

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

----- X

March 20, 2018
Start: 10:15 a.m.
Recess: 2:25 p.m.

HELD AT: Council Chambers -City Hall

B E F O R E: DANIEL DROMM
Chairperson

VANESSA L. GIBSON
Co-Chair

COUNCIL MEMBERS:

ADRIENNE E. ADAMS
ANDREW COHEN
ROBERT E. CORNEGY, JR.
LAURIE A. CUMBO
VANESSA L. GIBSON
BARRY S. GRODENCHIK
RORY I. LANCMAN
STEVEN MATTEO
FRANCISCO P. MOYA
KEITH POWERS
HELEN K. ROSENTHAL
JAMES G. VAN BRAMER

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

Melanie Hartzog
Budget Director at the Mayor's Office of
Management and Budget, OMB

Chuck Brisky
Deputy Director for Expense and Capital Budget
Coordination at the Mayor's Office of Management
And Budget, OMB

Ana Barrio
Acting Commissioner of the New York City
Department of Design and Construction

Thomas Foley
Deputy Commissioner for Public Buildings at the
Department of Design and Construction, DDC

Eric Macfarlane
Deputy Commissioner for Infrastructure at the
Department of Design and Construction, DDC

Justin Walter
Chief Administrative Officer for the Department
Of Design and Construction, DDC

Jonathan Rosenberg
Director of Budget Review at the Independent
Budget Office

Sean Campion
Senior Research Associate at Citizens Budget
Commission

Jerry Wesley
Healthcare Transformation Futurist at Get
Healthier Cure Together Inc.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON

CAPITAL BUDGET

3

[gavel]

CHAIRPERSON DROMM: Alright, good morning and welcome to today's hearing on the Mayor's Preliminary Budget for fiscal years 2019 through 2022, the Preliminary Capital Plans for fiscal years 2018 through 2022 and the Preliminary Mayor's Management Report for Fiscal Year 2018. I'm Council Member Daniel Dromm and I Chair the Committee on Finance. We are joined in today's hearing by the Subcommittee on Capital Budget Chaired by Council Member Vanessa Gibson. We are also joined today by the Speaker of the New York City Council, Cory Johnson, Council Member Jimmy Van Bramer, Council Member Steve Matteo, Council Member Barry Grodenchik, Council Member Keith Powers, Council Member Adrienne Adams and I think I've got everybody so far. On a logistical matter I want to remind any member of the public who wishes to testify to please fill out a witness slip with the Sergeant at Arms; the public portion of the hearing is scheduled to begin at approximately one p.m. and the witness panels will be arranged by topic. So, please indicate the topic of your testimony on your witness slip. If there is any member of the public who wishes to testify but is

1
2 unable to do so at today's hearing you may email your
3 testimony to the finance division at finance
4 testimony at council dot NYC dot gov by the close of
5 business on Friday, March 23rd and the staff will
6 make it part of the official record. Before we get
7 started I would like to thank the entire staff of the
8 council's finance division for their work and support
9 in preparing for this hearing. The finance division
10 is led by Latonia McKinney and while this is
11 certainly a team effort I'd like to give a special
12 thank you to Unit Heads Eisha Wright, Chima Obichere
13 and Finance Analyst Kaitlyn O'Hagan for all the work
14 that they did to make today's hearing come together
15 and with all of that said I'd like to welcome Speaker
16 Cory Johnson to today's hearing and give him the
17 opportunity to say a few words.

18 SPEAKER JOHNSON: Good morning, thank you
19 Chair Dromm. I'm Cory Johnson, Speaker of the New
20 York City Council and I'd like to begin by welcoming
21 everyone to today's hearing on the fiscal 2019
22 preliminary budget and the preliminary capital
23 commitment plan. We will hear testimony today from
24 the city's budget Director Melanie Hartzog who is
25 joined by her team at the Office of Management and

1
2 Budget and I want to thank you Melanie for being with
3 us here today. The council created a subcommittee to
4 express our renewed focus on the capital budget and
5 the administration's execution of it's capital plan.
6 For too long the majority of our attention, the
7 public's attention and the advocate's attentions have
8 been on the expense portion of the budget this has
9 left mayoral administration after administration to
10 manage the capital budget process largely without the
11 rigorous review that it deserves. This has led to
12 administration's unrealistically frontloading planned
13 commitments in the first two years of the plan
14 continuously rolling unspent funds over from year to
15 year and the presentation of broad budget lines
16 covering tens or hundreds of loosely related
17 projects. The administration's current presentation
18 of the capital plan does not comply with the letter
19 and spirit of the charter's requirements which were
20 enacted to allow for transparency and a balance of
21 budgetary power between the administration and the
22 council. As just for one brief example, the charter
23 mandates that the executive budget separately set
24 forth every capital project and include for every
25 capital project a brief description, a location, an

1
2 estimated cost and a source of funds, the period of
3 probable usefulness and the estimated dates of
4 completion on all stages of the project. However,
5 because the administration reports this information
6 at the budget line level instead of separating it out
7 by project, the information is aggregated to a degree
8 that is useless to anyone interested in learning
9 about a particular project. The presentation of the
10 budget in this manor makes it incredibly difficult
11 for the council to exercise its charter mandated
12 oversight responsibilities and as speaker it is my
13 clear priority that the council's process be reformed
14 beginning in this year's budget today at the
15 council's first ever preliminary budget hearing
16 focused exclusively on the capital budget. I want to
17 continue to emphasize the themes that have run
18 throughout the budget hearing so far; accountability,
19 transparency and the accuracy of the spending plans
20 set forth in the budget documents that have been
21 presented to us as the council. I look forward to
22 working with OMB throughout the remainder of the
23 budget process this year to ensure that a realistic
24 version of our city's capital program is clearly
25 presented in the capital budget and commitment plan.

1
2 I also want to say this is not us picking on, on, on
3 you Madame Director or on OMB this is happened after
4 administration after administration, this is not new,
5 the De Blasio administration has not all of the
6 sudden done something in a different way to be less
7 transparent but we want to ensure that where the
8 charter allows for the council to have accurate
9 information to do our job in looking at the city's
10 budget and looking at the city's capital plan. We are
11 going to ask for that information and we're going to
12 work with you in a collaborative manner, not on every
13 single agency this upcoming year because that would
14 probably be impossible if we wanted to do that but we
15 have identified with you some of the agencies that we
16 want to take a... take a particular look at, some of
17 the agencies that we think have done a very good job
18 at laying things out in their capital plan and some
19 agencies that we think have not done a good job on
20 their capital plan to ensure that we have all the
21 information needed to look at our capital budget
22 because so many of the projects that our communities
23 ask about whether it be a local park, whether it be
24 public housing, whether it be schools or other
25 capital items that are funded by the administration

1
2 or by the council in a discretionary manner. These
3 are the things that our constituents ask about on a
4 daily, weekly basis to us and we need to ensure that
5 the city's money is being spend wisely and that the
6 capital plan accurately reflects the spending and
7 that we are able to get the information that we need.
8 So, I want to thank you again for being here for the
9 first ever hearing, separate hearing on the city's
10 capital commitment plan and I want to congratulate
11 Chair Gibson, the Subcommittee on the Capital Plan
12 and I will turn it back to our Finance Chair, Council
13 Member Danny Dromm.

14 CHAIRPERSON DROMM: Thank you Speaker
15 Johnson. Today we will examine two documents critical
16 to the city's capital process, the capital budget and
17 the capital commitment plan. The preliminary capital
18 budget sets forth the requested appropriations by
19 agency and budget line to support large long-term
20 investments that aim to improve the state of repair
21 of the city's infrastructure as well as support it's
22 growth. The appropriations approved in the capital
23 budget adopted by the city council set the legal
24 limit of how much the administration may spend by
25 budget line. The council appropriates funding for

1 capital projects on a year by year basis, but the
2 budget also lays out a projected capital need for the
3 subsequent three years. The preliminary... the
4 preliminary capital budget for the four-year period
5 covering fiscal '19 to fiscal '22 totals 45.9 billion
6 dollars. The requested appropriation for fiscal 2019
7 is 11 billion dollars. In the executive budget the
8 administration will recommend that unspent fiscal
9 2018 appropriations be rolled into fiscal 2019,
10 agencies collectively have a balance of 42.2 billion
11 dollars in available appropriations. If we follow the
12 past practice the adopted capital budget for next
13 year will include both the new appropriations and the
14 unspent funding for fiscal 2018. Next, we have the
15 capital commitment plan which sets forth the
16 administrations plan for how they intend to execute
17 the capital program and spend the funds appropriated
18 in the capital budget. The preliminary capital
19 commitment plan for fiscal 2018 to fiscal 2022 totals
20 79.6 billion dollars in planned commitments. This
21 averages out to approximately 16 billion dollars in
22 planned commitments each year of the plan. The
23 Speaker just spoke about the overall presentation of
24 the capital budget and the challenges we face as a
25

1 council to, to conduct appropriate oversight and
2 analysis as a result and I know that Council Member
3 Gibson will speak on this as well. So, I use my time
4 to focus on another aspect of the capital program.
5 The city's financing plan and debt service budget
6 reflect expectations of anticipated capital spending
7 and so bear some relationship to the city's capital
8 plan. The financing plan represents how much and over
9 what time period the city expects to borrow money to
10 finance capital projects and the debt service budget
11 represents the cost of that borrowing. Interestingly
12 despite the changes in the capital plan over time due
13 to agencies failure to commit projects in the current
14 fiscal year plans and actual borrowing have tracked
15 fairly closely. For example, the fiscal 2014
16 preliminary budget forecasted that the city would
17 borrow 24.6 billion dollars between fiscal 2013 and
18 fiscal 2017 and the city actually borrowed 23.9
19 billion dollars over that period. In contrast the
20 debt service budget is consistently overestimated in
21 the city's financial plans particularly in the out
22 years. Using the same example, the fiscal 2014
23 preliminary budget... preliminary expense budget
24 estimated that the city would spend 34.7 billion on
25

1
2 debt service over the financial plan period, however
3 the city actually spent less than 30 billion dollars.
4 Given the accuracy of the financing plan these
5 differences largely arise due to the city
6 consistently overestimating other factors of debt
7 service costs such as an interest... such as interest
8 rates for variable rate debt and new borrowing. As we
9 briefly touched on at the first preliminary budget
10 hearing on March 5th this overestimation skews the
11 picture of the city's budget affordability over the
12 plan and provides the administration a convenience
13 source of savings for subsequent citywide savings
14 plan. At today's hearing I hope to gain a better
15 understanding of how the administration projects
16 it's, it's planned borrowing and how such
17 calculations take into account the fact that the
18 citywide commitment rate averages about 56 percent.
19 In addition, I look forward to hearing testimony
20 about the reasons... about the reasons for the
21 disparities in debt service forecasting and actual
22 spending and how the administration and the council
23 can work together to put forth a more realistic
24 picture of planned expenditures. Before we hear from
25 OMB I'd like to remind my colleagues that the

1
2 Director is here to answer big picture questions
3 relating to the capital budget and the city's capital
4 process. As with the last hearing we had with OMB a
5 few weeks ago please reserve agency specific
6 questions for the agency commissioners who have been
7 and will continue to be testifying throughout the
8 month of March at hearings specific to the budgets of
9 their agencies. One other quick reminder to my
10 colleagues that the first round of questions for, for
11 OMB will be limited to three minutes per council
12 member and if council members have additional
13 questions we will have a second round of questions at
14 two minutes per council member. I'll now turn the mic
15 over to the Subcommittee on Capital Budget Chair,
16 Chair Gibson for her statement.

17 COUNCIL MEMBER GIBSON: Thank you so much
18 to my colleague and our Finance Chair, Council Member
19 Danny Dromm to our Speaker of the city council, Cory
20 Johnson. Good morning ladies and gentlemen, good
21 morning to our director of OMB, it's great to be
22 here, I am very excited. I am Council Member Vanessa
23 Gibson of the 16th district in the borough of the
24 Bronx and I am honored to serve as the Chair of the
25 newly formed Subcommittee on Capital Budget. On

1
2 behalf of our Speaker and all of my colleagues in the
3 city council we first and foremost want to express
4 our thoughts and condolences and prayers of comfort
5 to the MTA and the TWU local 100 family. Earlier this
6 morning an MTA employee lost his life while in the
7 line of duty, while administering his services at the
8 125th Street station at Lexington and we certainly
9 know the value of our public servants and at this
10 time we want to express our prayers to the employee's
11 family, to the MTA and certainly continue to support
12 an incredible department like the MTA. So, I am
13 excited and honored to Co-Chair this hearing today
14 with Chair Dromm. This is the first budget hearing
15 that's held by the city council that's exclusively
16 dedicated to the capital budget. As our Chair
17 mentioned we are here to examine the fiscal 2019
18 preliminary capital budget which sets forth the
19 appropriations that the administration is legally
20 authorized to spend and the preliminary capital
21 commitment plan which sets forth the plan to spend
22 those dollars. While the purpose of each of these two
23 documents is clear on their own, it is in comparing
24 them that we start to see the disconnect between the
25 information that the administration is providing to

1
2 the council and the public and the reality on the
3 ground. Take fiscal 2017 as an example, the fiscal
4 2017 adopted budget had 41.7 billion dollars in
5 appropriations available for the administration to
6 spend that year yet the commitment plan only set
7 forth a plan to spend 19.2 billion dollars therefore
8 even with that plan in place the administration was
9 only able to commit 10.9 billion dollars and this is
10 certainly not a new phenomenon, this is not a new
11 concept. Between fiscal 2012 and fiscal 2017 annual
12 appropriations have averaged around 36.7 billion
13 dollars, planned commitments have averaged 15.3
14 billion dollars and yet actual commitments have
15 averaged only 8.5 billion dollars, why does this
16 matter many may ask. The New York City charter
17 envisions a budget process whereby the council and
18 the administration are equal partners with nearly
19 twice the amount of authority to spend than our
20 agencies actually plan to spend the administration
21 can avoid coming back to the council for approval to
22 move funds between projects or to increase the
23 budgets of particular projects if there are cost
24 overruns. Now we recognize that in planning it can be
25 very imprecise and very unpredictable, and that long-

1 term capital planning is even more so unpredictable.
2 We know that the best laid building plans can be
3 thrown off schedule and off budget by countless
4 unforeseen factors, we know that to be true.
5 Flexibility is absolutely essential in capital
6 planning and budget but there is flexibility and
7 there's, there's also what we have today which is
8 essentially the ability to act without true oversight
9 and even with this flexibility we see that year after
10 year the administration is unable to execute its own
11 capital plan. At the budget hearing during the past
12 few weeks that I've had the honor of Co-Chairing with
13 several of our committee chairs we've learned that
14 commitment rates vary widely by agency. As an
15 example, last year the Department of Transportation
16 had a commitment rate of 68 percent while the
17 Department of Correction's rate was 16 percent and in
18 fact the citywide commitment rate is 56 percent. So,
19 this translates into frustration and confusion for
20 many New Yorkers as capital projects in our
21 communities in our city languish year after year
22 after year. I think many of my colleagues often talk
23 about the libraries, the park, reconstruction, the
24 renovation of a NYCHA facility that the
25

1 administration has promised to complete but yet has
2 not been able to complete. The time has really come
3 for us to look at reforming the process and to
4 provide the residents of our city with the level of
5 service they rightfully deserve. In order for us to
6 do that we must hold the administration accountable
7 and that starts with information and transparency.
8 The administration must end the use of overly broad
9 and generic budget lines. As the Speaker mentioned a
10 broad budget line muddled the information that's
11 provided at the project level. When a single budget
12 line contains information for five or 20 individual
13 projects it's almost impossible to separate the data
14 for each of those projects. The Parks Department
15 should not have only 110 budget lines to cover 2,109
16 distinct projects. The Department of Environmental
17 Protection should not only have 72 budget lines for
18 1,829 projects, we need the budget presentation to
19 change to embrace the principles of transparency and
20 accountability and allow the council to fulfil its
21 charter mandated responsibility for adopting the
22 budget as well as achieving true oversight. I want to
23 thank the colleagues who are members of our
24 subcommittee on capital, we are a small but dynamic
25

1
2 hardworking bunch, my... our Minority Leader, Steve
3 Matteo, Council Member Barry Grodenchik, Council
4 Member Keith Powers and I also want to thank the
5 Committee Chairs that I've joined with this month.
6 The Committees on Environmental Protection,
7 Transportation, Criminal Justice and Public Housing
8 held meetings earlier today... earlier this month
9 rather with our Subcommittee and we were able to talk
10 specific agency priorities and next week we will join
11 with our Committee on Parks Chair, Chair Grodenchik.
12 I also want to thank the Finance team led by Latonia
13 McKinney and our Unit Heads and everyone for their
14 work in putting today's hearing together and we're
15 looking forward to hearing from the Office of
16 Management and Budget. I thank you so much for
17 joining us today and I turn this hearing back over to
18 Chair Danny Dromm.

19 CHAIRPERSON DROMM: Thank you Chair
20 Gibson and we will now hear from the Director of the
21 Mayor's Office of Management and Budget, Melanie
22 Hartzog who'll be sworn in by counsel.

23 COMMITTEE CLERK: Do you affirm that your
24 testimony will be truthful to the best of your
25 knowledge, information and belief?

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON

CAPITAL BUDGET

18

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MELANIE HARTZOG: I do.

COMMITTEE CLERK: Thank you.

MELANIE HARTZOG: Good morning, thank you Speaker Johnson, Chair Dromm, Subcommittee Chair Gibson, members of the Capital Budget Subcommittee, Finance Committee and council for the opportunity to testify today. I'm joined at the table by OMB Deputy Director, Charles Brisky and OMB staff is here to assist me in answering questions. Before I give you an overview of the preliminary capital plan I would like to revisit the impact of federal and state actions on the budget. At the previous hearing I noted that the Trump tax cuts and job act eliminated his long standing federal law that permitted tax, tax exempt advance bond refunding. The city used refunding's to generate expense budget savings and keep debt service payments low. This will cost us 100 million annually in expense budget savings. With respect to the capital budget eliminating these types of refunding's may impair our ability to refinance bonds on favorable terms. As a result, the cost of building and repairing roads, bridges, schools and other critical infrastructure may increase. The tax act also lowers the federal corporate tax rate to 21

1 percent, as a result low income housing tax credits
2 that fund the creation of affordable housing are less
3 valuable to many. This has impacted our housing plan
4 by some 200 million per year. State actions also
5 jeopardize the city's financial wellbeing. The
6 Governor's proposed budget shifts responsibility for
7 funding the MTA's New York City Transit Capital
8 Program to the city, this would be on top of the
9 city's current 2.5-billion-dollar capital commitment
10 and 1.8 billion dollars in direct and in-kind
11 contributions. Taking on this nearly 17-billion-
12 dollar obligation would jeopardize our capital
13 budget, endanger our bond ratings and lead to a
14 drastic reduction in city services. As always, we
15 will approach the capital budget process with
16 caution, we will continue to estimate that service
17 cautiously and ensure that debt service does not
18 exceed 15 percent of the city's total tax revenue,
19 the benchmark of responsible capital finance. Fiscal
20 monitors praise our adherence to this standard, it is
21 also a factor, rating agencies consider when
22 determining our bond ratings... our bond credit
23 ratings, excuse me which are at the highest levels in
24 the city's history. This is important because strong
25

1 credit ratings allow us to borrow on favorable terms
2 and extend capital project funding over many years.
3 For generations New Yorkers have had access to world
4 class bridges, fresh water from underground mains and
5 schools for their children. This publicly financed
6 infrastructure is key to the city's long-term growth
7 and benefits us all therefor out of fairness we share
8 on the cost of building capital assets and
9 maintaining them over their youthful life span. The
10 alternative is paying for capital projects directly
11 from current resources, this pay as you go method
12 would not work, it would drain expense funding that
13 we use for crucial services, it would also impair our
14 ability to maintain the current historic level of
15 reverses including one billion in general reserves,
16 250 million in the capital stabilization reserve and
17 4.25 billion in the retiree health benefits trust
18 fund. Now I'd like to turn to the current plan. The
19 capital commitment plan for fiscal years 2018 through
20 2022 authorizes agencies to commit 79.6 billion, an
21 increase of 2.8 percent from the adopted capital
22 plan. The targeted levels of commitments is 19.3
23 billion in fiscal year 2019. This five-year plan
24 demonstrates the Mayor's commitment to making capital
25

1
2 investments that improve the lives of New Yorkers. We
3 provided 1.5 billion, billion for the Vision Zero
4 initiative that makes city streets safer for cyclists
5 and pedestrians, we contributed 1.1 billion towards
6 reducing flooding and improving drainage in Southeast
7 Queens, we also invested 664 million in capital funds
8 to support MTA infrastructure. Most of this
9 investment is designated for the MTA's current
10 capital plan as part of the city's 2.5-billion-dollar
11 commitment. I would now like to highlight some of the
12 investments we have made since the release of the
13 adopted capital plan, these deepen our commitment to
14 education, affordable housing and economic
15 development. In support of the Mayor's commitment to
16 educating our children we have invested almost 220
17 million in building schools and expanding capacity in
18 the Pre-K For All program. We also invested 750
19 million to accelerate and expand Housing New York.
20 the city will create 200,000 affordable homes by
21 2022, two years ahead of schedule and finance an
22 additional 100,000 affordable homes by 2026. This
23 allows us to build on the progress of the last seven
24 years... several years and create 25,000 homes
25 annually, a record achievement. New Yorkers need

1 affordable housing and a good job to pay for it
2 therefore we have fulfilled the Mayor's commitment to
3 New York Works, a plan that will spur 100,000 good
4 paying jobs over the next decade. The 155-million-
5 dollar investment will support industries that pay
6 high wages and have strong job growth including
7 technology, garment manufacturing, and film and
8 television production. We've also added 209 million
9 to improve heating systems in NYCHA developments,
10 nine million of these funds allow NYCHA to rapidly
11 respond to heating emergencies, the remaining 200
12 million will fund boiler replacement and heating
13 systems upgrades at 20 NYCHA developments. This
14 increases the Mayor's capital investments in NYCHA to
15 an unprecedented 2.1 billion, we recognize that
16 NYCHA's capital funding needs are great, in excess of
17 20 billion. Years of disinvestment by the state and
18 federal governments have challenged NYCHA's ability
19 to fund many necessary repairs. We are doing
20 everything we can, these recent heating investments
21 are neither our first nor our last commitments to
22 NYCHA, but we must have long term sustainable
23 commitments from the state and federal governments as
24 well. The capital projects I just mentioned like all
25

1
2 others are subject to OMB's capital approval process,
3 we've worked closely with agencies to evaluate
4 capital eligibility, project scope and costs. We have
5 a responsibility to carefully assess each project as
6 failure to do so has serious consequences. Projects
7 may face delays and our bond ratings could be
8 lowered, we also have to divert expense dollars to
9 make up for the loss of capital funds. To address
10 these issues, we've taken steps to help agencies make
11 project approval requests that are more... that more
12 accurately, accurately reflect their needs, these
13 include providing resources for project pre-scoping
14 and frontend planning and encouraging the use of
15 standardized project templates. This administration
16 has invested more than 50 million dollars to help
17 agencies pre-scope their projects. Parks, DOT and
18 Corrections are among agencies that have commissioned
19 studies to review project scope and, and costs before
20 a commitment is made. This early stage review will
21 lead to a reduction in both cost and delay. In fiscal
22 year 2018 we invested five million dollars in DDC to
23 develop frontend planning, project scoping units and
24 in-house design, 51 staff are now dedicated to
25 reviewing projects very early in the process often

1 before funds are committed. This also funds an in-
2 house design unit to take on smaller projects which
3 reduces the time spent in the design phase. We also
4 invested 19 million in resources that will help Parks
5 evaluate capital projects, the agency with the
6 largest city capital portfolio now has 200 additional
7 staff focused on design, cost estimates and project
8 management. Parks will also save time and money on
9 construction planning by using standardized project
10 templates. At OMB we reviewed our own project
11 evaluation process and cut our approval time in half.
12 We will continue to work on our processes and the
13 agencies with the council to improve the capital
14 project... process but the best way to streamline
15 capital project delivery is to use design build. This
16 simplified procurement method combines bidding for
17 the design and construction of a project into one
18 contract managed by a single entity. Applying the
19 design build approach would shave hundreds of
20 millions of dollars from the cost of projects and
21 reduce completion times by 18 months on average. By
22 applying design build we would accelerate
23 construction of the facilities we need to close on
24 Rikers two years ahead would be trimmed from the BQE
25

1 Rehabilitation timeline. It would also increase the
2 speed of providing critical NYCHA repair work. We
3 would also reduce construction related destruction on
4 our already crowded roads and bridges. These are just
5 some examples of how New York City would take
6 advantage of design build. The state and some cities
7 are authorized to use the design build method,
8 together we must work with our allies in Albany to
9 extend design build authorization to New York City in
10 this year's state budget. I would like to finish by
11 acknowledging that this city is well known for taking
12 on ambitious capital projects, we've built and
13 maintained world class bridges and acres of parkland,
14 recently we funded record levels of affordable
15 housing. We also funded less visible but no less
16 important infrastructure, this includes the water and
17 sewer systems that serves 8.5 million New Yorkers.
18 This capital plan reaffirms the Mayor's commitment to
19 making strategic capital investments that will
20 benefit the city and its residents for generations to
21 come. Further by maintaining cautious debt service
22 estimates and keeping debt service payments below the
23 benchmark level we ensure the affordability and
24 viability of the plan now and in the future. In
25

1
2 conclusion we look forward to working productively
3 with this new subcommittee to improve the capital
4 process as we previously did with the council. And
5 now I look forward to taking your questions, thank
6 you.

