

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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March 27, 2019  
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HELD AT: Council Chambers - City Hall

B E F O R E: Daniel Dromm  
Chairperson

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

Jacques Jiha  
New York City Department of Finance

Lorraine Grillo  
Department of Design and Construction

Jamie Torres Springer  
Department of Design and Construction

Justin Walter  
Department of Design and Construction

David Varoli  
Department of Design and Construction

Maggie Austin  
Department of Design and Construction

Melanie Hartzog  
Director of Mayor's Office of Management and  
Budget

Kenneth Godiner  
First Deputy Director of Office of Management  
and Budget

Henry Garrido  
Executive Director DC37

Ralph Palladino  
2<sup>nd</sup> Vice President, Local 1549 DC 37

## A P P E A R A N C E S (CONT.)

Maria Policarpo  
President, Local 1757 DC 37

Reyna Tellez  
Worker' Justice Project

Ligia Guallpa  
Worker' Justice Project

Winn Periyasamy  
Federation of Protestant Welfare Agencies

Shane Correia  
Center for Court Innovation

Greg Waltman  
G1 Quantum

Julia Duranti-Martinez  
New Economy Project

Tasfia Rahman  
Coalition for Asian American Children and  
Families

Aya Tasaki  
Woman Kind 15% and Growing

Ying Yu Situ  
MinKwon 15% and Growing

Rachael Aicher  
Arab American Family Support Center and 15% and  
Growing

## A P P E A R A N C E S (CONT.)

Diya Basu-sen  
Sapna NYC

Alexander Kim  
Youth Leader from MinKwon

Shaaranya Pillai  
India Home

Jo-Ann Yoo  
Asian American Federation

Man Yuck Yo Academy of Medical and Public Health  
Services.

Tiffany Cheng in for Jo-Ann Yoo

CHAIRPERSON DROMM: [GAVEL] Good morning and welcome to today's hearing of the Finance Committee. I am Council Member Daniel Dromm and I am the Chair of the Committee. Today we will examine the Department of Finances Fiscal 2020 Preliminary Budget and the Fiscal 2019 Preliminary Mayor' Management Report. I am joined this morning by Council Member Steven Matteo and others I'm sure will be joining us shortly.

To begin today's Preliminary Budget hearing, we will hear from the Commissioner of the Department of Finance Jacques Jiha. After we hear from DOF, we will hear from the Department of Design and Construction and the Office of Management and Budget. The hearing with DDC and OMB will be heard jointly by this Committee and the subcommittee on Capital Budget, chaired by Council Member Venessa Gibson.

DOS Fiscal 2020 Fiscal 2020 Preliminary Budget totals \$311.8 million and \$8.3 million increase from the Fiscal 2019 Adopted Budget. One of the significant changes is a new need of \$1.5 million in Fiscal 2019 to provide technical assistance for the new property tax system. DOF recently launched a new public portal for more than 40,000 tax payers to view

their property tax data. With the release, there has been some confusion about information that used to be available to residents that is no longer up right there now. We look forward to clarifying this with DOF today.

In addition, DOF included \$2.3 million, a new need for Fiscal 2020 and the out years to modernize its collections process. The Council commends DOF for consistent improvement in ECB Debt Collections year after year since Fiscal 2015. In Fiscal 2018, DOF collected \$67.3 million in ECB Debt, an increase of 9.1 percent over the previous year. However, we can all agree there is still room for improvement. Even with the allowances for bad debt, DOF reports that there is \$642 million in ECB debt outstanding.

I also hope to learn more about DOF's outreach regarding the rent freeze program or SCRIE and DRIE. Despite a targeted outreach campaign for the rent freeze program to under enrolled neighborhoods in 2016, the application and enrollment numbers for those programs remains relatively flat. Based on the numbers it appears that the Administration can do more to ensure that more of our seniors and those living with disabilities are applying for these

critical programs that can help them remain in their homes.

Lastly, I look forward to hearing an update on the implementation of the income-based payment agreement program which DOF dubbed PT AID Local Law 45 of 2019 which I sponsored, and which authorized these new installment plans recently went into effect on March 1<sup>st</sup>. I want to acknowledge the work of Council Finance, who did much in preparing for today's hearing. Specifically, Deputy Directors Regina Poreda Ryan and Nathan Toth, Unit Head Chima Obichere, Financial Analyst Masis Sarkissian, Assistant Director Emre Edev, and Counsel's Rebecca Chasan and Stephanie Ruiz.

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 2p.m. and 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 unable to do so at today's hearing, you may email your testimony to the Councils Finance Division at

[financetestimony@council.nyc.gov](mailto:financetestimony@council.nyc.gov) by close of business on Friday, March 29<sup>th</sup> and the staff will make it a part of the official record. We will now here for Commissioner Jacques Jiha after he is sworn in by Council.

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

JACQUES JIHA: Yes, I do.

CLERK: Thank you.

JACQUES JIHA: Good morning. Thank you, Chair Dromm and the members of the Finance Committee, for the opportunity to testify today.

My name is Jacques Jiha, and I am the Commissioner of the New York City Department of Finance. I am joined today by First Deputy Commissioner Michael Hyman.

I will begin by providing you with a brief update on the city's financial conditions.

Through February, the city's revenue totaled \$46.5 billion, which represents a 1.2 percent increase over last year. That is well below the Office of Management and Budget Fiscal Year growth forecast of 2.6 percent.



This under-performance has been driven by weakness in the person income tax, especially in the area of estimated payments, and a softness in the unincorporated business tax.

In light of these weaknesses and the recent inversion of the yield curve which, if continued, could signal a recession, we should approach the Fiscal Year Executive Budget and Financial Plan with caution. We will continue to closely monitor tax collections, and we will brief the Council as warranted.

The past four years have been a transformative period for the Department of Finance. Increasingly, we have been relying on sophisticated data analytics and artificial intelligence, in particular cognitive and machine learning in order to mitigate operational risks, reduce inefficiencies and costs, and make better decisions. Along the way, we have conducted our business in accordance with the agency's four key pillars: fairness, efficiency, transparency, and exceptional customer service.

Like any business, cities that do not provide good service at competitive prices will lose customers. In our case, this means residents,

businesses, and visitors, and the revenue they generate.

City agencies cannot settle for providing merely adequate service. Our customers are also customers of Apple, American Express, Chase Bank, and many other private companies which are providing state-of-the-art products and services. They have grown accustomed to a certain level of service, and they will not accept anything less. Therefore, our services must be on par with the services they receive from private sector businesses.

When a customer walks into our business centers, they expect the same treatment that they receive at the bank branch. They don't want to wait a long period of time to conduct a transaction. That's why we reengineered our operations to reduce wait times at our business centers from 45 minutes to 5 minutes four years ago.

When customers must pay their parking tickets or property taxes, they expect the same level of service and convenience that they receive from major retailers, banks, and other businesses. Again, that's why we have introduced new payment methods such as mobile apps and Apple Pay and have conveniently

enabled our customers to pay their parking tickets at any CVS or 7-Eleven store around the country.

Put simply, just as private sector firms use big data and technology to provide excellent services, we must do the same.

At the Department of Finance, we are on the cutting edge. The examples of our data-driven and customer-centric approach are numerous. I'd like to share just a few with you in the time that we have today.

First, the process by which the Department of Finance values properties has become heavily driven by technology and big data. While we continue to inspect properties in person every three years as required by law, we are increasingly relying on technology to do the majority of the inspections.

In the last two years, we have increased the number of properties that we have checked for anomalies and have increased assessments by adding missed construction and fixing incorrect square footage data and incorrect building classifications.

More importantly, our assessors are now trained in applications where GIS and imagery are the underlying technologies. They appreciate the power

of these new capabilities and how they have made their data-collection task more efficient. For example, our assessors were able to visit approximately 27,000 parcels in a one five-year period in 2016, before the adoption of streetscape technology. For the same period in 2018, they reviewed about 80,000 parcels: about 67,000 via desktop review, and the rest through field visits.

The assessment process has also benefitted significantly from a Department of Finance initiative that we refer to as cross-agency data sharing. The purpose of this initiative is to create a collaborative culture among more than twenty participating city agencies.

The property valuations team is sharing data with nine other city agencies, including the Department of Buildings and the Department of City Planning. As a result, we can now obtain more timely Department of Buildings certificate of occupancy data to identify parcels with recently completed construction. This resulted in an increase of more than \$40 million in the city's total assessed value and generating \$5 million in additional property tax revenue in Fiscal Year 2020.

We are now moving into mass data collection of building characteristics using machine learning algorithms on Lidar, which is light detection and ranging, and imagery data, with the goal of capturing data on exterior building characteristics. Hence, assessors can now focus on interior inspections of buildings to find out the number of units, conditions and alterations and on the valuation of properties, particularly in growth areas.

Mass-data collection using Lidar and imagery will give New York City a database that all agencies can share, since many agencies use building characteristics such as footprint, square footage, number of stories, and façade type. This wealth of data that is shared, accurate, and updated on a regular basis, paired with data analytics, is the basis for building the smart cities of the future.

Clearly, good things happen when government agencies use and share data to make informed decisions. That is true not only in the area of property taxation, but also in law enforcement.

The New York City Sheriff's Office is very active in the areas of data sharing and technology. We are one of the few sheriff operations in the United

States that integrates data from the courts and from the police department to our service of court orders. For example, if we serve an order of protection and we know that the offender has an outstanding warrant with the court or is wanted by the NYPD, we will make the arrest on the spot. This is not a universal practice amount law enforcement agencies nationwide, many will simply serve the orders and walk away.

You may also have heard about the recent tobacco bust performed by our Sheriff's Office. In January, the sheriff executed six arrest warrants and seven search warrants that resulted in the seizure of over 26,000 cartons of cigarettes in a single operation. The defendants were charged with conspiracy and the trafficking of over 400,000 cartons of untaxed cigarettes.

That operation was made possible by joint investigative work with the United States Postal Service and by the multiple data sources acquired by the Sheriff's Office concerning illegal tobacco trafficking.

In fact, we are investing in information technology to improve our law enforcement efforts across the board. The Sheriff's office is preparing

to deploy a new computer-aided dispatching system to provide deputies with more information in the field.

And we are also using technology to protect New Yorkers who are vulnerable to deed fraud, a crime that has been described as an epidemic in the City.

The Department of Finance has already implemented a system to inform homeowners whenever a document is recorded against their property, so they can report any suspicious activity. Now, we are turning our focus to prevention by acquiring optical character recognition and artificial intelligence capabilities that will make property-related records more accurate and more easily searchable.

This, in turn, will make it easier for the city register's office and the sheriff to spot suspicious activity and track the connections between perpetrators of fraud and their accomplices. Our objective is to use machine learning to detect patterns of illegal activity and to stop deed fraud before it starts.

We have already seen the benefit of machine learning in other areas of the agency. As we speak, a very sharp team of highly trained economists and statisticians is working to make sure that the city's

businesses pay what they owe, not one penny more and not one penny less.

The Data intelligence Group has developed more than 200 models to identify potential business tax audit candidates. These models include predictive econometric algorithms which identify common characteristics of past audit subjects in order to find other candidates with similar characteristics.

The learning comes in when the result of the audits are then fed back into the models to make them smarter. Put simply, our models use auditors' insights as well as statistical algorithms across multiple sources of data to select better audit cases, which result in a significant increase in revenue for the city. Since 2014, our annual audit have increased to more than \$1.3 billion.

Our collections effort has also benefited from new technology and process of re-engineering. As a result of a new business tax system, business tax judgment increased to \$225 million in Fiscal Year 2017 and close to \$200 million last year after averaging about \$70 million each year from Fiscal Year 2009, to Fiscal Year 2015.



On the other side of the coin, we are also making sure that business owners receive the refunds that they deserve. The new system has made it easier for taxpayers to request, and for DOF to process, business tax refunds. We issued \$600 million in refunds to businesses in 2018, compared to \$465 million in 2014.

So, you see, we don't just come looking for customers when they owe us money; we also make sure that they receive the refunds to which they are entitled.

Another example of our commitment to use technology to improve tax administration and become more customer-centric is the launch, earlier this month, of a new online property tax system which makes it much easier for customers to transact with the Department of Finance.

Property owners are now able to view important information such as their property tax bills and notice of property value and to pay their property taxes from the palms of their hand, on their mobile device.

With the new system, homeowners are now able to file online for money-saving property tax benefits

such as the senior citizen and disabled homeowner's exemptions, and to view the status of their submitted applications. The streamlined electronic workflow of the new system allows us to process applications more efficiently and to grant these benefits more quickly. Put simply, our priority at the Department of Finance is to leverage technology and big data to provide a better experience for the customer and to provide more accurate tax assessment.

Before we close, there are a few other initiatives and developments of which I would like to make you aware, all of them geared toward serving our customers.

First, working with the Council, we have just introduced a very important new program to help low-income Property Tax and Interest Deferral program, also known as PT AID, allows homeowners to defer a portion or, in some cases, all of their property tax payments to help them remain in their homes.

There are three payment plan options for homeowners with low or moderate incomes: one for seniors, one for homeowners facing extenuating circumstances such as death or loss of income due to unemployment and one for homeowners who simply need

to stretch out a one-year worth of taxes over multiple years.

PT AID program participants will have their properties removed from the tax lien sale as long as they provide all required information within 45 days from the date of application.

We are excited about PT AID and expect it will be an incredibly helpful program for the homeowners most in need of our assistance. We will work with City Council members and other elected officials to get the word out in their districts.

Second, the Office of the Parking Summons Advocate was officially launched on December 21, 2018. The parking advocate's office is tasked with helping members of the public who are unable to resolve the parking and camera-violation tickets through normal Department of Finance channels. The office also evaluates the parking system to identify and offer solutions to systemic issues.

The parking advocate and his team have been conducting a robust educational outreach effort, providing in-person assistance at our business centers and assisting customers over the phone and via email. To date, the Office of the Parking

Summons Advocate has opened up close to 600 cases and has assisted with about 1,900 summonses. But the advocate's most important work is in educating people before they go to the judge, to help them understand the violation and prepare effective defenses.

We can be proud that New York is one of only a few cities in the country where people receive parking tickets have an advocate into the government.

And finally, this summer, we will launch a new Department of Finance contact center which will provide customers with easy access to experts on business taxation and personal exemptions and benefits. With the contact center in place, we will be able to provide faster service for customers with sophisticated or highly specific tax questions.

This is critically important, as our system of taxation involves complicated issues that cannot be answered by 311 operators and comprises many different deadlines and documentation requirements.

Our customers require timely answers, and with the contact center, they will receive the information they need as quickly as possible.

In closing, the Department of Finance is hard at work on behalf of the city and our customers. We are

very grateful for your support, and as always, we welcome your input.

Thank you for your time and I am happy to take any questions.

CHAIRPERSON DROMM: Thank you very much Commissioner and just before we get started with questions, I'd like to say that we have been joined by Council Member Adrienne Adams and Council Member Barry Grodenchik as well. Thank you for being here.

Lets just talk a little bit about vacancies and operational capacity within the department. DOF has had a high vacancy rate which currently stands at about 14.6 percent. What measures have you taken to address the vacancy issue and is retention and recruiting one of the primary issues?

JACQUES JIHA: Yes, vacancy is as you indicated, is high but the agency continues to operate effectively and as I indicate to people all the time, we have a very lean and mean machine. So, we are very, very effective in terms of managing our headcount but bear in mind, I mean rest assured that the agency is continuing to operate fully.

We are currently working with OMB to fill all the backfills that we currently have, all of the

positions that we currently have. We currently have about 322, if that's currently, open positions and I believe with the freeze, we also have about 46 – overall, we have about 276 open positions but we're currently with OMB and we have I believe a couple hiring pools coming for the city assessors and for the auditors and some payment operations openings. So, hopefully in the next couple months, we will begin to backfill some of these positions but again, rest assured, that we are fully operational, and nothing is falling through the cracks just because of the headcount issues that we have.

CHAIRPERSON DROMM: From what we can see, it appears that DOF is adding 12 new positions, is that correct?

JACQUES JIHA: Yes.

CHAIRPERSON DROMM: And what area are those?

JACQUES JIHA: The Sheriff's Office, I believe yes. Six on the Sheriff's Office.

CHAIRPERSON DROMM: And do you know where the other six are?

JACQUES JIHA: I will provide you that information.

CHAIRPERSON DROMM: Okay, thank you and of the 322 vacancies that you mentioned, 58 are in the audit program, is that correct?

JACQUES JIHA: Yes.

CHAIRPERSON DROMM: And is that the area of greatest need for you right now?

JACQUES JIHA: Well, we are about to as I said, to onboard – because we are moving staff from Brooklyn into Manhattan. So, we didn't want to hire folks while we were moving so therefore, after the move, we will postpone the hiring after the move. But, as I said, we are about onboard a big group of auditors in the next couple of months.

CHAIRPERSON DROMM: And you feel that you will be able to fill those vacancies most of them by the end of this Fiscal Year?

JACQUES JIHA: Yes.

CHAIRPERSON DROMM: Okay, as part of the Fiscal 2019 Terms and Conditions, DOF committed to submit to the Council no later than October 15, 2018, a report on the number of applications received for SHE, DEE, SCRIE and DRIE and the non-profit exemption for the period beginning July 1, 2017 and ending on June 30, 2018. And the Council has not yet received this

report. When do you think that we can get that information?

JACQUES JIHA: I thought we provided a report for SCRIE and DRIE you said?

CHAIRPERSON DROMM: Yes, and SHE and DEE.

JACQUES JIHA: That's the annual report but we'll look into it and if we have not done so, we will do so as quickly as possible.

CHAIRPERSON DROMM: Okay. At the March 6<sup>th</sup> Preliminary Hearing with OMB, we asked OMB how it forecast audits and inquired as to whether the agency would commit to sharing the tax audit forecast data with the Council. As a response, OMB stated that it adopts DOF estimates of audit revenues and that it could not share forecast data due to the confidential tax payer information used by DOF. While the Council understands that there are privacy concerns related to certain tax payer information, it would still be helpful to receive some information to better understand the process of audit forecasting.

Can you provide us with some of that information without revealing specific tax payers names or confidential information?



JACQUES JIHA: We will try but it's extremely difficult as you can imagine because most of our audits are basically coming from a very small group of audit candidates. So, the information we provide you, you could infer from them sometimes of who the tax payers are. So, that's why it's a little tricky, but we will look into it.

CHAIRPERSON DROMM: Which information is used in the audits is specifically protected by tax secrecy laws?

JACQUES JIHA: All the income and expense information provided by the clients, by the company.

CHAIRPERSON DROMM: Is there any level of data that can be shared with us?

JACQUES JIHA: We can, again, but the point I'm making as I said, we have to look into closely because a lot of the audit revenue that we generate comes basically from a very small group of companies and you could infer from looking at the data who these people are, or these companies are. So, that's why we have to be a little careful, but again, as I said, we will look into it to see what can be shared. If it cannot be, we will come back to you and say we cannot.

CHAIRPERSON DROMM: Alright, DOF is instituting a collections modernization effort to increase how much the agency is able to collect on delinquent fines. Can you discuss the details of this initiative and how it will work and is ECB involved in the process?

JACQUES JIHA: Yes, as you can imagine, we are very part of the collection efforts that we have done in the past four years, four in a half years. We have more than doubled what we collected with respect to either ECB debt or business tax warrants. But we still believe that there is potential. There is more that can be done, so we hired McKenzie and working with McKenzie, we basically went through a review of the entire collection operations and so, it came down to basically a number of restricting that we have to do.

First, we have to do a better job of segmenting that debts that we have. We have to restructure our operations in line with the restructuring that the segmentation that we're doing with the debt. We also have to invest in the maximum investment in human capital and also in technology. So, we are currently working with OMB to implement the plan and we expect

a generous significant increase in revenue in coming months.

CHAIRPERSON DROMM: Are you working with the ticketing agencies perhaps to identify some deficiencies in the process?

JACQUES JIHA: We are working with all of the stakeholders including DOT, NYPD, but again, that is part of ongoing work that we have with them to make sure that tickets have improved.

CHAIRPERSON DROMM: The outstanding ECB debt takes into account an allowance for bad debt. How will the collection modernization efforts effect the allowance of bad debt?

JACQUES JIHA: Well, one of the things that we want to spend a lot of time is basically scrubbing and cleaning the data base that we have, because there is a misconception that we are owed more than we actually can collect. Okay, because a lot of this businesses are out of business, so therefore, it's hard to collecting funding. So, one of the challenges that we always had is to have a data base that includes a bunch of bad debt. So, we're in the process of cleaning that data base to make sure

1  
2 whatever we have left is money that can be collected.  
3 So, it's going to be very much a part of that effort.

4 CHAIRPERSON DROMM: After DOF receives judgements  
5 for ECB debts, what's your process before you send a  
6 judgement to collections?

7 JACQUES JIHA: We try to work it in-house for  
8 about 60 days. We work it in house for 60 days and  
9 if we're not successful after 60 days, we sent it to  
10 a collection agency and the collection agency has six  
11 months to work on that debt and if they're not  
12 successful, we take that debt back and then we  
13 reassign it to another collection agency for another  
14 six months and then if it fails, it come back to us.  
15 But that's part of process that we just conducted  
16 with McKenzie, the comment that we had third because  
17 to make us in line with second place in the private  
18 sector. So, we are about to issue a third vendor so  
19 that we could have a third vender, you know, then  
20 going to a third vendor before it comes back to us,  
21 so we can see whether or not that is worth writing  
22 off.

23 CHAIRPERSON DROMM: And so, during those first 60  
24 days do you reach out to continents?

JACQUES JIHA: We reach out to them, call them, send letters and do all the things that we need to do to try and collect, yes.

CHAIRPERSON DROMM: In Fiscal 2017, DOF instituted the New York City Amnesty Program, which allowed participants to resolve violations they received from various city agencies which had gone into judgment. As a result of the program, the city generated \$30 million in light of the apparent success of the last amnesty program. Has DOF considered having another Amnesty program in the future?

JACQUES JIHA: Not at this time because we don't want to make it a pattern of DOF, so people expect every year to have amnesty, so therefore they don't pay their debt. So, we're not looking to doing one at this point and time.

CHAIRPERSON DROMM: How long before the last amnesty program was there an amnesty program before that?

JACQUES JIHA: It was probably seven, eight years.

CHAIRPERSON DROMM: In the Mayor's Preliminary Management report, the number interpretation services

dropped from 2,891 in Fiscal 2018 to 666 in Fiscal 2019, can you provide some insight as to why there was a significant drop in these services provided by the agency?

JACQUES JIHA: This is a program that is very important to me. So, therefore, we pay very close attention to it. The challenge we had at the time is because we didn't have a contract before the company expired, so therefore we had to wait before we could onboard a new company. That's the reason we had the drop off but since then we have hired a company.

CHAIRPERSON DROMM: And that lasted for what, three months?

JACQUES JIHA: Yes, three, four months.

CHAIRPERSON DROMM: Has that ever happened before?

JACQUES JIHA: Not that I'm aware of.

CHAIRPERSON DROMM: If a resident needed translation services and they can't be provided; how do you accommodate those residents and are any extensions granted?

JACQUES JIHA: Yes, we would provide any extension if that was the case, yes.

CHAIRPERSON DROMM: If that was the case?

JACQUES JIHA: Yes.

CHAIRPERSON DROMM: Recently, your agency is broken with your prior practice of giving the Council advanced notice of major events and updates that are happening with DOF. For example, this year you rolled out the new NOPV without letting us know or giving us an opportunity to provide feedback before it was sent out to millions of New Yorkers. And in fact, our constituents have been calling us confused and panicking because some of the information on the notice is wrong or misleading. Similarly, you recently rolled out a website about the new income-based payment plans which the Council had a significant roll in developing, without providing any advanced notice or chance for the Council to comment. So, why have you stopped seeking feedback from the Council before rolling out these programs?

JACQUES JIHA: So, to be honest with you, I'm surprised because I didn't know about this. So, I will try to fix the problem going forward, because this is not by design. It's not the policy that we have. I am surprised. I will have to talk to my staff to find out exactly what transpired, what happened. But our policy is to work in collaboration

1  
2 with the Council to basically roll out any programs  
3 that we are working on. So, I will have to talk to  
4 my staff to find out what happened. Whatever we have  
5 done, we will fix it.

