and then at

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2 the NYPD's line it says 84 detectives and naloxone
3 kits for patrol officers. So--

4 COMMISSIONER BASSETT: I stand corrected.
5 We're procuring on behalf of everyone, but the
6 naloxone for the NYPD appears in their budget.

7 CHAIRPERSON FERRERAS-COPELAND: Okay,
8 okay.

9 COMMISSIONER BASSETT: So, it just makes
10 sense that we leverage our bulk procurement to
11 negotiate--

12 CHAIRPERSON FERRERAS-COPELAND:
13 [interposing] Understood.

14 COMMISSIONER BASSETT: the best price.

15 CHAIRPERSON FERRERAS-COPELAND: We're
16 just, you know--

17 COMMISSIONER BASSETT: [interposing] But--

18 CHAIRPERSON FERRERAS-COPELAND:
19 [interposing] From the Finance perspective we're
20 trying to under--

21 COMMISSIONER BASSETT: [interposing] Yes,
22 no, I--

23 CHAIRPERSON FERRERAS-COPELAND: just
24 follow the line.

25

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2 COMMISSIONER BASSETT: understand. So,
3 but it wouldn't make sense for us not to use the--
4 take advantage of the fact that we're making such a
5 big buy as a city--

6 CHAIRPERSON FERRERAS-COPELAND:
7 [interposing] Of course.

8 COMMISSIONER BASSETT: to negotiate with
9 the company to reduce the price.

10 CHAIRPERSON FERRERAS-COPELAND:
11 Understood. And how much is--

12 COMMISSIONER BASSETT: [interposing] So we
13 succeeded.

14 CHAIRPERSON FERRERAS-COPELAND: How much
15 are the kits?

16 COMMISSIONER BASSETT: Let me turn you
17 over to Doctor Hillary Kunins who's leading this
18 initiative. You have to introduce.

19 CHAIRPERSON FERRERAS-COPELAND: Great.

20 ASSISTANT COMMISSIONER KUNINS: Hi, this-
21 - my name's Doctor Hillary Kunins. I'm the Assistant
22 Commissioner for the Bureau of Alcohol and Drug Use.
23 So we're in the process of negotiating. So the exact
24 cost of the kit is still a little bit in flux. It
25

will be in the low 70's, we believe, when all the
component parts are accounted for.

CHAIRPERSON FERRERAS-COPELAND: And the--
can you walk us through the kit? Is the kit like a
one-time use, or is it something that could be used
multiple times, or?

ASSISTANT COMMISSIONER KUNINS: Yes, I
don't have my-- so the kit by New York State
regulation contains two doses of naloxone plus sort
of assist devices, gloves, alcohol swab, mask, which
are not necessary but sometimes useful. So each dose
of naloxone has approximately a two-year expiration.
After somebody uses one dose, they could still
potentially have the other dose. People are
instructed to use a second dose if the person doesn't
respond in two to three minutes, and they are
instructed at the time they're given the kit about
how they could obtain a refill.

CHAIRPERSON FERRERAS-COPELAND: And who
besides NYPD would also have these kits? Who, you
know, where else are they available in our city?

COMMISSIONER BASSETT: Well, the-- I
should make sure. I'm not sure that we mentioned that
it's intranasal. So that's-- so it's not an

1 injection. You just stick-- you stick it in the
2 person's nose and squirt. The kits that we'd been
3 using that are very effective and will reverse an
4 overdose required some assembly, but the ones that
5 Doctor Kunins has and her team have identified don't
6 require any assembly. We want anyone who is using
7 opioids, and they may be people who are misusing them
8 or people who are on chronic opioid use, an elderly
9 person to have naloxone available because they are at
10 risk for overdose, and so it's not only first
11 responders who should have naloxone, it's family,
12 friends. That's the way we make sure that the person
13 survives, if someone is around who can reverse their
14 overdose.
15

16 CHAIRPERSON FERRERAS-COPELAND: So, right
17 now your program would give access to whom? Can
18 someone--

19 COMMISSIONER BASSETT: [interposing]
20 Anyone can buy naloxone.

21 CHAIRPERSON FERRERAS-COPELAND: Right.

22 COMMISSIONER BASSETT: And it is in many
23 cases covered by their insurance. Medicaid covers it,
24 for example at over 700 pharmacies across the city.
25 Its' effectively over-the-counter at all of our chain

pharmacies and many of the independents.

Additionally, we are distributing it through a whole network of overdose prevention programs. It's being distributed at the Rikers visitor center because we know that that's an important population to reach, and if you call 311 you can get information on where to get naloxone. Doctor Kunins, do you want to add to that?

CHAIRPERSON FERRERAS-COPELAND: Okay.

Well, thank you. I'm glad we were able to get that on the record.

COMMISSIONER BASSETT: We'd be happy to train anyone on the Council in naloxone use. It's really important that we try and ensure that people do not die of overdoses.

CHAIRPERSON FERRERAS-COPELAND: You know, it would be interesting because we have so much interactions with the public, especially in our district offices, so maybe this is an opportunity we can follow up and do like a big staff training.

COMMISSIONER BASSETT: We'd welcome that.