7 CHAIRPERSON DROMM: Thank you very... thank
8 you... hello, am I on? One. Can you hear me? Okay,
9 thank you very much and now I'd like to turn it over
10 for questions from our Speaker.

11 SPEAKER JOHNSON: Thank you Chair Dromm,
12 thank you Director Hartzog for your testimony today
13 and I have some specific questions on some of the,
14 the good things that you highlighted that OMB's been
15 doing and investing in the agencies to get some pre-
16 scope work done and expediting the time line, I know
17 we've seen that with the Parks Department, I know
18 we've seen that with other agencies so I want to
19 thank you for that and we look forward to continuing
20 to support that work to get these projects done more
21 quickly. I want to go to the chart that you'll see on
22 the screen here. so, as you can see from the chart
23 there is a significant disconnect between the current
24 level of appropriations and the plan to commit those
25 appropriations and as we know appropriations

1
2 represent the legal authority to spend on capital
3 projects and are what the council votes on at budget
4 adoption each year. Between fiscal 2012 and fiscal
5 2017 the commitment plans have averaged approximately
6 between 15.3 billion dollars each year with
7 appropriations averaging more than twice that amount,
8 36.7 billion dollars, meanwhile the city's average
9 actual commitments the amount of capital projects
10 that were registered are only 8.5 billion dollars
11 annually and you mentioned some of this in your
12 testimony. Basically, the council is annually
13 presented with a capital budget to adopt that gives
14 us... that gives twice the authority to spend over what
15 is planned and the plan is almost twice what the city
16 is actually able to spend. So, it is my opinion that
17 it is time for a new status quo. One of the effects
18 of this type of budgeting is that the council is only
19 a partner in the capital budget process once a year
20 and that's at adoption. With appropriations far in
21 excess of what is needed along with budget lines that
22 represent a generic type for the project, the
23 administration has the ability to create or increase
24 the size of existing capital projects at any point
25 during the year without the council's approval or

1
2 collaboration. To help remedy this situation the
3 council suggests that appropriations be limited to a
4 level of 15 percent above the commitments of the
5 fiscal year. This amount is based on the standard
6 practice at OMB of incorporating a 15 percent
7 contingency when approving a capital project. Would
8 you commit to reducing excess appropriations in the
9 capital commitment plan to 15 percent over the
10 planned commitment amount?

11 MELANIE HARTZOG: Speaker I think it's
12 important to... and I want to point out one thing about
13 this chart which is in fiscal year '17 the actual
14 commitment rate which is close to 11 billion, as you
15 can see with a slight dip in '16 but this
16 administration has actually increased our commitment
17 rates significantly and if you look at prior
18 administration and I think that really attests to
19 much of what I spoke to in our testimony about OMB
20 working aggressively with the agencies to really
21 improve our process and also give the resources that
22 are needed to address some of the shortfalls in
23 processing and moving capital projects along. As it
24 relates to the difference between appropriations and
25 commitments I just want Chuck to really provide a

1
2 little bit more background on what makes up that
3 difference, there's a, a difference between a 15
4 percent contingency built into a project versus the
5 difference between appropriations and commitments.

6 Chuck can you...

7 CHUCK BRISKY: Sure... [cross-talk]

8 CHAIRPERSON DROMM: Were, were you sworn
9 in by the council? If the council could swear the
10 Deputy Director of OMB in, please. Thank you, Chuck,
11 for being here.

12 COMMITTEE CLERK: Do you affirm that your
13 testimony will be truthful to the best of your
14 knowledge, information, and belief?

15 CHUCK BRISKY: I do. So, looking at your
16 chart here one of the things that we need to take
17 into account is that our capital fund not only
18 supports construction, construction design but it
19 also supports staff that is in the expense budget,
20 there's something called the interfund agreement,
21 IFA, supports 5,000 positions in the expense budget.
22 The way you've structured this chart here you have
23 not included the cost for those 5,000 employees...

24 [cross-talk]

25 SPEAKER JOHNSON: What's that cost?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHUCK BRISKY: About a billion dollars.

SPEAKER JOHNSON: About a billion dollars, so even if it's a billion dollars the appropriations for fiscal year '17 which the Director pointed out is 19.2 billion dollars but the... that's the planned commitments but the actual commitments is about 8.3 billion dollars less so there's still even with that billion dollars for the IFA there's still a, a huge amount of excess appropriations that are not being spent, is that correct?

CHUCK BRISKY: Let me finish, so... [cross-talk]

SPEAKER JOHNSON: Okay... [cross-talk]

CHUCK BRISKY: ...so, in addition besides the IFA that's no accounted for it in this chart, you're, you're not showing the amount that we put in for contingencies, this just shows, shows the construction amount versus the appropriations so this assumes virtually zero contingencies, so you have to factor that in. The other thing I would add is, is in working with the council we have rescinded, rescinded are when the council takes back appropriations in, in previous years so last year we rescinded 3.2 billion dollars working collaboratively with your staff and

1
2 we've done billions in the years before too and it is
3 our intent to again do that this year to go back and
4 look at appropriations and for those projects that
5 don't need appropriations we can rescind
6 appropriations but in terms of the 15 percent
7 contingency there are some projects that are very
8 complex in nature and they may require a contingency
9 amount greater than 15 percent. It's an industry
10 standard to start with 15 percent and then go up from
11 there based on the complexity of the project. We want
12 to maintain flexibility to keep projects moving
13 along, if you reduce contingencies too low you will
14 bring the capital commitment plan screeching to a
15 halt, so we have to strike... [cross-talk]

16 SPEAKER JOHNSON: Screeching to a...
17 [cross-talk]

18 CHUCK BRISKY: ...a reasonable... [cross-
19 talk]

20 SPEAKER JOHNSON: ...halt?

21 CHUCK BRISKY: You have to strike a
22 reasonable balance here on, on the contingency..
23 [cross-talk]

24 SPEAKER JOHNSON: Do, do you think this
25 is a reasonable balance?

1
2 CHUCK BRISKY: I, I think the... I think
3 your chart is misleading. So, I think we could sit
4 down with your staff go over what we believe to be
5 the difference between commitments and appropriations
6 and I think we can reach, reach a reasonable
7 accommodation as we have in past adoptions.

8 SPEAKER JOHNSON: Can you provide a chart
9 that's leading and not misleading to us?

10 MELANIE HARTZOG: Absolutely, I think
11 what we can do is as, as Chuck said is have a
12 conversation with your staff so we can understand
13 clearly the difference in how we're accounting for
14 the commitments and the appropriations and as Chuck
15 said we've had conversations, we've worked with you
16 collaboratively in the past to actually do
17 rescindments, we think that's there's more to be
18 done, open to working with you and your staff to get
19 that done and then the other thing that I will say
20 that we've had conversations about, I know I've
21 spoken with both the Subcommittee Chair and the Chair
22 as well and I've... I believe our staff has met which
23 is we are absolutely working aggressively with the
24 agencies to really right size their capital plan and
25 taking into consideration both where their

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

commitments have been in the past, the resources that we've given them most recently in the past cycles around getting better at both addressing what their cost overruns are, doing better design which will actually lead to better spending on their commitments so there's... all of that plays a factor into it but we are absolutely working with the agencies to right size their capital plans.

SPEAKER JOHNSON: So, so let me just give

you an example, we are not looking to totally hamstring the Mayor or... [cross-talk]

MELANIE HARTZOG: Of course, not... [cross-

talk]

SPEAKER JOHNSON: ...or you, you as

Director of OMB and... [cross-talk]

MELANIE HARTZOG: I know that... [cross-

talk]

SPEAKER JOHNSON: ...and, and having the

ability to make changes mid-year if projects require contingency, require some appropriations that are greater than what was initially planned, we of course want that to happen and we're not looking to have a budget modification every single month to do that but what we are concerned about is and I think that there

1
2 are many members that are really pleased with the
3 Mayor going to their districts and making some
4 exciting announcements about things that are really
5 important to communities and neighborhoods whether it
6 be parks or schools or NYCHA developments or
7 transportation improvements, those are really, really
8 good things and we... I don't want to speak for all of
9 my colleagues here and the body but I think when
10 those announcements are made it's been a really nice
11 thing for members to be able to show their
12 constituents that they're able to work with the
13 administration to fund projects that are meaningful
14 on a neighborhood by neighborhood basis but I think
15 there's also a concern with that as well even if it
16 feels good and is a nice announcement which is we
17 actually want to be a partner in those decisions and
18 we want to have some level of say in those decisions
19 in a meaningful way not that of course the charter
20 lays out a lot of responsibility that the executive,
21 the Mayor and OMB should have in this process and we
22 know what those charter mandated responsibilities and
23 how they're delineated but at the same time I'm not
24 sure that we believe it's appropriate that if there's
25 too much excess appropriation in the capital budget

1
2 that the council's cut out as a meaningful partner,
3 you come to us maybe once a year for a budget
4 modification, you come to us multiple times a year
5 for expense modifications but you come to us maybe
6 one or two times a year at most for a capital budget
7 modification and it doesn't provide us with the
8 opportunity to work with you all on the capital
9 projects that we're talking about and so to right
10 size the budget in a way I think would give the
11 council the ability to work with you all on the
12 priority projects where there's probably a lot of
13 agreements between the administration and the council
14 whether it be parks or NYCHA or DOT or DDC or DOHMH,
15 whatever the agencies are that have significant
16 projects in our communities and neighborhoods to work
17 with you on that and so we... I'm not sure want to give
18 a huge excess in appropriation even if you count the
19 numbers that the Deputy Director talked about which
20 is the IFA numbers or if the contingency goes greater
21 than 15 percent there is still excess appropriation
22 and I haven't heard and I don't mean this in any way
23 to be critical of the I think very important
24 information that the Deputy Director gave and it was
25 helpful to hear that context but I still don't have a

1
2 real understanding or answer of why the excess
3 appropriation needs to be that high. I understand
4 there should be some excess appropriation, I
5 understand that maybe this chart isn't counting IFA,
6 I understand that contingencies grow greater than 15
7 percent sometimes 25 percent, sometimes 30 percent,
8 sometimes even 40 percent depending on the complexity
9 of the project but the, the excess appropriation of
10 that level I don't think it still explains the
11 context that was provided to us and so I would love
12 to understand a little bit more why the excess
13 appropriation should be that large.

14 MELANIE HARTZOG: I, I don't think at all
15 Chuck nor I in our explanation and, and response to
16 you was actually saying that the... we are sitting here
17 defending the level of appropriation, what we try to
18 do and I think you've acknowledged is to explain what
19 the appropriation, what it contains and Chuck also
20 said which we have done and worked with the council
21 in the past is that we have done rescindments to the
22 tune of three billion dollars and its done
23 collaboratively with the council. I anticipate moving
24 forward as we begin to talk about how great of
25 clarity we can provide to the council in terms of all

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

of our capital projects that we will continue to have the conversation about what level of appropriation we should have and working jointly around rescindments.

SPEAKER JOHNSON: Would you be... [cross-talk]

MELANIE HARTZOG: So, I can see these numbers changing over time.

SPEAKER JOHNSON: Yes, and would you be... thank you for that and... [cross-talk]

MELANIE HARTZOG: Uh-huh... [cross-talk]

SPEAKER JOHNSON: ...because I, I really do think we could work together on this in a very collaborative way. Would you be opposed to having more than one or two capital modifications a year and actually doing it on a quarterly basis so that we can have a collaborative relationship with each other to look at the capital plan, plan throughout the year and figure out which projects are coming in over budget, where there needs to be contingencies and for us to have that partnership together?

MELANIE HARTZOG: I am more than interested in having a partnership with the council to better work together around our capital plan in general. I think as it relates to the issue of

1
2 whether it's through a modification process or
3 whether it's through getting better understanding of
4 how we can best expedite our capital projects I think
5 that's where we have to have discussions around what
6 the best strategy is moving forward. I have heard the
7 concerns raised by all... both Chairs and by you
8 yourself and your staff around having projects in...
9 you know you get the project... and just walking
10 through the process... [cross-talk]

11 SPEAKER JOHNSON: Uh-huh... [cross-talk]

12 MELANIE HARTZOG: ...the executive budget
13 we line out all the capital projects, understanding
14 the council has basically a little over a month and a
15 half to review until we get to adopt, right, April
16 26th we release those and then as we get to adopt
17 there's other projects that are added largely by the
18 council all of those are delineated as well as the
19 executive budget projects but then, yeah, some of
20 them do get wrapped up into broader project overall
21 lines. There are some in some agencies that have
22 significant numbers of projects in them and I'm open
23 to having a conversation about how best to delineate
24 those as we move forward.

25

1
2 SPEAKER JOHNSON: I, I really appreciate
3 that and it's helpful for you to... Director lay out
4 the process and again I, I want to say this, and I
5 mean this really sincerely this, this is not... we're
6 not trying to do this in an antagonistic way, we
7 actually think that we can improve the partnership
8 between your agency and the council to look at the
9 projects that we're talking about through... I mean if
10 we were being unreasonable we could say every agency
11 needs to totally comply with the letter and spirit of
12 the charter immediately, we're not doing that, we're
13 saying we want to work with you on a handful of
14 agencies in this upcoming budget, figure out a way to
15 provide greater transparency and accountability in
16 that, work with you all on plan commitments versus
17 actual commitments, understand the contingency need,
18 understand the flexibility that's still needed by the
19 Mayor and by your agency and the agencies that work
20 on the capital plan that's what we want to do and I
21 think if we did that it would provide a greater level
22 of collaboration and understanding both on the
23 challenges that you all face and the agencies face as
24 well as helping us hopefully have some greater input

1
2 on the projects that really matter to the
3 neighborhoods that we serve.

4 MELANIE HARTZOG: I really appreciate it,
5 I'm looking forward to working with the council in
6 this capacity and you know I also think that we've
7 clearly acknowledged, we've done some work there's
8 more work to be done and we want to do it
9 collaboratively with the council.

10 SPEAKER JOHNSON: Great, I have a few
11 more things and I want to... again thank you for
12 highlighting the design build authority that is
13 needed in the five boroughs, I believe every single
14 council member supports greater design build
15 authority from the state legislature. When we've gone
16 to Albany we've pushed it, we've talked to our
17 partners in the state legislature and the governor
18 about the importance of it so you highlighted the
19 Triple Cantilever on the BQE, the Rikers borough
20 based facilities and NYCHA which are three areas that
21 we fully support and we want to be supportive of you
22 all in getting design build authority in the next 11
23 days through the state budget process to make that
24 happen.

25 MELANIE HARTZOG: Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SPEAKER JOHNSON: While design build of course is an important tool for our capital tool kit it's not a cure all for every agency and every type of project. What agencies and projects can benefit best from design build besides the, the three that I just mentioned that you mentioned, it would be helpful to understand that there are particular agencies that you think would really benefit from having design build authority on projects that they work on, on a regular basis?

MELANIE HARTZOG: Appreciate the opportunity to talk more about that Speaker. We actually provided the council today with a fact sheet on design build that we've handed out, it talks about not only how it helps the process and it's right on the top of the sheet, you can see the ways in which it really expedites the process so instead of going from the traditional agency to then a designer and a separate contractor and then to subcontractors and subconsultants it really streamlines the process. Within that we're actually able to both expedite a process, it gets done faster, the project gets done faster. On average design build saves about 18 months in terms of the timeline but it also saves on cost

1
2 overruns. When you're able to have one contractor
3 working on both the design and then beginning the
4 construction, managing subcontractors it, it really
5 exponentially helps with cost overruns. On the second
6 side of the sheet we've listed very specific projects
7 where we show what the estimated cost of those
8 projects are and with the savings. The one thing I
9 want to point out is on the savings side where it
10 talks about the actual numbers where we can estimate,
11 it's six percent at a minimum is what the cost
12 savings would be with design build.

13 SPEAKER JOHNSON: When you say at a
14 minimum, there's been a... in the conversations we've
15 had with the state legislature and with the
16 governor's office they've said that they think that's
17 a very low number, they think the savings could be
18 significantly higher, can you just explain a little
19 bit how, how you all arrive at that as a minimum and
20 what... how far high you think it could actually go?

21 MELANIE HARTZOG: So six percent is at a
22 minimum because it's what we're able to really
23 quantify around projected savings in change orders
24 related to a particular project so if we go back and
25 look at historical change orders for a project in, in

1
2 the same magnitude and scope we're able to do some
3 projections on that but we're not able to really
4 capture fully is savings from innovation and design
5 so again when you have the ability to work with
6 design and contractors up front you're able to think
7 much more creatively about ways in which the project
8 could be done and that's what we're not able to
9 quantify but the savings are in the hundreds of
10 millions.

11 SPEAKER JOHNSON: So, on the list that
12 you provided which is very, very helpful on these
13 priority projects it ends up being about 250 million
14 dollars in estimated savings at six percent and
15 that's a big... you exclude the Rikers facilities and
16 the NYCHA facilities so on all the other projects is
17 about 250 million dollars... [cross-talk]

18 MELANIE HARTZOG: In the minimum... [cross-
19 talk]

20 SPEAKER JOHNSON: ...on the low end...
21 [cross-talk]

22 MELANIE HARTZOG: Yeah... [cross-talk]

23 SPEAKER JOHNSON: ...on the six... [cross-
24 talk]

25 MELANIE HARTZOG: Uh-huh... [cross-talk]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SPEAKER JOHNSON: ...percent end if we added in the DDC and DOC plan on Rikers and we added in the NYCHA emergency repairs that we're seeking to fund on the 200 million dollars that was included in the preliminary budget plan on heat and hot water what do we think the actual... put the 250 million aside on all the other projects, on the Rikers and on NYCHA what do we think the savings would be on there, do we have any type of estimate?

MELANIE HARTZOG: You know unfortunately on the Rikers side we do not, for the borough based jail plan as you know we're going through the process now of launching the pre-scope design study for that, we'll have much clearer answers in October of this calendar year on roughly around what that would actually yield and then we're able to see at that point what in fact the savings would be if we look at the final bids for that project. On NYCHA in terms of the heating it's about... anticipated a minimum of ten million.

SPEAKER JOHNSON: Ten million, okay. So, it would be helpful if between now and when you all come back for the executive budget depending on of course what happens in the state budget, hopefully

1
2 we're going to get the money released from the state
3 that was appropriated in 2015 for NYCHA that hasn't
4 been released yet, hopefully the assembly and the
5 governor will be able to get us additional money for
6 NYCHA and if we got the 200 million that wasn't
7 released in 2015... was it 200 or 250?

8 MELANIE HARTZOG: It was a total of 250
9 million in prior years and we're awaiting 200.

10 SPEAKER JOHNSON: We're waiting 200 so
11 that 200 which we're waiting to be released, the 200
12 million that was put in the preliminary budget by OMB
13 and by the Mayor and if we got an additional 200
14 million which is what the assembly put in it's one
15 house budget, the Governor called for 250 million on
16 Saturday at Taft Houses that could be in the range of
17 600 to 650 million dollars, it would be helpful for
18 the executive budget if you all could come back and
19 give us some greater specifics on what design build
20 would do on expediting and the actual plans on how to
21 spend that money on those projects and the same
22 thing, I know that the plan is for October for the
23 borough based facilities but to run some initial
24 numbers to give us a sense of how much money would

1
2 actually be saved by the city on what we think some
3 initial costs are.

4 MELANIE HARTZOG: Yes, we can provide you
5 with estimates... [cross-talk]

6 SPEAKER JOHNSON: Great, thank you. So, I
7 just only have one more question...

8 MELANIE HARTZOG: I just wanted to
9 clarify that when I was talking about the Rikers CPSD
10 study I talked about the study being done in the fall
11 and bids, its not true that we're getting bids back
12 at that time but, but the study will be done.

13 SPEAKER JOHNSON: Thank you. Thank you.
14 So, I want to just talk... last question is about the,
15 the capital stabilization fund. So, the 250-million-
16 dollar capital stabilization reserve which you
17 mentioned in your testimony was added to the city's
18 expense budget at the council's urging last year I
19 believe with the intention of being used to help
20 speed up large capital projects with strategic
21 infusions of expense funds. Presumably this would be
22 most beneficial in the pre-scoping portion of a
23 capital project when staff is doing the work to
24 prepare the documents and the contracts that need to
25 be registered. Instead of this use of funds the

1 capital, capital stabilization reserve has been used
2 only as a gap closing measure by the administration
3 is my understanding, to your knowledge has this
4 funding ever been used for anything other than a gap
5 closing mechanism?
6

7 MELANIE HARTZOG: So, it, it is... when the
8 capital stabilization fund was created we had talked
9 about using it for both pre-scoping but also to
10 really serve as an offset in the event of rising
11 interest rate costs for our debt service or in the
12 event of defeasance of city debt. Since the time that
13 the stabilization fund was actually created, the 250
14 million we have put aside another allocation of
15 resources for what we call capital project scope
16 design, CPSD which is essentially pre-scoping it's
17 what we're using for the borough-based jails study.
18 In fiscal year '19 that's 28 million dollars that
19 we've set aside for overall use of that so that's an
20 addition to the 250 million dollars capital
21 stabilization reserve, pre-scoping is the, the 28
22 million, the stabilization reserve is in the event
23 for as I said interest rate costs for our debt
24 service increasing or in the event we have defeasance
25 of city debt. It is not used as a gap closer, what we

1 do as you know for every budget as we have reserves
2 budgeted within the current year we're going through
3 that fiscal year as we get to, in this case what
4 happened in the preliminary budget we're looking at
5 where we are for the current year and we essentially
6 took down the stabilization reserve, we took down the
7 general reserve and what we do is prepay debt for the
8 next year, debt service, excuse me for the following
9 year that's what we have done.
10

11 SPEAKER JOHNSON: So, none of that money
12 has been used as a gap closing measure?

13 MELANIE HARTZOG: It is used to prepay
14 and, and as I said in the preliminary budget we used
15 it to prepay for debt service in the following year
16 but we do have a separate allocation of funding for
17 pre-scoping that has both 28 million dollars in it
18 citywide for various studies and we also have
19 agencies that have pre-scoping within their budgets;
20 DDC is one of them, Parks is another and in fact
21 Cultural Affairs in another agency.

22 SPEAKER JOHNSON: I mean it... I think we
23 would... this is not me trying to quibble about it but
24 I, I, I think that we would see that as... in some ways
25 as a gap closing measure, I mean we... our hope was

1
2 that some of that money was going to be used on the
3 side that I said which is on the pre-scoping process,
4 it sounds like you've... you, you said that there's
5 money that was set aside separately for that type of
6 measure which you said was 28 million dollars?

7 MELANIE HARTZOG: It's 28 million dollars
8 in the miscellaneous budget that we use for that but
9 then we have the agency allocations; DDC has funding,
10 Parks and Cultural Affairs are some of the agencies
11 that we put pre-scoping investments into the agencies
12 and so... that's in addition to the 28 million dollars.

13 SPEAKER JOHNSON: So, are there
14 procedures in place for agency commissioners or
15 deputy commissioners or folks that are in particular
16 agencies that do capital work to access or request
17 use of these type of funds should the need arise and
18 have commissioners been, been made aware of
19 procedures to get additional help in the pre-scoping
20 process?

21 MELANIE HARTZOG: As part of our ongoing
22 conversations each of the task forces with their
23 agencies as they're looking at various capital
24 projects having conversations with their agencies
25 about it that it's then, you know given the

1
2 complexity and given the size, scope of a particular
3 project that they then engage with their agency
4 around the ability to use and access these funds in
5 addition to those agencies that have the funding
6 available within their budgets.

7 SPEAKER JOHNSON: So, I want to thank you
8 and I just want to finish with this, it's not a
9 question just a statement and I want to turn it back
10 to Chair Dromm and Chair Gibson and I'm sure they're
11 going to hit on some of these points but again we are
12 seeking to have a collaborative relationship on how
13 to provide greater transparency and accountability on
14 tax payer dollars especially through the capital plan
15 that means not having generic budget codes or
16 gigantic units of appropriation that do not list item
17 by item, project by project all the things that I
18 talked about in my opening statement, we're not
19 asking it for every single agency we're asking it for
20 agencies that we actually think are already doing it
21 to have a side by side comparison of agencies that
22 are doing it well which I think DOT does it pretty
23 well and agencies that not do it well and I'm not
24 going to call them out but you know the ones that
25 we're talking about and we're going to have

1
2 conversations about those agencies so that we can
3 work to provide that and so some of this stuff of
4 course for the public or folks 99 percent of New
5 Yorkers or even a greater number do not understand
6 the budget process, do not understand the capital
7 plan, do not understand the, the budget codes and the
8 life of usefulness and all of the things that we're
9 talking about here today but for us as a partner in
10 this effort on looking at the city's budget on having
11 a roll on voting in the capital plan, on really
12 caring about project by project because it effects
13 our communities we need more information, we need to
14 have greater information in a way that the charter
15 actually calls for and again this is not you all that
16 has all the sudden not done it a certain way it's
17 been this way for a long time. We're looking to
18 reorient the process, provide greater transparency,
19 work with you all on figuring out what agencies are
20 doing it well, bring it to some agencies to begin
21 with this upcoming budget and hopefully expand that
22 in the years to come to again provide the
23 transparency and partnership that we believe is
24 necessary in the capital plan between OMB and the
25 council.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MELANIE HARTZOG: We share the same goals.

SPEAKER JOHNSON: Thank you. Thank you, I want to turn it back to Chair Dromm.

CHAIRPERSON DROMM: Thank you very much Speaker Johnson. I'd like to take a minute just to thank Davis Winslow for his work on the... on the debt service and capital financing work that he did for this... in preparation for this hearing and ask for his forgiveness because I did not mention him in the opening so that... thank you Davis for that. I'd also like to say that we've been joined by Council Member Lander and Council Member Cornegy. And let me just follow up a little bit too on what the Speaker was talking about in terms of design build. One of the questions that, that hit me as, as we were going through that discussion was the agencies themselves. Now I've met with DOT and I know that they are familiar with this and I think that they're desirous of design build but what about the together agencies, have you met with them to make sure that they want to do this rather than do it in house, has that discussion been had?