6 CHAIRPERSON DROMM: With the NOPV in particular,  
7 we've been getting a lot of calls and emails.

8 JACQUES JIHA: Sure, I'm really sorry.

9 CHAIRPERSON DROMM: And a lot of the blame.

10 JACQUES JIHA: I'm sorry, I'm sorry for what  
11 transpired, to me, it's surprising to me that we  
12 didn't do that.

13 CHAIRPERSON DROMM: As a result of the new  
14 property tax system or PTS, the public facing  
15 website, where tax payers see their property tax  
16 information, looks much different and in my opinion  
17 improved; however, the amount of information that is  
18 now publicly available is significantly diminished  
19 and the public has been noticing.

20 Both the Speaker and I and probably other Council  
21 Members as well have received complaints that data  
22 was previously available, is no longer available.  
23 Property tax bills go back to only 2014 I think now.  
24 And J51 Data only goes back to 2014 and NOPV's go  
25 back to 2010.



Can you commit to a timeline to making all data available on the new system?

JACQUES JIHA: Yeah, the data available you know, people used to come to our website to get the information, now we make the data available under New York City Open Portal Data. So, the data is there, so what we have to do is to make sure we instruct the public where to go and find the data and how best to get the data, you know, what they need to do to get the data. So, we make sure that they are fully aware of where the data is located now. And if there is data that are not going to be available on the Open New York City Open Portal Data, as we become aware of them, we will make them available. So, our goal is to be as transparent as we can be, so we're not trying to limit the information that is available to the public.

CHAIRPERSON DROMM: And Commissioner, we've gotten some complaints also that when people go directly to DOF and request the data, some staff have told them that the data is no longer available to the public. Is that something that you have been made aware of or is that true?

JACQUES JIHA: I will talk to my staff to find out. As I said, we will probably have to put some kind of notice on our website to let the rest of the world know exactly where the data is located and what to do to get the data.

CHAIRPERSON DROMM: But your staff would be able to provide them with that or they should have access to it?

JACQUES JIHA: Definitely they have access to it. I mean, again, as I said, I will talk to the staff to find out exactly where that miscommunication is coming from.

CHAIRPERSON DROMM: Okay, thank you. We have been joined by Council Member Rosenthal and Council Member Powers and Council Members Powers has some questions.

COUNCIL MEMBER POWERS: Thank you. Thanks, nice to see you. First of all, I want to just give a shout out to the Sheriff, the most popular person at my Town Hall, I should mention by the way but the Mayor, but very quickly helped us with an issue that came up at the Town Hall and I wanted to give him a special thank you for that.

1  
2 We get calls all the time in my office around, I  
3 have a lot of co-ops, I think the maybe the most co-  
4 ops and condos in the city, so we get a lot of calls  
5 around the property taxes and then on a lot of  
6 rentals as well. We get a lot of calls about SCRIE  
7 and DRIE, things like that. So, I had a couple  
8 questions that have come up through my office  
9 recently I wanted to ask you about.

10 One, is about SCRIE and property taxes and  
11 rebates, which is that we get a lot of calls from  
12 constituents and they have told us or informed us  
13 about a long wait time to get responses back,  
14 particularly when they call 311. Do you guys take  
15 calls from 311 and then what is the re-system for  
16 responding to concerns or questions from 311 and our  
17 offices? Because we have been hearing that people  
18 are getting a long wait time to get information back.

19 JACQUES JIHA: Every time we get the request or  
20 referral from 311, we try to address this mission as  
21 possible and we know there are some issues and  
22 challenges and that's one of the reasons why we are  
23 about to launch this summer, a contact center. Who  
24 deal with questions dealing with SCRIE and DRIE,  
25

personal exemption issues because we know that has been a problem, a challenge.

COUNCIL MEMBER POWERS: Yeah, what is the timing of that?

JACQUES JIHA: This summer.

COUNCIL MEMBER POWERS: This summer, okay. And what will be the process then?

JACQUES JIHA: They would call 311 and then they will refer those calls to our office and there will be someone on the line that could answer the questions for them.

COUNCIL MEMBER POWERS: Okay, and today, how is that different?

JACQUES JIHA: Today, they send the request to our office and then one of our staff will get back to them at some time in the future.

COUNCIL MEMBER POWERS: Okay, so it sounds like you guys are working on that issue?

JACQUES JIHA: Yes, we are working on some solution, yes.

COUNCIL MEMBER POWERS: On SCRIE, I had a few tenants recently when they're doing the SCRIE renewals ask us, they have to send their mail to New Jersey, I think there are SCRIE documents in New

Jersey and that also takes time. Is there way we can centralize a process around SCRIE? People seem to have confusion on why they are sending their mail to New Jersey for the New York City program and how that can be approved upon.

JACQUES JIHA: It is the company that processes them. I believe the mail **[inaudible 59:51]** look at it in Jersey.

COUNCIL MEMBER POWERS: Do you know the average time for a renewal to take place.

JACQUES JIHA: Renewal for SCRIE is very quick. I mean renewal for SCRIE, once we open all the information it's about like five or six days the most. Because what happens very often is the information sometimes you know, is not fully complete, so therefore, you know, we have to go back to the tax payer and ask for additional information.

COUNCIL MEMBER POWERS: Is there a way to do it online, SCRIE renewal?

JACQUES JIHA: We are working on that.

COUNCIL MEMBER POWERS: When does that become available?

JACQUES JIHA: I cannot give you a specific time but it's one of the projects that we have, it is a high priority for us.

COUNCIL MEMBER POWERS: Okay.

JACQUES JIHA: Yes, definitely, we are fully aware of that challenge. We are trying to create a way that people could follow on line. People now can do it for SHE and for DEE, they could follow online with the new property tax system, but because you are dealing with the homeowners, but for renters you know, we are creating a part of the system, so again, as I said, it is something that is very high on our priority list.

COUNCIL MEMBER POWERS: Okay, because I think the idea, I mean, I get the list from Department of Finance every month.

JACQUES JIHA: Trust me, that would solve a lot of our complaints.

COUNCIL MEMBER POWERS: Okay, we get it. I actually send everybody a letter and we call them to make sure they renew their SCRIE but obviously, still people can fall through the cracks.

JACQUES JIHA: Sure, sure.

COUNCIL MEMBER POWERS: On for individual buildings or properties they receive their property taxes, their bill every year, we get so many questions from folks about why they're paying more and why they're paying what they are paying. Is there a way that they can do on a case by case basis get information from Department of Finance and I think that's part of thing I was talking about earlier which is trying to find either way, but is there a clearest place where either my office or a constituent can call to give their specific information about their property and why they are paying what they are paying?

JACQUES JIHA: Again, the process that we have is calling 311 and 311 sending a request to us and then from there we try to solve the problem as quickly as possible. But as I said, going forward we want to have a better system because with the contact center, a lot of these questions, a lot of these issues will be addressed.

COUNCIL MEMBER POWERS: Okay, and my last question. What is the time of the property tax commission when they come out with their results or their recommendations?

JACQUES JIHA: The property commission, the tax commission has been busy at work as you probably know. We have had ten public meetings so far this year. One in each borough and we have five open public meetings with experts throughout the country that basically we're trying to get insight from them to know exactly what is taking place and what other localities are doing. We also meet every other week in executive session to leave you to discuss policy principals and also review resort of simulation models that we have to guide the discretion about reforms.

The objective is to issue a Preliminary report sometime this year and then to go back to the communities to get insights from them and feedbacks from them and incorporate those feedbacks into the final report.

COUNCIL MEMBER POWERS: When is this year, do you think you will have the right year?

JACQUES JIHA: I don't have a timeframe. But I know for sure sometime we will issue the Preliminary Report. We are working on it.

COUNCIL MEMBER POWERS: And do we have to go to Albany to enact the changes?



JACQUES JIHA: That's the first step, the next step would be to make accommodations to Albany.

COUNCIL MEMBER POWERS: So, when do we think the cities in Albany are asking for legislative changes to the property taxes?

JACQUES JIHA: At this point and time I can't tell you because I know for sure right now what we are working on is to get the report out.

COUNCIL MEMBER POWERS: My concern is that where we have been telling our constituents that there is a property tax commission to help address these issues, if it's the end of this year, we miss the next legislative session. We are now two years down the road or three legislative sessions down the road. If we don't get what we want there, we are four or five years away.

JACQUES JIHA: As you know, it's a very complicated system. We just cannot rush into it.

COUNCIL MEMBER POWERS: Well, rushing and acting with a sense of urgency around it -

JACQUES JIHA: There is a sense of urgency. We are working with a sense of urgency and best-case scenario, if we were to issue the report this year, that is very, very, very quickly because it's a very,

1 very, very complicated system. You cannot untangle  
2 all the pieces okay, to have a grasp of the entire  
3 process to see how they are interconnected with each  
4 other. It is a very complex system. So, we cannot  
5 just rush into it and come up with a result that are  
6 not going to address some of the problems. So,  
7 therefore, we have to approach this in a way that is  
8 very methodic. So, I think a little patience is  
9 needed at this point and time.

10  
11 COUNCIL MEMBER POWERS: Thank you. Thank you to  
12 the Chair.

13 CHAIRPERSON DROMM: Thank you. Council Member  
14 Grodenchik.

15 COUNCIL MEMBER GRODENCHIK: Thank you, Chair.  
16 Commissioner, I just want to follow up a little bit  
17 on what my colleague Keith Powers and just to  
18 emphasize it. It's an issue that really effects his  
19 district which is the east side of Manhattan and my  
20 district, which is I think is close to where you  
21 live.

22 JACQUES JIHA: Yes.

23 COUNCIL MEMBER GRODENCHIK: In eastern Queens  
24 where we have lots and lots of single family home  
25 owners who are slowly being taxed out of their

ability to live in New York City. Especially seniors who in many cases, there was 102<sup>nd</sup> birthday party the other day for a women who has been living on practically the last street in Queens county since about 1954. She hasn't moved, I guess she likes the neighborhood.

But we need speed here, because this is something and I do thank the Mayor for grappling with this issue. I know this is something our Speaker has pushed as well and I really do hope, I just want to emphasize that we are able to get this into the next legislative session in Albany because it's going to be a big fight no matter what but we have got to - I want it to be on the record very clearly Mr. Chairman. We have got to work especially with our co-ops and condos on middle income co-ops who are just getting killed with taxes and in some cases, I have talked to people 80 or 90 percent of their charge every month is just to pay New York City property taxes and that's just not fair.

So, thank you for your work. It is a pleasure to work with you and I'm going to this back to my Chairman Danny Dromm.

CHAIRPERSON DROMM: Very good, thank you and let me just talk a little bit about the PEG. OMB has set a saving target of \$10 million for DOF, has the agency determined how this will be achieved?

JACQUES JIHA: Yes, we have been working with OMB. We submitted that program through OMB savings through OMB, yes.

CHAIRPERSON DROMM: Have any of those decisions that have been made hurt any of the current programs. Will they be cut?

JACQUES JIHA: On our end, we're looking at more on the revenue side.

CHAIRPERSON DROMM: I'm sorry, as a what?

JACQUES JIHA: On the revenue side.

CHAIRPERSON DROMM: Okay, on the revenue side.

JACQUES JIHA: Trying to come up with that \$10 million of revenue instead of \$10 million in savings.

CHAIRPERSON DROMM: Alright, let me go back a little bit to SCRIE and DRIE, what is the target for SCRIE and DRIE processing times? Why is it so far above the actuals over the last few years?

JACQUES JIHA: For SCRIE and DRIE, I think we just went through a major reconstruction of the operation. So, we just merged the SHE and DREE

1 unites with the SCRIE and DRIE units, so that we  
2 could have some synergy for all the seniors and all  
3 people with disabilities program. So, in the process  
4 we had to cross train all our staff so they could  
5 process application for SCRIE and also process  
6 applications for DRIE so we could have the skills and  
7 the **[inaudible 1:12:25]** that we need to have. So,  
8 that's the reason why you see a little drop in terms  
9 of the time for renewal for SCRIE and DRIE. But  
10 again, as I said, over time, we're going to gain  
11 significantly by having the staff. Being able to  
12 process both SHE and DEE and SCRIE and DRIE at the  
13 same time. So, I'm expecting that the cycle time  
14 will reach back to its normal course.

16 CHAIRPERSON DROMM: In Fiscal 2018 SHEE AND DEE,  
17 DOF received over 21,000 applications but it's only  
18 on track to receive less than half of that this year.  
19 Do you expect applicants to continue spiking every  
20 other year due to the two-year renewal?

21 JACQUES JIHA: The last year, the special  
22 circumstances last year as you know, was the income  
23 threshold to a fifth year something thousand dollars  
24 and as a result, there were a lot of people who were  
25 not qualified in the program and had to become

1  
2 qualified into the program. So, that will explain  
3 the spikes that you had last year. I'm hoping that  
4 going forward you could see more people participating  
5 in the program. As I said, we have a very ambitious  
6 outreach program to try to bring as many people as  
7 possible into the program. And we've been working  
8 with all the Council Members and other elected  
9 officials in the district basically to try to enroll  
10 as many people as we can.

11 CHAIRPERSON DROMM: So, there was some shocking  
12 wait times for SHEE and DEE applications last year.  
13 Is DOF 100 percent through that backlog now?

14 JACQUES JIHA: Yes, we're clear on the backlog.  
15 As I said, because you have the huge increase.  
16 Because of the increase in the threshold resulted in  
17 a very big increase in the number of applicants. So,  
18 that's why we had that backlog last year, but we got  
19 rid of that backlog.

20 CHAIRPERSON DROMM: Do you believe everyone who  
21 is eligible has been notified and is getting it?

22 JACQUES JIHA: Hopefully, yes.

23 CHAIRPERSON DROMM: Okay, alright. How many  
24 employees at DOF work on outreach regarding rent  
25 freeze, NOPV and exemptions?

JACQUES JIHA: We have the outreach team, they work on all aspects you know, whether it is NOPV, exemption, and with SCRIE and DRIE, all the outreach efforts. So, it's the same team and I believe we have about eight people just doing just that, eleven total and they are in high demand as you can imagine. Every elected official wants to have an event in the district, so they are very tasked.

CHAIRPERSON DROMM: So, according to DOF, SHEE and DEE enrollment for Fiscal 2018 was just over 43,000 and 3,000; however, in Fiscal 2017, these numbers were over 52,000 and 4,000. This drop occurred alongside a program expansion in Fiscal 2018. Can you explain that drop?

JACQUES JIHA: Say it again.

CHAIRPERSON DROMM: So, according to DOF, SHEE and DEE enrollment for Fiscal 2018 was over 43,000 and 3,000; however, in Fiscal 2017, these numbers were 52,000 and 4,000. So, the drop occurred alongside a program expansion.

JACQUES JIHA: Yeah, what happened is for ten years, we did not have a New York program for ten years. So, we had a lot of people and we were audited by the Comptrollers Office and one of the

conclusions of the audit was that we had a lot of people who were in the program where not qualified, were not eligible to be in the program. So, when we started the renewal effort about two year ago, that's when we lost some of these people because to begin with, they were not eligible. So, we had 53,000, many of them were not eligible.

CHAIRPERSON DROMM: Regarding NOPV's, can you explain some of the outreach you did in redesigning the form?

JACQUES JIHA: Well, once we designed the form, we've been going in boroughs as I indicated to you, to discuss the new design. To get feedback from the public and again, as I said, I'm sorry that we didn't reach out to the Council to work with the Council to get input from the Council. That's an oversight on our part but we reach out to folks, get feedback from them, again, it's a continuously improving process. It's not the last time we're change the NOPV because even with the new one, as we get feedback from the public, we are going to take them into account to continuously improve that process. Because our goal is basically to make it as simple as possible, so that people understand how the taxes are computed.



1 Because these are big, big, big questions for a lot  
2 of folks and so, we have tried to be **[inaudible**  
3 **1:19:54]**. So, we are going to continuously improve  
4 that NOPV **[inaudible 1:20:01]**. This is not going to  
5 be the last time. Okay, as we get feedback from the  
6 public, we are going to try to incorporate this back  
7 into account and if you also have feedback from your  
8 constituents, please share them with us, because we  
9 will be happy to receive them to evaluate them and  
10 incorporate them.  
11

12 CHAIRPERSON DROMM: And what has the feedback  
13 been like? What have you been hearing?

14 JACQUES JIHA: I think more good than bad to be  
15 honest with you. We are getting fewer complaints,  
16 fewer calls going to 311 asking for explanation  
17 compared to previous years, which is a good sign.  
18 But again, you still have some people, you know, for  
19 some people it is still not clear and as I indicate  
20 to people all the time, one of the challenges that we  
21 have is the law itself. Because you could go from  
22 the market value to the assets value, once you get to  
23 the cap asset value, it is hard to explain to  
24 somebody. The notion of the 6 percent outreach, you  
25 know, all of that into five years, it becomes

1 extremely difficult for people to move from market  
2 value to asset value to cap value, that's where the  
3 problem is and so, we're trying our best to make it  
4 clear but at the end of the day, we're going to have  
5 to again as I said, that's probably one of the  
6 reasons why reform is needed to make certain things  
7 very transparent because otherwise as long the laws  
8 are in the book, it will be extremely difficult to  
9 make them easy for people to really understand the  
10 NOPV. But our goal again, as I said, is to try to be  
11 as transparent as possible to make it as clear as  
12 possible and to the extent that we get feedback from  
13 the public and from elected officials who will take  
14 them into account and incorporate them to try to make  
15 it as easy as possible.

17 CHAIRPERSON DROMM: And before we let you go  
18 Commissioner, I wanted to ask you about Local Law 45,  
19 which went through this Committee. It was my  
20 legislation authored the new installment plans and it  
21 went into effect on March 1<sup>st</sup>. Have you heard any  
22 information about that? How it has been? Have  
23 people applied? Is it getting out to the public?

24 JACQUES JIHA: As you know, this is a program,  
25 this is a very new program and it is a very important

1  
2 program for us because we believe that with property  
3 values going up increasing annually, property tax,  
4 one way or another will keep rising and we have many  
5 people who basically income pull, [inaudible  
6 1:23:50]. Who cannot afford a property tax and one  
7 way for us to deal with this is to offer them the  
8 opportunity to defer to some extent, some of the tax  
9 or all of the taxes for as long as they can.

10 So, right now, we have very few participants at  
11 this point and time and based on what we hear from  
12 around the country where this program is available,  
13 outreach is critical. We have to do a lot of  
14 outreach and that's why I'm saying, we're going to  
15 have to work with the City Council Members, but I  
16 think one of the reasons we don't have a lot of  
17 takers at this point and time is because of the lean  
18 sale period. We have not begun the lean sale yet.  
19 We have not sent any notice, but we expect when we  
20 start sending notices to people, we expect a pick up  
21 in the number of applicants that will participate in  
22 the program. But more importantly, we think that  
23 outreach is critical and we're going to have to work  
24 with a lot of folks to get the word out in their  
25 communities.

CHAIRPERSON DROMM: There was a lot of interest at a community meeting that I attended where I spoke about it.

JACQUES JIHA: Oh, good.

CHAIRPERSON DROMM: And people really wanted to know more information about it.

JACQUES JIHA: Good.

CHAIRPERSON DROMM: Do you have any flyers or anything on it?

JACQUES JIHA: We do. We do, we have a lot of literature that we could share with you. Again, as I said, we will make sure that we send all the flyers, all the literature that we have to Council so I guess you could share with your members.

CHAIRPERSON DROMM: That would be very helpful, thank you.

Okay, I just want to say we have been joined by Council Member Moya also. Thank you for joining us and I think that's going to be it for this hearing. Thank you for coming in and for giving testimony and we look forward to continuing to work with you.

JACQUES JIHA: Thank you very much.

CHAIRPERSON DROMM: Thank you.

JACQUES JIHA: Alright, pleasure.

CHAIRPERSON DROMM: We will just take a five-minute break and then we will start with the next one hearing on DDC.

CLERK: Good morning everyone. We are going to ask everyone to find seats, we are going to begin and reconvene momentarily. Once again, if you can find seats at this time.

CHAIRPERSON DROMM: [GAVEL] Okay, good morning and welcome to the last day of the Council's Fiscal 2020 Preliminary Budget hearings. My name is Daniel Dromm and I Chair the Finance Committee. We are joined by the subcommittee on Capital Budget Chaired by Council Member Venessa Gibson. We just heard from the Department of Finance and now we will hear testimony from Lorraine Grillo, the Commissioner of the Department of Design and Construction. In the interest of time, I will forego an opening statement, but I will turn the mic over to Chair Gibson for her remarks and then we will hear from DDC.

COUNCIL MEMBER GIBSON: Thank you Chair Dromm. Good afternoon everyone. Thank you for being here. I am Council Member Venessa Gibson. I am proud to serve as Chair of the Subcommittee on the Capital Budget. I want to begin by thanking my fellow co-

chair, our chair on Committee on Finance, Council Member Danny Dromm and also the members of the Committee on Finance as well as our Subcommittee on Capital and today we welcome Commissioner Lorraine Grillo to discuss the Fiscal 2020 Preliminary Budget of the Department of Design and Construction. Commissioner Grillo, Council has frequently praised your leadership as you also head up the school construction authority and really noted the authority's strong capital delivery particularly relative to other city agencies. Your portfolio has grown considerably since your second appointment last July as Commissioner of DDC. So, we hope that you are able to bring similar discipline to DDC and are encouraged by the recently released strategic blueprint for construction excellence. You are very busy, and we know that.

In Fiscal 2018, DDC completed 132 construction projects. In Fiscal 2019, DDC has added an additional \$1.7 billion in projects since the Fiscal 2019 Adopted Budget, which represents more than a 20 percent increase. In fact, DDC's portfolio of projects has grown every year since the Council created the agency. Looking ahead, the Fiscal 2020

Preliminary Capital Commitment Plan includes \$10.2 billion in Fiscal 2019 through 2023 for DDC's work on behalf of its client agencies, which represents more than 12 percent of the city's overall total planned capital commitments.

I want to pull out two specific challenges that are facing DDC as it currently manages this vast pipeline of capital work. The first is how varied these projects are in terms of scale. From massive sewer projects for DEP to smaller projects such as playground renovations. The Council wants to make sure that DDC has the resources it needs as well as focus on necessary to maintain progress on every project and to not neglect the smaller projects which are equally as important. Many of those smaller capital projects are projects that the City Council members have funded out of our own discretionary capital funds.

The second challenge for DDC is executing the design build authority that Albany has granted for the borough-based jail program as you know, which is currently underway. The City Council has long champion design build as a procurement tool and many of us are frustrated by the states unwillingness to

1 grant us blanket design build authority across all  
2 projects and across all city agencies. We are a work  
3 in progress to continue to get that to happen. We  
4 want to make sure that DDC is truly successful with  
5 design build and would especially appreciate any  
6 ideas and suggestions that you have about how you  
7 would use expanded design build authority and what  
8 kind of savings of time and money that might enable  
9 as we move forward. I also want to join our Chair  
10 Dromm in thanking our incredible finance division led  
11 by Latonia McKinney and all of our Unit Heads and all  
12 of our Analysts for all of the work they have done  
13 and I want to thank the members of the Subcommittee,  
14 Minority Leader Steven Matteo, Council Member Barry  
15 Grodenchik, Council Member Helen Rosenthal and  
16 Council Member Keith Powers and I look forward to  
17 hearing your testimony today, this afternoon and look  
18 forward to our work together on behalf of all New  
19 Yorkers and now I turn this back over to our Chair,  
20 Chair Danny Dromm, thank you.

22 CHAIRPERSON DROMM: Thank you very much and I'm  
23 going to ask Council to swear in the panel.



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

LORRAINE GRILLO: Yes.

CLERK: Thank you.

CHAIRPERSON DROMM: You may begin.