CHAIRPERSON FERRERAS-COPELAND: And just being able to spread the word to families, and many of us have great relationships with even our local

shelters, and so on and so forth so to continue to spread the word to save lives. So, thank you for putting that on the record. Now we have a question that when it came across my desk I was like, "Is this seriously happening?" But it is. The Department of Environmental Protection has begun dumping chlorine into sewer pipes leading to the water ways in an effort to treat bacteria and sewage and mitigate the associated pollution and health risk. Has DOHMH been involved in the planning or execution of DEP's chlorination efforts as it relates to the environmental health of our city?

COMMISSIONER BASSETT: Is this EPA or DEP? I'm not aware of this. I'll have to come back to you.

CHAIRPERSON FERRERAS-COPELAND: So, it came to us as DEP, and we had the DEP Commissioner yesterday. We should have asked, but that's how.

COMMISSIONER BASSETT: This is a question that I'd refer to our colleagues at DEP. I'm happy to come back to you.

CHAIRPERSON FERRERAS-COPELAND: No, I understand that they're-- whether they're doing it or

4 not, but in the event that this were to be happening,
5 is this something--

6 COMMISSIONER BASSETT: [interposing] I
7 see.

8 CHAIRPERSON FERRERAS-COPELAND: that you
9 would evaluate for the health of our water--

10 COMMISSIONER BASSETT: [interposing] Well,
11 our usual engagement with water is around bacteria.

12 CHAIRPERSON FERRERAS-COPELAND: Right.

13 COMMISSIONER BASSETT: And as you know, we
14 let people know whether it's safe to go in the water
15 at the beaches and whether the bacterial counts are
16 too high, and we can say everybody out of the water
17 because the water is not safe, but the overall safety
18 of our waterways is really more of a DEP function.

19 CHAIRPERSON FERRERAS-COPELAND: Okay,
20 great. And seeing no additional questions, we will--
21 we actually have a couple of questions, but due to
22 time I'll just get them to you in a letter from our
23 committee. Oh, yes, thank you. Thank you for
24 reminding me. One quick one. You almost got out of
25 here. So, we have as a priority Summer Youth
Employment, and I'm asking almost every Commissioner
whether you currently have Summer Youth Employment

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2 young people at your agency, and whether you have the
3 capacity to increase the Summer Youth Employment
4 participation in your agency?

5 COMMISSIONER BASSETT: That's a really
6 good question, and I assume that you're talking about
7 Summer Youth Employment through DYCD.

8 CHAIRPERSON FERRERAS-COPELAND: Yes.

9 COMMISSIONER BASSETT: Not whatever other
10 program--

11 CHAIRPERSON FERRERAS-COPELAND:
12 [interposing] I know the Mayor sent out a letter--

13 COMMISSIONER BASSETT: [interposing] that
14 we may be doing.

15 CHAIRPERSON FERRERAS-COPELAND: last year,
16 I believe, asking agencies to take on some young
17 people for the experience.

18 COMMISSIONER BASSETT: Yes. I certainly
19 personally think it's a great idea, but I can't give
20 you any details on whether or not we have requests in
21 to hire kids for the summer.

22 CHAIRPERSON FERRERAS-COPELAND: Okay.

23 COMMISSIONER BASSETT: So, I thank you
24 for raising it with every commissioner, and I'll have
25 to get back to you.

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2 CHAIRPERSON FERRERAS-COPELAND: Great. We
3 appreciate it, especially since we're looking to
4 expand the program, and one of the challenges that
5 DYCD does face sometimes is finding, you know, good
6 job experiences, and I think, you know, how great
7 would it be for a young person to work at the Health
8 Department on one of the amazing initiatives and
9 projects that you have, that they can say that that's
10 their experience as opposed to like, you know,
11 hanging out somewhere that they don't really want to
12 be.

13 COMMISSIONER BASSETT: [off mic] papers
14 or--

15 CHAIRPERSON FERRERAS-COPELAND: Exactly.
16 Well, excellent. Thank you--

17 COMMISSIONER BASSETT: Thank you.

18 CHAIRPERSON FERRERAS-COPELAND: Doctor
19 Bassett for being here this afternoon with us, and
20 thank you for your patience. I know we started a
21 little later than scheduled. I'd also like to once
22 again thank my Co-Chairs, Council Members Cornegy,
23 Garodnick, Johnson, and Cohen, and the members of
24 this committee. Again, a reminder that the public
25 will be invited to testify on May 25th at 1:00 p.m.

in this room. If you cannot make it, you can submit
your testimony at council.nyc.gov/budget/testimony,
and the staff will make it a part of the official
record. Before we adjourn, a reminder to my
colleagues that the Committee on Finance will meet
tomorrow at 10:00 a.m. to vote on two Land Use items
in the Committee Room. I'm saying this to myself. We
will resume budget hearings on Thursday in this room
at 10:00 a.m. in the Committee on Housing and
Buildings to hear from the Department of Housing and
Preservation and Development followed by the
Department of Buildings. We will then meet at 2:00
p.m. with the Committee on Immigration to hear from
the Mayor's Office of Immigrant Affairs, and with
that, this hearing is now adjourned.

[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 May 31, 2017