1
2 MELANIE HARTZOG: Absolutely and in fact
3 as the Speaker mentioned the assembly One House Bill
4 includes about 11 projects across multiple agencies
5 from DEP to Health and Hospitals I believe has a
6 project in there so many of our agencies, covered
7 agencies, city, city agencies are well positioned and
8 want to take advantage of design build.

9 CHAIRPERSON DROMM: And they're familiar
10 with the process because it is a different process?

11 MELANIE HARTZOG: They are familiar with
12 the process and to the extent that agencies need
13 support in that process we of course would be more
14 than willing to giving that support and the resources
15 to get through the process.

16 CHAIRPERSON DROMM: Okay, thank you. In
17 your testimony Director Hartzog you mentioned that
18 there was 220 million dollars in... being invested in
19 school... in building schools and, and UPK can you
20 separate that out for me, how much is being put into
21 schools or are you including UPK as part of schools?

22 MELANIE HARTZOG: It's about 72 million
23 for Pre-K and the balance is for schools, about 144.

24 CHAIRPERSON DROMM: Okay, thank you for
25 that. Now I'd just like to talk a little bit about

1
2 financing the capital plan, it's no secret that the
3 city fails to commit on a level commensurate with the
4 capital commitment plan, the city's commence..
5 commitment rate has averaged around 56 percent, I
6 believe it's up on the chart there over the previous
7 five years however when the city's projects, projects
8 how much money it needs to borrow in order to pay for
9 capital projects it does it much better, comparing
10 actual borrowing over the same period to the earliest
11 financial plans of the period planned borrowing was
12 24.6 billion and actual borrowing was 23.9 billion or
13 just three percent above the plan, why is OMB so much
14 better at forecasting it's capital borrowing needs
15 than its actual capital commitments?

16 MELANIE HARTZOG: I'm actually going to
17 turn it over to chuck to give a little bit more
18 background on this but this is a, a little bit of a,
19 a apples to oranges comparison here just the.. let me
20 just do the broad strokes and then Chuck if you can
21 jump in here but.. so, on the borrowing side of this,
22 you know you're looking at projects that have
23 launched three to four years ago, contracts are in
24 place and the expenditures are liquidated and so
25 that's a, a pretty accurate rate moving forward based

1
2 on historical in a project launching. On, you know
3 the commitment side that's... right, a project that's
4 already completed so Chuck if you can just jump in
5 and give a little bit more background on that, that
6 would... appreciate that.

7 CHUCK BRISKY: Sure. So, Melanie was
8 correct this is an apples and oranges comparison so..
9 in the borrowing rate there the borrowing is based on
10 liquidated expenditures for projects that started
11 five to eight years ago, you're average
12 infrastructure project takes between five and eight
13 years to complete while that five to eight years is
14 going on you are spending money each year, paying the
15 vendor, you then have to borrow for that money each
16 year that is easier to predict because that's in the
17 now. In the commitment rate what you're projecting is
18 the future and that's a little bit harder for us to
19 project, we're getting better but it's a little bit
20 harder to project so that's the difference between
21 the two.

22 CHAIRPERSON DROMM: How are the financing
23 plan and the capital commitment plan related?

24 CHUCK BRISKY: The, the financing plan
25 supports, borrows enough money to support the

1
2 commitment plan for in this case we produced a five-
3 year plan to support that five-year plan, so we look
4 at the commitment plan, we estimate how much we would
5 need to borrow and the financing plan supports that.

6 CHAIRPERSON DROMM: So, what effect does
7 the capital commitment plan have on the financing
8 plan?

9 CHUCK BRISKY: The, the commitment plan
10 would affect the financing or borrowing plan
11 depending on the size of it and depending on the
12 years in which the money flows. So, remember when you
13 have a commitment plan, let's say we have.. we put a,
14 a project in fiscal '18 the current year when you
15 start a project in fiscal '18 you're not going to be
16 paying a vendor too much money in that year because
17 the project gets started very slowly and payments go
18 over time if it's a five to eight year project you'll
19 be spreading those payments slowly out over five to
20 eight years and then you have to borrow over that
21 same period in time.

22 CHAIRPERSON DROMM: Over the course of
23 the financial plan the city's debt service grows by
24 about 37 percent much faster than the growth rate..
25 growth rate of our tax revenues or total revenues,

1
2 how much of the growth in debt service cost is
3 attributable to new capital spending in the plan and
4 is this sustainable for the city?

5 MELANIE HARTZOG: So, I believe this
6 chart is actually looking at the incremental rate
7 versus the way that we look at it and the rating
8 agencies and monitors look at it which is what
9 portion of your debt service how does that compare to
10 your total revenues for the city, city tax levee not
11 the incremental growth rate so the total revenues and
12 when we look at our debt service as a measure and
13 we've always used the benchmark which is the industry
14 standards of 15 percent which we have not exceeded
15 and that's the, the measurement that is just widely
16 used and accepted not the incremental rate.

17 CHAIRPERSON DROMM: The financial plan
18 recognizes over 88 million dollars in debt service
19 savings in fiscal 2018 however the federal reserve is
20 signaling raising underlying interest rates and the
21 federal tax law changes have eliminated opportunities
22 for advanced refunding's, you mentioned that in your
23 testimony... [cross-talk]

24 MELANIE HARTZOG: Uh-huh... [cross-talk]

1
2 CHAIRPERSON DROMM: ...in the beginning as
3 well, how will these changes effect OMB's ability to
4 recognize debt service savings in this financial plan
5 and will there be as much opportunity to reduce debt
6 service cost as there was in the past?

7 MELANIE HARTZOG: It's definitely a
8 challenge as I mentioned and, and you acknowledge
9 it's about... well we estimate around 100 million
10 dollars, I think that we're more than well positioned
11 given how cautious we are with our debt service
12 estimates moving forward that it won't impact any of
13 our debt service or our bond ratings it's just a
14 matter of the ability to find savings and as we move
15 forward there may be other opportunities to find
16 savings and make up for that but yes, it does take
17 away the ability to use refunding's as an option to
18 find savings.

19 CHAIRPERSON DROMM: Alright, let me just
20 talk a little bit about UPK or three, three-K, I
21 think you said that 72 million dollars was put into
22 the DOE capital budget for Pre-K seats, how did you
23 determine that these... or how many of these Three-K
24 seats you would need?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MELANIE HARTZOG: So, my understanding of the methodology and I believe that DOE is actually coming up is it this week or next week and can speak more to the process in how they determine this but it's based on the estimated demand and looking at family applications to ensure that every family is offered a seat as well as what the capital needs are but that's the broad strokes and I think Department of Education is more than well positioned to speak to their methodology in greater depth.

CHAIRPERSON DROMM: Okay, so next when I... I'll also be at that meeting with the Education Committee so hopefully... [cross-talk]

MELANIE HARTZOG: I believe so but we're happy to see if we can set up a meeting with the leadership at DOE for you to understand better how that... [cross-talk]

CHAIRPERSON DROMM: Okay... [cross-talk]

MELANIE HARTZOG: ...is actually... the methodology that they use.

CHAIRPERSON DROMM: Okay, thank you.

MELANIE HARTZOG: Uh-huh.

CHAIRPERSON DROMM: Alright, yesterday or actually yesterday and this morning we released this

1
2 report which I worked on when I was Chair of the
3 Education Committee, its called Planning to Learn,
4 The School Building Challenge, it talks about the
5 need for additional seats in the DOE and one of the
6 recommendations that the administration developed a
7 formal process for determining Pre-K seat need and
8 make the data related to this process publicly
9 available so that's why we're going down this line of
10 questioning but will the... will OMB commit to working
11 with SCA to implement the recommendations in advance
12 of the next year five year DOE capital plan?

13 MELANIE HARTZOG: Chair I did receive the
14 report very late last night and I did not have the
15 opportunity to review it in any detail, I will commit
16 to doing that with my team here and have a
17 conversation with SCA and Department of Education
18 around what the report entails and perhaps just part
19 of a follow up conversation with you we can also talk
20 about the methodology that's currently in use and
21 what your recommendations are.

22 CHAIRPERSON DROMM: Okay, some of the
23 recommendations in here are also made to help with
24 site selection for schools that's one of the issues
25 that we've constantly faced with the school

1
2 construction authority is that often times seats are
3 funded but there are no sites to put them in so we
4 want to look at that process as well... [cross-talk]

5 MELANIE HARTZOG: Okay... [cross-talk]

6 CHAIRPERSON DROMM: ...we see that in, in
7 several city agencies and they're actively looking
8 for buildings and land to construct public buildings,
9 the city's looking to build directly or through
10 contract, new schools, homeless shelters, new
11 housing, new community centers, new jails, etcetera
12 and when we say community centers as well that's
13 something that's also very personally important to
14 me. What is OMB's role in the city's overall real
15 estate planning and the acquisition of sites for any
16 municipal purposes and does OMB play a role in
17 coordinating the use of sites acquired by the city?

18 MELANIE HARTZOG: So, it... what I would
19 say is that the lead on that is really DCAS in part,
20 city planning is also involved, there are many
21 agencies that are involved and OMBs at the table for
22 many of these conversations, what... in, in our
23 capacity which is to be looking at assessing what the
24 cost implications are and of course in... across our
25 agency as we see opportunities to leverage different

1
2 sites across our task forces we do that as well but
3 that is essentially our role in the process, we're
4 definitely not the leads but we're at the table.

5 CHAIRPERSON DROMM: Is there a certain
6 amount of money that OMB is willing to allocate or to
7 look at in terms of site acquisition?

8 MELANIE HARTZOG: It's, it's always part
9 of the process in our capital. For instance, in a
10 capital project when we're working with an agency
11 around what any cost may be related to acquisition of
12 the site but it's part of that process.

13 CHAIRPERSON DROMM: How do you determine
14 the amount of funding available in the capital plan
15 for site acquisition and for each agency?

16 MELANIE HARTZOG: It's very specific to a
17 particular project, it's not as if there's a, a... you
18 know a number that's set aside within the capital
19 plan in general, it's particular to a project always
20 and its part of the evaluation when you look at total
21 costs for that project.

22 CHAIRPERSON DROMM: Do you work directly
23 with SCA to... on site extricability and purchasing of
24 land for sites?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MELANIE HARTZOG: So, SCA as I understand through my team has a methodology that they use when determining of, of course their site acquisition which goes into their assessment of their capital plan and we're evaluating that but in terms of methodology of looking for, you know anticipating particular capacity needs they also have a methodology that takes into consideration what projected enrollment will be in a particular district as well as the long term housing needs and that is reflected within their capital plan.

CHAIRPERSON DROMM: One of the things that we were hoping for as a part of the recommendations made in this... in this... in this plan is that there would be more coordination between different agencies about city owned property that might be available particularly for schools so that's something I think that we'd like to work with you on more closely.

MELANIE HARTZOG: Absolutely, I'm happy to also have that... bring DCAs into that conversation because I know that the Commissioner has been doing a lot of work around coordinating on city owned property as well as city lease property.

1
2 CHAIRPERSON DROMM: Okay, thank you and
3 I'm going to turn it over to Chair Gibson.

4 COUNCIL MEMBER GIBSON: Hi. Thank you so
5 much and thank you once again Director for being here
6 and for answering all of our questions. I am really
7 looking forward to working with you in both our new
8 capacities in terms of understanding ways that we
9 both can improve, better coordination between the
10 council and OMB and certainly looking at some of our
11 agencies that have been doing a really good job of
12 achieving project estimates on time, capital
13 commitment rates and some of the agencies I've
14 highlighted I've had a chance to meet with personally
15 and looking at a lot of their best practices I think
16 is something that we in this city council want to
17 continue to look at so that other agencies can
18 develop some of those practices as well. So, the
19 Speaker talked about design build, I'm very familiar
20 with the concept, I joined him in Albany a few weeks
21 ago meeting with legislators, I was a former member
22 of the assembly so I'm familiar with the 11 days we
23 have left to adopt a state budget and in addition to
24 what Chair Dromm described in terms of the agency's
25 ability to use a design build mechanism talking to

1
2 some of the other agencies that are not familiar with
3 design build to what extent is OMB talking to these
4 agencies to look at their existing capital team? So,
5 in your testimony you talked a little bit about money
6 that's already been allocated to DDC and Parks for
7 pre-scoping and that's great and I applaud you for
8 that but I was asking other agencies what their
9 capital team looked like in terms of the architects
10 and the designers and some agencies acknowledged that
11 they do have vacancies in terms of not being able to
12 hire staff, not being able to retain them so are you
13 at that level talking to agencies about their capital
14 staff and how they could absorb a design build
15 mechanism where they can use it to the fullest
16 extent?

17 MELANIE HARTZOG: My, my team here is
18 always talking to the agencies around what their
19 needs are as I'm sure you know given our role in the
20 budget process and as it relates to their hiring of
21 staff I think that there's probably a number of
22 different practices that they could do and undertake,
23 there's always opportunity to learn from other
24 agencies and there's also the opportunity to go to
25 DCAS as we've talked about in our conversation before

1
2 we had this hearing around how best to leverage DCAS
3 in that process as well.

4 COUNCIL MEMBER GIBSON: Okay because I, I
5 certainly want to continue to have that conversation,
6 I mean I'm not, you know picking on any particular
7 agency but these commitment rates have, have really
8 been disturbing me because some of them are very far
9 below the citywide average and then you have some
10 agencies that are far above the citywide average and
11 it really speaks to a number of things, I mean
12 agency, executives, the mission, the staffing, some
13 of the challenges that each agency faces and so if
14 you look at, you know the New York City Housing
15 Authority all of these incredible announcements, the
16 unprecedented billions of dollars that we are
17 investing we just want New Yorkers to feel it on the
18 ground and I think because they don't understand the
19 budget capital process it's frustrating for us to
20 make these announcements with the Mayor and others,
21 commissioners and then years later we're still
22 waiting for these projects to come online. I think
23 that's the biggest frustration my colleagues and I
24 feel and so we just want to make sure that we're
25 looking at the staff of each agency and the capital

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

team that they have assembled and trying to give them additional support.

MELANIE HARTZOG: Agree with you, the resources that are... we've put a number of resources in place to some of the agencies that have the biggest portfolios... [cross-talk]

COUNCIL MEMBER GIBSON: Uh-huh... [cross-talk]

MELANIE HARTZOG: ...DDC is amongst them more than... over a thousand projects, Parks is another example, I think it's important to take into consideration also the magnitude of different projects that they have. DDC is an agency that has over 20 plus agencies as clients... [cross-talk]

COUNCIL MEMBER GIBSON: Okay... [cross-talk]

MELANIE HARTZOG: ...you know Parks has... [cross-talk]

COUNCIL MEMBER GIBSON: Right... [cross-talk]

MELANIE HARTZOG: ...their particular portfolio which is the largest of any of the agencies, so it was with that in mind that we put those resources in place. By all means am I... I'm not

1
2 suggesting that there's not more work that can be
3 done, I think that's part of the reason why we're
4 having ongoing conversations with the agencies around
5 what their resource needs are, how best we can
6 support them in getting projects done and I think the
7 other thing is working with Deputy Mayor Anglin who's
8 also.. I've been in many conversations about, about
9 how best to support the agencies in this process.

10 COUNCIL MEMBER GIBSON: Okay, the sheet
11 that you gave us on design build that lists some of
12 the major projects over various agencies in the city,
13 do you happen to know and I'm hoping that if you are
14 not able to answer we could get this information
15 later because I simply don't know, in the One Houses
16 in the assembly and the senate I do know that Kensico
17 Eastview which is a DEP project was included in both
18 the assembly and the senate One House which is
19 progress because that doesn't always happen but like
20 on NYCHA as an example Speaker Hasti [sp?] put a
21 measure for NYCHA design bid in the assembly One
22 House but it wasn't included in the senate so if
23 there's someone that could get back to us just in
24 terms of some of these projects and the reason I, I
25 say that is because it's very important over the next

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

few days to make sure that we can get this authority for some of these big bucket capital projects that we know design build will save time and save a tremendous amount of money and many of us will be still be alive and in office to see them come to fruition.

MELANIE HARTZOG: Before my hearing is over we will get you a list of... [cross-talk]

COUNCIL MEMBER GIBSON: Okay... [cross-talk]

MELANIE HARTZOG: ...the design build projects that are included in the assembly One House and in the senate so that you can... [cross-talk]

COUNCIL MEMBER GIBSON: Okay... [cross-talk]

MELANIE HARTZOG: ...see them.

COUNCIL MEMBER GIBSON: Okay, great, great. I wanted to ask and I, I just wanted to clarify and make sure so when the Speaker was talking about the capital budget process and some of the budget lines that he alluded to are you willing to commit with us to looking at some of the general budget lines that we typically receive in terms of how we can itemize some of those budget lines to look

1
2 at specific projects and delineate a little bit of
3 the, the large overly broad general budget lines that
4 the council has typically received?

5 MELANIE HARTZOG: I'm committed to
6 looking with the council on looking at various budget
7 lines where we do have in fact large projects and a
8 number of projects and how best to delineate them, I
9 will say that what we... and I'm sure that you agree
10 with me what we don't want to do is cause any delay
11 in any of the projects getting done, I think DEP is a
12 very good example where we have a number of different
13 contracts or I should say projects that are in a
14 broad category, those contracts are emergency
15 contracts very hard to predict when the next water
16 main break will be or for another urgent need, we
17 wouldn't want to obviously hamper their ability to be
18 able to respond to an emergency but another instance
19 is we've brought up Parks, we've had many
20 conversations about it and we're open to having
21 conversations about it.

22 COUNCIL MEMBER GIBSON: Right, okay, no I
23 agree, and I think this council's priority and
24 certainly the, the work we intend to do is really
25 about creating a balance. We recognize agency

1
2 flexibility, we recognize giving latitude to
3 agencies, but I do think to move forward for just a
4 greater understanding broadly the council and the
5 public that it's really good to try where we can to
6 make those improvements on itemizing some of our
7 general budget lines. So, I wanted to quickly go back
8 to the slide and I know your Deputy has talked about
9 the capital commitment rate slide not including
10 everything that we desire but if you look from FY '14
11 to FY '15 you talked a little bit about the
12 appropriations where they were rescinded for some
13 agencies, I think you mentioned two billion dollars
14 where the appropriations went down but if you noticed
15 there was an increase that it went back up a little
16 bit so I just wanted to know if you could highlight
17 for us what the change was that you identified where
18 the appropriations... if you look at FY '14 compared to
19 FY '15 but then it went back up in FY '16, the
20 appropriations amount versus the plan commitment so
21 you talked about rescinding projects so could you
22 expand a little bit on that and what happened during
23 that time because that's the beginning of our
24 administration together?

1
2 CHUCK BRISKY: Sure, so at every adoption
3 process we work with council staff and we look at
4 projects that have been in the... in the adopted budget
5 in the past and what appropriations are left over, we
6 sit down with council staff and we, we evaluate has
7 there been activity to, to take the most outliers
8 first, we look at a project and if it's been no
9 activity in the last three or four years then chances
10 are the project is finished and probably doesn't need
11 any future appropriation and we can zero it out and
12 we do that so we routinely go through that and look
13 at every single project, we make sure if it's a
14 council project that we're not taking appropriations
15 out that is needed and in looking at the
16 appropriations it's a balancing act between reducing
17 appropriations for projects we believe have basically
18 come close or complete to... have been completed and
19 those that still have activity going forward,
20 frequently there's retainage that has to be paid to
21 vendors in the end and so that has... you have to leave
22 appropriation available for these contractors
23 retainage, in case you don't know is we hold back
24 money to vendors to make sure they do the job to the
25 excepted standards that we put in our contract with

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

them so we retain money back. Once we sign off on the contract and the contract is done to our satisfaction we then have to release that money and so we have to... [cross-talk]

COUNCIL MEMBER GIBSON: Uh-huh... [cross-talk]

CHUCK BRISKY: ...keep appropriation in for that interim period until we sign off on a complete contract.

COUNCIL MEMBER GIBSON: Okay, so the plan for OMB to close the gap between the actual commitment and the plan commitments, the concrete steps that we're looking and Melanie you talked a little bit about that when we met, in terms of what OMB is looking to do to make sure that we can... to the best extent we can, right, with some of the unintended consequences and outliers that happen but the concrete steps that we're looking to take to close that gap can you describe a little bit of what you intend to do beyond what you've already done to date?

MELANIE HARTZOG: So, I, I think it's a combination of those things, right, one is that... what we talked about when we met is actually reflowing the

1 capital plan, I think one of the things that we've
2 talked about in our conversation prior to the hearing
3 today was that our capital plan in the, you know '19
4 and '20 is somewhat frontloaded and so we want to
5 reflow it, you know working with all of our agencies
6 to ensure that we are both reflowing the budget to
7 reflect the way that plan... the actual projects will
8 actually occur but also not in fact jeopardizing any
9 projects in that process so I think that's a real
10 balancing act for us in working with some of the
11 agencies around how best to do that. The other thing
12 that we're doing is we've put a number of, of actions
13 in place that we talked about today, I mentioned in
14 my testimony around getting to a point where the
15 agencies can have the resources that are there to
16 actually increase the commitment rate and so we think
17 that a lot of those actions will help get us there.
18 As you can see from your chart, I think if we go back
19 a couple but I think it's here that '17 we had a very
20 high rate and I think that really speaks to the work
21 that's been done within this administration along
22 with the council to really get our rates... capital
23 plan in mind and also our rates higher. So, that's
24 one thing and then as Chuck said as part of the
25

1
2 process at adoption we're always looking at where in
3 fact projects are coming to a close, where we can do
4 rescindments and that brings the appropriations more
5 in line with the commitments so those are the I would
6 say the broader three strategies that are in place
7 and working with the council always open to more.

8 COUNCIL MEMBER GIBSON: Okay, well I
9 appreciate you bringing up the frontloading because
10 I, I do notice that in some agencies most if not a
11 large majority of the capital plan is frontloaded in
12 year one so there's an expectation that a lot of the
13 capital work will proceed in that year one and not on
14 the outer years and so I think about a plan like the
15 construction of a brand new facility for DOC
16 correction officers, there's 100 million dollar
17 commitment but 90 million was frontloaded in year one
18 and the remaining ten was in the outer year. Just as
19 one example because I remember that in my head from
20 last weeks hearing and so to try to look at that in
21 terms of efficiency and improving the process there's
22 an assumption that an agency like that would be able
23 to begin, procure and start construction in year one
24 when a lot of that is not really a realistic

1
2 perspective of what that agency can achieve just as,
3 as one example.

4 MELANIE HARTZOG: You know I think DOC
5 was a really unique example in this case, you, you
6 recall that there is funding allocated within their
7 capital plan, we had plans to actually do work on
8 Rikers and then... [cross-talk]

9 COUNCIL MEMBER GIBSON: Uh-huh... [cross-
10 talk]

11 MELANIE HARTZOG: ...we went ahead and
12 moved towards our borough-based plan... [cross-talk]

13 COUNCIL MEMBER GIBSON: Right... [cross-
14 talk]

15 MELANIE HARTZOG: ...so that's a very
16 unique situation in terms of where... and we moved the
17 funding from the... that line into a new jail line to
18 be clear and transparent about where the funding sits
19 but obviously as we move forward we have the CPSD
20 study we'll have a better sense of what the costs are
21 and we'll reflow that appropriately but we plan to do
22 some of that within the executive budget.

23 COUNCIL MEMBER GIBSON: Okay. I had a
24 question about certificates to proceed and in your
25 testimony, you alluded to being able to cut your

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

approval time in half, can you expand on that a little bit and does that involved certificates to proceed?

MELANIE HARTZOG: Yes, it does and so part of what we've done is actually working with the agencies we're able to state... I think a good example of that is where we can standardize the process it's... you know whether it's purchasing of trucks, whether it's, you know a very straight forward, not a complex project and we can standardize it we have working with the agencies and that allows us to expedite our timeline. So, I think that's one of the good examples of how we've been able to cut our time in half.

COUNCIL MEMBER GIBSON: Okay, so there's a standard amount of time for a typical agency to get a certificate to proceed so I was told it's anywhere from 30 to 45 days is the average time but I know on some agencies because of the complexity of the project it could take longer maybe, 60 days so how is OMB monitoring this process to make sure that, you know within your own process you're holding these agencies to a level of standard but you're also doing it in a timely fashion where that certificate allows them to begin work?

1
2 MELANIE HARTZOG: So, as, as I said part
3 of this is we've, you know reduced our time in
4 processing in half in reviewing of CPs but it's also
5 about I think our task forces are very diligent
6 working with the agencies around reviewing capital
7 projects.

8 COUNCIL MEMBER GIBSON: Uh-huh...

9 MELANIE HARTZOG: What I will say is, it
10 is a process that we take very seriously, we cannot
11 have a situation where we go out... [clears throat]
12 excuse me... for sale of bonds where we, we have
13 projects that are not capitally eligible so the
14 process to review scopes has to be a very detailed
15 look to make sure that everything that's included in
16 a scope is in fact eligible where we can as I've said
17 we've streamlined that process and standardized it
18 for very... you know purchases that are capital
19 projects that are straight forward but it is true in
20 large scale, very complex projects it may take more
21 than, you know 30 to 40 days of conversations and
22 back and forth with the agencies to review... [cross-
23 talk]

24 COUNCIL MEMBER GIBSON: Okay... [cross-
25 talk]

1
2 MELANIE HARTZOG: ...to determine if
3 projects are capitally eligible.