LORRAINE GRILLO: Okay, well, good afternoon Chairman Dromm, Chair Gibson and Members of the Committee. My name is Lorraine Grillo and I am happy to appear before this Committee for the first time in my role as Commissioner of the New York City Department of Design and Construction. I am joined today by members of DDC's leadership team. To my right is First Deputy Commissioner Jamie Torres Springer, to my left is our Chief Financial Officer Justin Walter.

DDC's Preliminary capital commitment plan continues to grow, with more than \$8 billion in new commitments over the next decade. As DDC continues to implement Mayor de Blasio's equitable infrastructure investment strategy, we also have a mandate to find ways to design and deliver those projects more efficiently.

We have to change the way we do business to deliver more projects more reliably. We must manage capital projects better and more transparently, deliver them faster and keep costs down. We are changing how we do business and I'll share some of that process with you today.

As the city's primary capital construction manager, DDC builds on behalf of more than 20 city agencies and receives capital funding from a number of sources.

The January Capital Commitment Plan contains \$3.1 billion in new planned commitments in FY 2020 for DDC across its portfolio. This includes \$953 million for DEP projects; \$1.2 billion for DOT projects; \$81 million for library projects; and \$253 million for Sanitation projects.

The Commitment Plan also fully funds the East Side Coastal Resiliency Project, adding an additional \$690 million in Fiscal Year 2020 through 2022, to allow us to complete this critical project on time.

DDC's Fiscal 2020 operating budget is \$182 million. This includes \$136 million for personnel services, with a budgeted headcount of 1,489. The operating budget includes \$139.6 million in IFA

funds, \$13.2 million in Federal funds, and \$29.5 million in City Funds. The DDC budget also includes \$46.6 million for other than personnel services.

DDC was created in 1996, and since then has completed almost 4,500 projects across the city, worth nearly \$21 billion. In FY 2018 alone, the last full year of data we have, DDC started design on 137 projects and construction on 143 projects. We also completed design on 143 projects completed design on 143 projects and construction on another 133. We have hundreds of other projects cycling through DDC in every stage of execution. DDC works in virtually every neighborhood in the City before the eyes of millions of New Yorkers. Some recent projects include: The Completely rebuild Staten Island Zoo Aquarium, which we finished six months ahead of schedule, brining new educational opportunities for students and young visitors; The new far Rockaway Library, a game changing public space, broke ground in November and will more than double library capacity in a neighborhood hit hard by Hurricane Sandy; In the Bronx near Pugsley Creek, we are installing a massive, \$83 million sewer to divert overflow that was running into the Creek, helping

1  
2 restore and beautify the natural areas nearby; At the  
3 new Fowler Square in Fort Greene, DDC introduced  
4 4,500 square feet of brand new pedestrian space for  
5 the neighborhood; and in Washington Heights, we are  
6 upgrading century old water mains on 50 blocks  
7 throughout the neighborhood.

8 I'm also proud to report that in October, Mayor  
9 de Blasio singled out DDC as the top performing  
10 agency in the City's M/WBE program. We've awarded  
11 more than \$1 billion to M/WBE firms since 2015.  
12 Between 15 and FY 2018, our overall M/WBE utilization  
13 rate has increased from just under ten percent to 23  
14 percent.

15 DDC continues working to improve our practices  
16 and develop vendor capacity so that we use and retain  
17 even more M/WBE businesses. Since Fiscal Year 2015,  
18 we have hosted 24 procurement events and attended  
19 more than 150 others, engaging more than 6,000 M/WBE  
20 firms.

21 But we know more needs to be done. This is why  
22 we are creating a new Business Development Unit that  
23 will reduce entry barriers for M/WBE's who want to do  
24 business with us.  
25

Our effort to improve project delivery goes much further. When I arrived at DDC last summer, it was clear that I was working with an incredibly talented staff, but one held back by layers of policies and red tape that we just don't have in the School Construction Authority.

So, I asked for an agency-wide review to look for ways that we can deliver projects to New Yorkers faster and more cost efficiently.

This effort is more important than ever because the value of capital commitments coming to DDC has more than doubled over ten years, while a headcount has not increased to reflect that dramatic growth.

In January, with the assistance of our government and industry partners, we released DDC's Strategic Blueprint for Construction Excellence, a far-reaching plan to transform how we deliver projects to New York.

The Blueprint offers a long list of common-sense fixes to streamline how DDC review and accepts projects and gets them into construction; enhance our project management to run projects more efficiently; raise performance standards for consultants and contractors using improved metrics, incentives, and

enforcement tools; and modernize DDC's information technology and internal systems to standardize how we track, measure and manage projects.

Let me offer just a few examples. A lot of work is going into all of them and we are happy to offer more detail at the end of my testimony.

Let me start with project initiation. In the past, DDC accepted projects with questionable scopes and funding levels because there was no standard for what was acceptable. This is just a formula for failure.

Today, DDC's Front End Planning Unit carefully reviews sponsor proposals, all the factors that impact feasibility, and the cost and time it would actually take to execute. This back and forth has led to some hard conversations, but it has also produced clearer scopes and more realistic budget estimates, helping us avoid potential delays down the line. Front End Planning has proved so successful that we are working with OMB to expand it in this year's budget, so that ultimately all projects coming to DDC will be reviewed.

After a project has been through Front End Planning, we are taking a series of steps to shrink

the time it takes to go from project submission to a certificate to proceed from 15 months to nine.

After the CP is issued and the project is underway, one of the great challenges we face is coordination with utilities whose infrastructure may interfere with our projects. Moving it can add literally months or even years to a project. With the Mayor's Office, we are aggressively working with our utility partners to change this paradigm.

We have also created a Construction Allowance and Change Order Task Force. All the units involved in the payment process now sit together in one office, so that a payment request doesn't go from one desk to another for sign offs. The Task Force is already producing results.

This effort goes hand and hand with another major challenge, an Extra Work Allowance Pilot Program underway between the City and the Comptroller's Office, to begin paying for project changes more quickly. We are not there yet, but the pieces are in place internally, and with our oversights, to get payments out in three months, down from a year, and keep work moving.

I've been talking a lot about process, but we are also developing the talent to execute it. We have started in depth project management training to empower our managers to make quick decisions to keep projects moving forward.

We are also aggressively pushing for more project delivery options like Design Build, that eliminate steps in the procurement process and ensure collaboration.

Albany has given us permission to use Design Build for the Borough Based jails program but imagine if we could use it for the next step street, museum, or library, like everywhere else in the country, saving money, and getting projects to New Yorkers faster and more cost efficiently.

We are also dedicating significant resources to transforming our I.T. systems, helping us manage and track projects better and enabling staff and contractors to work more effectively in the field.

This is only a broad outline of a comprehensive, detailed suite of improvements underway at DDC. These efforts are already in the works and we will continue to advance them and track them aggressively.



I encourage you to read our Blueprint, which you should have received a copy of. This effort will require collaboration with the Council and other oversights, with our sponsor agencies, and the communities where we work, but it is well worth it, and we are committed to seeing it through.

I am proud of the work DDC does to improve the quality of life of our city and we look forward to becoming an even better partner in this process. Thank you for the opportunity to testify today and I am happy to answer any questions you and your colleagues may have.

CHAIRPERSON DROMM: Thank you very much. Before we get started with questions, I just want to make sure everybody has been announced. We've been joined by Council Member Laurie Cumbo, Council Member Adrienne Adams, Council Member Keith Powers, Council Member Francisco Moya, Council Member Barry Grodenchik, and I think we announced everybody else.

So, thank you. Let me just start by asking some questions about program management consultant. The Fiscal 2020 Preliminary Plan includes city funds of \$4.5 million for Fiscal 2019 and \$11.5 million for Fiscal 2020 for the Program Management Consultant for

the Borough Based Jail Program. From what I know, and how I understand it, the PMC will manage the four design build contracts for the four borough-based facilities. But for the benefit of the Committee, could you elaborate more on the nature of the contract with the PMC? What specifically will be their role and the scope of responsibilities?

LORRAINE GRILLO: Sure, I'm happy to and of course first Deputy Commissioner Jamie Torres has been intimately involved in this process, so I'm just going to give you an overview and Jamie can get into more detail.

The PMC as we call is a critical component. It's adding the expertise with managing complex design build procurements. Remember, we have not done this before. As the city develops its related design build procurements and subsequently the PMC will manage the four design build contracts for the four borough-based facilities. If you want to add to that Jamie.

JAMIE TORRES: Sure, thank you. Right, so the borough-based jails program is a major multi-year endeavor that requires concentrated project management attention, very significant projects, so

1 we will need that expertise. The program manager in  
2 addition to what the Commissioner said, will bring in  
3 expertise from across the country, because executing  
4 a design build project for the city in this first  
5 instance is a really important opportunity for us to  
6 demonstrate its effectiveness and so, we do need to  
7 go and bring in this nation and in some cases,  
8 international expertise to be able to execute it.

9 That program manager also will have expertise on  
10 building humane borough based or community-based jail  
11 facilities which again is a major shift for the city  
12 as we close Rikers and look at building these  
13 facilities and so, we'll have expertise from the  
14 program manager to be able to do that as well.

15 CHAIRPERSON DROMM: So, will those program  
16 managers be deciding, you know, will there be a  
17 community space within the borough-based jails? Will  
18 they be deciding you know, how the construction is  
19 actually done? I'm just a little confused as to  
20 exactly what type of role they're actually going to  
21 have.

22 LORRAINE GRILLO: Right, I think that those kinds  
23 of decision are going to be part of really our  
24 community-based interaction. We are not going to  
25

1  
2 leave it up a particular contractor of any kind to  
3 make those decisions. Those are the decision we need  
4 to make with the community, with the elected  
5 officials and on the design of these projects.

6 CHAIRPERSON DROMM: And then the program manager  
7 will be the person who will decide how to implement  
8 that oversee the information?

9 LORRAINE GRILLO: That is correct.

10 CHAIRPERSON DROMM: Okay, let's talk a little bit  
11 about path of travel. You're likely quite familiar  
12 with this because of your work and your other role  
13 but these requirements stipulate that alterations are  
14 made to a primary function area up 20 percent of the  
15 projects eligible cost must be used to make the path  
16 of travel to that area accessible.

17 Has DDC estimated how much it will cost to comply  
18 with this requirement for projects in the proposed  
19 Fiscal 2019 to 2023 five-year capital plan?

20 LORRAINE GRILLO: I don't have an overall number  
21 Council Member. It's my understanding, as a matter  
22 of fact, I'm diving deeply into that. As you know, I  
23 had that experience at the SCA and we are really  
24 working, we have to work very hard with our sponsor  
25 agencies to have them look at this and do a deep dive

1  
2 into what that cost will be. Each project is  
3 different, there are certain components of a project  
4 that require the path of travel stipulation. Other  
5 parts of a project do not. So, it's very, very  
6 complex but we will certainly work on that.

7 CHAIRPERSON DROMM: So, are those agencies  
8 bringing this issue to you or are you bringing it to  
9 them? How is that happening?

10 LORRAINE GRILLO: I think we work collaboratively  
11 on that. As we go through our frontend planning  
12 process, this issue comes up and through our frontend  
13 planning we are discussing the project with the  
14 sponsor agencies, so, it's collaborative.

15 CHAIRPERSON DROMM: So, will the cost of it  
16 reduce the number of projects that are eligible to be  
17 completed?

18 LORRAINE GRILLO: I personally don't believe it  
19 will be significant because as I've said, we've  
20 implemented this at the SCA. It's a complex process  
21 because there are certain mechanical systems that  
22 don't apply. Other pieces of a project that are not  
23 required. It's not as significant as one would  
24 expect.

CHAIRPERSON DROMM: So, would you have to look at past projects or projects in the process of being completed or just projects moving forward?

LORRAINE GRILLO: It's my understanding it's projects moving forward.

CHAIRPERSON DROMM: Okay, and with the PEG, the Administration announced the program to eliminate the gap targets for all city agencies in order to achieve \$750 million in saving between Fiscal 2019 and Fiscal 2020. OMB has set DDC's target at \$2.4 million which is approximately 5 percent of DDC's city funded budget in both Fiscal 2019 and 2020. What savings has DDC proposed to OMB and will those proposed cuts affect agency operations?

LORRAINE GRILLO: I'm going to turn this over to Justin Walter.

JUSTIN WALTER: Hi. Justin Walter CFO, DDC. So, in comparison to our overall budget, this is not an extremely large saving reduction target. We basically looked across our city funded accounts and we have some smaller other than personal services and contracts that we some accruals built up and then on the PS Budget side, the same as well because we are not fully staffed up in certain components. So,

we've identified the savings, share them with OMB and we don't think it's going to have a large impact on our operations.

CHAIRPERSON DROMM: Will you be able to go beyond the proposed amount?

JUSTIN WALTER: At the moment, we're just achieving the proposed amount.

CHAIRPERSON DROMM: Okay, very good. I'm going to ask Council Member Gibson because she has a lot of questions for you.

COUNCIL MEMBER GIBSON: We always want you to aim high. Thank you again Commissioner for being here and certainly in my opening, I talked a lot about you know, some of the things that are happening particularly at DDC and where we see the areas of growth and I definitely think the release of the strategic Blueprint is going to be the path where we can create much more efficiency and in terms of timeline of capital projects. So, specifically, I wanted to ask a few questions related to the strategic blueprint. The first of the four main themes of the plan is really about improving the pipeline and the key of the initiative is really

about the expansion of DDC's front and planning unit that was established in 2016.

So, I wanted to ask, what has been the difference in timelines between the projects that have been received in the frontend planning unit versus those that have not, because you talked about expanding, so there is a process by which projects are reviewed by the frontend planning unit. So, have you noticed a difference between that unit and the projects that are not reviewed by that unit?

LORRAINE GRILLO: Right, we are beginning to see a difference, I can't give you a specific timeline, but I will tell you this. I think what is important to note is our involvement is no longer starting at frontend planning. We are working with our sponsor agencies before the project actually comes over to our frontend planning unit. We know them, we work with them very carefully, we can sit with them as they decide on a particular project and give them some ideas as to estimates and timelines and the like. And so, we're having those conversations early on and then when a project actually comes to fruition, it comes over to our frontend planning folks. There is a dialog back and forth with the sponsor agency.



1  
2 For example, we may say a particular heating system  
3 is not appropriate, we're the experts in this. Our  
4 folks are the experts. It's not appropriate, it will  
5 take to long to build. It is not energy efficient,  
6 all of those things. That's our job. We should  
7 counsel them; we should give them the appropriate  
8 estimate and timeline before we accept that project  
9 completely into our portfolio.

10 So, can I define for you a specific timeframe?

11 Not yet. We will get there.

12 COUNCIL MEMBER GIBSON: Okay, and when you  
13 actually receive the project initiation document from  
14 the particular agency, are you able to reject that  
15 request or do you have to take that particular  
16 project.

17 LORRAINE GRILLO: I have asked the staff to no  
18 longer accept the project that we do not believe is  
19 a. buildable, and b. funded appropriately.

20 COUNCIL MEMBER GIBSON: Okay, within the unit,  
21 how are project prioritized because you said your  
22 inactive discussions with OMB on expanding the  
23 frontend unit but today, with all of the projects you  
24 received, how do you prioritize? Is there a system  
25

of metrics that you use to determine which projects should be given more priority over the other?

LORRAINE GRILLO: Yeah, as I just chatted with the First Deputy Commissioner, at this point and time, we do not have that prioritization. What we do is take on as many as we possibly can.

COUNCIL MEMBER GIBSON: Okay, and then you mentioned that not all projects you accept because you recognize whether it's the project amount or even the scope of work may not be feasible. Do you work with that member agency on feedback.

LORRAINE GRILLO: Absolutely.

COUNCIL MEMBER GIBSON: Okay, you do.

LORRAINE GRILLO: Absolutely.

COUNCIL MEMBER GIBSON: Okay, okay. The second theme in the blueprint is really to manage projects more efficiently and effectively and in order to do so, it's really necessary to have a detailed tracking of all of the capital projects. So, I wanted to ask specifically for DDC, how are you currently tracking your projects to date?

LORRAINE GRILLO: Well, we are in the process right now, and before I began at DDC, our technology group was in the process creating those systems that

1 would allow us to track these projects carefully.  
2 One of them right now is a system we call Benchmark,  
3 which really basically gives detail on every single  
4 project that we have. Whatever the latest  
5 information is and again, we're still perfecting  
6 that, we're still working on that but that's just one  
7 of the systems that we've been working on to get up  
8 and running. We are working on a payment system,  
9 there are a number of IT improvements that we are  
10 working on in order to make this flow more  
11 efficiently.  
12

13 COUNCIL MEMBER GIBSON: Okay, has the system yet  
14 identified some of the reasons for delays in capital  
15 projects?

16 LORRAINE GRILLO: Yes, because that information  
17 is input into that system. It's going to tell you  
18 what is happening. For example, if I'm in the midst  
19 of a sewer project and we come across a utility and  
20 we notify the utility that they have to move their  
21 systems, we know where that sits. We know what we're  
22 waiting for and when we gave them that information.  
23 So, we'll be able to tell where those problems lay.  
24 Whether it's our problem, or the problem of utility  
25 or other source.

COUNCIL MEMBER GIBSON: Who currently has access to benchmark outside of DDC?

LORRAINE GRILLO: It's an internal process.

COUNCIL MEMBER GIBSON: Okay, would you be willing to work with the City Council as you continue to execute the blueprint, in terms of accessing information and data through benchmark?

LORRAINE GRILLO: Sure, actually, one of your colleagues had a request to put a system into place that's very similar to the system that the SCA has.

COUNCIL MEMBER GIBSON: We like that system.

LORRAINE GRILLO: That is easily accessible and I'm hoping to be able to provide something very, very similar. Obviously, it's going to take time. These things don't happen overnight, but now that we understand the Council's requests and the request for information, we'll be able to draw from the other systems that we have and put something together. Again, I keep saying this, but it's going to take a little while. We are on the road.

COUNCIL MEMBER GIBSON: Okay, understood, I appreciate us being on the road. Also, I wanted to ask with benchmark, and some of the work that you're doing to expand it, do you think that there is a

possibility that that would be tied to the city's financial management system FMS? So, the projects can be linked to the budget so that there is more of an overlap in interagency coordination?

JUSTIN WALTER: Right, so Council Member, as part of the Commissioner was referring to a multi-year, multi-million-dollar information technology overall at the agency, so as part of that, we are going to be working with the Mayor's Office of Contract Services on the development of their passport system. Which is where the main financial linkage occurs but part of our expansion of our system is also to create a project date management system and that will also be tied in and the main advantage of that for the agency is to be able to facilitate prompt payments to contractors. Which as we've identified in the strategic blueprint is one of the major things that holds us back. We need to be able to get contractors paid so that they can work in a more expeditious manner.

LORRAINE GRILLO: And if I may, in addition to that, getting our contractors paid, particularly as it relates to M/WBE small contractors. So, that's a very, very critical piece for us.

1  
2 COUNCIL MEMBER GIBSON: Okay, the next part of  
3 the plan is to get more out of contractors and  
4 construction managers and I understand that DDC has  
5 started consolidating requests for proposal  
6 development for evaluation and fee negotiation, can  
7 you explain in terms of what that looks like and the  
8 cost and how much you think you would save by  
9 implementing such a measure?

10 LORRAINE GRILLO: Do you want to speak a little  
11 bit about the new system?

12 JUSTIN WALTER: So, in terms of the RFP process,  
13 and a lot of basically the procurement functions we  
14 are pulling into our agency chief contracting office  
15 shop and we are building out capacity and the  
16 expertise within the ACO shop. Some of these  
17 processes were sort of outside of the ACO shop and  
18 we're sort of miring that together with overall  
19 systems development to improve coordination and  
20 collaboration within the agency you know, to put a  
21 dollar figure on what we think we can save is a  
22 little challenging. I think in terms of process,  
23 there is a lot of time savings on terms of process  
24 that we will be able to save through better  
25 coordination and collaboration.

COUNCIL MEMBER GIBSON: Okay, and Commissioner, you mentioned in your testimony the creation of the construction allowance and change order task force, so that's existing staff that's been merged together in essentially one unit?

LORRAINE GRILLO: That is correct.

COUNCIL MEMBER GIBSON: Okay, and then overall, you talked about just managing more contracts, right, over the last several years, but not necessarily raising headcount. Is that something that the agency is requesting this year in terms of looking at headcount, or you're going to manage with what you have?

LORRAINE GRILLO: Well, there are major, major projects coming up as you well know.

COUNCIL MEMBER GIBSON: Yes.

LORRAINE GRILLO: The East Side Coastal Resiliency Mega Project, we have the off Rikers jail projects and that sort of thing. So, there will be staffing attached to that, additional staffing.

COUNCIL MEMBER GIBSON: Additional, okay, I wanted to ask about the capital discretionary program. As I mentioned in my opening, really important for many of us in the City Council

particularly those of us who are leaving soon, to get a lot of these capital projects up off the ground and running. The smaller projects are very important for us, anything from a mobile unit purchase to the renovation of a park or a playground. So, I wanted to ask about DDC's process for non-city projects from the inception to the completion. So, you said every project is important, but for those of us that are working with our local non-profits where we provide a capital, how are you managing those particular projects as well as prioritizing them?

LORRAINE GRILLO: And I'm going to use this opportunity to introduce everybody to DDC's General Council David Varoli who manages a number of these discretionary projects, particularly when it comes to the purchase like you said, a mobile unit and that sort of thing. And if I may, David would you just join us to explain in more detail?

DAVID VAROLI: Good morning.

CLERK: Good morning. Can we swear you in?

DAVID VAROLI: Sure.

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



DAVID VAROLI: I do.

CLERK: Thank you, you may proceed.

DAVID VAROLI: Okay, thank you. Thank you, Chair Gibson. So, I just want to make one clarification, the discretionary capital program that DDC manages does not involve the actual construction of the items that are placed into the budget. That is handled by the Economic Development Corporation, EDC. That was made pursuant to an agreement between this Finance Committee and OMB.

So, DDC is responsible for working on projects in which funding is given to not for profits for the purchase of equipment, vehicles, and office type merchandise. The actual construction is done by EDC.

COUNCIL MEMBER GIBSON: Okay, thank you for the clarification. Now, even with the purchasing of the mobile units and other equipment that you described, what does that process look like in terms of time limits, efficiency, communication with the local not for profit, what does that look like and what does the unit that you particularly oversee in terms of staffing, what does that look like as well?

DAVID VAROLI: Okay, so the unit is run or chaired, by an individual by the name of Bruce

1  
2 Randolph. I hope some of you, if not all of you have  
3 met and dealt with him. Bruce has been doing this  
4 now for over ten years. Before joining DDC, he  
5 started at the Health Department also working on  
6 these projects. Bruce oversee two other individuals  
7 that work with him and the process is fairly straight  
8 forward, though I understand it's extremely  
9 complicated. The process of giving capital dollars  
10 to not for profits requires a number of legal  
11 requirements to satisfy the Bond Council requirements  
12 and so, what we have done is we have put together a  
13 manual.

14 We have actually done presentations and we will  
15 always make the offer to do more presentations.  
16 Whether it's within your own staff, your committee  
17 and of course, with the various not-for profits. But  
18 from the moment it is placed in the budget, when we  
19 get the budget information towards the end of the  
20 summer early September, the first thing Bruce and his  
21 team does, is they reach out to each of the  
22 individual not for profits that are placed in the  
23 budget. He offers them and sends to them basically  
24 an e-file that includes not only the forms that we  
25 have worked out with Bond Council and have worked

with the Finance Committee Staff but also a checklist.

I'm a huge, huge believer in checklists, and so we've created a checklist for each and everything that they have to do as they work through the process. I'll be the first to tell you though, the process is extremely, extremely complicated and while I love my fellow lawyers and want them to be employed. It makes a lot of work and money for lawyers, because there are so many things that they have to do that I don't think the not for profits are used to doing when maybe they get grants from other organizations and again that goes, because it's capital money versus expense money.

So, that's really, I think the biggest issue and you know, definitely we work great with Nathan who is fantastic on these Finance Committee Staff. We work very closely with Bond Council. We are always looking to find ways to improve that process because we understand of the complication on dealing with the not for profits.

COUNCIL MEMBER GIBSON: Okay, I appreciate that, and I definitely want to recognize it is challenging. We hear from a lot of our not for profits about

frustration during this process, so as we move forward, while this specifically is not a part of the overall blueprint but certainly very, very important to us to make sure that these projects are moving forward, and we address any of the gaps in the system. So, I would love to keep talking about that. I don't know how many projects are currently in the portfolio but to hear Mr. Randolph and a team of two, is a little concerning for me and so, I want to keep talking about that moving forward.

DAVID VAROLI: Okay, sure. I would just like to say that in Fiscal Year 2018, we registered 26 contracts for approximately \$8.2 million. This year right now, as of March 27<sup>th</sup>, we have already registered 28 contracts. A little bit over \$11.3 million and we believe we are going to have at least four more get to the Comptrollers office before the end of the Fiscal Year for registration, so this small little unit is an incredibly hard working efficient unit and like I said, it's not so much I think adding more staff, although I'm not going to be the one to say, I don't want more staff but I can honestly tell you it's really the paper work and documents. When we hand over the binder to the not

for profit, we need them to really focus and spend the time and maybe have a champion on their side in addition to a legal champion to help them walk through that process.

COUNCIL MEMBER GIBSON: Thank you. I'll turn it back over to our Chair.

DAVID VAROLI: Thank you.

CHAIRPERSON DROMM: Just as a follow up and if I could just hold you there for one minute.

DAVID VAROLI: Sure.

CHAIRPERSON DROMM: Did you say that DDC does not have a role in nonprofit construction capital funds?

DAVID VAROLI: When the Council gives direct money to a not for profit to build say a new addition to their facility, no we do not.

CHAIRPERSON DROMM: There is no sign off by DDC on anything?

DAVID VAROLI: No, we're not involved in the budget process at all. We are not involved in the questionnaire and how the not for profits are selected for the budget. Both on the equipment and vehicles as well as the construction. There were a number of legal issues when the program was first being discussed between your Committee and OMB, and

the decision at the time was made because of all this work was being don't on non-city property. That it was more appropriate for EDC to deal with those projects and to allow us to just focus on the goods and the equipment and the vehicles.

CHAIRPERSON DROMM: Okay, I just thought at one time I was dealing with Irish Art Center to be honest with you, and I thought there had to be some type of a sign off by DDC before it can go before EDC?

DAVID VAROLI: I can look into it, that was the Irish Art Center? I'll look into it and I will get back to you.

CHAIRPERSON DROMM: It's done, and it all worked out.

DAVID VAROLI: Are you happy with it?

CHAIRPERSON DROMM: Yes.

DAVID VAROLI: Good, okay.

CHAIRPERSON DROMM: Got to fight for the Irish, you know.

DAVID VAROLI: I'm married to one, so I understand. Thank you.

CHAIRPERSON DROMM: We have questions now from Council Member Rosenthal followed by Powers and we've

1  
2 been joined by Council Member Lander and Cohen.  
3 Council Member Powers.

4 COUNCIL MEMBER POWERS: I'll echo your sentiment  
5 on the Irish. Thank you and thank you for the  
6 testimony. I wanted to follow up on the east side  
7 coastal resiliency. I have a few questions and note  
8 that your staff did do a fantastic town hall with my  
9 constituents last night or a meeting with the  
10 Attendants Association to discuss that. So, I want  
11 to thank the staff for being there.

12 Just to clarify, we had a hearing here two months  
13 ago, a month ago, about that and I had asked a  
14 question. I wanted to clarify on nighttime  
15 construction around the east side coastal resiliency  
16 particularly near Stuyvesant Cove Park and near where  
17 near where a number of folks in my district live and  
18 to get clarity, do we know today what the hours will  
19 be and what the nighttime work will happen around  
20 Stuyvesant Cove Park?

21 DAVID VAROLI: Thanks Council Member, yes, we're  
22 happy to clarify. So, the predominance of the  
23 project is in the area of East River Park which we  
24 now have an engineering approach that will allow us  
25 to deliver that. Doing the heavy construction work

1 out at the Water's Edge, which allows us to avoid  
2 nighttime work. Except in cases where we're trying  
3 to accelerate construction but again, that's out at  
4 the Water's Edge. Outside of that area and within  
5 your district, including Stuyvesant Cove Park we're  
6 still needing to do some construction work adjacent  
7 to the FDR which requires nighttime closures.  
8 However, we did look into that after the hearing that  
9 we had and the primary area where we would be doing  
10 nighttime work, is really adjacent to the Coned  
11 Plant. We are not expecting major nighttime work  
12 with heavy construction with pile driving directly  
13 adjacent to buildings that are in your district and  
14 we do have a map that demonstrates that. I don't  
15 have it with me today unfortunately, but we reviewed  
16 it with your staff, we are happy to review it again  
17 and go through exactly where we see those impacts,  
18 but it is a very minimal, if any area where it would  
19 be immediately adjacent to residents.

21 COUNCIL MEMBER POWERS: And I know that they  
22 asked this a couple time, so I'm sorry to be  
23 repetitive but what we found with the L-Train which  
24 is the most immediate thing on all of our minds is  
25 that we had all these conversations around mitigation



1  
2 for traffic and other things and we found out things  
3 about hours and construction, real life examples  
4 outside of peoples windows, that caused a lot of  
5 chaos an concern amongst people there and I don't  
6 want to end up with folks calling us to finding out  
7 that at midnight there was stuff happening. So, we  
8 can sit down and talk about that as well.

9 Can you give an update just on the Ease River  
10 Park? There is still I know conversations around  
11 phasing, has that come to - because we're coming to  
12 Ulurp in the next I think month or so. Is there an  
13 answer, sort of an update on where they are in terms  
14 of how they can phase the closures of the East River  
15 Park?

16 DAVID VAROLI: Sure, so the closure of East River  
17 Park is a decision definitely not taken lightly.  
18 It's a very important recreational resource. What we  
19 found was very concerned about the safety of  
20 potential park users while we're trying to undertake  
21 construction and also to get this done as quickly as  
22 possible and we've managed to reduce the overall  
23 construction time to three and a half years from five  
24 previously. We really need to be able to stage in  
25 the park, so that's the reason for it.

COUNCIL MEMBER POWERS: Okay, and the final question I had was on the same project, is there is I think maybe some concerns around legal action that will be taken based on the decisions being made here around how to do the phasing of the parks or around park alienation or around any of the specific pieces of the project. Is there any risk to the federal funding, I think it's 300 and something million

dollars provided by HUD. Is there any risk to that based on a situation where we get taken in court around any particular piece of this plan?

DAVID VAROLI: So, the plan is subject to environmental review under both the Federal NEPA Statute and also the State SEQR and the city SEQR statute, an Environmental Impact statement is being prepared with the Office of Management and Budget as the lead agency for the federal actions and the Parks Department as the lead agency for City and State. We believe that environmental impact statement is fully taking into account all of the impacts.

COUNCIL MEMBER POWERS: I guess let me just ask this question. What's the end date by which we need to have that money spent for the federal component of the East Side Coastal Resiliency?

DAVID VAROLI: Right, it's September 2022.

COUNCIL MEMBER POWERS: Okay, and so we get through Ulurp, we start moving into I guess design and then eventually construction. Is if any part of that process gets detailed, are we at risk of losing the federal funding?

DAVID VAROLI: Well, there is always that risk if there is a major delay on the project, but we are a

significant way through design at this stage and will be advancing design to complete it by November of this year to start construction in March of next year. Really gives us two and a half years of work. If I have my dates right and so, we think there is very little risk that we wouldn't be able to expend those federal dollars.

COUNCIL MEMBER POWERS: Outside of a long delay for some reason.

DAVID VAROLI: Right.

COUNCIL MEMBER POWERS: Okay, thank you, Chair.

CHAIRPERSON DROMM: Thank you. Council Member Grodenchik followed by Lander and Cohen. Okay, Council Member Lander.

COUNCIL MEMBER LANDER: Thank you to both Chairs and thank you Commissioner and President. So, I really value the work that you've brought to DDC so far, the agenda you've put forward, the team you've built, like the way you're taking seriously reform of capital projects, management and the agency. I think is a good credit and I feel optimistic and I have not been able to say something some like that about capital projects management in the city through this is your ten of hearing. So, that's not

1 insignificant, and we'll see. I mean obviously the  
2 proof is in the pudding and there is a long way to go  
3 on all your recommendations, but the plan is serious,  
4 I think it gets things right, I think it is aiming at  
5 the right problems. So, I'm giving some credit where  
6 I think it's due.

7  
8 At the same time, like what of the last couple of  
9 months of exposed to me is still some disconnects at  
10 a level sort of above you guys. So, we had a hearing  
11 on my capital projects tracker bill where the Mayor's  
12 Office of Operations came and was on the hook for - I  
13 mean Deputy Commissioner Springer was there but like,  
14 they have that piece of it and then we on the first  
15 round of these budget hearing had a dialog with OMB  
16 more about these issues of planning and how to think  
17 comprehensively about infrastructure needs and  
18 capital budget priorities and our frustration at the  
19 ten year capital strategy does not reflect  
20 comprehensive prioritization of our capital projects.

21 So, I guess, I think the things you guys are  
22 doing are great. I would like to see those things  
23 being the reform of the capital projects planning and  
24 delivery system, not only of DDC like you're  
25 developing a new software tool which is great but

1  
2 anyway, so I guess that's my question. Is like, are  
3 there - I would be glad if you would convince me that  
4 there are things going on, I don't yet know about  
5 that in addition to all the good DDC internal work  
6 you are doing our reform of the way OMB relates to  
7 the capital agencies, to City Hall, the Mayor's  
8 Office of Operations. It's a lot of hands but that's  
9 all the more reason why some coordinating ones are  
10 needed and, in some ways, your starting to do that  
11 but I still feel like it's needed at least one level  
12 higher.

13 LORRAINE GRILLO: Right and thank you so much  
14 Council Member and thanks for the compliment, that's  
15 nice to hear. I agree with you generally; I really  
16 do, and I think we're making some moves in that  
17 direction. For example, we talked a little bit about  
18 change orders and having - I'm losing the word right  
19 now, but our change order allowance system.

20 COUNCIL MEMBER LANDER: Contingency.

21 LORRAINE GRILLO: Thank you. It's been a long  
22 day. So, when we decided to come up with that idea,  
23 everybody, we got the same reaction, it's never going  
24 to happen. But we sat down with OMB and we discussed  
25 the logic of doing this and they have been

tremendously cooperative as well as the Comptrollers Office which is a real step forward and I think what our job here is to do is to show success and I think as we begin to do that they will begin to be open to other reforms as well.

The other thing that we're doing which I think is really important. The DDC is charged with doing an asset management report, the AIMS report which is done every year. But I would like to use that in a way that really helps make decisions about capital programming throughout the city. We do similar at SCA, we do a building condition assessment survey which really drives our capital planning process.

So, one of the things that we're doing right now is a pilot program with the Brooklyn public libraries. Where in fact, we are going to use some of the that resource in the AIMS program to review the buildings that Brooklyn BPL is using right now to see what condition they're particular systems are in.

If we can show that to be effective and show that as a way to prioritize their projects, I think that will go a long way to kind of spreading the wealth throughout the city and allowing us to use that in a much more effective way.

COUNCIL MEMBER LANDER: Okay, so that's great, I mean those are two good examples of ways in which broader systemic reforms are needed that you're building from you agency but that if they happen can grow to the larger levels. I mean, I assume, if it becomes possible for people to tap in to their contingency for their change orders without going through an entire contract revision, that will only belong to DDC projects that other capital projects could have the same benefits as well.

And on the AIMS report, this is just such a great example obviously in some ways, the starting point for the ten-year capital strategy should be the AIMS report. Like what if our existing infrastructure needs to be fixed and invested you know, even before we start talking about our subsequent critical priorities, that does not happen. Like, currently the AIMS report is a pretty meaningless document that is not used as part of developing the ten year capital strategy and then the ten year capital strategy is a pretty meaningless document which does not actually predict ten years of capital investment but it's just like, well, we got next year's capital



1  
2 budget and then we just like threw a few things in as  
3 well.

4       So, I am going to like both appreciate and just  
5 at the broader level, keep pushing. Like, it is  
6 great that you are using the position you have to  
7 help shine a spotlight on some of these things and  
8 start moving us forward. We need at the broader  
9 scale from the other side of this building at OMB and  
10 in the Mayor's Office, to really be paying attention  
11 to these things and building from the work that you  
12 guys are starting to do and hope we can use the  
13 capital projects tracker as one more piece of that.  
14 And I look forward to continuing this conversation.  
15 We are going to keep pushing and we appreciate the  
16 work you are doing.

17       LORRAINE GRILLO: Thank you. Thank you very  
18 much.

19       CHAIRPERSON DROMM: Council Member Grodenchik.

20       COUNCIL MEMBER GRODENCHIK: Thank you Chairs.  
21 Good afternoon Ms. Grillo. It is always good to see  
22 you and I want to say thank you for all you do for  
23 our constituents.

24       We had the Director of OMB here Ms. Hartzog at  
25 the beginning of this process and I was looking at

1 the Capital Plan and you know, those charts go up and  
2 down and then the plan kind of flatlines and it's  
3 like, you know if it was a patient in a hospital, it  
4 would be dead. And I ask this specifically you know,  
5 on Monday, the four new jails that are going to built  
6 to replace Rikers Island were certified and I asked  
7 her why they weren't included in the Capital Plan.  
8 There is no money at all for Corrections and I know  
9 these building are not sheep. And I was just  
10 wondering, have you had any discussions with  
11 Corrections about this, to come up with a cost  
12 estimate?  
13

14 JUSTIN WALTER: Sure, I'll respond to that  
15 Council Member. So, at the moment the critical  
16 funding need that DDC has is for the program  
17 management consultant, which is a contract that we're  
18 bringing on board that is funded within the Mayor's  
19 Preliminary Budget, it's expense budget funding.

20 In addition, DDC, sorry not DDC, there generally  
21 as I understand it, is approximately one billion  
22 dollars that's in the capital budget for Corrections  
23 related or jail related improvements, but as the  
24 projects make there way through the approvals  
25 process, additional budgeting will be required.

COUNCIL MEMBER GRODENCHIK: Do you have a ballpark figure on what this is going to cost?

JUSTIN WALTER: We don't have the figure unfortunately.

COUNCIL MEMBER GRODENCHIK: Okay, well, that's a little disappointing but I'm going to have to accept that. I just want to thank you for being here and I look forward to working with you to untie the gordian knot that is the city procurement process, especially regarding parks because there isn't a day that goes by as Parks Chair that I don't hear from one of my colleagues about a park or another. And that's all to the good because we are all working to improve the system and I thank you as always for your work. Thank you.

LORRAINE GRILLO: Thank you.

CHAIRPERSON DROMM: Council Member Cohen followed by Van Bramer and Adams.

COUNCIL MEMBER COHEN: Thank you Chairs. How are you?

LORRAINE GRILLO: Good, thank you.

COUNCIL MEMBER COHEN: You know, I want to go a little bit of what Council Member Lander said, you know, I am a big fan of yours and I'm excited that

LORRAINE GRILLO: Right, you are absolutely right and that's part of what we talk about in our strategic plan really. Is that frontend, that conversation that takes place when a project is proposed by the sponsor agency. That's where we need to be involved. We need to be guiding them through the decision making. We need to be guiding them through the estimating and that's really at the inception.

And then, put it through our frontend planning unit which really goes into a deep dive into what the strategies need to be, what the feasibility is, what the costs are going to be. And then, we'll sit down

1 with our sponsor agency and we will all agree that  
2 this is the scope of the project and this is the  
3 estimate for the project. Because often times, and I  
4 don't know about this particular project but often  
5 times particularly if you ask a cultural institution,  
6 to estimate the cost of doing a new theater space,  
7 they really don't have the expertise and if they hire  
8 someone who has really no idea how to work with City  
9 Government, the numbers will be completely different.  
10 So, that conversation will happen before a project is  
11 taken into DDC's portfolio. We will all agree,  
12 otherwise we will not take that project on.

14 COUNCIL MEMBER COHEN: You're saying you are  
15 implementing that now?

16 LORRAINE GRILLO: Yes, yes, we are.

17 COUNCIL MEMBER COHEN: Alright, that encouraging  
18 and just for the record, the Van Cortlandt Pedestrian

19 -

20 LORRAINE GRILLO: I've heard.

21 COUNCIL MEMBER COHEN: Thank you. Thank you  
22 Chairs.

23 CHAIRPERSON DROMM: Okay, thank you. Council  
24 Member Van Bramer.

1  
2 COUNCIL MEMBER VAN BRAMER: Thank you very much  
3 to the Chairs and I to am hopeful with your self  
4 onboard. So, a couple of different things. Would  
5 love an update on Hunters Point Library, but also, as  
6 we hopefully get to a place where we can see that  
7 opening. Also, a little bit of lessons learned and  
8 how not to repeat. Obviously, a lot of that happened  
9 before you took this on but at this point, you've had  
10 enough time in the current position to do a deeper  
11 dive on what's happening there.

12 So, a. an update then b. what are the lessons  
13 learned to make sure that this never happens again?

14 LORRAINE GRILLO: Yeah, I appreciate that Council  
15 Member. Yes, this is a project that I almost get to  
16 see every morning as I look through my window when I  
17 wake up and it has really been a thorn in my side.

18 It's a project that had a great expectation, it's  
19 a beautiful project. However, some decisions that  
20 were made in the earliest designs of the project,  
21 were shall we say, beautiful but not very functional.  
22 So that was one issue and I think as we discussed  
23 earlier and I've been talking about, I think the  
24 decisions early on were a bit unrealistic in terms of  
25 the budget. I think from now forward; we will all

1 sit down, and we will agree what this budget is and  
2 what we can afford.

3  
4 Okay, and until such time, as we have all the  
5 funding available, we're not going to start a project  
6 like that, that's number one. Number two, I think  
7 one of the things that I saw as a result of visiting  
8 that site with you, had to do with supervision and  
9 had to do with decision made internally by our own  
10 project management staff and our construction  
11 management staff and we've been training and working  
12 with these folks to make those decisions, to feel  
13 empowered. So, that certainly is another important  
14 piece to this because I think a lot of that stuff  
15 should have been handled in the field more quickly  
16 and more efficiently.

17 So, I think that that's part of it. I think  
18 beyond that, the Queens library right now is working  
19 very, very closely with DDC on this project. We are  
20 helping them with their loading on of equipment and  
21 so on and so forth and I think, I'm not sure if that  
22 relationship was always as cooperative. I think it  
23 is now. So, I think there are a lot of different  
24 things. I think payments, improving the way we pay  
25 our contractors and you know, things like, we are

1  
2 looking at for example, different methods of dealing  
3 with contractors that are unresponsive. Contractors  
4 that are not doing the work, and how we perceive in  
5 that way. We are doing a lot of those things. We  
6 are working with our oversight agencies to see if we  
7 can come up with a way in which is contractor is not  
8 performing that I can move forward and then with  
9 another contractor and if you did that now under the  
10 current system, it would take up to a year to get a  
11 new contractor on the process.

12 COUNCIL MEMBER VAN BRAMER: Right, just because I  
13 know we're on a time, the current expectation for an  
14 opening and late summer is still the target?

15 LORRAINE GRILLO: Absolutely.

16 COUNCIL MEMBER VAN BRAMER: I was there last  
17 week; I paid a surprise visit as I often do and saw  
18 some good things. So, I just want to be clear. So,  
19 there was a contractor on this particular project  
20 that you had to work really hard not to avoid  
21 default. And I want to make sure that that  
22 contractors not going to be allowed to work on future  
23 projects like this once we have seen a contractor  
24 perform so poorly as did in this case.  
25



1  
2 LORRAINE GRILLO: Again, that's a very good point  
3 that you bring up because I think that there was in  
4 the past, there has been an inability or an  
5 unwillingness to either default a contractor or give  
6 a contractor unsatisfactory evaluations. That is no  
7 longer the case as far as I'm concerned. So, we will  
8 proceed, we will discuss this particular contractor  
9 with you separately.

10 COUNCIL MEMBER VAN BRAMER: I appreciate that and  
11 lastly, passed through projects for libraries and  
12 cultural, where appropriate and when those agencies  
13 can handle that. In my 20 plus years with libraries  
14 the city has gone back and forth in some ways between  
15 wanting it, encouraging it, discouraging it.  
16 Libraries and cultural always sort of wanting more of  
17 that. Where are you with respect to allowing more  
18 pass throughs which generally speaking allow projects  
19 to be completed more quickly and more efficiently.

20 LORRAINE GRILLO: Well, see the goal, my goal sir  
21 is to have the libraries and cultural institutions  
22 request that DDC do their projects because we are  
23 going to be so efficient and we are going to do it in  
24 such a way that people will be very pleased. I  
25 understand though the concern that has happened over

time, but I would ask that folks give us an opportunity to improve in a way that will make us the go to agency to do this work.

COUNCIL MEMBER VAN BRAMER: I love how aspirational you are but before we get to that great place, which you know, I have great respect for you as you know, and you have done incredible work for our children and for our city and in particular our beloved Queens, although I know you are citywide, but you are not opposed and there is no policy against pass throughs when they make sense and when the agency has the ability financially to do that.

LORRAINE GRILLO: Absolutely. I have no opinion one way or the other on that. Certainly, it's up to the sponsor.

COUNCIL MEMBER VAN BRAMER: Okay, thank you.

CHAIRPERSON DROMM: Okay, Majority Leader Laurie Cumbo.

COUNCIL MEMBER CUMBO: Thank you so much. I wanted to follow up on a question in regards to the selection of architects. So, when we came in there was a process where many of the larger architectural firms were qualifying for pretty much all of the work in the City of New York and I know that through my

1  
2 interest in that issue and also talking with your  
3 agency about it, that there was a creation of larger  
4 architectural firms, midsize architectural firms and  
5 smaller firms that would allow many of our M/WBE's as  
6 well as smaller minority owned firms to qualify for  
7 these projects.

8 Can you talk a little bit about where this  
9 program is now and how this change in structure of  
10 architects has impacted the city?

11 LORRAINE GRILLO: Well, thank you Council Member  
12 that's a great questions and we're joined today by  
13 our Chief Diversity Office Maggie Austin, who is  
14 doing extraordinary work in this area.

15 Anyone who knows me from the school construction  
16 authority knows that this an important component to  
17 the work that we do. I am a strong believer in  
18 encouraging M/WBE participation and businesses and  
19 actually the SCA has had the strongest record in the  
20 state and we will do that for DDC, I am sure. But  
21 yes, that particular program that you spoke about is  
22 strongly very, very important to me. We are doing a  
23 number of things in that area and one of them is  
24 actually recruiting W/BWE architects and engineering  
25 firms.

COUNCIL MEMBER CUMBO: Do you have the numbers on that at this point?

LORRAINE GRILLO: I don't, I don't. Let me just check to see if Maggie has that information. Why don't you join us. It would be important to hear it from Maggie; she has been working on this tirelessly.

CLERK: Just to swear you in. Do you affirm that the information you will provide will be correct at the best of your information and belief?

MAGGIE AUSTIN: I do.

CLERK: Thank you.

MAGGIE AUSTIN: Thank you so much for that question. We've met actually a couple of times.

COUNCIL MEMBER CUMBO: Yes.

MAGGIE AUSTIN: To discuss architectural and engineering services at DDC and two and half years ago, what we did is we created the categories that you discussed. We had a micro-category for firms under five and at the moment, we have ten firms, micro-firms under contact and about 60 percent of them are M/WBE's.

And that program has worked really well for us because not only were we able to recruit these firms, but we right size the projects, right. So, we didn't

1 have large firms working on small projects and this  
2 was a great way for the firms to enter our program  
3 and as a matter of fact, we're getting ready to re-  
4 procure that contract and the firms that are under  
5 contract with us have grown so much that we're trying  
6 to figure out whether we changed the category to  
7 firms that are ten and under instead of the five and  
8 under. So, it's been extremely successful.