4 COUNCIL MEMBER GIBSON: And in the unit
5 that you're talking about in OMB that handles the
6 certificates to proceed if OMB notices or identifies
7 any trends with repeated behavior by a particular
8 agency does that call attention to OMB that there
9 could be a greater issue that needs to be looked at
10 by the agency to help support that particular agency,
11 so average time, making changes to that particular
12 process but there could be and I'm sure there are
13 some agencies that still struggle where they're not
14 ready, their paperwork isn't in order and that CP is
15 not issued, there's more information that's requested
16 by OMB so you have to wait, I mean there's a lot of
17 internal things that happen but I also know that
18 trends to me describe potentially a bigger issue so
19 do you look at trends and patterns where the same
20 agencies are not fulfilling the proper requirements
21 for a CP and then that's cause for additional
22 oversight by OMB to look at that agency to figure out
23 what's happening and why they're not able to get
24 these CPs on time?

1
2 MELANIE HARTZOG: So, the first thing is
3 there are many task forces that touch on the capital
4 process, each task force is broken out by agency
5 area, we have the central capital... [cross-talk]

6 COUNCIL MEMBER GIBSON: Uh-huh... [cross-
7 talk]

8 MELANIE HARTZOG: ...unit, we have our bond
9 counsel that actually is a... also involved in the
10 process, there are many different task forces that
11 touch on it and I think that we do an excellent job
12 of communicating across the task forces when it comes
13 to our capital projects and in fact for our entire
14 expense and capital process. I think when you talk
15 about trends I think we have to understand that there
16 are very straightforward capital projects as I
17 mentioned I think Sanitation's... I don't want to
18 simplify all of their capital projects but, you know
19 its'... there's the purchasing of trucks and then
20 there's actually building, you know borough-based
21 jails that's a very complex process. What we do is in
22 working with the agencies able to identify where we
23 have very complex projects, the pre-scoping is a
24 critical component of that, it allows us to really
25 look at and delineate a scope of work very far in

1
2 advance before commitments are made, I think that's
3 an important step that we've put in place and on the
4 process of moving agencies and supporting them we've
5 also as I said invested resources in that way to help
6 them expedite the process on their end but I don't...
7 you know and just in terms of trend I think it's... the
8 nature of capital projects vary considerably across
9 agencies and even within some agencies. I'm sure
10 you'll hear from the Commissioner I believe who's
11 testifying, DDC right after me on it that there's,
12 you know a very vast majority of projects, the scope
13 of those projects varies across her various clients
14 which are other city agencies so, you know it's...
15 trends aren't necessarily there, its complexity of
16 the projects and nature of the projects those are the
17 things that really matter there and I think we do a
18 very good job, there's always room for improvement on
19 getting in when we can ahead of time to be able to
20 delineate a clear scope before the project begins so...
21 as well as giving the agency resources within to do
22 that as well.

23 COUNCIL MEMBER GIBSON: Okay, no I
24 appreciate that, I, I just think that some agencies
25 do a far better job than others and we have to

1
2 essentially whip these agencies into shape, those
3 commitment rates that I have seen are nothing to be
4 impressed by, nothing to be satisfied by and
5 certainly they can and should improve and the
6 expectation I have and my colleagues is working with
7 our agency heads and working with OMB to make sure
8 that the process can be reformed so I'm looking
9 forward to more conversations on that. I just had a
10 question about the reasonable capital cost and
11 spending controls, I think one of the challenges that
12 my colleagues and I have is understanding why some of
13 our projects cost so much and for those of us that
14 have term limits its hard to figure out how to
15 allocate all of our funding for projects that
16 sometimes seem like they're a little bit exorbitant
17 in terms of cost so Parks Department Comfort Stations
18 that are ranging at two million dollars is concerning
19 to us and the price continues to grow, school
20 projects are very expensive and the price continues
21 to grow so I wanted to understand from OMB's
22 perspective how do you monitor capital project cost
23 and ensure that they are what we can best define as
24 reasonable, how do we ensure that somebody's projects
25 are reasonably, you know projected and how can we

1
2 offer some suggestions or recommendations on doing
3 something to level out the cost of many of these
4 projects, I'm sure you get what I'm asking?

5 MELANIE HARTZOG: I do, and I think you
6 brought up a very good example in the Comfort
7 Stations, I think that's one in which Parks has now
8 moved towards a standardized design and it's, it's
9 going to be far less variable in terms of cost on
10 that front and so that's an example. On the school
11 side what I will say is, you know that is one of the...
12 you're talking about school construction, different
13 components go into that whether we're talking about a
14 Pre-K which has different standards versus a Three-K
15 versus a K through 12 and so depending on the
16 condition of where we're building or the condition of
17 the building that we're building in there's a
18 significant variance in cost it also has to do with
19 the regulations and the requirements, you know early
20 childhood regulations verses what the regulations are
21 for a K through 12 setting and if you're building in
22 a K through 12 setting to go and downsize to a Three-
23 K, you know there's other factors to consider there
24 as well so that's... those are all factors that I think

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

would have far more variable cost than should a
comfort station have, we agree with you... [cross-talk]

COUNCIL MEMBER GIBSON: Okay... [cross-
talk]

MELANIE HARTZOG: ...and Parks is actually
taking steps to rectify that...

COUNCIL MEMBER GIBSON: Does OMB do a
cost benefit analysis at all for any of these capital
projects?

MELANIE HARTZOG: We're always in the
process in looking at capital projects even before,
you know we get to the commitment stage of an agency
coming to various task forces with different capital
project needs, within that we're looking at what the
costs are and again it's looking at what the detailed
scope is, what are we trying to accomplish with this
project, how much will that cost, do we have a
detailed enough scope to be able to look at capital
eligibility, what are the benefits of this project
over the course of the capital plan and over the
lifespan of the project so those are all factors that
we consider in assessing a capital project.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COUNCIL MEMBER GIBSON: Okay, so are you saying that a comfort station will no longer cost two million dollars under this standardized design?

MELANIE HARTZOG: I'm saying that a comfort station will now have a, a far more standardized cost moving forward, and it will not...
[cross-talk]

COUNCIL MEMBER GIBSON: Okay... [cross-talk]
talk]

MELANIE HARTZOG: ...vary as much as it has... [cross-talk]

COUNCIL MEMBER GIBSON: ...as it has...
[cross-talk]

MELANIE HARTZOG: ...in your experience...
[cross-talk]

COUNCIL MEMBER GIBSON: Okay, something that we can look at long term in terms of projections and say that this is the average amount, but we won't really go above or beyond that much, right... [cross-talk]
talk]

MELANIE HARTZOG: Chair that is the goal.

COUNCIL MEMBER GIBSON: Okay.

MELANIE HARTZOG: That is the goal.

1
2 COUNCIL MEMBER GIBSON: Okay, I'm glad to
3 hear that, I... [cross-talk]

4 MELANIE HARTZOG: Yes, I agree with you...
5 [cross-talk]

6 COUNCIL MEMBER GIBSON: ...I think my
7 colleagues and our Chair of the Parks Committee is
8 very happy to hear that standardized designs, I mean
9 again that's just one example, I mean there are many
10 more, I think it's just frustrating because we want
11 to make sure public taxpayer dollars are used wisely
12 and efficiently and if we can construct or renovate a
13 full park at the placement of a comfort station and
14 that's something, you know members have to decide on
15 what's most important, while we want everything we
16 know we do have to prioritize but if we can make cost
17 estimates and projections ahead of time I think that,
18 you know allows us an opportunity to fully understand
19 the process better. Okay, so I thank you so much, I'm
20 going to turn this back over to Chair Dromm.

21 CHAIRPERSON DROMM: Thank you Chair
22 Gibson, we do now have some questions from Council
23 Members, we'll start with Council Member Grodenchik
24 followed by Adams and then Rosenthal. We've also been
25

1
2 joined by Council Member Rosenthal and Council Member
3 Cumbo.

4 COUNCIL MEMBER GRODENCHIK: Thank you Mr.
5 Chair, Madame Chair, good morning Director Hartzog I,
6 I keep thinking Hertzog, but I know you've got an A
7 in there somewhere so I'm going to try, I'm not
8 Garodnick I'm Grodenchik so I get it. I do want to
9 say on behalf of all New Yorkers who need to go to
10 the bathroom I thank you for your last comment, it is
11 exceedingly difficult to understand myself and every
12 New Yorker why it takes the city of New York so long
13 to produce a bathroom hopefully we will do better in
14 the future. I do want to associate myself strongly
15 with Speaker Johnson and the two Chair's remarks this
16 morning. In my short time as Parks Chair which is
17 just a little bit longer than you've been Director of
18 OMB I have met with a lot of people and I'm going to
19 work very hard with Chair Gibson, with Chair, Chair
20 Dromm, Chair Johnson... Speaker Johnson, the other
21 members... the other... committee members and especially
22 Ritchie Torres and oversight and guidance to work
23 with you to wrestle this 800 pound gorilla to the
24 ground, we are really not doing well by New Yorkers
25 but I am pleased to hear this morning that you are

1
2 going to be devoting extra resources up front so that
3 the process can go by more smoothly. I did meet with
4 Parks yesterday, with Therese Braddick who've I've
5 known for many years, she's a consummate professional
6 but the amount of time that it takes to get anything
7 done and we do highlight the bathroom because let's
8 face it everybody needs to go every now and then but
9 we, we do highlight that because it has taken in some
10 cases a dozen years to get a bathroom constructed in
11 New York City parks but that was before you were OMB
12 Chair. I am concerned about a couple of things this
13 morning, last week when we had Corrections in before
14 the capital subcommittee I asked the Commissioner of
15 Corrections when was the last time that the city of
16 New York built a jail and the short answer is that it
17 was 1991 which is 28 years ago, that's a long.. 27
18 years ago, I'm sorry. So, I am wondering since you're
19 in charge of all the money and you have a very, very
20 important job for the city of New York what
21 safeguards are we going to build in, we're going to
22 spend billions of dollars if, if the close Rikers
23 plan comes to fruition we're going to spend billions
24 of dollars on constructing new correction facilities
25 and I am concerned that those monies be spent wisely

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

because there really is nobody at Corrections, the last person who oversaw the, the building of a jail is probably sitting on a beach somewhere collecting his New York City or her New York City pension so what safeguards do we have?

MELANIE HARTZOG: Wow Chair no pressure, huh two months... [cross-talk]

COUNCIL MEMBER GRODENCHIK: No pressure... [cross-talk]

MELANIE HARTZOG: ...in and... [cross-talk]

COUNCIL MEMBER GRODENCHIK: ...no pressure... [cross-talk]

MELANIE HARTZOG: ...managing the largest budget... [cross-talk]

COUNCIL MEMBER GRODENCHIK: ...I'll give you... [cross-talk]

MELANIE HARTZOG: ...and... so, one of the reasons why we thought it was so critical for us to do the CPSD study here was because of the fact that you just mentioned. This is a significant undertaking, it is one in which we have a, a number of variables in place here and that we want to make sure moving in that we have a very strong sense of what the costs are, a clear sense of design so I

1 think that's exactly why we're doing the CPSD study,
2 I think it will be very informative. Our experience
3 has been in these studies when we've done them and we
4 look at... you know informally our final bids that come
5 in compared to where we were they're very much in
6 line and so that the cost overruns, change orders,
7 etcetera get reduced when we're actually doing far
8 more advanced pre-scoping work on projects of this
9 complexity in nature, we agree with you, there needs
10 to be very... a clear sense of where we're going in
11 terms of the design, a clear sense of cost and that
12 we stay within line of what our projected costs are,
13 exactly why we're doing the study.

14 COUNCIL MEMBER GRODENCHIK: Well I thank
15 you for that, you got a lot of people here today, I
16 only have one person here today, but you've got a lot
17 and they're very smart people. Mr. Chair with your
18 indulgence I just want to make a comment, I'm not
19 going to ask you to, to comment but as the NYCHA Alum
20 I am very, very concerned that the city is not
21 devoting enough of its extensive resources to the
22 capital reconstruction that needs to happen there,
23 the latest figures are up to 25 billion dollars, they
24 are mind boggling to me and to everybody else on this
25

1
2 panel and I'm sure to you as well and so I've heard
3 from, from you in the past, I've heard from the Chair
4 of NYCHA, I have heard from the Commissioner of
5 Housing Preservation and Development that the
6 resources that are being devoted by the city are
7 unprecedented but I would just suggest to you and I
8 hope you will take this message back to the other
9 side of city hall they are not nearly enough. If
10 NYCHA fails and it's on its way to failing we will
11 have a homeless epidemic that will make the current
12 epidemic look like a non-starter, so Mr. Chair I
13 thank you for indulging me for those extra seconds
14 and I thank you Director Hartzog, I look forward to
15 working with you, thank you very much.

16 CHAIRPERSON DROMM: Thank you, Council
17 Member Adams followed by Rosenthal.

18 COUNCIL MEMBER ADAMS: Thank you very
19 much, much Mr. Chair. Welcome once again Madame
20 Director and Mr. Deputy Director, we certainly do
21 appreciate your time today and your testimony before
22 this committee. On behalf of the many, many residents
23 of Southeast Queens you did reference the 1.1 billion
24 dollars that was put into flood mitigation for
25 Southeastern Queens, we do thank you for that. We've

1
2 had decades of proportionate flooding in Southeast
3 Queens and it took a very, very long time for anyone
4 to pay attention and to take that condition seriously
5 and for that we are very, very grateful for your
6 commitment and for your work in helping to mitigate
7 that issue. With that said a lot has been said this
8 morning about variances on your capital commitment
9 rates and, and other types of disparities in
10 percentages and fluctuation, my concern is as is
11 Chair Gibson, she referenced the capital projects
12 cost and just to take a look at transparency just a
13 little bit we see... we've noticed this morning the
14 differences in those... in percentages in different
15 ways but we know that there is a capital budgets
16 tracker that its only for budgets of 25 million
17 dollars or more through the Mayor's Office but what
18 else can the city do to increase public transparency
19 of capital budget spending, what else can the city
20 do?

21 MELANIE HARTZOG: So, the first thing to
22 just point out I believe the, the tracker is not just
23 for capital projects but for all expense and capital
24 projects, 25 million or over and I think, you know
25 just in terms of that it speaks to what could be done

1
2 after the fact and what... you know we've been talking
3 about today is the work that we are trying to do
4 perspective to get ahead of this, we recognize that
5 there's additional resources that are needed in the
6 agencies to actually expedite their projects, we've
7 put resources in place by no means am I saying that
8 our work is done. As the Chair pointed out, both
9 Chairs we still have more work to do and so I think
10 there's, you know ongoing conversations about what
11 more we can do. On the transparency front we've also
12 talked about the fact that there are in fact, yes the
13 council does have the opportunity at adoption to vote
14 on very detailed project lines, those lines do get
15 for certain projects rolled up in certain agencies
16 and can some of those be delineated in more detail
17 and we're open to having that conversation too, we
18 value transparency, we value the council's role in
19 adopting the budget, it is a partnership and we
20 absolutely want to make sure that the council has the
21 transparency that is needed.

22 COUNCIL MEMBER ADAMS: Thank you. I just
23 had one more thing to reference, Chair Dromm did
24 reference Three-K and the, the issues around that, we
25 came back to DOE, if I can just have just a second to

1
2 just speak to the fact that the state executive
3 budget proposed capping school building aid and if
4 this proposal were actually enacted what does OMB
5 anticipate the impact would be on the city school
6 capital program in the long term?

7 MELANIE HARTZOG: We do anticipate that
8 it would have an impact and you know we've been
9 working very aggressively in Albany pleased that the
10 councils also voiced their concerns around the.. all
11 of the cuts that are being proposed but in particular
12 this one but yes, it would have an, an impact on our
13 school building aid.

14 COUNCIL MEMBER ADAMS: Thank you very
15 much.

16 CHAIRPERSON DROMM: Okay, Council Member
17 Rosenthal.

18 COUNCIL MEMBER ROSENTHAL: Thank you so
19 much Chair Dromm and Gibson, really appreciate it,
20 Director it's always great to see you, you have an
21 amazing team, thank you for all your hard work.

22 MELANIE HARTZOG: Thank you for
23 recognizing them they are amazing, I appreciate that.

24 COUNCIL MEMBER ROSENTHAL: I, I can tell
25 you 20 times over and really worked with some of them

1
2 and they're great. I was wondering, and this is a
3 question I ask every year so it's not a trick
4 question, if anyone in your staff uses the cost
5 overrun report that was... that came out of Local Law
6 18 and if it's of any use to anyone at OMB? You can
7 say no, it's, it's a city law but... I'm okay, I didn't
8 write it.

9 MELANIE HARTZOG: I, I can't speak for
10 everyone of our, our staff but I most certainly know
11 that they are aware of the report, I think that as
12 we've talked about before one of the things with what
13 we're trying to do in the capital plan is, yes, we
14 know that there are cost overruns, how do we get
15 ahead of it. I think that report is a good way of
16 looking at what some of the components of cost
17 overruns will be for particular projects that could
18 help inform the process as we look at... [cross-talk]

19 COUNCIL MEMBER ROSENTHAL: I appreciate
20 that... [cross-talk]

21 MELANIE HARTZOG: ...the scoping... [cross-
22 talk]

23 COUNCIL MEMBER ROSENTHAL: ...I'm not sure
24 I think that... [cross-talk]

25 MELANIE HARTZOG: No, okay... [cross-talk]

1
2 COUNCIL MEMBER ROSENTHAL: So, I'd be
3 really interested in following up to see... [cross-
4 talk]

5 MELANIE HARTZOG: Sure... [cross-talk]

6 COUNCIL MEMBER ROSENTHAL: ...whether or
7 not you think that's an effective report at all. Let
8 me tell you one reason why, as we've been looking at
9 the MTA costs where, you know their capital costs are
10 ten times higher than the cost in, you know Paris for
11 example where they have to build around the... they
12 have to tunnel around the catacombs and it costs ten
13 times less money than it does for the MTA. One of the
14 reasons as we've pulled it out is that they're really
15 for the MTA are not a lot of bidders that over a
16 period of time, over the history for a variety of
17 reasons hurdles have gone up that have kept other
18 companies from bidding at all and so now we're down
19 to one or two bidders of course the costs are way too
20 high... [cross-talk]

21 MELANIE HARTZOG: Uh-huh... [cross-talk]

22 COUNCIL MEMBER ROSENTHAL: ...and there's
23 room for lots and lots of padding. Do you think... this
24 is something I mentioned to Commissioner Trottenberg
25 about the DOT capital bids and she also acknowledged

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

that on some of her capital projects there aren't that many companies that can do the work, do you think it would be... would I... could I ask you to look into that idea and see whether or not... look at the cost overrun report and see whether or not it would be possible to add as one of the little findings as you report on cost overruns for the original project how many bidders there were for that project.

MELANIE HARTZOG: I'd be happy to talk with Dan Simon over at MOCS about that.

COUNCIL MEMBER ROSENTHAL: Uh-huh. Okay, great. And I'm wondering do you still have E-Value Engineering Department?

MELANIE HARTZOG: We do, we use it all the time.

COUNCIL MEMBER ROSENTHAL: And do you ever track, could you take a project... like how many projects do they work on over the course of the year; three, five? I think they're... I mean I remember when Jill Woller won the Sloan Award they're an amazing division.

MELANIE HARTZOG: Probably closer to about 15 projects.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COUNCIL MEMBER ROSENTHAL: 15... [cross-talk]

MELANIE HARTZOG: ...per year.

COUNCIL MEMBER ROSENTHAL: Could you look at starting three years ago but certainly prospectively of those projects that you look at over the course of the year what has over time played out in terms of cost overruns and CPs and conditions stuff like that. Yes?

[off-mic dialogue]

MELANIE HARTZOG: Yes, we could do... [cross-talk]

COUNCIL MEMBER ROSENTHAL: I knew that was coming. Alright, really good. And then lastly at a deference to the Chairs and other Council Members just to muck things up about the bathrooms in parks, I recently met with a group that can do solar panels on the roof of the comfort station that would produce the energy necessary to make the thing work. When we were looking at the details of the comfort station... you're already looking at that? Yes... no?

MELANIE HARTZOG: No, we, we were... [cross-talk]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COUNCIL MEMBER ROSENTHAL: Oh okay..

[cross-talk]

MELANIE HARTZOG: ...just saying we hadn't...

[cross-talk]

COUNCIL MEMBER ROSENTHAL: When we looked at... [cross-talk]

MELANIE HARTZOG: ...hadn't had that conversation but we're happy to have it with Parks.

COUNCIL MEMBER ROSENTHAL: Great because when we looked at the details of it there are really two things driving the cost, I mean now you've taken care of the standardizing... you know it... the structure, really appreciate that but one is running the electricity and other... the second is running the plumbing which is a real challenge but I think solar might be able to address one or two of those things, I don't know you know better than I do so if you could look into that and let us... [cross-talk]

MELANIE HARTZOG: Sure... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...know that'd be great.

MELANIE HARTZOG: Absolutely.

COUNCIL MEMBER ROSENTHAL: Thank you very much.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 CHAIRPERSON DROMM: Okay, thank you,
3 Council Member Cumbo.

4 COUNCIL MEMBER CUMBO: Thank you Chair
5 Dromm and Chair Gibson. I wanted to jump right into
6 talking about the BQX, the BQX is the project that is
7 being discussed that would be participating and going
8 through my district as well as I believe about six or
9 seven other council members, where are we with that
10 project in terms of the timeline, it's budget and how
11 will it be paid for?

12 MELANIE HARTZOG: We're, we're still in
13 the assessment process of that.

14 COUNCIL MEMBER CUMBO: Do you have an
15 estimate of how much it's going to actually cost in
16 capital and what is that... what is the projected
17 timeline?

18 MELANIE HARTZOG: Not at this time, we
19 don't have that yet.

20 COUNCIL MEMBER CUMBO: So, there's no
21 information about it at this time?

22 MELANIE HARTZOG: It's undergoing an
23 extensive review, there's... as you've said it runs
24 through your district, many districts thinking about
25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 what the streets, etcetera... the... it's a pretty
3 extensive review that's happening now.

4 COUNCIL MEMBER CUMBO: Do you have any
5 plans in this current budget cycle or this year of
6 having sit downs or discussions with all of the
7 Council Members whose district the BQX is slated to
8 run through?

9 MELANIE HARTZOG: You know Council Member
10 I can't speak to the process of engaging but I'm
11 happy to go back and have conversations with our
12 intergovernmental around that.

13 COUNCIL MEMBER CUMBO: That would be very
14 important because this is a huge project as it's
15 slated from what I've seen it's 1.9-billion-dollar
16 project so something of this caliber and scale it
17 would be tremendously important for Council
18 colleagues to be a part of the planning process on
19 the frontend versus the backend of those discussions.
20 I wanted to talk about MWBE's, so when we first came
21 into office and I asked this question at the last
22 hearing, I was under the understanding that the city
23 does about four... I'd say about 4.9 percent of the
24 city's contracts go to MWBE's across the city, do we
25 know now where we have moved that, what are our goals

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 and in addition there was also 20 million dollars
3 allocated by Mayor De Blasio to help organizations
4 and companies with bonding, insurance and loans that
5 would be needed in order to apply for many of the
6 projects throughout the city, where are we currently
7 with our MWBE goals?

8 MELANIE HARTZOG: So, on the contracting
9 financing loans they've spent a total of 4.7 million
10 and given out 24 loans...

11 COUNCIL MEMBER CUMBO: Say that again for
12 me please.

13 MELANIE HARTZOG: Sure, the.. on the
14 contract financing loans on.. I believe that's what
15 you were asking for.. [cross-talk]

16 COUNCIL MEMBER CUMBO: Uh-huh... [cross-
17 talk]

18 MELANIE HARTZOG: ...Council Member, it's a
19 total of 24 loans at a total of 4.7 million.

20 COUNCIL MEMBER CUMBO: And that's been
21 over the course of what period of time?

22 MELANIE HARTZOG: About two and a half
23 years.

24 COUNCIL MEMBER CUMBO: So, over two and a
25 half years only 4.7 million has gone out the door?

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 MELANIE HARTZOG: Yes, and I'm, I... yes.

3 COUNCIL MEMBER CUMBO: I was under the
4 impression that that was an annual allocation that
5 would be spent annually in order to ramp up these
6 particular businesses and companies, do you have any
7 idea where we have moved as far as the amount of
8 contracts that the city is doing as far as MWBEs?

9 MELANIE HARTZOG: You know Council Member
10 I wasn't prepared to have a conversation about this
11 because this is on the expense side and not on the
12 capital side but I'm happy to have a follow up
13 conversation with you on MWBEs and where we are, I
14 know we had a couple of questions that we owe you for
15 preliminary and we are getting those answers to
16 council finance and to the Chair within the next two
17 weeks but happy to have a conversation with you more
18 directly about MWBEs.

19 COUNCIL MEMBER CUMBO: So, on an annual
20 basis at this time we don't know if we've moved it
21 from 4.9 to 6.9 or 15.9, we don't have any idea where
22 we are?

23 MELANIE HARTZOG: I'm just not prepared
24 to answer questions on the expense side, I, I really

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 came here to do the capital side of this and you know
3 I, I'm just not prepared on this side.

4 COUNCIL MEMBER CUMBO: Okay. On the
5 capital side this is where this question is, is
6 because this is where these MWBE's would be able to
7 participate and become a larger part of our city's
8 budget and contracts, I can't say I'm not
9 disappointed that we don't have greater information
10 about that because if we don't have those numbers
11 then it means that as a city we're not carefully
12 tracking it, we're not... we're not... [cross-talk]

13 MELANIE HARTZOG: That's not at all what
14 it means, those loans are on the expense side of the
15 budget, I am here to talk about the capital plan and
16 so I... [cross-talk]

17 COUNCIL MEMBER CUMBO: And why can't we
18 get those... [cross-talk]

19 MELANIE HARTZOG: ...just wasn't... [cross-
20 talk]

21 COUNCIL MEMBER CUMBO: ...loans out
22 quicker?

23 MELANIE HARTZOG: Again happy... [cross-
24 talk]

25 CHAIRPERSON DROMM: Well... [cross-talk]

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 MELANIE HARTZOG: ...to have a conversation
3 with you offline around the MWBEs, I was just
4 prepared to come here today to talk about the capital
5 budget.