10 COUNCIL MEMBER CUMBO: It sounds like another  
11 category has to be created to kind of capture that.  
12 I would like, because this is something that I'm  
13 specifically interested in and I've experienced. I  
14 would like to have an actual breakdown of those firms  
15 and to understand which ones are M/WBE's and to learn  
16 more about them. But also, in the M/WBE world, I'd  
17 also like to see which ones are women, which ones are  
18 African American, Latino, I would like to see what  
19 the breakdown of that is.

20 So, if you could make sure that that information  
21 gets back to Chair Dromm and then, disseminated to  
22 those on the Committee, that would be wonderful.

23 MAGGIE AUSTIN: I will make sure that we do that.

24 COUNCIL MEMBER CUMBO: Thank you and I just have  
25 one other question. This was brought to my attention

1 in my district as well. It's the idea of the lowest  
2 bid wins. It's not so much pertaining to the  
3 diversity issue in the same way, but this idea of the  
4 lowest bid wins, I'm having an issue in my district  
5 around this which you probably are aware of. In  
6 which the lowest bid wins, that particular contractor  
7 come in, begins the work, is not able to do the work,  
8 you find out midstream that maybe they have taken on  
9 more projects than they can actually handle. The  
10 original bid that they put in is not one that they  
11 can actually live up to. Now your in the middle of  
12 the project, a certain amount of money has been  
13 allocated to the project, what happens?

14 LORRAINE GRILLO: That's an excellent question.

15 COUNCIL MEMBER CUMBO: I have a legacy project  
16 that I'm really excited about but that happened.

17 LORRAINE GRILLO: Yeah, actually that was one of  
18 the first things that I saw when I became  
19 Commissioner of DDC. How incredibly unusual it was  
20 to me coming from SCA that a contractor who was not  
21 performing well on several projects was then given  
22 another project. It was unbelievable to me. And so,  
23 as part of that, we dug into that. As I said, we've  
24 been digging into all of these issues along the way  
25

1 and we recognize that these contractors were not  
2 being evaluated throughout the life of the project.  
3 They would be evaluated at the end, because the last  
4 thing you wanted to do was default a contract.  
5 Because if you default a contractor, by the time you  
6 go through the registration process of a new  
7 contractor, you go through the bidding and a  
8 registration, it's a year.

10 So, that project sits for a year and we don't  
11 want to do that. So, what we've been doing over time,  
12 is nurturing these projects along inch by inch by  
13 inch. So, what we're trying to do here and part of  
14 it is looking for design build authorization, but  
15 we're looking for something else called CM Build.  
16 Which for example, having a CM on the contract, that  
17 can procure a new contractor, to finish the work  
18 that's been started and not completed by a very bad  
19 contractor. So, that's one thing we're working very  
20 hard to do that's going to require legislation in  
21 Albany and as we're working towards Design Build, we  
22 are going the same for CM Build.

23 Evaluations; evaluations are going to happen  
24 regularly, and I do not want and I'm going with the  
25 legal team on this, I do not want a contractor that's

performing poorly to get another contract until they cure that process. So, please, go ahead.

COUNCIL MEMBER CUMBO: And I just, I have a suggestion.

LORRAINE GRILLO: Sure.

COUNCIL MEMBER CUMBO: But you live and breath this all day, but I would like to see the lowest bid to also be averaged and coupled out with an evaluation of that particular bidder. So, that if they're saying they can do it at this cost, but you've seen evaluations that say, change orders or the order of their day. They don't finish projects; they don't do those things. That somehow that's averaged into the fact that they are also the lowest bidder, so that way we can get to some middle ground of where someone who is performing well, who's getting the job done and has an excellent rating can be rated above and beyond someone that simply putting in the lowest bid.

LORRAINE GRILLO: From what I'm being told that because of what is a GML 103, which is a state law.

COUNCIL MEMBER CUMBO: It sounds like something horrible.

LORRAINE GRILLO: I know.



COUNCIL MEMBER CUMBO: Just by the letters and the number combination sounds like dooms day.

LORRAINE GRILLO: Is we have to accept the low bid.

COUNCIL MEMBER CUMBO: And this is a state law?

LORRAINE GRILLO: Yeah.

COUNCIL MEMBER CUMBO: Alright, that's good to know. We've got a new Assembly and a new Senate; some things need to change.

JUSTIN WALTER: If you like Council Member I'll just elaborate slightly. General Municipal Law, Section 103, is what requires statewide including the city for us to accept the lowest bidder. Well intentioned law, anti-corruption legislation originally but it actually prevents us from doing a number of very important things. We can't do this qualifications-based selection. Where you incorporate additional criteria unless you're able to find someone really non-responsive or non-responsible. So, it's sort of a nuclear option to go and say this person is just absolutely not responsible.

In addition, though, as the Commissioner alluded to, we are seeking additional design build

1 authorization, design build also is something that we  
2 can't do because of the requirement to take the  
3 lowest bidder and the same thing with those  
4 authorities to use a construction manager, CM to  
5 build or CM to work at risk. It's all really because  
6 of that structure of the legislation and that's  
7 something that we're taking up in Albany this  
8 session.

9  
10 COUNCIL MEMBER CUMBO: Thank you. Thank you very  
11 much. I look forward to following up with you.

12 COUNCIL MEMBER GIBSON: Thank you so much  
13 Majority Leader Cumbo and with that Commissioner, we  
14 are going to end this part of our hearing because we  
15 are running behind schedule and we're going to  
16 reconvene with the Mayor's Office of Management and  
17 Budget. So, on behalf of Chair Dromm and myself, we  
18 do have further questions that we are going to submit  
19 to you in writing and we expect that you will get  
20 back to us in a timely fashion.

21 And certainly, we look forward to working with  
22 you in your capacity as Commissioner of DDC. There  
23 is a lot to be done but we are grateful, and we are  
24 encouraged by the level of commitment that DDC has.  
25 I think putting forth a blueprint and recognizing a

lot of the gaps in the system is very encouraging because DDC does manage a lot of projects and as we move forward, we certainly want to continue to look at ways to be more efficient and effective in terms of timeline, getting contractors paid, and many other things. So, we thank you and your team for being here and we look forward to working with you. Thank you so much.

LORRAINE GRILLO: Thank you so much, thank you.

CLERK: If everyone could please find seats we're going to reconvene momentarily. Once again, if you could please find a seat. Silence all electronic devices at this time.

CHAIRPERSON DROMM: [GAVEL] Okay, good afternoon and welcome back to today's hearing of the Finance Committee. I am Council Member Daniel Dromm and I am Chair of this Committee. We have already heard from the Department of Finance and the Department of Design and Construction and we will now hear from the Office of Management and Budget. The Committee is joined by the Subcommittee on Capital Budget Chaired by Council Member Vanessa Gibson and we are also pleased to once again be joined by the Speaker Cory Johnson. We are also joined by my colleagues

Margaret Chin, Majority Leader Laurie Cumbo, Council Member Chaim Deutsch, Council Member Andy Cohen and others will probably be joining us shortly.

We are going to keep our remarks and just touch on some of the highlights before diving right into OMB's testimony and questions from the members.

We began the Fiscal 2020 Preliminary Budget hearings on March 7<sup>th</sup> by hearing from OMB. Since then the Council has held hearings nearly every day throughout the month and heard from 55 agencies about their individual budgets. We will wrap up this year's Preliminary Budget hearing by once again hearing from OMB, so that we may ask them about issues that have come up at the agency hearings but are better answered by the Mayor's Office.

Many of those questions relate to risks to the budget on the city level. At the first hearing we spoke at length about the risks to the city's budget that are coming from the state. Hopefully we will have answers to those state questions within the next few days as our state leaders come to a budget agreement but as the hearings revealed, there are many items that will need to be included in the budget by adoption that the Preliminary Budget does

not address. Many of these are in the education budget such as additional funding that will be needed for the school bus contracts, increased charter school payments, carter cases, and custodial services. And there are other items as well that are **[inaudible 3:49:32]** from the Preliminary Budget, such as funding for the Mayor's Placard Abuse Initiative. The newly announced \$10 billion resiliency plan for lower Manhattan and the funding both for the purchase of rehabilitation of 17 cluster sites that are scheduled to close shortly.

And added to that, is the Councils Discretionary Package as well as the restoration of funding in Fiscal 2020 of all the items the council fought for last year at which the Administration funded for Fiscal 2019 only.

I remain concerned about how these known needs will be funded and I know that I speak for the Council as a whole when I say that we will not allow it to be at the detriment of the program so many of our constituents rely on to thrive or even just get by in this city.

Cuts to EFAP the Summer Youth Employment program, adult literacy or SONYC, just to name a few will be a

nonstarter. I will now turn the mic over to the Speaker who will say a few words.

SPEAKER JOHNSON: Thank you Chair Dromm and Chair Gibson for holding today's hearing. As Chair Dromm mentioned today the Council is completing its month of Fiscal 2020 Preliminary Budget hearings. Throughout March we have had the opportunity to dove into agency budgets and learn more about the priorities of agency heads and their specific areas. One thing that repeatedly came up during the hearings was obviously the \$750 million PEG program to eliminate the gap and how agencies are planning on meeting targets set by OMB. With OMB's release of the PEG target letter, the day before our first Preliminary Budget hearing on March 7<sup>th</sup>, it was only natural that this would be a highlighted issue at each hearing.

Unfortunately, most agency heads were either unable or unwilling to discuss what might be eligible for the PEG within their budgets. It is incredibly frustrating to the City Council to spend the time and energy of Council Members and our staff in holding these hearings only to be stonewalled when we ask for

critical information needed to conduct real budget oversight.

Now the deadline for the agencies submit their PEG targets to OMB has passed. I am hopeful that we will be able to get some answers at today's hearing about what the PEG will be at each agency and whether the PEG is primarily made up of programmatic cuts, revenue swaps, or accruals.

I'd like to continue the conversation we began at the first hearing regarding whether the \$750 million target was ambitious enough. That number is not much larger if at all than the savings plans that the Administration has proposed over the last few years. If the PEG is essentially what would have been accomplished through another savings plan, I'd like to gain a better understanding of the decision to do a formal PEG and how the target number was reached. I want to thank Director Hartzog and First Deputy Godiner for being here today to testify and I now turn the mic back to Chair Dromm.

CHAIRPERSON DROMM: Thank you and thank you Speaker Johnson. We will now hear from Chair of the subcommittee on Capital Budget, Council Member Gibson.

COUNCIL MEMBER GIBSON: Thank you so much Chair Danny Dromm. Good afternoon, thank you to our Speaker Cory Johnson for being here. We welcome you from OMB and thank you for your partnership throughout this process. I am Council Member Venessa Gibson. I am proud to serve as Chair of the Subcommittee on the Capital Budget and I'm honored to be here co-chairing today's hearing with Chair Dromm as well as our Speaker.

I will begin this afternoon by talking about the draft ten-year capital strategy. At our first hearing earlier this month, the City Council asked a number of questions about why the capital strategy was so frontloaded in the first five years but then funding for many of the agencies dropped off in the final five years of the ten-year capital strategy. In its response, OMB has informed us that the City Council to us that it recently implemented a further redistribution of the strategy specifically \$1 billion, \$2.9 billion and \$1.9 billion from Fiscal Years 2019, 2020, and 2021 respectively, into the outer years.

OMB further informed the Council that as it formulates the final version of the ten-year capital



strategy, it has instructed city agencies to take a harder and closer look at the front loading of their programs and to be more aggressive in providing a more realistic timeframe for all of their capital projects. While we appreciate this effort, and certainly want to commend OMB for it's leadership and we always applaud the Administration when we do see a lot of progress happening, but this truly does not get to the heart of what we have been talking about and it really misses the point of the overall ten-year strategy. Our issue with the draft ten-year strategy just for clarification is not that it was front loaded or front heavy, that was one concern, but we also felt that it was backlight. And the strategy is intended to be a planning tool and an aspirational document that assesses the future needs of this city beyond FY 2026, beyond this Administration even if many of the needs are necessarily identified today nor funded, or how they will be funded in the future.

We don't want you to just smooth out the first years of the strategy, but we want to see realistic planning for the last years. The Administration must also continue in its efforts to better utilize

existing city resources in providing an efficient, centralized system that really tracks all pending capital projects citywide. Not just those that are at a threshold of \$25 million but every capital project that we fund in this city.

In response to our follow up questions from our last hearing, OMB stated that its role in tracking capital projects citywide, was the publication of the capital project detail data report. This report tracks project status and information on budget, on scope, and milestones and where it's applicable the community board in which the project is located. However, much of the information in this particular report is blank and it's not publicly available, that's another concern we have. The ability to document this information in an existing resource that the city can use to centrally track capital projects citywide, is what we are aiming to get to.

And lastly, before I turn this hearing back to Chair Dromm, I want to make one more plug on the budget lines, and we have been talking about this consistently since last year in terms of our expectation to see more with the release of the

executive budget and even more by adoption. We want to see more descriptive budget lines.

So, once again, I want to thank you to our Director because we have seen a lot of change and we just want to keep pushing and pushing until we continue to improve efficiency, project timelines, and we make sure that we are holding all of the agencies accountable and we really have a ten year capital strategy that is reflective of all ten years, not just the first five but all ten years and that goes without saying for every single agency when we talk about new schools, new parks, new housing, and so, we appreciate the work that's been done. We look forward to today's conversation and certainly after today working with all of you as we get to a final Adopted Budget.

So, I thank you for being here. I will turn this hearing back to Chair Danny Dromm and want to thank the Finance Division for their incredible work on today's hearing.

CHAIRPERSON DROMM: Thank you Chair Gibson. Before we hear from OMB, I'd like to remind my colleagues that the first round of questions for OMB will be limited to three minutes per Council Member

and if Council Members have additional questions and time permits, we will have a second round of questions at two minutes per Council Member.

I'd also like 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 2p.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 unable to do so at today's hearing you may email your testimony to the Finance Division at [financetestimony@council.nyc.gov](mailto:financetestimony@council.nyc.gov) by close of business on Friday, March 29<sup>th</sup> and the staff will make it a part of the official record.

We will now hear from the Director of the Mayor's Office of Management and Budget, Melanie Hartzog and the First Deputy Director for Budget, Kenneth Godiner after they are sworn in by Council.

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

PANEL: I do.

CLERK: Thank you.

MELANIE HARTZOG: Thank you Speaker Johnson, Chair Dromm, Subcommittee Chair Gibson and Council Members for the opportunity to provide an update to my testimony of March 6. I also want to thank Latonia McKinney and the Council Finance staff for their positive and collaborative approach to the budget.

I am joined at the table today by OMB First Deputy Director Kenneth Godiner, and our dedicated and hard-working staff at OMB are here to assist me in answering questions.

At the release of the Preliminary Budget, the Mayor highlighted budget risks associated with the economy, the City's revenue forecast and state budget issues. We still face these conditions and additional risks that I will discuss shortly.

The first challenge we face is the possibility of a national economic slowdown that would pose a substantial threat to the City's financial plan. Our fiscal monitors agree.

Last week, the State Comptroller concluded that the largest risk to the budget remains the potential for an economic setback during the financial plan

period. He added that the national economy appears more vulnerable in recent years.

The second risk we face is related to City revenue. WE forecast Fiscal Year 2019 personal income tax to decline. While offset by gains and other tax revenue categories, the decline is causing our overall revenue growth to slow. An economic slowdown or other condition, that leads to a substantial deviation in revenue expectations would threaten fiscal stability and require us to take additional savings measures.

The third risk is related to state and federal budget actions. The State Executive Budget still contains nearly \$600 million in proposed cuts and cost shifts that impact the budget over Fiscal Years 2019 and 2020.

This includes shifts of \$300 million in education costs, and \$125 million of state costs to the City for TANF financial assistance for families in need.

This would shift the cost of cash assistance to the City and cut shelter rates.

The Executive Budget makes cuts of \$59 million designated for healthcare services like reproductive health and child immunizations and \$13 million from

programs that keep at-risk youth out of foster care and detention centers.

We are currently working with our partners in Albany to restore this funding and the one-house budgets have been positive. But if these cuts and cost shifts are enacted, our fiscal stability will be at risk.

I would also like to highlight risks related to federal actions. The President released his proposed Federal Fiscal Year 2020 budget a week after my last appearance. It contains billions of dollars of cuts to vital City programs. While the President's Budget reflects priorities that are at odds with the city's needs and is therefore a threat, we believe that it is unlikely to pass. We are working with the New York congressional delegation to advocate for budget actions in Washington that support our funding priorities.

In response to risks I outlined today; the Mayor announced a \$750 million savings plan at the Preliminary Budget presentation. We will achieve most of these savings by implementing the Administrations first PEG program. We are actively working with the agencies to help them reach

mandatory PEG savings targets. The Executive Budget will reflect details, including programs affected and savings achieved.

This savings effort is on top of the \$1.6 billion in savings we achieved across Fiscal Years 2019 and 2020 in the two financial plan updates since adoption and healthcare savings of \$1.6 billion in Fiscal Year 2020 and \$1.9 billion annually thereafter.

Thank you again for the opportunity to testify today and I look forward to your questions.

SPEAKER JOHNSON: Thank you Director Hartzog. So, I want to start off on the PEG's. During the course of our Preliminary Budget hearings the Council heard testimony from several agency heads that the deadline for agencies submit their PEGs to OMB was last week. I wanted to ask first, how did you choose the target for each agency and was it based on what they have already been able to achieve in prior savings plans?

MELANIE HARTZOG: Good afternoon Speaker. The targets overall – well, first, let me just say the overall PEG target had a number of different factors in our overall citywide savings plan of \$750 million. The first was related to the fact that in December we



1 say the volatility of the stock market. I don't  
2 think anyone could have anticipated that. We started  
3 CR estimated payments in personal income tax decline  
4 going into January and as we were closing up the  
5 Preliminary Budget, very difficult to implement a PEG  
6 program in Prelim, which is why we announced at the  
7 point of Preliminary Budget that we were moving  
8 forward with the \$750 million overall citywide  
9 savings with a portion of that being the mandatory  
10 PEG program. So, that played a factor into it and  
11 also the timing of it.

12  
13 In terms of the actual targets that we achieved,  
14 that we actually set forward for the agencies, it was  
15 a number of different factors. It did in fact look  
16 at historical savings initiatives that the agencies  
17 put up. It looks at whether or not the agencies have  
18 opportunities to maximize revenues, additional fees.  
19 So, there were several factors that went into it  
20 overall.

21 And sorry, the other point I wanted to make is  
22 the agencies have full flexibility in achieving their  
23 target of looking at both their Fiscal Year 2019  
24 budget and their Fiscal Year 2020 and out. And so,  
25 that it's not either you have to achieve the entire

target on your Fiscal Year 2020 Budget. We want to give agencies that flexibility to actually look at both years and of course in the baseline.

SPEAKER JOHNSON: So, now that you've received the proposed PEGs from all city agencies, can that list be shared with the City Council?

MELANIE HARTZOG: We've been working with the agencies since the announcement of Prelim and had a number of conversations with them. The agencies have given us a sense of what their overall Preliminary ideas are for achieving their savings target. This is very early in the stage, in our process and everything that they have put is really in draft form and they're having ongoing conversations with my staff at this point.

As we move closer into Executive Budget and actually lock in the plan, we'll have a much better sense of what the final actual PEG program will be.

SPEAKER JOHNSON: Even if you can't share the details agency by agency on what the agencies have identified as potential savings and cuts, could you share with us preliminarily what percentage of the PEG is programmatic cuts, is accruals, is revenue swaps, and is one time savings from Fiscal Year 2019,

so we at least have a early sense of what it's looking like agency by agency, even if the draft form.

MELANIE HARTZOG: I have not had even the opportunity just yet to review it. As I said, my staff are and I'm not at a point where I can say that I actually approve and accept what the agencies are presenting. It's an ongoing process and I think its just to early in the process for me to say, this is exactly what we plan to do moving forward.

I also want to say that we have a number of different savings proposals that the Council has given us in the past and we really take those seriously. We want to look at those and continue to talk with your staff about ideas they may have and incorporate that into the process as well. So, we really look forward to any ideas you may have.

SPEAKER JOHNSON: So, all of that, the way you laid it out makes sense to me on how the process has unfolded, so I'm sympathetic from the OMB side and from the Administrations side, agency by agency on the process and why that process exists and I just ask you to kind of put yourself in our chair for a moment from the perspective of having to do multiple

1 Preliminary Budget hearings and do the charter  
2 mandate oversight that's given to us as a legislative  
3 body. It's hard for us to do these hearings. It's  
4 hard for us to have a full conversation about agency  
5 budgets when we've seen initial percentages and  
6 amounts that were identified early on as you see on  
7 the screen but for us not to be able to have any  
8 details about that or ask about that.

9  
10 It makes it hard to have a full conversation, an  
11 informed conversation on agency budgets when we don't  
12 know what it's going to look like, so in many ways, I  
13 think it's been difficult for Committee Chairs with  
14 the respect of agencies that they're conducting  
15 budget oversight on to be able to have an informed  
16 Preliminary Budget hearing when we don't have the  
17 full information yet and that's frustrating to us.  
18 And I just want to know, if you were sitting in my  
19 chair, it's hard for us to conduct that level of  
20 oversight.

21 MELANIE HARTZOG: There is the opportunity as you  
22 know, when we release the Executive Budget and we  
23 fully support, and we have worked in partnership with  
24 the Council to ensure that you have the appropriate  
25 oversight of our budget. And in fact, the

1  
2 opportunity exists as we release the Executive Budget  
3 in moving forward, once it's released for us to have  
4 the opportunity to both fully brief the Council as  
5 the normal process is and then have our oversight  
6 hearings where the agencies and I come before you to  
7 provide you with that detail on what the actual PEG  
8 program will be and other changes in actions in the  
9 Executive Budget. And then as we move forward  
10 obviously into the Adopted Budget, again working in  
11 partnership with you and the leadership of the  
12 Council to actually adopt the budget.

13 SPEAKER JOHNSON: Well, I would just say that I  
14 look forward to of course working in partnership with  
15 OMB and with the Administration throughout the entire  
16 budget process to arrive at an Adopted Budget that's  
17 negotiated and that reflects both sides of City  
18 Hall's priorities but I would just say for next year,  
19 if there are going to be potential PEGs, we have to  
20 figure out a process ahead of time, before the  
21 Preliminary Budget is released.

22 If there is going to be a significant savings  
23 program, or programmatic cuts that are potentially  
24 proposed and agencies are asked to identify those,  
25 that we're not in this situation because it has been

1  
2 very frustrating for individual Council Members and  
3 all Council Members to go through the Preliminary  
4 Budget hearings and not have the information that I  
5 think is needed to conduct full oversight and I don't  
6 think - I'm not saying that was done purposefully,  
7 but I think that it has really hampered us to be able  
8 to do the job we typically are able to do in  
9 Preliminary Budget hearings when we have more full  
10 information on agencies that we didn't have in the  
11 situation.

12       So, I would ask that after this budget is  
13 complete, that OMB work with the Council Finance  
14 Division to come up with some outlined process to  
15 figure out if PEGs have to come next year, what is  
16 the process so that we're not in the same situation  
17 again.

18       MELANIE HARTZOG: I'm happy to have conversations  
19 with Council Finance on that and I appreciate the  
20 concern and the challenge of timing that I talked  
21 about which is again, you know no one could have  
22 predicted the volatility of the stock market in  
23 December, and so it led us to a real timing issue of  
24 presenting the PEG. But clearly moving forward, the  
25 economy, where we are and we are in a very different

environment, the Trump tax cuts and what the impact is, is very hard for everyone to predict. It's not just OMB but I think many forecasters, and so, I think moving forward, you are absolutely right. We will have a process where we work with you to make sure that we have that information.

SPEAKER JOHNSON: Thank you. I appreciate that. Did any agency initially not meet its target?

MELANIE HARTZOG: At this point I'm not aware of any agency that has not met their target, but again, that happened on Friday where agencies submitted, and my staff have been working towards it. I have not had an opportunity yet to sit with my staff.

SPEAKER JOHNSON: And again, preliminary, did any agency exceed its target?