6 CHAIRPERSON DROMM: Council Member Cumbo...
7 [cross-talk]

8 COUNCIL MEMBER CUMBO: Okay... [cross-talk]

9 CHAIRPERSON DROMM: ...in fairness to
10 everybody we did not expect an expense question to be
11 brought up here, but we will definitely follow up on
12 that for you and get back to you, okay because it is
13 a major... it is a very important point. Okay, I do
14 want to say that we were joined by Council Member
15 Lancman. Okay and I think that is going to end this
16 portion of the hearing and I think that we will call
17 DDC shortly. Alright, and so we're going to take a
18 ten-minute break and then we'll come back. I want to
19 thank you very... [cross-talk]

20 COUNCIL MEMBER GIBSON: Thank you so
21 much... [cross-talk]

22 CHAIRPERSON DROMM: ...much for your...
23 [cross-talk]

24 MELANIE HARTZOG: Thank you... [cross-talk]

25 CHAIRPERSON DROMM: ...testimony.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER GIBSON: We appreciate
3 your cooperation and your willingness to work with us
4 as a partner, thank you so much to you and your
5 Deputy for being here.

6 MELANIE HARTZOG: Thank you Chair.

7 COUNCIL MEMBER GIBSON: Thank you.

8 CHAIRPERSON DROMM: Okay, good afternoon.

9 My name is Daniel Dromm and I Chair the Finance
10 Committee, we are joined today by the Subcommittee on
11 Capital Budget Chaired by Council Member Vanessa
12 Gibson. We just heard OMB Director Melanie Hartzog,
13 we will now hear testimony from Commissioner Ana
14 Barrio of the Department of Design and Construction.
15 DDC's fiscal 2019 preliminary expense budget totals
16 155.9 million dollars and 195.9 million dollars
17 decrease over the fiscal 2018 adopted budget. This
18 decrease as of the preliminary plan is expected and
19 consistent with the natural ebb and flow of DDC
20 contract budget throughout the fiscal year. By way of
21 comparison DDC's fiscal 2018 budget as of the
22 preliminary plan is 526.2 million dollars and we
23 expect that the fiscal 2019 budget will eventually
24 rise to similar levels. In addition, in the
25 preliminary commitment plan DDC manages 9.2 billion

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 dollars in capital projects an increase of 738
3 million dollars when compared to the fiscal 2018
4 adopted plan. And now I'd like to turn this over to
5 our Subcommittee Chair on Capital Budget Vanessa
6 Gibson for her statement.

7 COUNCIL MEMBER GIBSON: Thank you so much
8 Chair Danny Dromm, it's great to be here, good
9 afternoon Commissioner to you and your team. I am
10 Council Member Vanessa Gibson of the 16th district in
11 the Bronx and I'm proud to serve as the Chair of the
12 newly formed Subcommittee on Capital Budget. It's an
13 honor and a privilege, I'm looking forward to working
14 with DDC as well as all of our agencies on how we can
15 make improvements to the capital budget process. I
16 want to thank our Speaker for joining us earlier
17 today at our hearing that began with the Office of
18 Management and Budget and certainly in the interest
19 of time I want to keep my remarks very brief and I
20 don't often do that but truly we are grateful to be
21 here and recognizing when DDC was created back in
22 1995 the idea and the mission was to centralize
23 expertise in both the design and construction in one
24 agency that can really work with all of the city
25 agencies who have operating programs. This

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 afternoon's hearing is the first opportunity for our
3 newly formed Subcommittee on Capital Budget to
4 publicly review DDC's budget and to hear directly
5 from the agency about how they are fulfilling their
6 core mission and meeting the performance expectations
7 that have been developed over the past 23 years. I
8 look forward to working with you Commissioner and
9 your team at DDC and I look forward to today's
10 conversation. We've talked a lot in the capital
11 budget process about design build, about agency
12 appropriations, about capital commitment, the capital
13 plan, timeline, budget, cost, estimates, capital
14 renovations as well as understanding sometimes why
15 projects are delayed, some of the outliers and some
16 of the unintended consequences and certainly DDC as a
17 partner as a critical partner oversees a number of
18 agencies, your agency is very, very crucial for us to
19 talk about the capital process. So, I'm looking
20 forward to hearing from you and your team today and I
21 thank you for being here and I want to thank the
22 finance staff led by Latonia McKinney and all of our
23 agency heads for putting today's hearing together. I
24 turn this back over to our Chair, Danny Dromm.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 CHAIRPERSON DROMM: Thank you very much
3 Chair Gibson and now I will hear testimony from
4 Commissioner Barrio, I'm going to ask Counsel to
5 swear you in.

6 COMMITTEE CLERK: Do you affirm that your
7 testimony will be truthful to the best of your
8 knowledge, information and belief?

9 ANA BARRIO: Yes.

10 CHAIRPERSON DROMM: Okay and Commissioner
11 Barrio would you like to start?

12 ANA BARRIO: Thank you Chairperson Dromm,
13 good afternoon and good afternoon also to
14 Subcommittee Chair Gibson and members of the
15 Committee. I'm Ana Barrio, Acting Commissioner of the
16 New York City Department of Design and, and
17 Construction and I am very happy to be here today
18 before the committee for the first time in my new
19 role. I'm joined today by my... to my right is my
20 Deputy Commissioner of Public Buildings, Tom Foley
21 and to my immediate left is my Deputy Commissioner of
22 Infrastructure Eric Macfarlane and to my far left is
23 my Chief Administrative Officer, Justin Walter as
24 well as members of my senior leadership seated to my
25 right. I want to acknowledge up front that I look

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 forward to discussing with the finance... with the
3 finance committee and the capital subcommittee ways
4 to improve project delivery and to build upon prior
5 conversations on this subject. As the city's primary
6 capital construction delivery agency and I thank the
7 council... the council for creating DDC back in 1995,
8 1996. The funding for our projects is provided by 27
9 city agencies that we currently collaborate with. For
10 fiscal year 2018 our operating budget is 526 million
11 dollars, the operating budget is comprised of 128.3
12 million for personnel services with a budgeted head
13 count of 1,570 and 397.9 million for other than
14 personnel services. The funding breakdown of DDC's FY
15 '18 operating budget is as follows; 133 million in
16 IFA funds, 356.5 million in federal funds, 100... 17.1
17 million in city funds, and 19.5 million in interest
18 city funds. As of the January plan DDC's FY '19 total
19 agency operating budget is 155.9 million, this
20 includes 123.6 million for personnel services with a
21 budgeted head count of 1,453 and 32.3 million for
22 other than personnel services. The funding breakdown
23 of the FY '19 operating budget is as follows; 134.4
24 million in IFA funds, six million in federal funds,
25 and 14.7 million in city funds. As you know since

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 this inception in 1996 DDC has completed more than
3 4,300 projects with a capital value of more than 21
4 billion dollars, we continue to grow as an agency and
5 in portfolio size. Today DDC is managing 957 active
6 projects, 449 in public buildings portfolio and 4.1
7 billion in infrastructure... pardon me, 508 projects in
8 infrastructure valued at 9.8 billion for a total of
9 more than 13.8 billion dollars. I have often been
10 asked how DDC prioritizes the projects that are given
11 to us to design and build, I, I just want to be clear
12 that DDC treats every single project the same way no
13 matter it's location, it's size or it's funding
14 source, we want to see every project to be delivered
15 on time and on budget for all the communities of the
16 city. As mentioned we work on projects for 27
17 different client agencies, I've listed them all here,
18 I will say them very quickly; Administrative for
19 Children's Services, Department for the Aging,
20 Citywide Administrative Services, Cultural Affairs,
21 Environmental Protection, Homeless Services,
22 Correction, Health, DoITT, DOT, Department of
23 Personnel, Department of Sanitation, Parks, FDNY,
24 Housing Preservation Development, HRA, Human
25 Resources Administration, HRO, Housing Recovery

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 Office, the three library systems; Brooklyn, New
3 York, and Queens, the Mayor's Office to Combat
4 Domestic Violence, the Mayor's Office of Criminal
5 Justice, NYPD, the Office of the Chief Medical
6 Examiner, OEM, Office of Recovery... Resiliency and
7 Recovery, and TLC. From March 2017 to the present DDC
8 has started or completed many important projects. In
9 the past year we have started design on 127 projects
10 valued at 1.3 billion dollars. We started
11 construction on 137 projects valued at 1.6 billion.
12 We completed 127 designs valued at 1.7 billion and
13 reached substantial completion on construction of 124
14 projects with a total value of 1.4 billion dollars.
15 Some of the important work that we've completed over
16 the last year includes in May of last year the
17 Woodstock Library in the Bronx, we opened after
18 renovation, made it accessible. The Brooklyn Public
19 Library opened a, a beautiful new reading garden at
20 its Parks location. A design that I might say was
21 done in house by DDC and I will talk more about an
22 in-house plan later on in my testimony and the
23 residents of Bedford Stuy saw the historic Billie
24 Holiday Theatre expanded and updated. In July we
25 broke ground on the Bronx Children's Museum which

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 will bring new educational opportunities to the
3 borough and we joined DOT and the local American
4 Legion to open the Myrtle Cooper Plaza in Glendale,
5 Queens and an MWBE contractor began work on Diversity
6 Plaza in Jackson Heights which I'm very proud to say
7 is on budget and on schedule for a completion this
8 summer. In August we broke ground on a new home and
9 studio for the non-profit Dancewave in Brooklyn, a
10 project with a 50 percent MWBE component that is also
11 currently on time and on budget. We also joined
12 borough President Katz to celebrate the Women of
13 Queens and, and dedicated the new Women's Plaza at
14 Queensboro Hall, a project also designed by our in-
15 house team and with our partners at DEP we completed
16 the largest ever expansion of the Bluebelt system in
17 the Woodrow area of Staten Island, a 44-million-
18 dollar project that came in four million dollars
19 under budget. In September after working with an
20 incredibly difficult contractor, I'm very proud to
21 say that there were 200 community members who joined
22 us to reopen in the reopening and expansion of the
23 renovated Kew Gardens Hills Library in Queens. And in
24 November we celebrated the successful reconstruction
25 of Main Street in Flushing which widened the

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 sidewalks, calmed the traffic and upgraded
3 infrastructure in the city's second busiest
4 pedestrian corridor after Times Square. Last month we
5 reopened two libraries in Brooklyn on schedule, the
6 Marcy Branch and the Mill Basin branch which both
7 received upgrades that improved the environmental
8 efficiency and we began a project to enhance the
9 Jack's Pond branch in Staten Island, another critical
10 element of the Bluebelt system. And just this past
11 Friday... Thursday we reopened a Chelsea Help Center
12 with Speaker Johnson which included a full gut
13 renovation of the three floors of the facility with
14 materials selected working very closely with the
15 Department of Health we selected the materials and
16 the colors of the facility and the design to really
17 accent the surrounding park and create a more open
18 and, and inviting environment for all for the
19 patients as well as the staff. The original work came
20 in on time but there was additional work that was
21 given to us by Department of Health which was to
22 complete the windows and we were very happy to
23 accommodate them in that request. As we... as we work
24 through my testimony I do want to touch on how... what
25 we're doing to improve the capital construction

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 process. We, we're continuously trying to find ways
3 to navigate the system, I, I want to speak about a
4 few initiatives and ideas that we have recently
5 implemented and continue to refine. DDC frontend
6 planning units focuses on projects that accepted by
7 DDC, this is a unit that was... that, that was created
8 with support of the council and OMB and, and the
9 Mayor's Office, the unit works very closely with the
10 client agency in reviewing scope, schedule and budget
11 to avoid funding shortfalls and schedule delays down
12 the line, typical review is 30 to 60 days and to date
13 the unit has fully assessed 99 out of 120 draft
14 capital project initiations this is in conjunction
15 with site investigation and we recommended that 42
16 proceed with their... in their current form and, and,
17 and 57 projects or 58 percent we felt needed
18 additional work on the scoping or funding and other
19 issues with, with the project. There are 21
20 assessments where site visits were conducted that are
21 still pending determination and on the other side on
22 the newly creative funding planning for
23 infrastructure this was created earlier this year..
24 late last year, early this year, we have fully
25 assessed 15 projects. Another initiative that we

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 have... that is going very strong for DDC is our, our
3 in house design unit, it illuminates the time
4 required to procure design services while tackling
5 smaller projects, these projects on the range between
6 I would say no more than three to four million
7 dollars and with the support of OMB and the council,
8 the unit currently has 14 staff members made up of
9 architects and engineers and specification writers.
10 The unit generally design projects as I said around
11 three million but there are some that are up to four
12 million and today we have worked on 49 projects that
13 have reached 100 percent design completion on various
14 stages of design. Using in house design we have seen
15 a decrease in overall design duration when comparing
16 similar projects. Another initiative that we're
17 working on is we, we continue to work to streamline
18 and standardize our current design standards which
19 will reduce design time and lessen the number of
20 change orders therefore saving... pardon me... saving
21 time and money on our public buildings projects and
22 DDC is actively collaborating with our partner
23 agencies in trying to find innovative ways to shorten
24 procurement and overall project delivery time. This
25 includes a push at the state level for design build

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 and I thank the council for this which illuminates
3 the second procurement period and allows the designer
4 and contractor to work in tandem to deliver projects
5 faster and, and, and definitely at a lower cost to
6 the city. I would like to now mention three of DDC's
7 critical programs; our MWBE program under the
8 leadership of our Chief Diversity and Industry
9 Relations Officer Magalie Austin who is with me here
10 today, DDC continues to make strides in outreach too
11 and contracts awarded to MWBE contractors across the
12 city and region. I'm proud to report that DDC's MWBE
13 utilization rate at the moment is 26 percent through
14 the second quarter of FY '18. Over the course of the...
15 of the past three and a half years the agency has
16 undertaken several initiatives to increase
17 transparency, build capacity and increase MWBE
18 utilization. We have hosted 20 and attended more than
19 100 procurement events engaging 9,500 vendors
20 including 3,981 MWBEs. From FY '15 to FY '17 we
21 increased our overall MWBE utilization rate from 9.7
22 percent to 16.8 percent while awarding more than 1.57
23 billion dollars in contracts to MWBE. We continue to
24 collaborate with the industry so that we can hear
25 their concerns and implement creative ways for MWBE

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 advancements both inside and outside of government.
3 Coming up next month and in June we will host two
4 large open houses at our Long Island City office,
5 opening our doors to the contracting community and
6 sharing vital information on how to work with the
7 agency and with the city. We will continue to, to be
8 creative in our approach and implementation seeking
9 to meet the Mayor's ambitious MWBE goals so that we
10 can help MWBE's achieve theirs. We invite you to join
11 us next month or the month after and, and see how we
12 work with our MWBEs so I welcome you both. Now
13 another key program is our discretionary funds
14 program that was assigned to DDC about ten years ago,
15 our role is to facilitate reimbursements of equipment
16 and vehicle purchases made by non-profit
17 organizations this does not include construction work
18 for non-profits and to do this we work very closely
19 with the non-profits and OMB. Once the non-profit
20 provides DDC with an accurate scope of work and
21 budget for the equipment or vehicle, DDC starts the
22 initial step of seeking approval of the budget from
23 OMB and preparing the funding agreement. There are
24 various additional steps in the process which our
25 dedicated team can review for offices and committee

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 staff. Please note again that this is a reimbursement
3 program and the non-profits must first purchase the
4 vehicle or equipment before receiving the point...
5 their payments and I have to say Bruce Rudolph who's
6 a Director of the Discretionary program is here with
7 us, he's been working on this program for us since
8 the beginning. Each year we work directly with 50
9 non-profits on the reimbursement process, this fiscal
10 year 16 discretionary projects have already been
11 registered with a total value of 4.6 million dollars
12 and we expect another 15 to proceed towards
13 reimbursement. Again we will continue to make our
14 staff available to work with the organizations in
15 your district and to the council as well, I know that
16 the council has expressed a lot of questions to me
17 personally so I ask that you reach out either to me
18 or to Bruce directly if... should you have any
19 questions about anyone of your projects. The third
20 program that I would like to mention is DDC's science
21 technology engineering architecture not art. For our
22 endeavor we took out arts and added architecture and
23 mathematics, our esteemed program led by Deputy
24 Commissioner Lee Llambelis who's, who's here with me
25 as well. Through this program DDC engages school

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 children at a very young age to help them understand
3 their future opportunities and reach their full
4 potential. As of the end of last year the program had
5 reached more than 2,100 students against... across the
6 five boroughs exposing them to fields that they have...
7 may have not considered before. We have looked to
8 expand our reach by working with other city agencies
9 to help them develop their own esteemed programs
10 including with DO... the Department of Education's
11 Title one schools providing them with training
12 materials and conducting train the trainer
13 professional development sessions. In these sessions
14 DDC's team educators help others understand how to
15 slowly implement the DDC's building the future
16 technical curriculum and engineering and
17 architectural lessons plan. Over the summer we are
18 planning a coastal resiliency curriculum which will
19 be launched and will teach students about the effects
20 of climate change and extreme weather. We are also
21 engaging with several of the city's non-profit
22 organizations including the Lower East Side Club,
23 LeAp, and East Side Settlement. We have incorporated
24 the DDC STEAM curriculum into the after-school
25 programing. Being partners with the New York City

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 Department of Education the Department of Youth and
3 Community Development and the Administrative of
4 Children's Services to identify Title One schools
5 where our efforts can have the greatest impact on our
6 children and where additional resources can be
7 expended more efficiently for the greatest gain. In
8 2017 we worked with students in 12 different schools
9 across the five boroughs and we work with another ten
10 schools this spring including Stapleton, Riverdale,
11 Belmont, Jamaica, Elmhurst, West Harlem, Bensonhurst
12 and Bushwick. We're also preparing to work... to work
13 on close to 75 high school, college and graduate
14 school interns with DDC this summer. Our collective
15 goal with each of our programs is to inspire these
16 students to build confidence in STEAM subjects and
17 put them on the pathway hopefully to future STEAM
18 careers, we certainly need more of these students to
19 really to join the profession. My DDC team and I are
20 proud of the support that we provide in making our
21 city a better and safer place to live, work and
22 visit. Thank you for the opportunity to testify today
23 and this includes my prepared remarks and I'll be
24 more than happy to answer any questions you may have.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 CHAIRPERSON DROMM: Well thank you very
3 much Commissioner Barrio and I too am proud of the
4 work that has been done at Diversity Plaza which is
5 in my district and it looks like it's really coming
6 out really nice and we look forward to a great
7 opening hopefully in the early summer... [cross-talk]

8 ANA BARRIO: Absolutely... [cross-talk]

9 CHAIRPERSON DROMM: ...and I want to thank
10 you and congratulate you for the work that's been
11 done there, and it was done by an MWBE which makes it
12 even extra special.

13 ANA BARRIO: Absolutely... [cross-talk]

14 CHAIRPERSON DROMM: So, thank... [cross-
15 talk]

16 ANA BARRIO: Thank you... [cross-talk]

17 CHAIRPERSON DROMM: ...you, yes... [cross-
18 talk]

19 ANA BARRIO: Thank you.

20 CHAIRPERSON DROMM: I just want to turn
21 it over because Council Member Rosenthal has some
22 questions so... and she needs to go to another meeting
23 so we're going to let her go first and then we'll
24 follow up after that.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER ROSENTHAL: Thank you so
3 much Chair Dromm, Chair Gibson. It's great to see
4 you, welcome... [cross-talk]

5 ANA BARRIO: Thank you... [cross-talk]

6 COUNCIL MEMBER ROSENTHAL: ...really have
7 enjoyed working with DDC in my prior hat being Chair
8 of the Committee on Contracts and one of the things
9 we learned was that by breaking down the projects
10 into smaller bite sized pieces we were able to what
11 was reported was an increased ability to contract
12 with MWBE firms, is that still something that you're
13 working on keeping the contracts, what was it very
14 small, small... micro, very small, small... [cross-talk]

15 ANA BARRIO: Yes, either micro... [cross-
16 talk]

17 COUNCIL MEMBER ROSENTHAL: ...big, very...
18 [cross-talk]

19 ANA BARRIO: ...small... [cross-talk]

20 COUNCIL MEMBER ROSENTHAL: ...big... [cross-
21 talk]

22 ANA BARRIO: Yes, that is correct...
23 [cross-talk]

24 COUNCIL MEMBER ROSENTHAL: Macro... [cross-
25 talk]

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ANA BARRIO: That is correct, we do have
3 those categories still, still and, and, and
4 specifically that Council Member that has increased
5 MWBE's opportunities.

6 COUNCIL MEMBER ROSENTHAL: Can you show
7 the, the information about that specifically, it
8 might be in the procurement report already but that
9 kind of data that you pulled together for the
10 procurement report, I think that'd be helpful to this
11 committee?

12 ANA BARRIO: Absolutely, I'll be happy
13 to... [cross-talk]

14 COUNCIL MEMBER ROSENTHAL: Thank you and...
15 [cross-talk]

16 ANA BARRIO: ...share that... [cross-talk]

17 COUNCIL MEMBER ROSENTHAL: ...then second
18 and third you mentioned in your testimony on page
19 seven about the frontend planning units that are
20 working on projects not even yet accepted by DDC, how
21 long has that unit been working?

22 ANA BARRIO: The frontend planning unit
23 on the public building side has been working for
24 about a year and a half and the frontend planning
25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

group in infrastructure for a few months now, not as long.

COUNCIL MEMBER ROSENTHAL: Can you... could you agree to set up a system whereby you track the success of that work, another words benchmarks that you think are the right ones, so you... you know for the 99 out of 120 CPIs if you could track for that... those 99 what the... I don't know length of the project and cost and whether or not it... [cross-talk]

ANA BARRIO: Okay... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...comes on in schedule, whether it be a yearlong or ten-year long project and maybe over time, you know each year report on the number of CPs or any cost overruns something like that, would you be willing to do that?

ANA BARRIO: Absolutely Council, Council Member I can tell you that preliminary review has shown that more than half of the projects that came to us in draft format needed additional work with the client agency... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Sure... [cross-talk]

ANA BARRIO: ...based on scope and budget...

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER ROSENTHAL: That's...

3 [cross-talk]

4 ANA BARRIO: What that means is that
5 further down the line as you can imagine those would
6 have been possible change orders.

7 COUNCIL MEMBER ROSENTHAL: That's right.

8 ANA BARRIO: Yes.

9 COUNCIL MEMBER ROSENTHAL: So, that's
10 great news, if you could provide that information to
11 the council... [cross-talk]

12 ANA BARRIO: Absolutely... [cross-talk]

13 COUNCIL MEMBER ROSENTHAL: ...just sort of
14 your tracking system and what, what you found so far
15 that would be amazing...

16 ANA BARRIO: Absolutely... [cross-talk]

17 COUNCIL MEMBER ROSENTHAL: And then
18 similarly for your in-house design unit...

19 ANA BARRIO: Yes...

20 COUNCIL MEMBER ROSENTHAL: I guess you've
21 worked on 49 projects that's the one over the last
22 few months that you're saying or that's the year and
23 a half one?

24 ANA BARRIO: In house design has been in
25 place for two years...

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER ROSENTHAL: Two years,
3 okay... [cross-talk]

4 ANA BARRIO: ...frontend planning, public
5 buildings a year and a half, frontend planning
6 infrastructure a few months.

7 COUNCIL MEMBER ROSENTHAL: I'm love... in
8 love with all three.

9 ANA BARRIO: Oh, you are, me too... me too.

10 COUNCIL MEMBER ROSENTHAL: So, if we
11 could get additional information that are benchmarks...

12 ANA BARRIO: Absolutely...

13 COUNCIL MEMBER ROSENTHAL: That you're
14 looking at, I don't want to create work but I'm sure
15 it's stuff that you're looking at anyway and submit
16 those as reports to the council we could get a better
17 idea of the success and possibly push for more
18 funding for these units.

19 ANA BARRIO: Yes, absolutely and, and
20 thank you for your support and we appreciate it. On,
21 on the in-house design side we have already seen
22 obviously because there's no procurement for design
23 that means that the projects will be designed and
24 built sooner so already we're seeing that, but I'll
25 be more than happy to, to, to continue tracking these

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 projects and to share how we do every year,
3 absolutely.

4 COUNCIL MEMBER ROSENTHAL: I think that's
5 pretty important, thank you so much... [cross-talk]

6 ANA BARRIO: Thank you... [cross-talk]

7 COUNCIL MEMBER ROSENTHAL: ...Commissioner,
8 thank you so much Chairs.

9 CHAIRPERSON DROMM: Thank you Council
10 Member Rosenthal and I'm going to ask a few questions
11 Commissioner and then I must run across the street to
12 an education hearing to check in and vote and then
13 I'm going to come back but then Council... Chair Gibson
14 will take over.

15 ANA BARRIO: Okay.

16 CHAIRPERSON DROMM: So, I know this... the...
17 in your testimony you spoke a little bit about MWBEs,
18 can you give us a little bit more information about
19 that and can you talk about the overall performance
20 with regard to supporting MWBEs?