MELANIE HARTZOG: Again, Speaker, I haven't had that chance to have those conversations.

SPEAKER JOHNSON: But just from what you know Preliminarily. I mean it sounds like everyone sort of came close to their target.

MELANIE HARTZOG: I don't have any insight to give you at this point.

SPEAKER JOHNSON: I mean again —

1  
2 MELANIE HARTZOG: I understand you frustration,  
3 believe me I do.

4 SPEAKER JOHNSON: This is very frustrating.  
5 So, it's hard to have this hearing if these basic  
6 questions about a significant part of our oversight  
7 can't be answered in this hearing.

8 MELANIE HARTZOG: I understand, we're here to  
9 talk about the Preliminary Budget and at the same  
10 time, we announce the PEG program moving forward for  
11 the Executive Budget. So, again, the challenge of  
12 timing when I'm asking and able to answer questions  
13 on the Preliminary and we're still working towards  
14 the Executive Budget that will be released in the  
15 coming weeks, I understand you challenge on timing  
16 but we're still working through it all.

17 SPEAKER JOHNSON: The PEG agency target that you  
18 released the day before the last hearing was about  
19 \$200 million shy of the \$750 million total target.  
20 Where do you think the remaining PEG will come from?

21 MELANIE HARTZOG: We're still working on that.  
22 There is a lot of work that Ken and his team are  
23 doing on the Citywide Savings Program, obviously  
24 looking towards debt service and other initiatives.  
25 So, still work in progress over the coming weeks.



1  
2 SPEAKER JOHNSON: And when do you think you'll  
3 have an answer on that?

4 MELANIE HARTZOG: We will all be reflected in the  
5 Executive Budget.

6 SPEAKER JOHNSON: When is the statutory deadline  
7 for the Executive Budget, I'm not remembering.

8 MELANIE HARTZOG: April 26<sup>th</sup>.

9 SPEAKER JOHNSON: So, about a month away.

10 MELANIE HARTZOG: Yes.

11 SPEAKER JOHNSON: And by that time, we will have  
12 answers to all these questions that I just asked?

13 MELANIE HARTZOG: That is correct, Speaker.

14 SPEAKER JOHNSON: Why was the target \$750  
15 million? How did we arrive at that number?

16 MELANIE HARTZOG: It was a combination of a  
17 number of factors. The first being what I've  
18 described in terms of where our revenue forecast is  
19 and the very real concerns, we have in the current  
20 year about where our personal income tax collections  
21 will be. April is a very critical month for us  
22 moving forward and we are caring a certain level of  
23 concern as to where that will be given what has  
24 happened in December with our estimated payments  
25 moving forward.

The other factor was looking at where agencies savings have been historically and also mindful that we are midway through the Fiscal Year in 2019 and wanting to give agencies flexibility on how to achieve those savings between 1920 and the baseline.

SPEAKER JOHNSON: Okay, I have a lot of questions. I'm going to try to go through them quickly. They just hit basically three issue areas. The first is accessibility, the second is the Census, and the third, sorry there is four. Its accessibility, the Census, our reserves that we currently have in planning reserves for the future and our revenue forecast. So, I'm going to try to go through these as quickly as possible.

Accessibility in the city must be improved and we must adjust our processes going forward to address past issues and plan more appropriately for the future. In the Fiscal 2019 Budget, this Council made improving accessibility of public schools a top priority. We worked with you on that. We added \$150 million to the school capital plan to support accessibility projects and the Administration followed our lead by proposing another \$750 million in capital for school projects.

DOE has also devoted expense funding to accessibility and has made programmatic changes to the school selection process for differently abled students. SCA is in the process of looking at all school buildings constructed since 1992 is what SCA has told us. To figure out what needs to be fixed and it is our understanding that there are additional path travel requirements in the Americans for Disabilities Act that need to be addressed.

How much do we think it will cost to be compliant with a path of travel for all school buildings constructed since 1992 in addition to current renovations at schools. So, I'm asking for, we may have constructed buildings after 1992 which is when the ADA I believe went into effect that still did not have all the necessary requirements or the updated requirements that we need and then buildings before that, what do you think the total cost is to bring all our schools up to accessibility for students?

MELANIE HARTZOG: Well, Speaker, first I just want to add on accessibility. We worked with the Council to add Capital funding. You can imagine as OMB Director you don't get a lot of credit in this role. I just want to take a little bit of credit for

1  
2 working with the CDBG unit in our shop and we  
3 actually gave \$133 million in additional investment  
4 for accessibility towards Department of Education and  
5 work collaboratively with them on that front.

6 SPEAKER JOHNSON: I appreciate that, thank you  
7 for your help.

8 MELANIE HARTZOG: On the issue of the cost as I  
9 understand it, Lorraine Grillo was just before me  
10 here today and talked about this very preliminarily  
11 on the cost issue that you're bringing up, that's  
12 work that she has to do. We will circle back and  
13 work with her on what that total cost could be. My  
14 understanding on this is that it relates to moving  
15 forward and not going backward and so that all of  
16 those costs moving forward are built in but as your  
17 question on citywide, that's where the Commissioner  
18 testified that she will have to go back and take a  
19 look at this, so we will work with her on that.

20 SPEAKER JOHNSON: So, could you all work over the  
21 next month by the time we get to Executive Budget to  
22 come up with an estimate of what we think that cost  
23 would be.

24 MELANIE HARTZOG: We will certainly try to do so.  
25

SPEAKER JOHNSON: Thank you. Are there any other ADA requirements aside from path of travel, which OMB believes SCA will need to address?

MELANIE HARTZOG: Not at this time, no.

SPEAKER JOHNSON: Okay, I want us to work with you on that because we may have some flags on that.

MELANIE HARTZOG: Okay.

SPEAKER JOHNSON: Another example of an ADA issue was DOT's curb cut program. DOT testified at the Preliminary Budget hearing that the city has over 600,000 pedestrian ramp locations and that it will be a long-term multibillion dollar undertaking to make every ramp accessible, yet the Preliminary Plan only includes \$1.5 billion in Capital and Expense dollars over the next ten years for DOT's Budget for reconstructing curb cuts across the city. Has OMB attempted to identify other ADA related fixes that should be made to capital projects already completed?

MELANIE HARTZOG: So, DOT is actually in the process of undertaking a survey to determine what additional costs and work will need to be done. That will be complete by October 31<sup>st</sup> of 2020 and this will inform our future work in funding these moving forward beyond the investments that you noted.

1  
2       SPEAKER JOHNSON: Does that include going back  
3 and accessing compliance failures so that we fix them  
4 in the future?

5       MELANIE HARTZOG: That is just related to Ped  
6 ramps, so yes, it does include that but its related  
7 to Ped ramps.

8       SPEAKER JOHNSON: Just on Ped ramps?

9       MELANIE HARTZOG: yes.

10       SPEAKER JOHNSON: Okay, I would love to know from  
11 OMB and DOT what other potential projects that would  
12 need accessibility besides Ped ramps, I can't think  
13 of what they are but I'm sure the staff here might  
14 have an idea, but I'd love for that to be looked at  
15 in the universe as well.

16       MELANIE HARTZOG: We can work with your staff on  
17 that.

18       SPEAKER JOHNSON: Okay, among all agencies  
19 including SCA and DOT, how much do we believe the  
20 city will spend to fix new construction and rehab  
21 projects that are out of compliance with the ADA?

22       MELANIE HARTZOG: I think this was related  
23 partially to your question of citywide and also for  
24 our investments and so, I think we will come back to  
25 you with that.

1  
2       SPEAKER JOHNSON: What controls are in place to  
3 ensure that new police precincts, new parks, new  
4 roadways, new court houses, that are funded in this  
5 budget will be built in full compliance of the ADA?  
6 Do we have controls in place?

7       MELANIE HARTZOG: Well, we have our own review  
8 process but again, I think this relates to your  
9 question overall and I'm sorry I keep saying that,  
10 but I think we and Lorraine testified to this as  
11 well. Needs to go back and actually come back to you  
12 with you on an assessment on that.

13       SPEAKER JOHNSON: And my final question on this,  
14 is DDC has hired someone to look at path of travel  
15 requirements across the city, has the Administration  
16 considered hiring someone to look at the city's  
17 compliance with all ADA requirements and assessing  
18 the need that currently exists?

19       MELANIE HARTZOG: I'm not clear if Lorraine's  
20 role in looking at this is overall, or just related  
21 to DDC projects. I need to come back and have a  
22 conversation with her.

23       SPEAKER JOHNSON: If that's not the case, I would  
24 love for OMB to engage with someone who could  
25 actually take an overall look. The point I'm trying

1 to get at as you can see in all of these questions is  
2 that we live in an inaccessible city for people who  
3 have mobility impairments, who are in wheelchairs,  
4 who are senior citizens and it is unfair for them  
5 every single day to not be able to move around the  
6 city in a way that able bodied people are able to,  
7 and I want to ensure that when we're spending city  
8 dollars we're doing it in a way that makes our city  
9 more accessible. Goes back and fixes the wrongs of  
10 the past, but when we're rehabbing new projects,  
11 working on new projects, ensuring that those projects  
12 and the tax dollars that we're spending are ensuring  
13 that every building, every park, every new pedestrian  
14 ramp, any renovations, any rehabs are all fully  
15 compliant for people who have mobility impairments so  
16 that they have an easier way of getting around our  
17 city.

18  
19 MELANIE HARTZOG: Understood.

20 SPEAKER JOHNSON: Okay, I want to go to the  
21 Census, we have shared a concern of ensuring that the  
22 Census count is accurate so that the city receives  
23 its fair share of federal dollars. I know you share  
24 this concern as well, given your roles as OMB  
25 Director.



1  
2 To that end, we're hoping that you will commit to  
3 being transparent about how Census funding is being  
4 allocated and spent because it is difficult for the  
5 Council to independently track given that the budget  
6 is not structured programmatically.

7 So, to help us understand the plan around the  
8 Census work, we'd like further details about the  
9 budgets interaction and overlapping mandates of the  
10 Office of the Census, the Civic Engagement  
11 Commission, and Democracy NYC. How their individual  
12 budgets, how their interactions with each other, and  
13 how they're overlapping mandates with regard to  
14 Census work that gets done.

15 How that all works, so my question is, what is  
16 the relationship between the Office of the Census,  
17 the Civic Engagement Commission and Democracy NYC and  
18 how do these offices work with the Law Department if  
19 at all on Census related work?

20 MELANIE HARTZOG: So, all of these entities are  
21 housed within Deputy Mayor Thompsons portfolio in  
22 order to ensure that they are coordinated and aligned  
23 with goals and resources. And all three of those  
24 entities work with the Law Department.  
25

1                   The Census is responsible for engaging New  
2                   Yorkers in the Census and driving turnout numbers.  
3                   Democracy NYC is charged with a broader democracy  
4                   effort, not just the Census but projects like voter  
5                   registration and early voter legislation and the  
6                   Civic Engagement Commission is a separate entity that  
7                   is created within city Charter charged with  
8                   implementing participatory budgeting.  
9

10           SPEAKER JOHNSON: So, it would helpful if –

11           MELANIE HARTZOG: Would you like the actual – I  
12           can give you the budgets.

13           SPEAKER JOHNSON: No, no, I'm just asking if you  
14           could come back to us, if the staff could come back  
15           to us and sort of delineate where their mandates  
16           overlap and just kind of delineating given all these  
17           entities on the screen. City planning, which has the  
18           demographer, the Law Department which has a  
19           significant role on this. Civic Engagement  
20           Commission that was just created by the voters and  
21           voting on the City Charter. MOIA, giving our  
22           immigrant population and making sure that they are  
23           counted and Democracy NYC as you outlined, what is  
24           there individual mandates as it relates to the  
25           Census, their budgets, how do they interact, kind of

delineating all of that for us, so we have a clear understanding how that all is working from now as we move through the Census count so that there is some transparency around it for everyone. The Council and the public to know what each of these important agencies are doing on Census related work.

MELANIE HARTZOG: Yes, I think the appropriate person to do that is Deputy Mayor Thompson and so, we can communicate that to him, and we can put it in writing to.

SPEAKER JOHNSON: Great, thank you very much. Could you give us the size in each of the budgets for these offices?

MELANIE HARTZOG: Sure. The Democracy NYC has two positions, the Office of the Census has \$4.3 million in 2019, and another \$1.2 in 2020 and Civic Engagement Commission is – we're still in the process of accessing that and would reflect that in the Executive Budget.

SPEAKER JOHNSON: Where are each of these budgets located? Under what agencies, under what unit of appropriation?

MELANIE HARTZOG: Democracy NYC is in the Mayor's Office, U of A Zero to Zero and Zero to One with four

head count, Census is in DCP with ten positions and Civic Engagement again, we're in the process of accessing.

SPEAKER JOHNSON: Figuring that out, okay.

So, the Civic Engagement Commission is scheduled to actually be impaneled on April 1<sup>st</sup>, so before the Executive Budget actually comes out, which is very soon. It's just a few days away, so maybe on that one question on the Civic Engagement since it's literally going to be appointed and impaneled and start meeting, that it would be possible to get some of the details around that before the Executive Budget and work is just about to begin.

Not all of the details, but some of the details on where they're going to be housed, what we think preliminarily, the size of the staff is going to look like. Not in a hardened concrete way but just the folks that have been planning this, what are their thoughts on it? The Council has appointment to this Commission, so we want to make sure we understand how it's working.

MELANIE HARTZOG: Yes, the Mayor made that commitment to the Council when we released the

Preliminary Budget that we would have the conversation, so we absolutely can do that.

SPEAKER JOHNSON: Great, the Fiscal 2019 Adopted Budget includes \$4.3 million as you just said, for the Department of City Planning for Census outreach, and the Fiscal 2020 Budget includes \$1.2 million. How much of the money has been spent so far and how much roll over are you projecting into Fiscal 2020?

MELANIE HARTZOG: Very little of the money has been spent year to date. I'm not yet ready to give you a projection on the amount that we would need for Fiscal Year 2020, we would do that within the Executive Budget.

SPEAKER JOHNSON: Okay. The Council's understanding is that much of the Census work is going to be contracted out to potential private entities to do the outreach that's necessary across the five boroughs. If additional city funds are needed for Census work, and New York State provide the city with some of the \$40 million that the Council is hoping is included in the State Adopted Budget, what is the Administration's plan for spending that money. It takes nearly a year to procure services. If it takes that long in this

case, the Census will be over by the time the contracts for Census outreach are registered. So, whats our plan to be able to do it in an expedited manner?

MELANIE HARTZOG: Well, Speaker, I'm really glad you mentioned the fact that there is \$40 million in both one houses for this purpose. I think that really speaks to the legislature prioritizing this as much as we are and clearly that plays a role in actually our efforts here and what the need is going to be moving forward and this should take care of a significant chunk of that. I would say the quickest way that they are trying to do this is to look at micro-grants that would go out which are an expedited way to do it but again, we can get to this to you as part of the write up that you've requested.

SPEAKER JOHNSON: On the Deputy Mayor Thompson Memo.

MELANIE HARTZOG: Yes.

SPEAKER JOHNSON: Okay, great, thank you very much.

I want to get to Reserves. The City has buttressed its reserve in recent years for a net reserve of almost \$9.1 billion, which represents

about 10 percent of adjusted expenditures. The Fiscal Monitors have argued that that is not enough. Last week the yield curve for short- and long-term treasuries inverted for the first time since 2007, which indicates investors see market instability in the near future. More troubling is that inverted yield curves have forecast every recession in the last several decades, so it might mean that it's on the horizon. It's hard to predict recession's but this is a potential warning sign for us.

Do you believe this inverted yield curve means a recession is more likely in the near term and if so, how is the Administration responding to this development?

MELANIE HARTZOG: Well, it certainly is an indicator of recessions, however, economists and financial institutions are really talking about and expecting a slow down at this point and I think in terms of being prepared, we've been working for some time in partnership with the Council being prepared for this eventuality to come. That includes all the work that we've done on building the historical levels reserves we've had, working in partnership with the Council. We added more in the current year.

1 We've built up our reserves on the trust and we  
2 continue to have savings plans. We had savings plans  
3 in times where we had far more revenue and there  
4 wasn't such an economic slow down and in fact, those  
5 savings plans have actually yielded significant  
6 savings in the baseline. So, if you were to look at  
7 over the course of the Administration, how much we've  
8 actually saved in the baseline, it's about – looking  
9 at Fiscal Year 2019, the current year, \$5.8 billion  
10 rising to \$6 billion in the out years. And we think  
11 that is the strategy that has worked and will  
12 continue to do so including moving forward in the  
13 Executive Budget with the PEG program and working in  
14 partnership with the Council to look at levels of  
15 reserves as we move forward with Adopted.

17 SPEAKER JOHNSON: Are you confident that the  
18 amount we have in reserves right now is enough to get  
19 us through a recession without having to make any  
20 programmatic cuts or significant tax increases?

21 MELANIE HARTZOG: I'm confident with the level of  
22 reserves that we have right now to get us through  
23 what is the current forecast which is an economic  
24 slowdown. And again, we're going to continue to do  
25 what we have been, and it's actually proven effective



and actually led to us getting a ratings upgrade for our bonds. And so, it's that combination of looking at our reserves and continuing savings and being cautious on our debt service and our revenue estimates.

SPEAKER JOHNSON: Yeah, I mean, I thought that was a very irresponsible article that the New York Post ran about the potential bankruptcy for the City of New York on the horizon which is not what any of the numbers show us. It's not what the bond rating agency show us. It's not what we're seeing right now, and a recession could have a significant if it happened, take a significant hit on us, like anywhere else across the country.

The Citizens Budget Commission, they did an analyses recently as I'm sure you know. And they predicted that recession like the last two recessions could cause revenue shortfalls of \$15 to \$20 billion, not per year, but over three years. An amount that would more than eat up all of our current reserves and potentially mean deeper cuts and I think that we should be hoping for the best but planning potentially for the worst in how we look at the future, so we're not in a position in making deep

cuts to programs that help every day New Yorkers and relying on our property tax system, which we rely on quite a bit.

So, that's a flag in many ways and does the Administration at this point think that we should add more to the reserves this year?

MELANIE HARTZOG: Again, I think given where we are with our forecast and the fact that yes, there are the indicators that you talked about but it's really looking at an economic slowdown. We believe that our reserve levels are sufficient and it's really the combination of our reserves, our continuing savings and our cautious estimates on both revenue and debt service. Moving forward, as we did at the Adopted Budget with the Council, we are always open to have a conversation about where we can do more on the reserve front and then we can have that conversation as we move into it.

SPEAKER JOHNSON: I mean, I think we should keep adding to our reserves to plan for the future. The Council last year asked for that and we got over \$200 million in additional reserves and I think that's something that we should continue to advocate for given the slowdown in the economy that we're seeing.

Okay, lastly, I want to go to our revenue forecasts. So, you'll see on the screen that was on the end of the year reserves. So, OMB is known for, this is probably not a bad thing, but OMB is known for being conservative when forecasting tax revenues. This is a good thing, as it means we rarely have to do mid-year cuts to keep our budget balanced.

In a sense, your conservative forecast acts like a budgetary reserve in some way. Something the Council continues to call for, so I am very supportive of OMB's conservative revenue forecasting in principle. I think it's a good thing and I think it has worked out in the past and we had enough to do mid-year cuts. However, there is a way that it's done is not very transparent. Not transparent for us, not transparent for the public, not transparent for people that pay attention to this.

There is no way for an outsider to look at OMB's budget and understand how conservative the forecast actually is and I think we can be both responsible in our budgeting and also transparent.

So, it's my believe that OMB should provide an actual best estimate, of future revenues and then offset that with an explicit revenue forecast. This

would require no change in revenues, but it would show everyone that we're being responsible in our budget. Would you be willing to create a revenue forecast reserve in the budget so that we could do this?

MELANIE HARTZOG: Well, first I want to tell you that I really appreciate the Council, Speaker, your perspective on acknowledging the fact that we are cautious, and I think as we experienced moving forward in the Preliminary Budget with what happened with the Stock Market and looking at where we were with our estimated payments on PIT. I think that caution is what actually ensured that we weren't in a situation at the Preliminary Budget where we in fact had to make cuts at that time, with very little time to do so. And I actually think that there is a way that happens right now that you can look and see and gauge what our level of caution is.

There are numerous monitors and oversights that actually provide their own forecast, so the Independent Budget Office, the City Comptroller, the State Comptroller, the Financial Control Board also does, and the City Council Finance does as well, present their own forecast. I have taken a look at

those forecasts almost at every plan to see where the Council is, where the IBO, where the Financial Control Board and others, I take those forecast very seriously, to see where we are in comparison to those. So, I think that is there for that purpose and we always continue to have conversations with all of the auditors, monitors about where our forecast is compared to theirs.

SPEAKER JOHNSON: So, would you be willing to create a revenue forecast reserve in the budget?

MELANIE HARTZOG: I don't think that's necessary. The goal, is I understand you Speaker, is to present a level of transparency and have a gauge to look at where the OMB forecast is relative to as a cautionary forecast. How does that compare to others and that is out there and exists. And again, I look at it, my staff looks at it and takes it very seriously. And there is numerous ways to look at that. IBO as I said, Comptrollers do that state and city, as well as Council Finance.

SPEAKER JOHNSON: So, I think it's our perspective as we work with OMB, look at your forecast, look at all the other forecasts you've talked about. The State Comptroller, the City

So, I'd love to be able to work with you on creating the level of transparency that we find necessary to do our jobs while at the same time, saying upfront as I did that we agree with the guiding principles that you use and how you approach this but we would like some more transparency on it.

MELANIE HARTZOG: Of course, we want to work with the Council, we want to make sure that the Council, particularly your Finance team is very clear about where our forecast is and what we see are the risks to our forecast and if there is any clarity that's needed the current forecast that we have in Prelim,

1  
2 I'm happy to have those meetings and conversations in  
3 moving forward to the Executive Budget. We do a  
4 briefing but if there is more extensive briefing, and  
5 Speaker, I would say if you want a briefing by my  
6 staff and me on where we are with our forecast, we'd  
7 be happy to do that.

8 SPEAKER JOHNSON: I would appreciate that, so  
9 let's follow up on that. I just want to end with  
10 this and turn it back to the Chairs. I think doing  
11 savings plan and asking city agencies for targets and  
12 making potential cuts is actually a very good  
13 exercise and I think its an exercise that we should  
14 probably do in a more formal way on an annual basis  
15 whether you call it a PEG, whether you don't call it  
16 a PEG, whether you call it a savings program.

17 Whatever you call it, I think its actually a  
18 very good exercise for agencies because when the  
19 tough times do come, they should kind of have the  
20 muscle memory of when they're looking on a regular  
21 basis of where they can save money.

22 So, I don't think this is a bad thing at all, but  
23 what I want to say today and I said at the outset of  
24 the Preliminary Budget process and I've said publicly  
25 to the Press is I'm not sure the budget dance between

any executive and any legislature will ever end and I don't think that's a realistic expectation to think that's going to happen.

But I do want to say that a line in the sand for me as we move into Executive and into Adopted, is I don't want to waist time going into Executive Budget talking about social service cuts, talking about cuts to vulnerable New Yorkers. Talking about cuts to programs that we know work and that are helpful.

Talking about cuts for immigrant communities on adult literacy, on summer youth jobs, on all of these things that collectively we together have invested in since the Mayor became Mayor and since before, I was Speaker of this body. And so, I will be extraordinarily disappointed and angry frankly if the Executive Budget comes back with cuts on these programs which serve so many New Yorkers, the most vulnerable New Yorkers. New Yorkers living in poverty, whether it's as the Chair said, on emergency food, which we worked together on last year and you all increased in the Executive Budget last year before Adoption in response to our Preliminary Budget response.



I just want to say at the end of these Preliminary Budget hearings, I do not want to come back here a month from now at the start of our Executive Budget hearings having a fake dance in some way or a negotiation on things that just aren't going to fly and making cuts to seniors and making cuts to children and making cuts to emergency food and making cuts to immigrants.

Making cuts on those population and programs that we've worked on together in programmatic areas where we share the same values will be a big waste of time. I don't know if that's what's going to happen. I hope that doesn't happen, but I just want to say the outset, so my expectations are clear and that I am as candid and transparent as possible as the Executive Budget starts to get put together and hammered out, that I really don't want to see that.

I want us to actually build a greater social safety net in New York City and not tear away at the social safety net when the federal government attempts to do that every single day.

So, I say that with respect, with respect to you and OMB, with respect to all of the agencies that we partner with, with respect to the Mayor's Office who

1 we have negotiated and worked with over the last many  
2 years and I hope that in a spirit of cooperation and  
3 I don't mean this personally towards you, I don't  
4 want a level of sort of game playing where we're  
5 going to pretend like we're going to cut this, even  
6 though we know the Council is not going to stand for  
7 it, so it can get restored at Adoption. I don't want  
8 to play that game. Mayor Bloomberg did that with  
9 Fire houses and with other things.

11 I don't think this Administration has done that  
12 frequently over the last six years, and I hope that  
13 given we have a formal PEG that has moved forward,  
14 and that cuts are being identified in a more formal  
15 way that that doesn't happen going into the Executive  
16 Budget. And I just wanted to say that so you know  
17 where I stand as OMB starts to work with the agencies  
18 on formulating what the Executive Budget will  
19 actually look like.

20 MELANIE HARTZOG: Well, Speaker, I would say  
21 neither do I want to play the budget dance nor does  
22 the Mayor and clearly as we move forward with this  
23 process, we want to be extremely mindful and I know  
24 that entire team is pushing the agencies to think  
25 about where we can achieve efficiencies, where we can

1 maximize revenue and then looking at where in fact we  
2 have programs that we may have to reduce. Now, I  
3 can't say that it's always going to be in agreement  
4 as moving forward and once we actually present the  
5 Executive Budget that the Administration and the  
6 Council agree on what that looks like, but I can tell  
7 you that that is the level of priority and criteria  
8 that we're applying to looking at the overall savings  
9 program.  
10

11 SPEAKER JOHNSON: Thank you Director, I  
12 appreciate it. Thank you, Deputy Director as well.  
13 Thank you both for being here and your entire staff  
14 and team.

15 MELANIE HARTZOG: Thank you Speaker.

16 CHAIRPERSON DROMM: Thank you, Speaker Johnson.

17 We've also been joined by Council Member  
18 Rosenthal, Council Member Levin, Council Member  
19 Richards.

20 Let me just talk a little bit about gaps to the  
21 Education Budget. The Council has identified some  
22 potentially very serious shortages in the Department  
23 of Educations Budget. As we discussed the last time,  
24 the State Budget poses a threat to revenues that  
25 schools rely in. There are other significant risks

that arise from underestimated spending projects for school bus contracts, for the New York City School Support Services Contract for childcare contracts for Charter Schools and for Carter cases. Department of Education's Budget for Pupil transportation contracts is currently at \$67.7 million less than in Fiscal 2018's actual spending. Even though spending on pupil transportation contracts is expected to increase over the year.

DOE's Budget for the Carter cases is only \$293 million even though the actual cost of Carter cases was \$463 million. Finally, there is a \$163 million shortfall in the Fiscal 2020 school facilities budget compared to the current year. In particular, the budget doesn't accurately reflect the cost of the contract with New York City school support services which DOE expects will cost \$672 million this year.

The New York City school support services budget for Fiscal 2019, is only \$649 million and for Fiscal 2020, it is only \$45 million. So, how do you explain why DOE's budget is underfunded by hundreds of millions of dollars for critical school supports?

MELANIE HARTZOG: Chair, you put a number of different pieces into that. Looking overall at DOE's

1 budget, so I'm going to start off with a couple and  
2 then I'm going to turn to Ken to talk about  
3 transportation and I think you also mentioned NISIS.  
4

5 So, relating to Carter's I think cases, this is  
6 one of the much harder expenses to predict given what  
7 the case load looks like moving forward and in the  
8 current year. We on a regular basis are working with  
9 DOE to actually look at what their cases level is  
10 like, what they anticipate it to be and then  
11 reflecting those changes in the plan that's coming  
12 forward and so, we have continued to do it in that  
13 way and we will reflect any changes in terms of what  
14 any additional costs are needed for the Carters cases  
15 in the Executive Budget. And I'll turn to Ken to  
16 take the transportation piece.

17 KENNETH GODINER: With regard to the upcoming RFP  
18 for pupil transportation, that as you know, the  
19 Administration and I believe the Council also is  
20 supporting legislation including the EPP, as we've  
21 been seeking for the last five years. You know, last  
22 year, it did pass both houses. It was viewed by the  
23 Governor. Again, this year, we expect to see this  
24 come up and we're hopeful that this year we can get  
25 that piece of legislation passed.

Once we have that in place, we will be able for many of our contracts to open up to bidding, which we're hoping that competition will provide for efficient contracts. It's difficult to ascertain where you land until after you do the bidding and get back the bids and find out about pricing.

With regard to NISIS, I know there has been a lot of discussion about this back and forth as we looked in Preliminary Budget, we looked at the spending year to date at NISIS and we believe that the appropriation we have right now is sufficient for them. We are though going to continuously monitor their actual level of spend and whats going on in the schools and you know, to the extend money needs to be added in order to keep a good level of maintenance and cleanliness in the schools, we will make that adjustment at that time.

CHAIRPERSON DROMM: So, it looks like it's about \$600 million less.

KENNETH GODINER: Oh, I'm sorry, I did not address the second point you made, thank you. So, the second part is as we roll into the following Fiscal Year, I'm sorry, I was concentrating on the 2019 portion. If you recall this money for cleaning

used to be in the DOE's main budget, if you will.

Right, before the creation NISIS. That contract was

three years in length. The contract comes up, that

\$45 million is not all the funding we have in for

schools. We have a residual number, approximately

\$600 million that is currently at different U of A.

We will as we renew the NISIS contract presumably, we

shift that money to that contract so that the \$45 is

sort of an artifact of the fact that the contract

expires.

CHAIRPERSON DROMM: So, you're expecting that to

go up by at probably at least \$600 million.

KENNETH GODINER: Yes.

CHAIRPERSON DROMM: Okay.

KENNETH GODINER: But that money just to be

clear, that money already exists in DOE's budget,

it's simply in a different U of A.

CHAIRPERSON DROMM: Okay, okay, why does the

budget for the childcare - it seems like, in DOE do

you think it's going to cost - an ASC is less than

what I think it will cost at DOE and it seems that

you're just pulling the cost of what it would cost at

ACS into DOE. Don't you expect it to go higher

because of the rate of pay in the DOE versus the rate of pay at ACS?

KENNETH GODINER: Well, the transition that we're doing is moving our contactors from having contracts with ACS to having contracts with DOE. DOE SPA contracted services are paid essentially at the same kind of rates as the ACS contracts and essentially DOE is taking over those contracts and the administration of it, which you know, makes sense to have them under our education agency but this is not an insourcing for the CBO's into our school based functions where I understand obviously if that were the case, there would be substantial increases in cost.

CHAIRPERSON DROMM: And nevertheless, there are still some differences particularly in salary.

KENNETH GODNIER: I don't think that's true as we transition from DOE contractors. We will have DOE contracts with the same CBO providers that we're currently using and if there represented by 1707 Local 205, they will still be covered by that agreement and so, you know, it's not even a change of employer for the employees, it's only a change of who the contracting entity is in the city. It's moving



from ACS, having a contract with the provider to DOE having a similar contract with the provider.

CHAIRPERSON DROMM: Alright, several years ago there was a serious concern among many of the city's cultural institutions about a change the Administration made regarding payments to cultural institutions retirement system.

In a nut shell, due to that introduction of early learn and cuts to ACS childcare, approximately 1,200 daycare employees withdrew from the plan. This necessarily shifted a withdrawal liability of approximately \$40 million to the remaining participating employers in the plan and the city has not reimbursed the cultural institutions retirement system for this liability.

The Administrations plan shifted the ACS childcare system to DOE could again result in the withdrawal of daycare workers for CIRS. The RFPs for childcare that the DOE released this month advises bidders to include fringe cost in their estimates but does not speak to continued participation in the CIRS. Given the changing landscape of the city's childcare system, it is likely that the membership and CIRS will also change. Additional withdrawals

will mean even more strain on the remaining cultural institution in the pension plan.

Has the Administration the DOE considered the impact of the childcare shift and CIRS also?

KENNETH GODINER: I don't know yet how we would be able to anticipate you know, whether the employers who wind up winning the bids on this new RFP, whether they will be participating or non-participating in CIRS. It's our assumption right now that the outcome will not materially change enrollment in CIRS, but we will have to wait to see how the actual bids come back and whether those employers are participants.

CHAIRPERSON DROMM: So, why doesn't the DOE RFP require continue participation by 1707 as contracts are awarded?

KENNETH GODINER: If the employees are represented by 1707 205, part of their contract, their labor agreement, includes participation in CIRS to the extent that there are non-1707 represented vendors. They may or may not participate in CIRS.

CHAIRPERSON DROMM: So, how are contributions currently made to CIRS?

KENNETH GODINER: Contributions are made in essentially the two large employer groups are daycare

and the cultural institutions themselves. Cultural institutions themselves make payment to CIRS based on their membership. The city reimburses them for their city funded positions. On the daycare side, the city currently, directly makes contributions to CIRS based on the daycare membership at the vendors. The city has been making those contributions in that way for a very conservable period of time.

CHAIRPERSON DROMM: Will the Administration pay for any withdrawal liability that results in the DOE's new childcare contracts?

KENNETH GODINER: We don't believe that a withdrawal liability will be created.

CHAIRPERSON DROMM: Okay, on a little bit different note. When some of the ACS centers turned over to DOE, there was a question about vacation time and about personal time and accrual of that. Has that been settled?

KENNETH GODINER: I'm not familiar with that, I'll have to get back to you.

CHAIRPERSON DROMM: Okay, because that was a major problem when that occurred.

Let's just talk a little bit about units of appropriation. At last years Executive Budget



break out U of A's particularly on the contract side, would actually cause a great disruption on the actual services and for the services of non-for-profits because it would mean actually having to re-register contracts. I can see Council Member Rosenthal looking at me with eyebrows raised, which would mean delays in actual payments to providers. And so, that's the one area that I did say was a caution but there's room for us to look at providing transparency on that front.

On the Police Department front, I think that there has been a request and I will put this in my response, around trying to provide more U of A's particularly for some of the positions and I think that is a great concern because it would have basically hampered the Police Departments ability to be able to respond to being able to move police from one particular event to another given what is happening. I don't want to actually hamper their ability in any way. I know that that Police Commissioner and his CFO have also said this but again, we can have a conversation about many different agencies. I know that the list is quite

long and extensive of what you are looking for for U  
of A's, so we'll continue that conversation.

CHAIRPERSON DROMM: Okay. Just a little bit  
about the partial hiring freeze. The Administration  
has indicated that it will impose new hiring  
restriction on vacant positions and on newly vacated  
positions in order to reduce PS spending. Testimony  
offered at the hearing has shown that there is not a  
clear understanding of the scope at the hiring  
freeze. By our estimates, there are approximately  
5,000 full time civilian positions across the Mayoral  
agencies and collectively the uniform positions are  
at about 1,300 over budgeted head count as of  
December 2018.

Can you explain the hiring controls that will be  
put into place and will any agencies or classes of  
employees be exempted from the hiring freeze such as  
Police Officers, teachers, crossing guards, whatever?

MELANIE HARTZOG: Well, you just covered several  
critical areas that are exempt from the deepening of  
the hiring freeze. Maybe what I should do is just go  
back and talk a little bit about how the hiring  
freeze has changed. When we announced the  
Preliminary Budget. So, when we launched the partial

1 hiring freeze, we sent out clear instructions to the  
2 agencies around which positions were exempt and  
3 clearly frontline staff is one of them. And also  
4 asked agencies to categorize in other various areas  
5 where they have critical hiring needs and that was  
6 related to filling vacancies.  
7

8 With the deepening of hiring freeze, we're now  
9 looking at not just the vacancy that you want to fill  
10 but the attrition that has occurred over the last  
11 month, two months and working with the agencies to  
12 actually say, we need to look at training staff and  
13 do we need those staff, can we do things differently?  
14 This is not layoffs by the way, this is attrition,  
15 meaning staff person separates from that position and  
16 where is that position critical in nature, do you  
17 need it? So that is the deepening of the hiring  
18 freeze. The exemptions remain but as another step to  
19 that, as agencies are presenting if it's not a front-  
20 line staff position or obviously a police class,  
21 would clearly be exempt, we are looking again and  
22 scrutinizing even the vacancies.

23 CHAIRPERSON DROMM: Let me talk a little bit  
24 about one shots. The Fiscal 2019 budget includes  
25 \$91.6 million in one-time funding that were

1  
2 previously Fiscal 2018 Council initiatives and that  
3 support core programs at City agencies such as Adult  
4 Literacy, Parks Maintenance, Summer Youth Employment  
5 Program, and these initiatives are funded year after  
6 year by the Council and have become integrated into  
7 the services that the agencies provide. I think many  
8 of these services were or are the services that the  
9 Speaker mentioned prior to just leaving about the  
10 safety net that he wants to ensure.

11 Has OMB looked at any of these initiatives to  
12 asses if they should be baselined and if not, can the  
13 Council work with OMB to start the baselining process  
14 for these initiatives?

15 MELANIE HARTZOG: Well, actually Chair, the  
16 thought the Speaker was referring to the fact that  
17 our PEG program is actually looking at both Fiscal  
18 Years 2019 and 2020, and many of these one-shots are  
19 in 2019 only. So, 2020, many of them are not  
20 reflected in the Fiscal Year 2020 Budget. I think  
21 this a very challenging time that we face moving  
22 forward and obviously with the implementation of our  
23 first PEG program which has to be achieved within the  
24 next month and I think in terms of moving forward for  
25 Fiscal Year 2020, those are conversations that we



will have with the Council going into the Adopted Budget process.

CHAIRPERSON DROMM: So, not included in the budget is money for bridging the gap to provide social workers for those who are living in shelters.

Yesterday, we had a hearing on Thrive and one of the questions that I asked the First Lady and Director Hermon was about the continuous funding for bridging the gap. Should we expect to see continued funding for the bridging the gap program in the Executive Budget or what is your thinking on that now?

MELANIE HARTZOG: This is a clear priority for the Mayor. This is a program that initiated, and we have in fact increased our investment. The Mayor has asked our team to work with DOE to continually evaluate and monitor and assess the program that led to us actually redirecting some of the programs resources into different parts of it and then increasing our investments. And so, this is not a program that you would expect to go away moving forward. It is a program that we continue to evaluate and assess and is a key priority for us moving forward.

CHAIRPERSON DROMM: All three ratings, the Speaker spoke a little bit about our ratings, but all three rating agencies have expressed concerns about the city's long-term liabilities including debt unfunded pension liabilities and unfunded health insurance liabilities for retirees. To "fit growth in the budget burden associated with these liabilities would negatively effect the city's credit rating."

How seriously in your opinion, is the city taking the issue of long-term liabilities including but not limited pensions?

KENNETH GODINER: I think the answer is very seriously. As you probably know, the city is contributing in the neighborhood of \$10 billion for the pension fund each year. We are on track to reach 100 percent funding in the next 15 years or so. Our funding ratio has been going up over the last five years pretty steadily and our pension cuts attribution has plateaued at about that \$10 billion for cast level. So, we are on track to fully funding that liability. With regard to the OPEP liability the Administration has made a contribution to the retiree health benefits trust each year of this

Administration and I think there was some discussion just a little while ago with the Speaker talking about the desire of the Council to see money as we did last year put into the trust. I think that the level of funding that we have for that liability is appropriate. The fact that we put money into the trust each year is prudent. I think that any sort of talk about prefunding that liability like we did with the pensions would be unfair to current tax payers and citizens to deprive people of services for liabilities, the cost of which is somewhat speculative.

And so, overall, we monitor this. We take it seriously and we are on track to do all the right things in both liabilities.

CHAIRPERSON DROMM: The growth in city funds has varied over the years, and I'm going to put up a slide. As you can see from this slide, Bloomberg's three term saw an average growth in city funds as 6.3 percent annually. The last five years of the de Blasio administration also saw a significant growth in city funds of almost 5 percent annually.

The Preliminary Budget; however, shows average city funds growth of only 2.4 percent annually. Can

you explain why the administrations estimate for the city funds growth is so low?

MELANIE HARTZOG: I mean I think the overall point here just in terms of growth and city funds is actually a good thing. Because we're growing – we're actually reducing our reliance on city funds and the reduction is actually a good thing. Right, we're generating more revenues and we're actually achieving more savings. As I talked about, the fact that we've achieved \$6 billion worth of savings, reoccurring savings in the baseline moving forward. So, I think that's a good thing.

CHAIRPERSON DROMM: Do you expect it to go up or down in the Executive Budget?

MELANIE HARTZOG: I think that's hard to say at this point given if we have to continue to look at where we are with the PEG plan and moving forward as well as looking at where we are in accessing some of the initiatives that you talked about in terms of DOE.

CHAIRPERSON DROMM: Okay, I'm going to turn it over now to Chair Gibson, who has questions.

COUNCIL MEMBER GIBSON: Thank you, thank you Chair. Good afternoon again, Ms. Hartzog to you and

1  
2 your team. I wanted to focus several of my questions  
3 on the ten-year capital strategy. It's been a huge  
4 focus of the Subcommittee and I first wanted to –  
5 there is a graph on the screen. The City Council has  
6 been in communication with few of our city agencies  
7 and has even been informed by OMB that the agencies  
8 were given a target by OMB to move significant plan  
9 amounts to the outer years of the strategy and the  
10 capital commitment plan.

11 From our perspective, any movement of the plan  
12 amounts beyond Fiscal 2023 is seen to us as a cut to  
13 the overall capital commitment plan. So, I wanted to  
14 ask, do you anticipate any delays in capital projects  
15 that will be caused by any of these movements?

16 MELANIE HARTZOG: Chair, can I just ask for  
17 clarification on your perspective of why you see that  
18 as a cut if we are moving out of 2023, because we  
19 would see right, if we were reflowing, we're actually  
20 more realistically projecting what the plan would be.  
21 It doesn't mean that that program is actually, or  
22 that capital project excuse me, is cut it's just  
23 reflecting a reflow of our budget to actually reflect  
24 how we spend.

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eliminate a program as we're doing the reflow and I would say we're not.

COUNCIL MEMBER GIBSON: Correct.

MELANIE HARTZOG: What you will see moving forward in the Executive plan is we'll continue to actually do another reflow of the total ten-year plan. And so, I anticipate, and we are working very hard towards that you would see some of 2020 going into 2021 and that would keep cascading out.

COUNCIL MEMBER GIBSON: Okay.

MELANIE HARTZOG: And so, you would see 2024 move into 2025 and etc. That's what I mean by the cascading.

COUNCIL MEMBER GIBSON: Okay, and what metrics did OMB use to determine some of the targets for the agencies. Was there some sort of a metrics that was defined or was everyone given the same target regardless of past commitment history?

MELANIE HARTZOG: No, everyone is not given the same target.

COUNCIL MEMBER GIBSON: Okay.

MELANIE HARTZOG: We do look at past commitments and clearly the agencies that are actually really committing a significant portion of their capital

1  
2 plan, DEP, DOT, HPD, are some of the top, obviously  
3 DOE. And so, obviously if they are spending, we are  
4 not giving them a target of actually cascading out  
5 significant portions of the capital plan in the  
6 Executive Budget.

7 COUNCIL MEMBER GIBSON: Okay.

8 MELANIE HARTZOG: So, other agencies that  
9 commitments are low, we are asking them to actually  
10 reforecast and cascade out to better reflect where  
11 their actual spending is.

12 COUNCIL MEMBER GIBSON: Okay, that was my next  
13 question. Will OMB bring each agency to target if  
14 they have not met it on their own. So, you're  
15 working consistently with each agency to make sure  
16 that they do reach their targets?

17 MELANIE HARTZOG: The Capital Plan in terms of  
18 agencies reaching their target, we are a little bit  
19 more flexible with, because we don't want a situation  
20 where we ask the agency to cascade and they can  
21 actually register and commit in the current year and  
22 then they run into a problem. So, we have a little  
23 bit more flexibility on that front. But clearly, we  
24 have as you've pointed out Chair, much more work to  
25



do on better reflecting year by year what our actual commitment will be. We will work on that.

COUNCIL MEMBER GIBSON: Okay and do you know the amount of funding has been moved past Fiscal Year 2023? The value on that? I think we got figures for 2019, 2020.

MELANIE HARTZOG: You are right, I gave you figures for 2019, 2020, and 2021 but I will get you the figures for 2022 and 2023 is what your asking.

COUNCIL MEMBER GIBSON: Right, okay that's fine. So, when we discussed the ten-year capital strategies, lack of funding in the outer years that we're speaking to, a lot of our concern was also about recognizing that many agencies have projects that span well beyond five years obviously over a ten-year period. Including the construction of new schools, the recently announced \$10 billion lower Manhattan Resiliency Project has now been added.

So, what we wanted to understand is, will the final working product of the ten-year capital strategy include the full funding for all of our priorities such as SCA's five-year capital, the \$10 billion for the lower Manhattan Resiliency, as well

as the funding of the four borough-based facilities to replace Rikers Island?

MELANIE HARTZOG: We are in the process of looking at all of the as you know, different proposals that the agencies are setting forward with the intention of updating the ten-year plan within the Executive Budget. Some of those that you mentioned are definitely part of our conversations. There is also others that we are talking through.

COUNCIL MEMBER GIBSON: I can list them all or more.

MELANIE HARTZOG: I know you could.

COUNCIL MEMBER GIBSON: Will you also allow agencies to add new capital funding as you continue speaking with them to the outer years of the final ten-year strategy at Exec or would you only ask them to move existing funding to the outer years. So, would there be new money or just movement of existing money?

MELANIE HARTZOG: We're having conversations with the agencies about reflecting projects in the out years of the ten-year plan.

COUNCIL MEMBER GIBSON: Okay, and then I would also assume that with some our -- well, they are all

1  
2 priority projects, but particularly the project like  
3 the borough-based facilities which is being expedited  
4 and is very important to the Mayor and the  
5 Administration. Projects like that would obviously  
6 get a lot more attention in terms of potentially  
7 adding new capital if that's necessary along the way,  
8 correct?

9 MELANIE HARTZOG: Chair, I apologize. Could you  
10 repeat the question to me, I didn't hear the first  
11 part, I apologize.

12 COUNCIL MEMBER GIBSON: Sure, with a lot of our  
13 priority projects, and I'm bringing up one specific  
14 which is the borough-based facilities that we are  
15 building in four boroughs to close Rikers Island, if  
16 there is a need moving forward to add more money to  
17 the overall capital strategy for priority projects,  
18 is that something that OMB is going to consider or  
19 are we only going to look at shifting some of our  
20 existing funds in the capital strategy?

21 MELANIE HARTZOG: Yes, we will consider adding  
22 for that.

23 COUNCIL MEMBER GIBSON: Okay, that was my  
24 question. So, in your testimony and as well as my  
25

opening I talked about the capital budget project detail report and I have a slide to reflect that.

We asked a question in our earlier hearing this month and in response in the follow up letter, we learned that OMB uses the Capital Budget Project Detail Report to track capital projects. The City Council has really started reviewing the report and we've noticed internally that some of the basic information is missing from the project data. And so, if this report was fully updated and complete, we believe it's an extremely value resource. So, I want to give credit and recognize that this detail report, we believe is very useful, but our concern is the frequency of it's update as well as how much information is provided.

So, my question is how does OMB ensure the information reported by agencies in the Capital Project Details report, is up to date and is accurate. And the slide you are seeing is just one example of a fire department project, the original budget says zero, the community boards also says zero. It's a citywide, and it's just missing some information. So, we just wanted to understand how

you oversee agencies supplying information for the detail report?