21 ANA BARRIO: We have seen our MWBEs in...
22 numbers increase from 9.7 as I said in my testimony,
23 percent over, over the last three years to currently
24 for this year so far, we are 26 percent. If you're

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 referring to their performance Chair, the performance
3 of MWBEs... [cross-talk]

4 CHAIRPERSON DROMM: Uh-huh... [cross-talk]

5 ANA BARRIO: ...we find that MWBE's perform
6 incredibly well on our projects, we, we like to work
7 with MWBE at the same time we want to also give them
8 as much support as possible because we want to see
9 MWBEs succeed and we want to see them sustain their
10 business whether it's with DDC or another city agency
11 we want them to be successful. We have done this
12 through various workshops that we've offered, we've
13 also... the most recent workshop that we offered was
14 an... a workshop on estimating, we recognize that we
15 need to give as much support to our MWBEs that's why
16 we have workshops throughout the year, we have open
17 houses, we have... we also had a matchmaking event
18 where we matched our prime contractors with MWBEs.
19 So, this is a continuing conversation, it's, it's
20 something that needs to continue, it... we have to... we
21 are continuing to be creative in what we can do to
22 support our MWBEs.

23 CHAIRPERSON DROMM: Do you have any ideas
24 or suggestions what more we can do or how the council
25 might be able to help you in that process?

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ANA BARRIO: I, I think... I think the
3 council... I think the council can help when it comes
4 to perhaps outreach, outreach if there are any firms
5 that are interested in working for the city please
6 have them reach out to DDC. I, I find that we do want
7 to build our capacity further but whatever you can do
8 in terms of messaging and outreach and, and talking
9 about the events that we have that... especially the
10 next... the next two events that we have coming up if
11 you can share that information that would be great
12 and, and, and please just let others know what we're
13 doing because I find that some firms do not hear
14 about us but we would like to work with them,
15 whatever you can do would be much appreciated.

16 CHAIRPERSON DROMM: Let's talk a little
17 bit about design build... [cross-talk]

18 ANA BARRIO: Uh-huh... [cross-talk]

19 CHAIRPERSON DROMM: Currently the state
20 allows design build procurement on several projects
21 statewide with a notable exception of New York City,
22 to date no official reason has been given as to why
23 this approval has been denied to the city but the
24 potential benefits cannot be denied. What is DDC's
25 official position on design build?

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ANA BARRIO: We are incredibly supportive
3 of design build, we recognize that it would save time
4 on the procurement end, it will save time on the
5 construction and it will save... it will save money,
6 absolutely. We need to build projects faster so that
7 we can invest more in other projects, so I would ask
8 the council to please continue to support design
9 build, we have some major projects coming down the
10 pipeline and in order to meet certain deadlines we
11 need design build to be in place.

12 CHAIRPERSON DROMM: So, then you agree
13 that this would help your agency?

14 ANA BARRIO: Absolutely, it would save
15 time and it will save money.

16 CHAIRPERSON DROMM: I asked Director
17 Hartzog about conversations that she might have had
18 with other agencies and she said that she has spoken
19 to some of them... [cross-talk]

20 ANA BARRIO: Yes... [cross-talk]

21 CHAIRPERSON DROMM: ...have you also had
22 discussions with other agency... of... with other
23 agencies... [cross-talk]

24 ANA BARRIO: Oh absolutely... [cross-talk]

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 CHAIRPERSON DROMM: ...about using design
3 build?

4 ANA BARRIO: Absolutely, a major agency
5 would be DOT and DEP especially with... D... with, with
6 DOT I, I believe with the BQE it's something that
7 they need, it's a project that they will do but of
8 course we have supported DOT and we've had many
9 conversations with other agencies. It's... we need
10 different... we need flexibility in our procurement
11 tools and design build just gives us that, why we're
12 not using it as, as you said no one has that answer
13 but the sooner that we can get it the sooner that we
14 can really start in these projects and deliver them
15 as quickly as possible.

16 CHAIRPERSON DROMM: Is it that
17 flexibility that allows you to build projects more
18 quickly?

19 ANA BARRIO: It... yes, it will give us
20 that flexibility.

21 CHAIRPERSON DROMM: Let's talk a little
22 bit about head count now... [cross-talk]

23 ANA BARRIO: Uh-huh... [cross-talk]

24 CHAIRPERSON DROMM: DDC's head count,
25 the... in the preliminary plan will increase by an

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 additional nine positions, the new head count
3 additions represent the small increase however this
4 will be the largest workforce that the department has
5 had in it's existence and 104 more positions than the
6 agency had in 2017, for the benefit of the committee
7 how is this increase and head count help you with
8 operations?

9 ANA BARRIO: Well it, it, it has
10 absolutely helped DDC in, in project delivery. The
11 head count that has been given to us by OMB and with
12 the support of the council over the last couple of
13 years were for our frontend planning groups and our
14 in house design teams, absolutely as I mentioned
15 earlier you will not see the effects immediately but
16 I can assure you within the next year or two we'll be
17 happy to share the success of these two programs but
18 this head count has been critical to the agency and I
19 have to thank OMB for their support and, and, and
20 the... and the conversation continues with OMB, they
21 have been very open as to what our needs are.

22 CHAIRPERSON DROMM: Let me also just talk
23 a little bit about some specific projects. Department
24 of Homeless Services, the Bellevue facility, this
25 project includes an exterior upgrade, includes

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 windows to the Bellevue facility in Manhattan which
3 is the largest single adult men's shelter in New York
4 City and the current capital commitment for DDC, the
5 city added 30 million for homeless services, of the
6 total amount nearly 149 million will be used on
7 various upgrades of the Bellevue men's shelter, the
8 project includes roof and façade work, fire safety
9 maintenance, main atrium bathroom reconstruction, as
10 well as rehabilitation of existing elevators, what is
11 DDC's role in working with DHS on this important
12 project?

13 ANA BARRIO: In working with DHS and I
14 have to say this is a very important commitment that
15 we made to DHS, we have about 51 active projects
16 right now and we are pre-scoping an additional 13 in,
17 in, in this fiscal year, there's 23 million dollars
18 registered for projects specifically for the
19 Department of Homeless Services and this particular
20 project includes HVAC upgrade, restrooms, upgrades to
21 the restrooms and also other interior work. I will
22 turn it over to my Deputy Commissioner for Public
23 Buildings, Tom Foley so he can give you more specific
24 information because we believe... strongly believe that
25 these projects are critical to the city.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 THOMAS FOLEY: Should I be sworn in?

3 CHAIRPERSON DROMM: Yes.

4 COMMITTEE CLERK: Do you affirm that your
5 testimony will be truthful to the best of your
6 knowledge, information and belief?

7 THOMAS FOLEY: Yes. So, Council Member
8 just to expand on Commissioner Barrio's statement..
9 [cross-talk]

10 CHAIRPERSON DROMM: And can you state
11 your name for the record?

12 THOMAS FOLEY: Oh, sorry, it's Thomas
13 Foley, F o l e y and just to expand on Commissioner
14 Barrio's discussions about the Bellevue work, we
15 have.. we also have a 50 million dollar contract which
16 we're currently coordinating with DHS, we expect that
17 to be bid out this spring and that is façade work and
18 these are all critical projects, there's, there's,
19 there's a number of these projects that we have
20 within Bellevue specifically and it's a lot of day to
21 day coordination with them so that way we continue to
22 do the work that's necessary to provide the critical
23 upgrades at the facility while also maintaining the
24 population and to make sure that those services are
25 provided and making sure that, that the swing space

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 in that is available so that way DDC and our
3 contractors can continue to work in a safe and
4 effective manner while also DHS is providing those
5 critical functions for their... for the residents.

6 CHAIRPERSON DROMM: Are you doing the
7 design and the construction work there?

8 THOMAS FOLEY: Yes...

9 CHAIRPERSON DROMM: For all of those
10 projects?

11 THOMAS FOLEY: All of the projects,
12 correct.

13 CHAIRPERSON DROMM: And some of the work
14 has begun or none of the work has begun yet?

15 THOMAS FOLEY: Some of the work has
16 begun, we're currently working on the roof and as I
17 mentioned and also some interiors, we also have a
18 large project coming up and exceeding 50 million
19 dollars for rehabilitation internal and also doing
20 façade work.

21 CHAIRPERSON DROMM: Okay, did you say
22 there was a total budget for this, do you have that
23 information?

24 THOMAS FOLEY: We have a... we have a
25 budget breakdown per fiscal year, correct.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 CHAIRPERSON DROMM: But do you have a
3 total for everything that's going on there?

4 THOMAS FOLEY: Within the next... it... right
5 now it's... it'll be... well when this... when this project
6 gets bided it'll be approaching 100 and.. about 100
7 million dollars and then there's 210 million that has
8 been allocated through fiscal year '20.

9 CHAIRPERSON DROMM: Uh-huh. Okay, let's
10 talk a little bit about the reconstruction of Queens
11 Boulevard, I understand that there's a lot of work
12 going on for phase two of reconstruction, the current
13 funding changes reflect additional federal funding
14 DOT received and the updated project schedule
15 reflects the ongoing discussions between DOT and DDC,
16 can you provide an update on this project, what's
17 going on with that?

18 ANA BARRIO: Yes, we have two projects
19 currently in design and I'm going to turn it over to
20 my Deputy Commissioner of Infrastructure Eric
21 Macfarlane to my left, but we do have two projects in
22 design and I believe this is 73rd Street and
23 Roosevelt are, Roosevelt Avenue area in Queens and
24 Eric will give more information about the design work
25 that's going on.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COMMITTEE CLERK: Do you affirm that your
3 testimony will be truthful to the best of your
4 knowledge, information and belief?

5 ERIC MACFARLANE: I do. My name is Eric
6 Macfarlane, Deputy Commissioner for Infrastructure.
7 So, right now we're in the process of designing what
8 we call phase one and phase two, phase one is from
9 Roosevelt to 73rd and from 73rd to Elliot and we plan
10 to... we... at, at this point we believe... oh I won't
11 project that the completion of the design will be...
12 for, for phase one will be in January of 2019 and for
13 phase two September of 2019 and, and the, the funding
14 basically for, for these phases, for phase one is
15 about 118 million dollars, 18, 18... 118 million
16 dollars and for phase two about 78 million dollars.

17 CHAIRPERSON DROMM: And what did this
18 funding provide, what, what, what type of
19 construction you doing?

20 ERIC MACFARLANE: We are talking about
21 realigning the streets, new bus lanes and, and most
22 likely water mains also that we're going to do in
23 there, the underground and, and, and probably some
24 sewer work also where we have defective sewers but
25 mostly it's a... it's a... it's a Vision Zero type

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 project so the, the, the whole concept of the job is
3 to realign Queens Boulevard to make it safer for
4 pedestrians... [cross-talk]

5 CHAIRPERSON DROMM: So, some of it's in
6 my district, I think phase two is mostly in my
7 district... [cross-talk]

8 ERIC MACFARLANE: Yeah... [cross-talk]

9 CHAIRPERSON DROMM: You mentioned... does,
10 does it include bike lanes?

11 ERIC MACFARLANE: The... it will be... the
12 bike lane will be included, yes.

13 CHAIRPERSON DROMM: On both sides of
14 Queens Boulevard?

15 ERIC MACFARLANE: I believe so, yes.

16 CHAIRPERSON DROMM: And then the, the bus
17 lane... the bus lanes that I think that you were
18 talking about, is that for the... you know the Select
19 Bus Service?

20 ERIC MACFARLANE: That's correct.

21 CHAIRPERSON DROMM: And then that would
22 go up, up, up onto Broadway?

23 ERIC MACFARLANE: I'm not sure but I
24 will... we can check that, yeah, I can... [cross-talk]

25 CHAIRPERSON DROMM: Okay... [cross-talk]

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ERIC MACFARLANE: ...verify that.

3 CHAIRPERSON DROMM: Alright, I'm just
4 curious since it is my district. Let's talk a little
5 bit about the IT strategic plan, the fiscal 2018
6 November plan included 490,000 in capital IFA funding
7 which was baselined starting in Fiscal 2018 for costs
8 associated with seven new positions and related to
9 OTPS costs, from what I understand the positions are
10 part of a new strategic plan for DDC's information
11 technology department with the goal to bring DDC's in
12 house IT operations up to speed with the newest and
13 latest technology, for the benefit of the committee
14 could you elaborate more on the nature of their work?

15 ANA BARRIO: Yes Chairperson, the, the
16 new staff will assist in planning and project
17 management for the various... for the implementation of
18 various agency, agency strategic plans and also term
19 platforms that we are looking to design and
20 implement, some already have been implemented such as
21 our benchmark project management tool, tool. We
22 understand how critical tracking projects is as you
23 know, you know there have been some concerns about
24 the schedules that we keep on some of our projects
25 but over time we're looking to improve our project

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 delivery and one way to do this is to closely track
3 all our projects. This new staff will help us to
4 develop the tools that we need to carefully track
5 those projects to ensure that they're delivered on
6 time and, and under budget hopefully.

7 CHAIRPERSON DROMM: Let's talk a little
8 bit of some success I think that you've had as well,
9 construction projects completed early or on time have
10 increased from 84 percent in fiscal 2015 to 87
11 percent in fiscal '17, this is well above DDC's
12 targeted goal of 82 percent for this category. From
13 what I understand a project is within budget when the
14 sum of the contract award and approved change orders
15 is less than or equal to the current budget. What is
16 DDC doing differently than in the past that is
17 ensuring better success in this category and how does
18 DDC capture knowledge from successful projects and
19 does DDC also learn from projects that have not been
20 as successful?

21 ANA BARRIO: Okay, Chair I would like to
22 add that in tracking our projects we do not include
23 projects that have been delayed due to added scope by
24 the client agency, I just wanted to clarify that, I
25 want to be very transparent about that and I think

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 that is also noted on the MMR but we have taken
3 several new initiatives over the last, last year or
4 so specifically to enhance our tracking and
5 reporting. We... in, internally I have to say that
6 there's more... there's extended collaboration between
7 the units, I should say extensive collaboration with,
8 within the units. For example, the procurement group
9 meets weekly with the law team to resolve any issues
10 as well as the procurement team also meets with the
11 program teams to make sure that these projects are
12 moving along with these focused discussions we have
13 seen better collaboration with... internally within the
14 agency, I hold weekly meetings with the leadership of
15 the agency to ascertain what issues we have on
16 certain projects and really resolve those issues
17 during the week because obviously everyday counts. We
18 have new project management tools, we're increasing
19 our transparency including greater outreach to, to,
20 to the elected officials and to the communities,
21 we're issuing more newsletters, we are... we are... we
22 are having more discussions with elected officials
23 and we're also being very frank about what's going on
24 with our construction work because quite... I will have
25 to say that you need to hear exactly what's going on

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 now and not later. We're also looking at managing
3 expectations from the client agencies so that if a
4 project is progressing as it's in construction that
5 at it's goal has to be... that potential at a scope has
6 to be reviewed carefully as to is it essential work
7 that the agency should take on which is going to
8 delay the project further not just for the... for, for
9 the elected officials but for the communities so we
10 look at those types of requests very closely now
11 before we were more lenient with the client agencies
12 right now we are very specific as to what the
13 expectations are because ultimately the goal is to
14 deliver these projects as quickly as possible to the
15 communities. So, we are looking... we're looking at
16 project management from a different lens and, and
17 looking towards completing the projects as quickly as
18 possible and having better communication not just
19 internally but also externally as well.

20 CHAIRPERSON DROMM: Who in DDC monitors a
21 project's budget and how a payment tracked to make
22 sure that the, the vendors are being paid?

23 ANA BARRIO: We have various groups at
24 DDC that monitor... manage the payments, we have... we
25 have Justin Walter, my Chief Administrative Officer,

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 we have... we have budget officers but we have from the
3 project manager to Justin's team to even, even my
4 office, its, it's a continuous tracking of these
5 projects, we also have certain... a project controls
6 team as well that, that monitors the payments, we
7 have an engineering audit office that audits all the
8 payments so there's a very robust system in place for
9 tracking payments and monitoring the payments for the
10 vendors.

11 CHAIRPERSON DROMM: So, who do you work
12 with if there are budget issues on a project?

13 ANA BARRIO: If there are budget issues
14 we work obviously first with the client agency and,
15 and also with OMB.

16 CHAIRPERSON DROMM: So, you advise the
17 client agency?

18 ANA BARRIO: Absolutely and my position
19 is that we advise the client agency immediately, so
20 decisions can be made very rapidly as to how we
21 should proceed with the situation at hand.

22 CHAIRPERSON DROMM: Including going back
23 to OMB to ask for additional funding?

24 ANA BARRIO: Absolutely, I mean that is
25 the, the request will come obviously, it will have to

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 be approved by the client agency, but we would work
3 on that request with OMB, yes.

4 CHAIRPERSON DROMM: Uh-huh, okay good. I
5 think that's it for me for now I'm going to run
6 across the street and then I will be back, I turn it
7 over to Chair Gibson.

8 ANA BARRIO: Okay, thank you.

9 COUNCIL MEMBER GIBSON: Thank you so much
10 Chair Dromm, good afternoon Commissioner and you and
11 your... [cross-talk]

12 ANA BARRIO: Good afternoon... [cross-talk]

13 COUNCIL MEMBER GIBSON: ...team we
14 appreciate all of the work you've done and, in your
15 testimony, highlighting an incredible amount of
16 progress that DDC has been able to make in terms of
17 project estimates and completion of projects on time,
18 early budget, those are terms we like to hear; on
19 time, early budget... [cross-talk]

20 ANA BARRIO: Yes... [cross-talk]

21 COUNCIL MEMBER GIBSON: ...and then, you
22 know while it falls a little under expense but
23 certainly this esteemed program is something that
24 I've always been supportive of and you've been in my
25 district, in district nine of the Bronx and so I

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 appreciate that work, the MWBE work and continuously
3 improving our overall goals in giving minority and
4 women owned firms an opportunity to bid on many of
5 the city contracts I think speaks to our commitment
6 as a city to now only recognize that it's not just a
7 few but it's the quality and the quantity of the
8 bidders that we actually work with so I am grateful
9 for that. I wanted to start my questions by asking
10 about the capital discretionary program, I think when
11 I took over the subcommittee at the beginning of the
12 year I started to get inquiries from many of our
13 local not-for profit organizations that receive
14 funding in the budget from my colleagues and I on
15 many different projects. As an example, equipment
16 purchases and mobile units and there's' been some
17 frustration of the organizations working with DDC in
18 terms of timeliness, of contracts and actually
19 getting these contracts online and the procurement so
20 I wanted to ask some of the challenges that DDC faces
21 when managing these types of projects, projects and
22 what measures are, are... is DDC putting in place to
23 make any improvements to this particular process?

24
25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ANA BARRIO: I just want to talk a little
3 bit about the, the discretionary program... [cross-
4 talk]

5 COUNCIL MEMBER GIBSON: Uh-huh... [cross-
6 talk]

7 ANA BARRIO: ...I just want to say again
8 that it's a reimbursement program so the challenges
9 that we've had with the nonprofits is that... I guess
10 their understanding of the budget process, the budget
11 process it's not a simple process but obviously as,
12 as a city agency we have to account for all the, the
13 dollars that are spent. Some of the challenges that
14 we've had for example are in, in supporting
15 documentation that's needed in order for us to then
16 seek approval from OMB for the reimbursement, but we
17 have made... I have to say we've made strides in, in,
18 in communicating with, with the nonprofits but there
19 are still challenges. It could be something as simple
20 as the paperwork is not in place or, or, or it has to
21 do with whether it's capital... if it's eligible,
22 capitally eligible those are questions that come up
23 and... but Bruce Rudolph who's here with me, where's'
24 Bruce, Bruce works very closely with the nonprofit...
25 not-for profits, yes it does take some time and I

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 think that the more we explain to the non-profits
3 the... what the process is I think they will have a
4 better understanding but I, I do understand there is
5 a challenge, we do have the information on our
6 website, over the years we've streamlined the
7 process, we have all the information on the website
8 about the process, we have the forms on the website
9 but I think the answer is continuing with the
10 conversation with the non-profits perhaps earlier on
11 in the stage. It's difficult to say because it's...
12 we're dealing with many different not for profits,
13 it's not the same not for profits all the time so it
14 is... it is a bit of a challenge.

15 COUNCIL MEMBER GIBSON: So, I asked... the
16 other thing I wanted to add, you know that further
17 complicates this is that it's not just DDC you also
18 have to work with that particular client agency as
19 well as OMB and, and the interagency coordination
20 that's necessary to get these projects online, some
21 not for profits are larger than others in terms of
22 staffing and their overall... [cross-talk]

23 ANA BARRIO: Right... [cross-talk]

24 COUNCIL MEMBER GIBSON: ...budget so I do
25 understand the challenges from the not for profit

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 side but I guess I wanted to further understand the
3 actual communication, do we need to do a better job
4 communicating what some of the issues that we're
5 seeing are and also the intervention work that we do
6 on the frontend so you said, you know just the
7 website applicability and just other things that are
8 available, how can DDC manage that better because we
9 in the council are still going to give funding to
10 many of these organizations and certainly in your
11 work I can imagine there are some client agencies
12 that, you know just communicate better with their not
13 for profits than others so are you looking at some
14 best practices that could be replicated throughout
15 the department, what other measures do you think
16 could be put in place to help better communicate with
17 our not for profits?

18 ANA BARRIO: Yes, I, I agree that you...
19 yes, you can certainly help in this process, if you
20 can please share with us what issues you're having
21 with certain non... funds that you provide to not for
22 profits, what challenges you've had that will go a
23 long way for us to better assist and, and, and also
24 if there's some issues sometimes we are... we do not
25 hear about this until further on in the process but I

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 do want to say there is no client agency involved in
3 this it's basically the funds that you provide and
4 the not for profits and then OMB.

5 COUNCIL MEMBER GIBSON: Okay, so no
6 agency... [cross-talk]

7 ANA BARRIO: Of OMB... [cross-talk]

8 COUNCIL MEMBER GIBSON: ...okay.

9 ANA BARRIO: Right, of OMB and the, the
10 city law department.

11 COUNCIL MEMBER GIBSON: Okay.

12 ANA BARRIO: But I think if we know up
13 front for example what those issues are and, and I
14 welcome you to please contact us, let us know what
15 those issues are and then we can really target those
16 concerns and see what we can do to improve that
17 process but the most part is the communication, the
18 nonprofits are not familiar with the process. As I
19 said many times the paperwork is not complete, the
20 documentation is not available but whatever we can do
21 to, to better educate the nonprofits as to what they
22 can do in order to get their reimbursement faster
23 will be great.

24 COUNCIL MEMBER GIBSON: Okay and
25 certainly the city council is a partner with DDC so

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 we welcome the opportunity on any suggestions that we
3 could do on our part to help facilitate that to make
4 sure that community based organizations and not for
5 profits are better educated about the process so, you
6 know please consider us a partner and if there's
7 anything that you could offer we certainly want to
8 discuss that and you know not putting any particular
9 project, you know on the record but privately, I mean
10 we've been contacted by organizations so we're
11 certainly happy to share that information with you.

12 ANA BARRIO: Oh, please do, please do.
13 The sooner we are aware of that information the
14 sooner... Bruce reaches out to every nonprofit... not for
15 profit but the sooner we are aware of the challenges
16 the sooner we can address those concerns.

17 COUNCIL MEMBER GIBSON: Sure, we'll
18 definitely have a, a conversation offline about that.
19 I wanted to speak a little bit about the capital
20 budget process and just project schedules, DDC is
21 managing a portfolio of a little more than 9.2
22 billion dollars in our city's capital program and
23 certainly managing potentially both design and
24 construction, I wanted to understand from the
25 beginning how a project comes to DDC and what is the

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 first thing that DDC does to except that particular
3 contract, you talked a little bit about it and when
4 we met before today's hearing you described that
5 process and then potential changes so if you can just
6 give us an understanding how does DDC get a project,
7 do you get it during design, before design, after
8 design and then how does that work when you receive
9 it?

10 ANA BARRIO: Yes, DDC typically receives
11 the project before design and then I'll talk a little
12 bit about the changes that we're making. We receive
13 the project by way of a capital project initiation,
14 the new process is different from before so let me
15 talk about the new process. Under the new process a
16 draft capital project initiation is sent to the
17 agency so that we can asses the scope and the budget
18 if there are any concerns or questions we will work
19 very closely with the client agency to refine that
20 capital project initiation and after that we will
21 proceed with funding, funding through OMB.

22 COUNCIL MEMBER GIBSON: Okay, so every...
23 [cross-talk]

24 ANA BARRIO: And, and then... [cross-talk]

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER GIBSON: ...project that
3 comes to DDC you accept it, right, so even if there's
4 additional information that you're requesting on that
5 capital project initiation you still accept it as a
6 project that DDC will manage, right?

7 ANA BARRIO: The, the process... yes, the
8 project... [cross-talk]

9 COUNCIL MEMBER GIBSON: Okay... [cross-
10 talk]

11 ANA BARRIO: ...will be managed... [cross-
12 talk]

13 COUNCIL MEMBER GIBSON: ...so you don't
14 tell anybody no?

15 ANA BARRIO: Absolutely not... absolutely
16 not, no... [cross-talk]

17 COUNCIL MEMBER GIBSON: Okay.

18 ANA BARRIO: ...the project is never
19 returned to the client agency, I don't like to use
20 that word because that's, that's, that's not the
21 process in, in itself, it's not returned to the
22 client agency that means that it needs further work
23 between the client agency... [cross-talk]

24 COUNCIL MEMBER GIBSON: Uh-huh... [cross-
25 talk]

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ANA BARRIO: ...and DDC to continue moving
3 this project forward but yes, we do accept every
4 single project.

5 COUNCIL MEMBER GIBSON: Okay and then how
6 do you track the projects, is there categories that
7 are project value based so small, medium, large, how
8 does that work in terms of... because every agency is
9 different so if you think about DEP and DOT those
10 projects are massive; tunnel and water work but if
11 you think about other agencies their work is not as
12 large and every project gets the same priority and is
13 treated the same but how do you categorize it to
14 determine the level of, of detail that you get into
15 with each of those projects, is it based on the
16 value, is it based on the timeline, how does that
17 work?

18 ANA BARRIO: Yeah, so, so I, I, I do like
19 to say that every project does receive priority
20 because obviously every project is important to, to,
21 to... [cross-talk]

22 COUNCIL MEMBER GIBSON: Right... [cross-
23 talk]

24
25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ANA BARRIO: ...the client agency and to
3 the community but I'm going to turn that over to Tom
4 Foley to address.

5 THOMAS FOLEY: Yeah, so speak... so
6 basically when the project comes over to DDC through
7 the... from the frontend planning to when it's
8 initiated within the CPI there is a process wherein
9 it... in infrastructure it is geographically based and
10 each of the... so basically there's... you have the
11 design, program administration and it's also
12 geographically based from where that work is
13 occurring for DEP, DOT. Within the public buildings
14 world, we have our 27 clients and when the project
15 comes in then there's a project manager that is
16 assigned to that specific project through the design...
17 starting the with design through the construction
18 life cycle. So, there's a project manager and a team
19 that's involved with that throughout the, the
20 duration of that project. For either case whether
21 it's infrastructure or public buildings the
22 determination will be made whether or not it would be
23 designed in-house or with our own forces, our own
24 designers, architects, engineers or that services...
25 consulting services will be required for that but all

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 along the city team not only the project manager from
3 infrastructure of our public buildings but also from
4 our law department that there's a team assigned to
5 that particular project through the life cycle.

6 COUNCIL MEMBER GIBSON: Okay, so when
7 does the construction manager come on board, is that
8 during design or after?

9 THOMAS FOLEY: So, within... so, there's...
10 so... [cross-talk]

11 COUNCIL MEMBER GIBSON: Within DDC.

12 THOMAS FOLEY: Within DDC the... a DDC rep
13 would be covering design and there's also some that
14 will be covering design and construction it depends
15 on the client such as large mayoral agencies will
16 have a separate project management team from design
17 and in construction whereas the client... whereas with
18 the libraries unit and the cultural there will be a
19 set team that would be through that for design
20 through, through construction as well so it depends
21 on the client, depends on the project but, but
22 basically there's hands on from when... within DDC from
23 when that project comes over to us as a... as a CPI.

24 COUNCIL MEMBER GIBSON: Okay, so to the
25 best extent possible DDC attempts to use all in house

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 resources but you mentioned that during design there
3 could potentially be outside consultants that are
4 used so who determines that and when is that decision
5 made and what is it based on?

6 THOMAS FOLEY: So... sorry, I thought... so,
7 basically when the... when the project comes over to
8 DDC there is... it depends on the client, it depends on
9 when the... as far as the scope of the work as well so
10 within the public buildings group we have our in
11 house design and the Commissioner had mentioned
12 generally three to four million dollar projects that
13 we can design in house, there's inherent savings with
14 that from a procurement standpoint and a time
15 standpoint and we look to continue to grow that
16 sensibly but at the same point if it is a large
17 project, transfer stations things like that, that..
18 those will be through our design excellence, through
19 our series of on call contracts that we have and
20 those are various categories as well. We also have as
21 was indicated to Council Member Rosenthal is there is
22 also micro, small, medium and large categories
23 depending on the construction value of or at least
24 the initial scope of and the value of those
25 particular projects.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER GIBSON: Okay, so how does
3 DDC work with client agencies and keep them up to
4 date on design and construction schedules so the
5 construction manager that oversees this whole process
6 what are we doing to ensure that our agency clients
7 are staying on time and on schedule and you know and
8 the reason I ask is because out of all the agencies
9 certainly the ones that DDC works with there are
10 some agencies that do this very well... [cross-talk]

11 THOMAS FOLEY: Uh-huh... [cross-talk]

12 COUNCIL MEMBER GIBSON: ...then you have
13 some that don't do this very well and there's a, a
14 great area of improvement and so our responsibility
15 is to working with DDC to make sure that those client
16 agencies that are not necessarily up to the level
17 that we want them to be get to that level so how does
18 the construction manager and that team make sure that
19 they're kept up to date on design and the
20 construction progress in terms of the construction
21 schedule?

22 THOMAS FOLEY: Just on the note of that I
23 think ew do it very, very well if that was category
24 but we, we, we... [cross-talk]

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER GIBSON: Very, very well...
3 [cross-talk]

4 THOMAS FOLEY: Very, very well so we
5 coordinate, we have bi-weekly meetings on every one
6 of our capital projects... [cross-talk]

7 COUNCIL MEMBER GIBSON: Okay... [cross-
8 talk]

9 THOMAS FOLEY: ...that the clients are
10 always in, invited and encouraged to attend and this
11 is not just in the construction phase but certainly
12 in the design when it's just as critical, it's
13 certainly critical in construction when it is
14 obviously that, that project has... you know it's out
15 in the field and it... there's actual work going on but
16 it's... but it's as critical for the, the client to
17 work with us and the designer to making sure that,
18 that whatever the, the scope and that everybody's in
19 agreement that there is a buy in from the client as
20 far as how that work can proceed and then when there
21 are any changes that it's discussed there and then
22 there's also for what that... what that associated
23 scope change could be from a budget perspective as
24 far as... whether or not there's money for that but
25 then also... but... what the potential schedule impact

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 would be as well. So, on each and every one of these
3 projects we really encourage that to have that... those
4 discussions with the... with our client agencies and
5 it's something that they're certainly familiar with.

6 COUNCIL MEMBER GIBSON: I'm so glad you
7 mentioned that because that was my next question
8 because I know from personal knowledge and you know
9 that, I won't mention the project but when a client
10 agency comes and asks about changing the scope of a
11 project... [cross-talk]

12 THOMAS FOLEY: Uh-huh... [cross-talk]

13 COUNCIL MEMBER GIBSON: ...some of the
14 scopes are modest, some of them are minor but some of
15 the scopes are potentially huge in terms of changing
16 the cost, the timeline and the schedule so please
17 expand on that just a little bit and help us
18 understand what happens if a client agency wants to
19 change the scope of a project and DDC doesn't agree
20 because it's going to have a real impact on the cost
21 and the timeline, I mean what happens when you get to
22 that impasse, how do you figure out what's the best
23 course of action moving forward so that projects
24 really can continue with serious delays, delays that
25 again could be avoided?

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 THOMAS FOLEY: Absolutely... [cross-talk]

3 COUNCIL MEMBER GIBSON: Alright... [cross-
4 talk]

5 THOMAS FOLEY: So... and part of those...
6 part of those discussions is this is the... as, as far
7 as the genesis for some of these this... for some of
8 these conversations we want to hear about any
9 potential client change during the... during the
10 design... [cross-talk]

11 COUNCIL MEMBER GIBSON: Okay, that's
12 another... [cross-talk]

13 THOMAS FOLEY: ...that's when... [cross-talk]

14 COUNCIL MEMBER GIBSON: ...that's right...
15 [cross-talk]

16 THOMAS FOLEY: ...that's when we encourage
17 and, and... but, but there were... there are cases
18 obviously where, where it comes up during
19 construction, it's not ideal, the contractor is
20 bidding on a specific... a specific scope of work and
21 kind of... anytime we deviate from that we, the city
22 are then responsible for the associated delays and
23 the additional cost, the contractors do not have to
24 proceed with work, with the change order work until
25 that work is registered and on top of that we're also

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 responsible financially for any damages of delay. So,
3 what we really try to encourage that, that
4 partnership with... not only with the client but also
5 with the vendor and the end user making sure that
6 they're aware of what any potential change would
7 represent from a budget and also from a... from a
8 schedule impact and so we understand that there will
9 be requests and we'll sit down and we'll work that
10 through with our architects, with our engineers and
11 also with our budget people to see what is feasible
12 and part of this as well is, is just as critical as
13 the outreach is that, that everybody is aware of what
14 is being requested so at the end of the day if a
15 project is potentially being delayed and there's
16 reasons for that that everybody is aware, that
17 includes the community, the elected officials and,
18 and obviously our clients and we at DDC are happy to
19 participate and have in the past for any of these..
20 you know whether it's board meeting or whether it's a
21 community board or what... with any of the elected
22 officials just to keep everybody apprised of as far
23 as what's going on in that particular project, what
24 the requests are, some of them make sense some don't,
25 when they don't we try to do whatever we can within

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 the project and at the end of the day we could then
3 turn it over to the client to the end user and then
4 they could always make the... when they have the funds
5 available, you know after our project ends then by
6 all means they could make the appropriate changes at
7 that point and it might not have to be structurally
8 significant changes. In some of the cases it just
9 might be more of how they envision the space but, but
10 those are the conversations that I think are healthy
11 that we have with the clients so that they could see
12 that there are options, not everything has to be done
13 certainly during the construction phase.

14 COUNCIL MEMBER GIBSON: Okay, I also
15 think that being that the city absorbs a lot of those
16 costs as you describe when there is a scope it's
17 important to really think about the impact and is
18 this something that the city wants to invest in, many
19 of these capital projects we will not get back to in
20 terms of making any changes for many, many years so I
21 understand from an agency perspective the priority of
22 trying to get as much as you can into the design,
23 into the construction because you won't have another
24 opportunity when you're talking about cultural
25 institutions and colleges, I mean you will make

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 renovations years on but in terms of the design and
3 what that building looks like, the façade, you know
4 you get everything, you try to achieve at the onset
5 so I can understand that so, in, in these types of
6 scenarios DDC has the final say if there is a change
7 in scope and there is a potential impasse and there
8 is no agreement since we're picking up the cost, do
9 we have the final say?

10 THOMAS FOLEY: Oh, I don't... I wouldn't
11 necessarily... where we'd have a final say, I think...
12 it's a discussion certainly between... with, with the...
13 with DDC, with the client... [cross-talk]

14 COUNCIL MEMBER GIBSON: Right... [cross-
15 talk]

16 THOMAS FOLEY: ...with the end user and
17 OMB. The Commissioner had made reference to a ribbon
18 cutting that we had over at Chelsea Health Clinic
19 with... [cross-talk]

20 COUNCIL MEMBER GIBSON: Uh-huh... [cross-
21 talk]

22 THOMAS FOLEY: ...with the Speaker last
23 week, significant amount of changes were made during
24 the construction, we added in a good, you know three,
25 four million dollars into the contract, an additional

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 15, 20 percent but it was really.. it was really
3 needed and, and was really when you walked through
4 that space and not only me as an engineer walking
5 through it but the people that... the, the health
6 department officials that were in there and how they
7 really, really wanted to come to work and the
8 counseling offices and all that with the beautiful
9 windows and everything was complete it made sense and
10 I think that, you know this is a case by case basis
11 that we continue to have those conversations not only
12 with the client but also with, with OMB and obviously
13 making sure that everybody is aware.

14 COUNCIL MEMBER GIBSON: Okay, so Chair
15 Dromm alluded to the successful completion of 147
16 projects really surpassing your goal of 103 projects
17 completed so since that is, is so great I'd like to
18 be consistent on all these successful records so
19 we're looking to continue on that in terms of
20 projects completed so what would you say are some of
21 the lessons that DDC has learned from completing so
22 many projects in one fiscal year and how can we
23 continue that in the next year.

24 ANA BARRIO: Yes, and we will continue it
25 this fiscal year, we look to complete many, many

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 projects by the end of this fiscal year. As, as Tom
3 was saying it's, it's... communication is, is key,
4 communication is key with all the stakeholders and
5 that includes the client agencies and, and the
6 elected officials and the community boards and the
7 residents, it's, it's key. In order to continue to
8 complete these projects we have to be very sensible
9 as to how we approach project management and as Tom
10 was saying we are taking a different approach in
11 that, you know we have to be mindful of scope that's
12 added to projects and also is it essential, is it
13 essential for that additional work to be included in
14 the project, I think it's continuing working very
15 closely with the client agencies, very closely as to
16 what the expectations are and also just continuing
17 those meetings and those discussions and, and being
18 very open as to what the impact would be if certain
19 items are added to, to the... to the contract. So,
20 again I think we have to continue those discussions
21 and I think that's how you can continue to see more
22 and more projects being built and then more and more
23 projects being started in, in the design phase.

24 COUNCIL MEMBER GIBSON: Agreed. So, I
25 also wanted to ask and, and when I had a chance to

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 meet with you I had never been given a complete list
3 of DDC related projects in my district and I was very
4 happy to know that because as I mentioned and just
5 many of my colleagues and I when our residents see
6 projects on the street, on the ground the immediate
7 assumption are DOT and so we are inclined to call DOT
8 or the local community board to understand the
9 project and the timeline and certainly all of the
10 work, you know it's just work that has to be done but
11 it's very disruptive for New Yorkers as they travel...

12 [cross-talk]

13 ANA BARRIO: Right... [cross-talk]

14 COUNCIL MEMBER GIBSON: ...and, and utilize
15 city services so I wanted to understand the
16 interagency coordination that DDC has with utility
17 companies and others in terms of how do you make it
18 work so that not only are people understanding what's
19 happening but that these projects are completed on
20 time because DDC has it's work to do, the utility
21 company could have it's work to do but if you're not
22 talking to each other then it's more disruptive for
23 New Yorkers so I, I again put the responsibility on
24 the agency to say how do we work with this

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

coordination and are there improvements that could be made?

ANA BARRIO: Yes, first of all before I turn it over to Eric Macfarlane who oversees our infrastructural work and deals with these utility companies on a daily basis I just wanted to say I'm happy that you were pleased with the report and we'll continue to share those reports with you. Again since I was appointed to this position I, I, I have said repeatedly that transparency is key, transparency and communication whether it's something great that we're doing or something that's not going along as good as it should be, I think the sooner that all stakeholders are aware of it the better it is for everyone to understand the issues but as to your question when it comes to coordination we do as Tom mentioned earlier coordinate with our client agencies but with the utilities it is challenging and I'll speak... I'll turn it over to Eric Macfarlane who has I'm sure a lot to say about the utilities.

COUNCIL MEMBER GIBSON: Okay... thank you for recognizing it's challenging but not impossible.

ANA BARRIO: Not impossible.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 ERIC MACFARLANE: Well we start the
3 coordination with DOT since... as soon as we know we
4 have the capital plan, we share that plan with them,
5 so they know our projects is going to come in the
6 street, in the... in their... in their areas, the
7 electric, gas and telephones companies. In addition
8 to that as soon as we have a preliminary design which
9 is about 40 percent of the design that is sent... the
10 plan is circulated to everybody including the utility
11 companies and they have a month to look at it, well
12 actually we give them more than a month now, I think
13 we give them 60 days now to actually review the plans
14 and then come back for what is called an alignment
15 meeting where everybody comes with all the
16 interferences with the projects, lines that they have
17 to relocate in order to make room for the water main
18 and for the sewer work that we're going to do. In
19 addition to that any plan that they have to renew or
20 upgrade their system that is the time that they
21 should actually start planning this but obviously we
22 do not only participate in this and, and hopefully
23 then... and... by the... for the most part they actually
24 start their own planning for... because... to relocate
25 their system because it's massive, as massive as what

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 the city had underground so, so.. but what, what,
3 what... the challenge is, is that usually they do not
4 go ahead of us, what they do they wait until our city
5 contractor comes on board and they try to negotiate
6 with the contractor to do their work, okay and that
7 is what the delay... encounter delays because
8 essentially... well prior to 2014 I would say because
9 now we have what is called joint bidding, we are
10 allowed by state law to actually approve their..
11 actually approve their item of work in our contract
12 also so their work is with the city... their expense
13 obviously and, and, and their work is, is planned as
14 we are doing our work so we, we think that... and we
15 just basically started this process maybe a year ago
16 because there's a lot of negotiation that has to take
17 place as to how we're going to get... deal with their
18 issue, the management of this... of these two entities
19 so we think that going forward we will see a better
20 result as to improve, improve in the management of
21 the... of the city... of the street work.

22 COUNCIL MEMBER GIBSON: Great, okay.
23 Thank you, I'm looking forward to that. I just have
24 two final questions that are very project specific
25 but DDC is managing them and certainly understanding

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 the process a little bit more and how we can further
3 make improvements but I also want to add my name to
4 the chorus including my Chair of supporting design
5 build, both Chair Dromm and I were in Albany a few
6 weeks ago talking to colleagues and the Governor
7 about design build authority and certainly I
8 appreciate their willingness to work with us, I know
9 some of our priority projects have been included in
10 both the assembly and senate One House bills so over
11 the next few days I think it's 11 days I'm hoping
12 that we can continue to see design build authority
13 given to the city of New York. I wanted to ask about
14 Raise the Age, a very popular topic and specifically
15 the engineering auditors that DDC has, there was a
16 1.5 million dollar allocation in the capital ISA for
17 engineering auditors to really look at ensuring the
18 timely auditing of payments and change orders that
19 are related to construction work on Raise the Age so
20 the sites that were identified I believe it's
21 Crossroad, Horizon and Bronx and Brooklyn that work
22 is underway because we do have a timeline to comply
23 by October of this year so I wanted to understand a
24 little bit more or the nature of the work of the

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

engineering auditors as it relates to this, this work
for Raise the Age?

ANA BARRIO: Okay, I, I will touch first
on Raise the Age, the work itself and then... [cross-
talk]

COUNCIL MEMBER GIBSON: Okay... [cross-
talk]

ANA BARRIO: ...I will turn it over to
Justin Walter who talk... who will talk about the
funding, he's also the... [cross-talk]

COUNCIL MEMBER GIBSON: Okay... [cross-
talk]

ANA BARRIO: ...engineering audit officers...
[cross-talk]

COUNCIL MEMBER GIBSON: Got it...

ANA BARRIO: So, Raise the Age as you
know is a state law that requires 16 and 17-year olds
to come off of Rikers by this October... [cross-talk]

COUNCIL MEMBER GIBSON: Uh-huh... [cross-
talk]

ANA BARRIO: ...DDC is involvement in
working with the Mayor's Office and working with the
Department of Correction is to upgrade the Crossroads

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 facilities... a facility in Brooklyn and the Horizon
3 facility in the Bronx... [cross-talk]

4 COUNCIL MEMBER GIBSON: Right... [cross-
5 talk]

6 ANA BARRIO: ...we are there, I have to say
7 we are there 15 hours a day, the facilities are
8 occupied but we have a very aggressive schedule, we
9 don't have a lot of time, we have an aggressive
10 schedule to complete all the necessary work, this is
11 essential, safety, programming, and educational
12 support that we... that these facilities have to have
13 in order to, to accommodate the 16 and 17 year olds.
14 Our portion of the work is... we have... it has to be
15 completed by August 31st of this year.

16 COUNCIL MEMBER GIBSON: Okay... [cross-
17 talk]

18 ANA BARRIO: It, it is substantial, it is
19 about 45 million at each facility, it's... [cross-talk]

20 COUNCIL MEMBER GIBSON: 45 million for
21 each?

22 ANA BARRIO: Yes, it is... [cross-talk]

23 COUNCIL MEMBER GIBSON: Okay... [cross-
24 talk]

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 ANA BARRIO: ...substantial and it is
3 aggressive, an aggressive schedule, we are working 15
4 hour days and as you can imagine if we could work 24
5 hours we would but that's not possible, ACS has been...
6 and, and also the facility's executive director's
7 incredibly supportive and cooperative in, in the
8 logistics to deliver these two projects but we want
9 to make a very good environment for these 16 and 17
10 year olds coming off of Rikers, we want to make sure
11 that they're safe, that the... that their, their health
12 needs are met, that there's sufficient programming
13 for them, we want to also make sure that, that also
14 the staff is taken care of as well so we're, we're
15 looking forward to delivering the project by August
16 31st and we are... as of today we are on time to do
17 that.

18 COUNCIL MEMBER GIBSON: Okay, as long as
19 we continue with 15-hour days, right?

20 ANA BARRIO: It... I have to tell you...
21 [cross-talk]

22 COUNCIL MEMBER GIBSON: Ouch... [cross-
23 talk]

24 ANA BARRIO: ...it's, it's... [cross-talk]

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 COUNCIL MEMBER GIBSON: Those are long
3 days... [cross-talk]

4 ANA BARRIO: It... [cross-talk]

5 COUNCIL MEMBER GIBSON: Please make sure
6 they get a lunch hour.

7 ANA BARRIO: Yes, they do... yes, they do...

8 THOMAS FOLEY: Lunch half an hour, not a
9 full hour... [cross-talk]

10 COUNCIL MEMBER GIBSON: Lunch and dinner.

11 ANA BARRIO: As I said A... ACS and, and
12 the team at the facility's have been incredibly
13 helpful but this is the only way to do it, we have a
14 very short window in order to do this work, but it
15 will be done.

16 COUNCIL MEMBER GIBSON: And as I recall
17 we're not getting any state funding to help
18 facilitate the implementation of this so all of the
19 money we're using to renovate both facilities are
20 using city dollars, right?

21 ANA BARRIO: That is correct.

22 COUNCIL MEMBER GIBSON: Okay.

23 ANA BARRIO: So, I will turn it over to
24 Justin Walter to talk about the funding for
25 engineering auditors.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 JUSTIN WALTER: Sure.

3 COMMITTEE CLERK: Do you affirm that your
4 testimony will be truthful to the best of your
5 knowledge, information and belief?

6 JUSTIN WALTER: I do. Justin Walter,
7 Chief Administrative Officer of DDC. So, these funds
8 were provided for support to process payments timely
9 and change orders timely, we wanted dedicated
10 engineering audit support, these are required
11 functions per Directive seven of the, the Controllers
12 Directive Seven and the, the standard form
13 construction contract of the city in terms of change
14 orders they have to reviewed by engineering audit. We
15 are actually currently in the process of adjusting
16 this funding to bring on staff, engineering audit
17 staff, we think it's going to be about approximately
18 four staff and so there actually will be a bit of a
19 savings in there on the funds that were given to us
20 but these funds were specifically to help as the
21 Commissioner mentioned due to the, the timeline and
22 the... you know the nature of how quickly we have to
23 get this work done to ensure that we have the, the
24 review of payments and change orders happening very
25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 timely so that we can keep our contractors whole
3 financially... [cross-talk]

4 COUNCIL MEMBER GIBSON: Okay... [cross-
5 talk]

6 JUSTIN WALTER: ...and any changes that
7 have to be made to the contracts that they happen
8 quickly so that we continue to deliver the work.

9 COUNCIL MEMBER GIBSON: How quickly do
10 you expect to bring on the additional four staff?

11 JUSTIN WALTER: Well I think we're in
12 the... currently working on the process of that
13 staffing plan right now.

14 COUNCIL MEMBER GIBSON: Okay. Okay, the
15 other project that I wanted to talk about that's also
16 under DDC is Rodman's Neck and the training facility,
17 NYPD was here a few weeks ago and they gave us a
18 timeline of five years, a year for design, they
19 indicated that they didn't believe because they had
20 already started design that design build would help
21 in this regard, 275 million dollars of, of which 253
22 million is in fiscal 2019, this is a massive, massive
23 amount of work, I'm not underestimating this at all,
24 the challenge is Rodman's Neck has to remain open
25 while they do this, the noise mitigation work, the

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

shooting range and then also for many of us understanding that DOC correction officers, the recruits also train there as well so it's massive, I don't want to underestimate that but five years is, is very concerning to us and so we just wanted to understand from your perspective how long is this project going to take and is there anything that can be done to expedite this timeframe on Rodman's Neck?

ANA BARRIO: Certainly the.. [cross-talk]

COUNCIL MEMBER GIBSON: And it's the Bronx of course so I had to mention that.

ANA BARRIO: Yes, and we're happy to build in the Bronx. Rodman's Neck, yes, to build this project design build would save time and money but.. specifically time so whatever support we can get on, on design build would be great but in terms of the specifics and the timeline I'm going to turn it over to Tom Foley for additional information.

COUNCIL MEMBER GIBSON: But can we get design build now like would it work, is it applicable because NYPD seemed to think that we were past that time frame, that was my concern?

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 THOMAS FOLEY: It would not be applicable
3 now because we have started the design and one of
4 the... [cross-talk]

5 COUNCIL MEMBER GIBSON: Okay... [cross-
6 talk]

7 THOMAS FOLEY: ...things in with design
8 build is that even when... if, if we are given that
9 opportunity then there is a, a lengthy process... well
10 there is a process then of preparing bridging
11 documents and everything else, as far as the scope
12 development for design build is somewhat different
13 than the standard design bid build. So, there would
14 not be efficiencies built into if we were to have
15 Rodman's Neck how critical that is for police
16 department to have that as design build because we've
17 already started the... we already selected the designer
18 and we have signed off on the contract for them.

19 COUNCIL MEMBER GIBSON: Are we still
20 underway with the design or is that... is... [cross-talk]

21 THOMAS FOLEY: So, the design... so,
22 basically... so, the design... the designer has been
23 selected, it has not been awarded yet, but it has
24 been through the selection process, it, it was a
25 standalone design contract, we also have a, a

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 standalone construction management contract as well
3 and we had a meeting with NYPD and, and brought all
4 the construction managers to the site two weeks ago
5 and then that RFP is currently out for the
6 construction management. What we envision along with,
7 with NYPD and OMB is to bring the... when the design
8 starts is to then, you know officially hand.. you know
9 officially pen on paper to then have the construction
10 manager as an integrated team with the designer to
11 make sure that we are designing to a particular
12 budget and schedule and so there'll be independent
13 estimates take offs provided by that COUNCIL MEMBER
14 firm whoever that firm is and that's what... that's
15 what we envision.

16 COUNCIL MEMBER GIBSON: Okay, so the
17 design could potentially take a year and then the
18 construction would be four years so I guess the
19 design itself a year, is there any way that that
20 could be expedited to some extent, I know it's hard
21 to say because you just selected the design company
22 but the construction itself are you guys projecting
23 four years that it will take to build out Rodman's
24 Neck?

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 THOMAS FOLEY: So, the design was
3 actually two years... [cross-talk]

4 COUNCIL MEMBER GIBSON: That's even
5 worse...

6 THOMAS FOLEY: Yeah, well... yes, I would
7 say a year is, is very aggressive for a 25... that... so,
8 basically the contract for the design is 25 million
9 dollars, it is an expedited schedule to have that
10 design in two years, we are currently working with
11 NYPD as far as having... it's going to... the, the, the
12 challenge with the design is, is that, that phasing
13 in the coordination with PD and having that, that
14 range stay active as it needs to do during the
15 construction, part of the... what we bring in the, the
16 construction manager with is to determine that
17 sequence to determine what could be done, working
18 with OMB as far as to determine whether or not there
19 could be any financial incentives for this in order
20 to expedite the work but we're all in agreement as
21 far as any time savings that would... we could incur
22 would be a benefit to, to obviously to the city and
23 to, to NYPD and DOC.

24 COUNCIL MEMBER GIBSON: Okay, well as I...
25 and I, I want to thank you on behalf of my borough

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 and the residents of the Bronx particularly the
3 residents of City Island that have been dealing with
4 Rodman's Neck for quite some time, anything that we
5 can do within our resources to expedite this, to
6 incentivize please, please do so. This is a very
7 massive project again but if we can do things to make
8 the system better to improve the process you would
9 have some very, very, very happy residents of the
10 Bronx, they've been waiting for this for a very long
11 time so I appreciate it and then overall the work
12 you've been doing and the cooperation and your
13 willingness to work with us as an equal partner we
14 really appreciate it and I look forward to our
15 continued work through this budget process to make
16 sure that the system, the capital system is more
17 efficient, it's more improved and we're really
18 looking at our client agencies and working with them
19 to improve their process as well. So, thank you
20 Commissioner, thank you to you and your team for
21 being here, always want to give a shout out to Lee
22 Llambelis because she's great and she always comes to
23 my district for the STEAM program so I thank you for
24 that and I also thank you for the MWBE work as well
25 and to encourage you to keep making those numbers

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 greater. Thank you so much and I'll turn it back over
3 to Chair Dromm.

4 ANA BARRIO: Thank you.

5 CHAIRPERSON DROMM: Thank you also and
6 thank you for the panel for coming in, thank you very
7 much.

8 ANA BARRIO: Thank you, thank you so
9 much.

10 CHAIRPERSON DROMM: And our next panelist
11 will be... okay, let me go my, my opening part of the,
12 the public. We will now begin the public portion of
13 our hearing, as a reminder for members of the public
14 who wish to testify please fill out a witness slip
15 with the Sergeant at Arms. Additionally, the witness
16 panels will, will be arranged by topic so please
17 indicate the topic of your testimony on the witness
18 slip. If you have written testimony, please be sure
19 to give the testimony to the Sergeant at Arms when
20 your name is called to testify. We'll now call up our
21 first panel.

22 [off-mic dialogue]

23 CHAIRPERSON DROMM: And that will be
24 Jonathan Cassenburg.. Rosenberg, I'm sorry, my eyes
25 are really bad oh, IBO of course. Is anybody here for

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 the mental health? Mental Health hearing is in the
3 other room. Okay, would you like to begin?

4 JONATHAN ROSENBERG: Thank you Chair
5 Dromm, Chair Gibson and members of the Finance
6 Committee and the Subcommittee on Capital Budget. My
7 name is Jonathan Rosenberg, I am Director of Budget
8 Review at the Independent Budget Office and I'm here
9 to speak to you quickly I guess about the Mayor's
10 Preliminary 2019 Capital Budget. I don't have any
11 prepared remarks I just have some bullet points to
12 speak about. First of all, as probably you know the
13 capital commitment plan that came out in January or
14 in February for our 2018 through '21 totals an
15 unprecedented 69.6 billion dollars for the four years
16 of which 62.4 billion dollars is city funds as far as
17 we can tell that's, you know the largest capital
18 plan, four-year plan in history. It's 8.7 percent
19 greater than at the same time last year, 8.9 percent
20 greater just looking at city funds alone. Much of
21 this increase is related to increases in HPD's
22 capital plan which went up by about 1.9 billion
23 dollars, DOT's budget which went up by about 1.8
24 billion dollars and EDC which went up by
25 approximately 756 million dollars. Since the De

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 Blasio administration came into office the four-year
3 plan totals have increased by 16 percent annually and
4 20.3 percent annually when just looking at city
5 funds. I believe his first plan... when we're looking
6 comparing preliminary budgets was 38.6 billion
7 dollars in 2014 as compared to 69.6 billion dollars
8 today city funds the first preliminary plan in 2014
9 was 29.8 billion dollars compared to 62.4 billion
10 dollars for city funds. In comparison when we compare
11 it to Bloomberg administration's annual growth we saw
12 a 3.2 percent annual growth over the term now, part
13 of this was affected because the... at the great
14 recession there was a huge cut in between 2008 and
15 2009 so there was similar growth at the beginning of
16 the first seven years of the Bloomberg administration
17 when we saw an 11.2 percent growth but still the
18 growth, you know during these last four plans has
19 been relatively large and as I think many of you
20 have, have mentioned and even in conversations we've
21 had as you know the capital plan is frontloaded, 31
22 percent of the capital plan is in the first year and
23 61 percent is in the first two years this is actually
24 not... compared to recent years it's actually a trend
25 that their trending downward, I believe the last

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 Bloomberg administration plan, the first year budget
3 had 50 percent in the first year and 74 percent in
4 the first two years so the trend has actually gotten
5 a little better during the De Blasio years and we
6 hope as, as you do that they'll have more appropriate
7 budgeting and as I believe Chair Gibson just
8 mentioned actually that they'll have some more
9 rational, rational capital budgeting. And meanwhile
10 what, what we've just released actually IBO just
11 released a, a short budget option... a budget report
12 and one of the things we focused on in there is
13 specifically capital as it relates to financing of
14 debt service because obviously the way the city pays
15 for our capital plan is through the issuance of debt
16 and the, the... as we can see over the last five years
17 the city has paid an average of 5.8 billion dollars
18 in debt service, the city currently has an
19 outstanding debt of 86.3 billion dollars and OMB in
20 its... in its budget... this most recent budget estimates
21 that debt service will increase from 7.1 billion in
22 2019 to 8.8 billion in 2022 and I know in recent
23 years, in many, many recent years OMB's estimates
24 have been a little higher than actuals, they've come
25 in to be... interest rates have actually come in lower

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 but we are starting to see interest rates starting to
3 creep up from historical lows, IBO and, and other
4 monitors have estimates of interest rates into 2020
5 of go, going upwards of almost four percent for the
6 fed funds rate compared to what we've been seeing in
7 the last few years which have been very low, you know
8 below one even, even below point five percent so even
9 though OMB has debt service numbers going out to the
10 out years of 8.8 billion dollars and we can assume
11 that some of that will actually be lower we do run
12 the risk that we can't actually... we won't be able to
13 actually take advantage of savings that's built into
14 the plan as we have in the past. So, that is... that is
15 some risk of the budget, you know how... on the expense
16 side obviously as it relates to capital and as it
17 relates to just the, the, the size of the capital
18 plan. I, I know my time is running out, so I'll just
19 finalize... finally say that IBO is here of course to
20 assist in any questions that the council has, I know
21 we've, we've been... we've been... definitely had some
22 good constructive meetings with many council members
23 and we're always here to assist as... even in the
24 future.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 CHAIRPERSON DROMM: And I may have the
3 term, refunding that they talked about that... Director
4 Hartzog talked about... [cross-talk]

5 JONATHAN ROSENBERG: Uh-huh...

6 [off-mic dialogue]

7 CHAIRPERSON DROMM: Do... are you aware of
8 that issue and what that means from the federal
9 level?

10 JONATHAN ROSENBERG: Yes, I, I, I know
11 that there... and I know that we have some analysis of
12 this, I don't have it necessarily in front of me, I
13 do know that in, in discussions with various sources
14 the issue... I assume they're... I didn't specifically
15 hear what the, the OMB Chair... OMB's Director said
16 specifically but I assume she was speaking of the
17 tax... the, the different... so, I believe that our, our,
18 our take on this is that and I'm not an economist by
19 the way but our take on this is that the... there might
20 be some dip in the ability of the city to do these
21 things and, and to the benefit that we take but I
22 believe it's, it's going to be... it'll be pushed out
23 to the future so in the short term this might have
24 some effect on the city's ability to benefit from
25 refunding's but over time it... we're probably not

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 going to see... it'll just be a, a latent benefit again
3 this is a... you know a pretty early stage of that, we
4 haven't seen much and, and we've been in discussions
5 with the Comptrollers Office and OMB as well about
6 these so there's not real consensus on it but I think
7 that's, that's what our take is right now and we're
8 obviously, you know keeping an eye on this into the
9 future.

10 CHAIRPERSON DROMM: How would you
11 describe the budget?

12 JONATHAN ROSENBERG: The whole budget or
13 the capital budget?

14 CHAIRPERSON DROMM: Well... okay, let's
15 say... well, let's say the whole budget and
16 specifically the capital.

17 JONATHAN ROSENBERG: I mean obviously
18 it's an aggressive budget, capital plan, it's a large
19 capital plan and in times of, of... you know the city
20 has lots of capital needs of course, the state of
21 good repair, we need to get to a state of good repair
22 and in times of low interest rates and affordable...
23 and, and in times of... when the... when the expense
24 budget can afford to pay for these financing charges
25 and, and low interest rates it's a good time to do

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 this because we're going to get... we probably will
3 come... we... I mean we might not get back to the 70's
4 interest rates but we are going to have an, an
5 interest, interest rates are going to go up and it
6 will be less affordable to do these types of things
7 so I believe it is good to have an aggressive capital
8 plan when you can afford it and when, when interest
9 rates are low because there's going to be other times
10 when interest rates are higher and we might not have
11 the ability to do that so I, I'm not saying that it's
12 necessarily wrong to do... have a large capital plan,
13 I'm, I'm not giving a... you know a... any, any
14 consideration to that but in, in general I think it's
15 think it's something to be cautious about as interest
16 rates are starting to creep up, if that answers your
17 question sir.

18 CHAIRPERSON DROMM: It does, how
19 concerned are you about the commitment plan being
20 over estimated?

21 JONATHAN ROSENBERG: Do you mean in terms
22 of the percentage that the agencies... [cross-talk]

23 CHAIRPERSON DROMM: Correct... [cross-talk]

24 JONATHAN ROSENBERG: ...commit? I, I mean
25 historically obviously agencies... different agencies

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 get higher percentage of commitments, I think that
3 for, you know transparency purposes I think that most
4 agencies probably need to do a little better job at
5 least in plan... in their planning but having been on
6 both sides here I think that you'd have to be able to
7 take it with a little bit of understanding that they
8 had... need a little bit of flexibility but not always
9 is the, the reason for a delay or the reason for
10 changes always necessarily the fault of an agency or
11 of a... or of OMB sometimes there's a lot of... there's a
12 lot of factors, we all know New York City is a tough
13 place to get things done, tough place to, to build
14 things, there's a lot of community activity, there's
15 a lot of, you know activity from elected officials as
16 well so agencies aren't always going to be able to do
17 what they plan to do so I... you know I, I think that
18 you always got to... you have to give them a little bit
19 of leeway on that regard. Now with that being said if
20 you're seeing an agency that's only committing ten,
21 15 percent historically like some agencies do they're
22 probably does need to be some reconsideration of
23 what... you know how they're planning things or maybe
24 how they're doing business but certain agencies if
25 you see it's, you know 60, 55, 40, 50, you know they

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 stay around there I don't think that's... I don't think
3 it's, it's as big an issue as, as, as it kind of...
4 made out, I know that O... the OMB Director stated that
5 there's need for flexibility obviously we agree that
6 there is need and especially in the capital plan to
7 have that kind of flexibility some flexibility maybe
8 not all the flexibly in the world and, you know I, I
9 know that the, the council has worked with them to
10 try to, to... [cross-talk]

11 CHAIRPERSON DROMM: It seems that they're
12 about... that they are about double I think was the
13 figure that the Speaker used... [cross-talk]

14 JONATHAN ROSENBERG: Uh-huh... [cross-talk]

15 CHAIRPERSON DROMM: ...in terms of their
16 completion, is that high?

17 JONATHAN ROSENBERG: Double, I'm sorry,
18 you mean... [cross-talk]

19 CHAIRPERSON DROMM: In terms of the, the...
20 [cross-talk]

21 JONATHAN ROSENBERG: ...in terms of 50
22 percent... [cross-talk]

23 CHAIRPERSON DROMM: ...complete... double in
24 terms of the, the commitment versus what's actually
25 completed.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 JONATHAN ROSENBERG: I mean I think
3 historically at least in my experience 60 percent was
4 kind of their benchmark at OMB, 66 percent around so
5 50... if it's 50 percent right now then that's not a
6 great number, I would say that that probably... it
7 needs to be higher, I think 60 to 65 percent seems
8 like a historical average that probably is more of a
9 benchmark for them so yeah, I would say if, if... I
10 don't... I haven't actually done that analysis but if
11 it is 50 percent then I, I would agree that that's an
12 issue.

13 CHAIRPERSON DROMM: That that's an issue?

14 JONATHAN ROSENBERG: Yeah.

15 CHAIRPERSON DROMM: Okay. Okay. Alright,
16 thank you very much... [cross-talk]

17 JONATHAN ROSENBERG: Thank you... [cross-
18 talk]

19 CHAIRPERSON DROMM: We're going to go to
20 our next panelists... [cross-talk]

21 JONATHAN ROSENBERG: ...and as... and as
22 I've... [cross-talk]

23 CHAIRPERSON DROMM: ...I appreciate it..
24 [cross-talk]

25

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 JONATHAN ROSENBERG: ...said we're, we're
3 always here to... [cross-talk]

4 CHAIRPERSON DROMM: Thank you... [cross-
5 talk]

6 JONATHAN ROSENBERG: ...assist, thank you.

7 CHAIRPERSON DROMM: Sean Campion,
8 Citizens Budget Commission and James Wesley from Get,
9 Get Healthier Care Together Incorporated. Okay, very
10 good, thank you and welcome, would you like to start
11 with this?

12 SEAN CAMPION: Yes. Thank you for the
13 opportunity to testify today, my name is Sean
14 Campion, I'm a Senior Research Associate at Citizens
15 Budget Commission. CBC as you know is a nonpartisan
16 non-profit civic organization whose mission is to
17 achieve constructive change in the finances and
18 services of New York State and New York City
19 governments. We... I want to start by commending the
20 city council for creating a subcommittee on the
21 capital budget and we look forward to working with
22 you. CBC has long advocated for improvements to the
23 city's capital planning, budgeting, procurement and
24 asset management processes to make them more
25 transparent, efficient and effective. At the end of

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 our testimony that I've submitted I've also included
3 some links to some of our recent work on the capital
4 plan. The De Blasio administration has recognized
5 that the city's capital plan needs to be right sized
6 and right timed nevertheless CBC's analysis of the
7 79-billion-dollar preliminary capital commitment plan
8 for fiscal years 2018 to 2022 which I've included
9 with our testimony shows that capital commitments
10 continue to exceed historic levels and remain
11 frontloaded. In short as the committee's pointed out
12 this morning the commitment plan remains unrealistic
13 in its ambition, it obscures capital priorities and
14 discourages countability for completing capital
15 projects efficiently. In addition to right sizing and
16 right timing the capital plan, CBC has identified
17 other problems including plans that are not tied to
18 assessments of needs which makes it impossible to, to
19 assess whether the city's adequately addressing it's
20 capital needs or investing enough to keep its assets
21 in a state of good repair, inefficient design
22 procurement and construction management policies that
23 increase project costs and timelines, the lack of
24 data to track project level spending and progress
25 towards key milestones, the lack of asset management

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 policies for routine maintenance to keep assets from
3 falling to disrepair, the failure to consider the
4 impact on maintenance, operations or the cost of debt
5 service and finally growing debt burden caused by
6 high levels of capital spending and overreliance of
7 borrowing. CBC has explained these problems in depth
8 in our past work, but I want to focus today on how
9 these problems can best be tackled going forward.
10 First, by making smart and targeted capital
11 investments. The preliminary capital commitment plan
12 and the ten-year strategy that guides it are too
13 large. Adding to capital plans should be treated with
14 the same caution and scrutiny as adding funding to
15 the operating budget. CBC believes that the city's
16 capital dollar should be directed towards repairing
17 its critical infrastructure, ensuring its buildings
18 and facilities are safe and expanding where it makes
19 sense to improve services. Projects, particularly
20 those billed as economic development, should only be
21 included in the capital plan if they demonstrate
22 greater benefits than costs or a return on the city's
23 investment. Second is... or reflecting realistic
24 timelines in the capital plan. The capital plan
25 should reflect more accurately the timing of the

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 city's capital project which would improve project
3 coordination, budgeting and monitoring as well as
4 reduce the buildup of appropriations that curtails
5 city council oversight as we've discussed today.
6 Third is improving the city's, city's needs
7 assessments. So, the current system for evaluating
8 city owned assets, the Asset Management and
9 Information System or AIMS, fails to capture the full
10 universe of city assets and does not align with
11 categories in the ten-year capital strategy or in the
12 annual capital commitment plans. As a result, the
13 city lacks information on the level of investment
14 needed to reach a state of good repair and what share
15 of that need is being met by the capital plan. AIMS
16 should incorporate these... the thorough needs
17 assessments that are conducted by the Departments of
18 Transportation and Education, include a broader set
19 of capital assets and align more closely with the
20 capital plan. Next would be improving the city's
21 capital planning process. In theory the city is
22 supposed to develop a capital strategy based on the
23 findings of a comprehensive needs assessment and
24 implement that strategy through it's capital plan. In
25 practice, AIMS's shortcomings makes it difficult to

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 develop a strategy that reflects the city's actual
3 capital needs. Improving AIMS will in turn improve
4 the process by which the city identifies and
5 prioritizes capital spending. Next would be
6 incorporating life cycle cost analysis. In addition
7 to considering the upfront capital costs of, of
8 construction cost of capital projects, the capital
9 planning process should include a life cycle cost
10 analysis that incorporates the cost of operating,
11 maintaining and ultimately replacing capital assets.
12 Adding performance metrics to the capital plan would
13 help... because the capital plan lacks sufficient
14 programmatic indicators to allow the council and
15 other observers to measure the efficiency and
16 effectiveness of capital investments. Indicators like
17 per unit cost or benchmarks to measure progress
18 towards milestones should be included with the
19 capital budget and, and added to the MMR. Improving
20 capital management, historically lack of coordination
21 among agencies, outdated procurement rules and
22 inadequate oversight contributed to delays, overruns
23 and inflated budgets. Identifying and addressing the
24 root causes of these issues will help contain
25 spending growth and speed up project delivery. Use of

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 discrete project codes. So, city's use lump sum
3 agency... lump sum project codes to gain flexibility in
4 how they deploy funding, but these codes offer little
5 transparency into how and where agencies plan to
6 commit their funding. Making actual capital spending
7 public, pursuing procurement reform including design
8 build and the repeal of Wicks Law and the use of pay-
9 go financing to help offset rising debt costs in the
10 growing burden of increased borrowing will also help
11 improve the capital planning process and thank you
12 again for the opportunity to testify and I'm happy to
13 answer any questions you may have.

14 CHAIRPERSON DROMM: Thanks, and just
15 before we go to our next witness I'm just curious to
16 know your opinion on requiring the use or more
17 transparency or as you put it here, require the use
18 of discrete project codes, codes, would that bring
19 the movement in capital projects to construction to a
20 screeching halt as was mentioned earlier in the
21 hearing?

22 SEAN CAMPION: I, I don't believe it
23 would bring it to a screeching halt, I think it's...
24 part of the problem is, is that the lack of
25 transparency at the project level particularly the

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 lack of data on actual capital commitments and
3 expenditures at the project level makes it difficult
4 to hold the administration accountable so it's not
5 necessarily on the up front side where the benefits
6 are although there are obviously are some up front
7 benefits for the council in particular on oversight
8 of appropriations going to individual projects rather
9 than serve broad budget lines, on the prospect of...
10 looking prospectively as well the benefits for
11 outside observers both inside the... inside the city
12 government and outside the city government such as
13 CBC making it more easy to evaluate sort of both
14 progress towards just milestones, evaluating per unit
15 costs or other benchmarks and then also in terms of
16 analyzing... see agency's actual capital performance
17 not just that they're delivering projects on time and
18 on budget as sort of broad budget codes but actually
19 getting down to individual projects and seeing which
20 projects are delayed, which projects have overruns
21 and holding them accountable for their capital plans
22 going forward as well.

23 CHAIRPERSON DROMM: Okay, thank you.

24 SEAN CAMPION: Uh-huh.

25 CHAIRPERSON DROMM: Next please.

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
1 CAPITAL BUDGET

2 JERRY WESLEY: Thank you for the
3 opportunity to testify this afternoon. I'm Jerry
4 Wesley, Health Care Transformation Futurist at Get
5 Healthier Cure Together Inc. we specialize in
6 satisfying customer care outcomes and health defying
7 workforce engagement and restoring organizational
8 financial health. I am here to kind of talk about a
9 health defying New York City Health and Hospital
10 corporation workforce engagement as a capital, as a
11 human capital, from a human capital perspective
12 meaning that if the New York City infrastructure was
13 crumbling and actually creating a major threat to
14 community safety there would be an urgent response to
15 resolve it. medical errors are now the third leading
16 cause of death in the United States. Here's the
17 problem, since the affordable act was signed in 2010
18 the healthcare landscape has been shifting towards
19 higher quality, safety, value and healthier outcomes,
20 these new mandatory regulatory demands are attached
21 to new models of care that come with payment models
22 that are now used to generate revenue. Optimizing
23 these payment models requires a performance level
24 that the current knowledge and skills of our
25 workforce can't scale. Unable to generate enough

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 revenue through it's workforce, New York City H and H
3 is counting on layoffs through attrition to help
4 balance their books leaving the remaining workforce
5 to face unrealistic performance expectations and
6 unproductive workloads that put their safety and the
7 patient care at risk.

8 CHAIRPERSON DROMM: Will you... did you
9 want to testify at the Health and Hospitals hearing?

10 JERRY WESLEY: I did but I also see this
11 as a human capital issue and that's why I'm here.

12 CHAIRPERSON DROMM: Okay, okay.

13 JERRY WESLEY: Okay, we got here because
14 the collective response that emergency response of a
15 collapsing infrastructure to these new demands have
16 been drastically slow so much so that no one has
17 adequately prepared the workforce with the updated
18 knowledge and skills needed to meet new demands to be
19 able to thrive in a changing healthcare landscape.
20 Instead of moving quickly with that urgent response
21 to align the workforce value-based care readiness the
22 slow response... their slow response across the board
23 has left the thinking, behavior, attitudes,
24 communication, knowledge and skills of our workforce
25 entrenched and outdated paradigms, practices,

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 processes, systems and culture that are unresponsive
3 to the new aims to date. With your permission to be
4 brutally honest here no one has added... has adequately
5 prepared our workforce for this paradigm shift and as
6 a result patient outcomes are suffering, as a result
7 costly errors are occurring, as a result HHC is
8 unable to effectively generate the revenue that is
9 needed to effectively care for the community. When we
10 say no one has adequately prepared; not the civil
11 service, the Mayor's Office, city council, borough
12 president, the Governor, nor New York City and New
13 York State unions, nor the New York City executive...
14 health care executive, nor traditional healthcare
15 educational sources, universities, colleges, even our
16 own workforce, no one has adequately. To wrap up, of
17 the 34 one-star hospitals in New York State eight of
18 those hospitals are in New York... with... are with New
19 York City Health and Hospital Corporation; Lincoln,
20 Jacobi, Elmhurst, Coney Island, Kings County,
21 Bellevue, Queens and Harlem. We are here today
22 seeking 40 million dollars in order to retrofit New
23 York City Health and Hospital's star rating to
24 upgrade it from a one star facility infrastructure to
25 a three to five star infrastructure and we're also

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2 seeking to upgrade what we call the workforce TBACKS;
3 the thinking, behaviors, attitudes, communication,
4 knowledge and skills so that we can optimize and
5 actually save over 500 million dollars in cost
6 savings. Thank you.

7 CHAIRPERSON DROMM: Thank you, so the 40
8 million dollars that you are looking for was for
9 retrofitting?

10 JERRY WESLEY: It's for retrofitting the
11 35,000... the 35 to 40,000 workforces for New York City
12 Health and Hospital Corporation that means getting
13 their skills, their thinking, their behaviors,
14 attitudes, communication, knowledge and skills up to
15 speed to keep pace with COUNCIL MEMBERS regulatory
16 change. Without this intervention make no mistake
17 without this intervention we will simply be left
18 behind as the healthcare industry continues it's
19 historic and transformational journey from volume
20 based to value based care. Since the New York City
21 Health and Hospital Corporation is the infrastructure
22 that the city has created to care for it's population
23 we must begin to look at the performance in terms of
24 an organization in, in, in terms of systemic
25 organizational cultural thinking, a systemic

COMMITTEE ON FINANCE JOINTLY WITH SUBCOMMITTEE ON
CAPITAL BUDGET

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

organizational cultural thinking in order to meet
those new demands.

CHAIRPERSON DROMM: Okay, thank you very
much. I want to thank this panel for coming in, I'd
urge you go.. to go next door also because they need
to hear what you had to say and with that this
meeting is adjourned at 2.25 in the afternoon, thank
you.

[gavel]

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

April 20, 2018