MELANIE HARTZOG: Sure, I want to point out that this report is given to the Council at every plan. I appreciate that the Council was taking a much more in-depth look at it and to the extent that there are questions and needed clarity. We should be having conversations on an ongoing basis about it as the Council gets the report on a regular basis.

In this particular instance, my team is telling me here that the money for this project is held in an emergency holding code and once fire needs to access it, then the money is moved out and a new project ID is created. And the reason why I say that we should continue to have conversations, is because there are nuances to certain projects and processes that the Council obviously you know, your reading a report and trying to understand it without understanding what the nuances are and we'd be happy to have those conversations and provide that in transparency to you on how this could happen.

COUNCIL MEMBER GIBSON: Okay, does that typically happen with some agencies where there are projects in an emergency holding?

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2 MELANIE HARTZOG: It's typical of some of our  
3 agencies. I can think of DEP being one of them, fire  
4 is obviously another instance, but it is a typical  
5 practice but not for the entire, it's just for a  
6 couple of projects that you would see this happen.

7 COUNCIL MEMBER GIBSON: Okay, and what  
8 instructions or guidelines does OMB give to agencies  
9 in providing the information that's necessary for the  
10 project detail report?

11 MELANIE HARTZOG: Well, I'm not sure if your  
12 referring to this instance.

13 COUNCIL MEMBER GIBSON: No, just general. Not in  
14 terms of this specific project but just in general  
15 the framework that OMB provides to the agencies in  
16 terms of providing the information for this  
17 particular report.

18 MELANIE HARTZOG: Well, all the data is provided  
19 as much as we possibly can with the exception of  
20 these certain instances for each as you can see in  
21 this report for each of the projects ID and the  
22 descriptions.

23 COUNCIL MEMBER GIBSON: Okay, have you notice  
24 with all of the agencies with regard to this report,  
25 if there are more consistencies along agencies in

1 terms of, some agencies that are providing the data,  
2 it's accurate, it's up date. But then, have you  
3 identified any areas where there are gaps in the  
4 system where we need to work with those particular  
5 agencies to provide more information for the detailed  
6 report?  
7

8 MELANIE HARTZOG: There is some inconsistencies  
9 in the providing of the data from the agencies. I  
10 think it's something we could definitely improve upon  
11 in our work in getting the agencies to do that and  
12 so, conversations that we can have about moving  
13 forward. Getting the agencies to do a better  
14 reflecting, more accurate data in the report.

15 COUNCIL MEMBER GIBSON: Okay, and each agency has  
16 the ability to make updates to the report as well,  
17 right? In terms of access.

18 KENNETH GODINER: Yes, after every financial  
19 plan, we produce this report. So, it coincides with  
20 the three commitment plans that we do. So, every  
21 commitment plan that we do has this detailed backup  
22 that supports every single project.

23 COUNCIL MEMBER GIBSON: Okay, and is there any  
24 reason why this report isn't available online?  
25

KENNETH GODINER: I think the real reason is it's so long. We give it to the finance staff, it's on three CD's because it has so much data on it. We can look to see if we can put it on line, but it is an enormous amount of data when you take every single project and you put in all the milestones, start dates, original dates, budget dates, revised budget, and so forth. So, I think it's just a matter of amount of data.

COUNCIL MEMBER GIBSON: Okay, and you did say CDs, right?

KENNETH GODINER: Yes. We give to the Council Finance.

COUNCIL MEMBER GIBSON: Yeah, we're not a fan of those CDs. Just saying. We love 21<sup>st</sup> Century technology, I understand.

MELANIE HARTZOG: Chair, if it's a request for us to look at putting it on line, we can do that.

COUNCIL MEMBER GIBSON: Okay, yes, that is the request. We would love to see this be provided online.

Okay, I wanted to ask a question about cluster sites. I would very closely with Commissioner Banks and DHS, we are in the midst, DHS is working with HPD



on a potential acquisition of 17 buildings. 14 of which are in Bronx county, many of them in my district and I was critical to Commissioner to Banks earlier this week at the General Welfare hearing because I was very concerned at the value of this acquisition. Almost \$174 million that we are paying \$30 million over the city's own assessment through a third-party company and I was very concerned about the existing operations of the buildings.

Many of these building are not in good conditions. They currently have actively open hundreds of violations and so my concern and my question to Commissioner Banks was number one, the reason why we are entertaining a contract \$30 million over the assessed value of these properties, \$174 million. And secondly, are we going to hold those landlords accountable to address the existing violations in the buildings today before we give them any more money and thirdly, the future costs that we anticipate once we take over these buildings and turn them over to a local not for profit is going to be additional cost of renovations outside of the acquisition.

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2       So, those are my general three concerns, not just  
3 from the perspective of the Bronx but overall, what  
4 is your thoughts from OMB on how this is happening  
5 and what we can do to make this system better?

6       MELANIE HARTZOG: So, lets start off with a  
7 little bit of facts here. The first is I believe  
8 that the appraisal that you are referring to is one  
9 that was done with HPD that had not actually  
10 considered eminent domain.

11       COUNCIL MEMBER GIBSON: The Law Department.

12       MELANIE HARTZOG: So, working with the Law  
13 Department and HPD, the appraisal that was done by  
14 the third-party appraiser that the Law Department was  
15 done considered eminent domain.

16       And we had to consider that as part of the  
17 appraisal. We would have been required to pay it  
18 three years out or we could have paid that cost and  
19 given permanency to over 1,200 children and adults  
20 and on top of that, provided 261 additional  
21 attendants in the 17 buildings with permanent  
22 affordable and upgrades to their existing apartments  
23 and getting rid of what has been a horrible landlord  
24 and putting a non for profit in place who will now be  
25 moving forward providing for the maintenance and

operation of these buildings. This has always been part of our overall turning the tide plan and this is part of providing a critical permanency for many families and children.

And so, I think that that cannot be missed in the overall priority that has been given for this project. I think that's really critical and a critical component of us being able to provide a permanency for families moving out of shelter.

Again, on the cost side, the Law Department appraisal that was done, had to do with actually looking at the evaluation related to eminent domain. That is the big difference between what HPD had done a few years back and now looking at the possibility of eminent domain and what we had to pay.

We are going to pay it three years from now, or we're going to pay it now and provide the permanency for over 1,200 individuals and families.

COUNCIL MEMBER GIBSON: So, it was your position that you agreed that the city should be paying \$174 million over the \$143 that you acknowledged was the assessed value?

MELANIE HARTZOG: I agree that it is based on an appraisal that was done by the Law Department and HPD

that this is the actual cost for purchasing of the buildings and that 1,200 families and children will get permanency and get a new landlord, a non for profit in place that will provide for 1,200 plus the additional 261 tenants to get upgrades needed to those buildings.

COUNCIL MEMBER GIBSON: Okay, is the purchase of these units reflected in our budget today, the 174?

MELANIE HARTZOG: We will be reflecting the cost within the Executive Plan.

COUNCIL MEMBER GIBSON: The entire amount?

MELANIE HARTZOG: We're currently looking at assessing HPD's overall housing capital budget.

COUNCIL MEMBER GIBSON: Okay, and what about the outstanding violations that exist in the buildings today?

MELANIE HARTZOG: That is all part of the conversations that HPD and the Law Department are having as part of the closing process on the actual buildings.

COUNCIL MEMBER GIBSON: Okay, and then future wise, when we do acquire the building, we are also understanding that there will be additional costs to renovate a number of these apartments, not just the

cluster families but all of the traditional tenants in these buildings as well, right?

MELANIE HARTZOG: There are additional costs for the rehabilitation of the units that moving forward, HPD will be doing that assessment.

COUNCIL MEMBER GIBSON: Okay, so we don't have numbers yet on how much it will cost in terms of estimates on renovating any of the units just yet?

MELANIE HARTZOG: I believe HPD testified to that as well, yes.

COUNCIL MEMBER GIBSON: Okay, I wanted to ask a quick question about state risks, and you talked about that in your opening and as a former state legislator, I've been down that road to many times. I know the Mayor and some of the Commissioners were in Albany yesterday with their staffs. Do you have any updates on any of the potential cuts that we've talked about, particularly TANF and social service funds. I know we are getting closure to April 1.

MELANIE HARTZOG: Well, I'm sure as you know in your former capacity things change in Albany by the minute and by the hour. I think we are very pleased to see that both one house is included, the restoration of many of these critical cuts including

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2 the TANF funding that you just referenced and the  
3 funding to health care services as well. But it's  
4 really down to the wire of when the budget finally  
5 gets enacted that we would see what the actual  
6 restorations look like.

7 COUNCIL MEMBER GIBSON: Okay, I had another  
8 question. Housing is a big priority for all of us  
9 and the HPD Commissioner was here Friday and  
10 specified that the city is on track to build and  
11 preserve 300,000 units of housing by 2026 in the  
12 Housing NY Plan and to date, we have exceeded our  
13 targets in housing preservation which I applaud.  
14 Where we find gaps are in the lowest income category  
15 of extremely low income. So, we have met our targets  
16 in low income, middle and moderate income but  
17 extremely low income, we are below our targets.  
18 There is a lot of advocacy and I am not understating  
19 this at all for many, many housing advocates and I  
20 support them because the housing NY Plan recognizes  
21 24,000 units of housing set aside for homeless New  
22 Yorkers. Homeless families that are living in  
23 shelters every single night.

24 We do not believe that is sufficient. Through  
25 the plan is FY 2026, but the immediacy and the need

1  
2 today is great, and our concern is if we allow that  
3 plan to move forward at the current priorities than  
4 we're going to have more homeless New Yorkers that  
5 simply do not have housing because they cannot afford  
6 the housing that is being constructed.

7 So, my question to you is, is there any  
8 consideration that that Administration is looking at  
9 today that will raise that set aside from 24,000 to  
10 30,000 just to recognize the need, the crisis, the  
11 urgency, and the priority of housing families that  
12 need long-term housing?

13 MELANIE HARTZOG: There are a number of different  
14 strategies that we have in place that are effective  
15 and working around providing rental subsidies and  
16 supports to the most vulnerable. That includes all  
17 the work that is being done through our rental  
18 assistance programs. There is also a bill that is  
19 pending up in Albany. The home stability bill that  
20 would provide additional rental subsidies and enable  
21 us to move many more families into permanency. That  
22 is one that I hope the Council will work with us and  
23 support that is getting done with the leadership of  
24 Assembly Member Hevesi and Senator Krueger.

COUNCIL MEMBER GIBSON: I recognize that. The \$1.9 billion that you mentioned for the 10,000 units is that 10,000 units over the course of the plan through FY 2026?

COUNCIL MEMBER GIBSON: Okay, do you know how much that would be each year added on?

MELANIE HARTZOG: It's within the overall housing plan budget and a number of units in total. We deepen the affordability of the existing number of units.



COUNCIL MEMBER GIBSON: Okay, well, I do appreciate that, and I definitely think that it is in line with what this Council supports, but I just have to be honest, that is still not enough. We are not building enough housing for families at the lowest end of the income spectrum. And as someone who represent an incredible amount of family shelters and shelters for single adults, I believe I have every right to demand that this Administration does more. I said the same thing to the HPD Commissioner because with the work we're doing around right to Council, it's great. We're keeping families in their home, a number of different programs around anti-displacement, anti-harassment, partners in preservation, I can go down the list after my rezoning. I know them all and they're great. It's all a part of the different tools that we need to make this system work but at the end of the day, with every opportunity and every project that I get in my district, I'm able to get anywhere from 10 percent to 30 percent. Overall, 50,000 applications on one project. And so, the number are enormous because I think the need is great and so, it's my hope and again, not taking away from anything that has already

Thank you, I'll turn it back over to our Chair.

COUNCIL MEMBER ROSENTHAL: Thanks, so much Chair.

Good to see you Director. I have a couple of questions just finding them. I wanted to know first of all, at yesterday's contracts committee hearing we talked about the savings achieved through procurement and I asked at that time that OMB possibly if you have this could look over the last few years since the de Blasio Administration came in. How much savings has been put into the budget for procurement?

1  
2 MELANIE HARTZOG: I believe that you're referring  
3 to any -

4 COUNCIL MEMBER ROSENTHAL: I'm sorry from yeah,  
5 procurement.

6 MELANIE HARTZOG: Right, you're referring to  
7 citywide savings that we've taken and anticipate as a  
8 result of full implementation of passport.

9 COUNCIL MEMBER ROSENTHAL: Well, I mean I heard a  
10 number of \$90 million for procurement savings. I can  
11 follow up with you offline.

12 MELANIE HARTZOG: Lets follow up off line.

13 COUNCIL MEMBER ROSENTHAL: But you know, like  
14 usually in the Preliminary Budget, they announce  
15 where the savings are going to be, procurement has  
16 been in there a couple of times.

17 MELANIE HARTZOG: Again, I think it's the  
18 citywide savings that we have reflected that are now  
19 in the baseline, but we can -

20 COUNCIL MEMBER ROSENTHAL: Yes, those.

21 MELANIE HARTZOG: Yes, we're saying the same  
22 thing, and I think we have to get back to you with a  
23 number and we could break that out for you.

24

25

COUNCIL MEMBER ROSENTHAL: Okay, great, thank you very much. Secondly, whats the timing on that, do you think? Like a day, a week, a month.

MELANIE HARTZOG: A day.

COUNCIL MEMBER ROSENTHAL: Great, secondly, about the Mayor's Office to end gender based –

MELANIE HARTZOG: Should have taken a month, but –

COUNCIL MEMBER ROSENTHAL: I'll take day. I chose day.

The Mayor's Office to end gender-based violence where you just created the Office, it's no longer Commission. Is there a way to put in units of appropriation in each of the agencies that do the work of ending gender-based violence. So, another words, NGBV is in multiple agencies, I think mostly in HRA and is there a way to call out and say this is specifically to address ending gender-based violence?

MELANIE HARTZOG: You know I think this is one of the areas where I'd say there is a portion of that work that's contracts for us to do that, we run into the same challenge of re-registering contracts to a new U of A and –

COUNCIL MEMBER ROSENTHAL: Oh, goodness gracious this is why footnotes exist. Don't re-register a contract.

MELANIE HARTZOG: But I think what we can do if you need greater clarity and we can provide that to you and any ongoing reporting that you want.

COUNCIL MEMBER ROSENTHAL: Great, let's start there.

MELANIE HARTZOG: Okay.

COUNCIL MEMBER ROSENTHAL: Okay, that's cool?

MELANIE HARTZOG: Yes, of course.

COUNCIL MEMBER ROSENTHAL: Okay, great. Third in our hearings with any of the city agencies that have human service contracts in their agencies work, we heard from the human services providers that while it's very appreciate, that this Administration after 20 years of complete neglect, this Administration absolutely put in money in the budget for indirect costs to get to minimum wage, to increase **[inaudible 6:14:22]**, that it's really sadly because there had been so much neglect for 20 years. Its still deficient and I'm wondering if you know, this is something that the Administration is considering.

1  
2 For example, you just put out a manual that would  
3 help the nonprofits determine what their indirect  
4 costs would be. But there is no funding in there for  
5 the actual indirect cost, so if they were to take the  
6 money for what has been agreed to as their indirect  
7 cost, there would be a cut to program services. So,  
8 how do we get more money to pay for food, rent,  
9 salaries, when they're hanging on by a thread?

10 MELANIE HARTZOG: So, we worked very hard with  
11 the not for profit sector to actually put together a  
12 consistent indirect rate policy and I think what had  
13 been a real challenge for the sector was that many  
14 agencies -

15 COUNCIL MEMBER ROSENTHAL: I'm going to interrupt  
16 you because I'm on the clock and so, I just want to  
17 get in the last question and I really think indirect  
18 costs are a nonfunded mandate at this juncture and I  
19 would ask that you sort of help rethink it and  
20 rethink funding. But my last point which is sort of  
21 included in this is just unpaid parity in  
22 consistencies, where you have to people in a contract  
23 budget doing the same work, paid for by different  
24 even agencies and doing the exact same work and there  
25 is no pay parity. The nonprofit again, has to not

fund something programmatically in order to give pay parity or else they are going to lose staff and as well as the ACS, DOE pay parity problem.

MELANIE HARTZOG: Okay, so on the issue of indirect rate I actually disagree, we added \$106 million to provide for the indirect rate.

COUNCIL MEMBER ROSENTHAL: I know, and it wasn't enough.

MELANIE HARTZOG: I want to say prior to that there was not adequate funding for the indirect rate, and we brought everyone to a sufficient level to get to a ten percent on average. I think that the sector has the right to ask for more on that front, but I think we've done a significant investment that had not been there for some time. And we created a policy across all the city agencies that was clear and consistent. And that took a lot of time and effort and I think those things should be acknowledged.

On the issue of parity, I think we have done investments for the workforce of the nonprofit sector as well as overall to the tune of over \$600 million including the fact that we have done a lot of work on

the 1707 front with the collective bargaining contract that's in place currently.

COUNCIL MEMBER ROSENTHAL: We can agree to disagree on this. Thank you so much Chair. Thank you, Director.

CHAIRPERSON DROMM: Thank you. Council Member Chin followed by Levin.

COUNCIL MEMBER CHIN: Thank you Chair. Director Hartzog, great to see you. We had a very robust DFTA budget hearing.

MELANIE HARTZOG: I heard.

COUNCIL MEMBER CHIN: And so, there is a budget gap right, for DFTA and we were able to confirm that there is supposed to be a second thronged of \$10 million for the model budget. So, we also still have not gotten a clear commitment from DFTA. They said they are working with OMB, when the money for the food increase in the food costs and the food service worker is going to be added and I hope to see it in the Executive Budget but for the Council, we hope to see the second thronged of the \$10 million for the model budget in this Fiscal 2020 Budget. So, I hope that will happen. That's my first question.



So, I want to know, can we get OMB to commit to clearing up that wait list to add an additional million each? The case management and home care and also for DFTA and OMB to work out a process so that we don't have a wait list every single year. The Administration always put money end at the end because we never manage to clear this wait list.

And my last question, the third one, is about what we heard from DFTA is that there were around at least 30 senior centers that lost air condition

So, those are my three question.

MELANIE HARTZOG: So, I think on the question of the food analysis that we talked about when we met, we made a commitment to have that analysis done in late spring and I believe that DFTA is actually on track to do that. I think the issue on the wait lists, there is additional funding that's being proposed at the state budget. As you mentioned, I think that is definitely a use of that funding to do that. We worked very hard as you know, I want to say it was like two adoptions ago, to actually do an estimate on what the wait list is for both case management and homecare and put that funding in and baseline that. But I think these are really challenging times to be able to make that commitment moving forward to the extent of the state budget enacted actually includes the additional funds moving

forward, absolutely for the state funding, but I think making a commitment at this point and time given where we are, that I cannot do.

On the 30 NYCHA centers, I think this is something that obviously cooling centers cannot go without being able to meet that goal. I will absolutely look into this and make sure that we address it.

COUNCIL MEMBER CHIN: My first question, you didn't answer that one.

MELANIE HARTZOG: Your first question.

COUNCIL MEMBER CHIN: The \$10 million of the model budget.

MELANIE HARTZOG: Oh, my apologies.

COUNCIL MEMBER CHIN: Which is the second thronged.

MELANIE HARTZOG: I think there was more like five or six questions.

COUNCIL MEMBER CHIN: No, that was my first question. The audience agrees.

MELANIE HARTZOG: Okay.

COUNCIL MEMBER CHIN: They're my witness. But there was supposed to be another \$10 million which was confirmed by DFTA right, so we want to know is

that if that \$10 million will be in this years FY  
2020 budget?

MELANIE HARTZOG: Thank you Council Member for  
keeping me on my toes. The \$10 million additional is  
Fiscal Year 2021 for implementation of the next phase  
of the model budget. So, we do have time for the  
piece of it.

COUNCIL MEMBER CHIN: So, you're not willing to  
put into this year?

MELANIE HARTZOG: It's for Fiscal Year 2021, not  
2020.

COUNCIL MEMBER CHIN: Well, then I expect.

MELANIE HARTZOG: You have you \$10 million  
currently that right, we began to implement in 2019  
and it becomes annualized in 2020 and then the next  
\$10 million will be in 2021 in addition to our work  
on food.

COUNCIL MEMBER CHIN: Well, the first 10 didn't  
take care of everybody, but I think that the other  
big question is, the food money for the food service  
worker and the increase in the food cost and I really  
hope to see that in the Executive Budget because the  
last time there was an increase in the food budget  
was 2014.

1  
2 MELANIE HARTZOG: I think that it would be very  
3 challenging for us to get that done within the  
4 Executive Budget. I think we will have the analyst  
5 done, but I think it needs to have a full vetting for  
6 us to make sure that that analysis is accurate, and  
7 we can actually –

8 COUNCIL MEMBER CHIN: But the food increase is  
9 there, I mean and the increase for the food service  
10 worker. The need is documented, the need is there,  
11 and you need to put the money in to show the  
12 Administration's commitment. It happened with other  
13 agencies, monies were put in, in the Preliminary  
14 Budget and I didn't see that in DFTA, and I was very  
15 disappointed. And I hope not to be disappointed in  
16 the Executive Budget. Thank you.

17 CHAIRPERSON DROMM: Thank you. Council Member  
18 Levin followed by Council Member Cumbo and then  
19 Council Member Grodenchik and then I'll wrap it up.

20 COUNCIL MEMBER LEVIN: Thank you Chair. Thank  
21 you, Director. So, I have five question, maybe I'll  
22 as them first and we'll kind of go through them and I  
23 can remind you of what they are if we get lost.

24 First one is regarding pay parity in the Early  
25 Learning system as it moves over from ACS to the

1 Department of Education. We know that this needs to  
2 happen in order to stabilize that system. The people  
3 that work, teachers that are working, administrators  
4 in the early learning system at ACS are getting paid  
5 \$10,000 less in their counterpart in DOE UPK. They  
6 work longer hours; they work longer years. This is  
7 at this point a justice issue here. We need to do  
8 right by these teachers, and we cannot continue to  
9 have this level of disparity and so, I would be  
10 interested to know how OMB is looking at this issue  
11 and what we think the cost would be and what we're  
12 prepared to do to rectify it? So, that's the first  
13 question.  
14

15 Second question has to do with ACS's PEG. Which  
16 has a very high percentage target of seven percent.  
17 Much higher than many. Many other city agencies  
18 obviously ACS is tasked with protecting the most  
19 vulnerable people in New York City, our children.  
20 Those children who maybe at risk and so, I want to  
21 know how you arrived at a seven percent PEG and  
22 whether OMB can give the commitment today that we're  
23 not going to cut into services and programming at ACS  
24 as part of this PEG. And whether or not if there are  
25 savings or revenue that we're realizing that that

moving forward be baselined and not seen as a one-time revenue.

Next question is around, the Council last year with the Mayor, the Speaker had an agreement and it was our understanding that we had an agreement on the certain programs for an ACS that would go towards foster care and they include a number of – sorry, I have it here. Foster care \$7.8 million, \$3.3 million for kinship navigators, \$2.8 for family visiting and \$1.7 for workforce employment to support foster youth.

It's our understanding that only about \$700,000 or \$800,000 of that has been allocated by ACS and so, our understanding was at Adoption, these programs were going to receive \$7.8 million and obviously only about 10 percent of that has been allocated. So, we're wondering what is going on there. I've asked Commissioner Hansel about this and haven't gotten a satisfactory answer as to why this funding was not budgeted as part of the adopted 2019 budget.

Next question is around unit of appropriations at Department of Homeless Services where right now we only have two unit of appropriations, PS and OTPS which leaves us with a real deficit of understanding

of DHS's budget and how we're paying for it. I mean a lot of it is contracted but we don't know how much is going towards things like rent or programming or you know, other types of related services and it's very difficult to do that type of oversight that we need to do if we don't know how budgets are being arrived at for particular contracts and where our priorities should be. Just for example, our understanding is that hotels, which there are 90 hotels in the system that house homeless families and individuals, mostly families. Those hotels don't have social workers. Even though tier two shelters which represent a larger percentage of family shelters, they do have social workers.

But at hotels which is a sizable amount of funding, hundreds of millions of dollars. I don't know \$400, \$500 million they don't have basic supports for children and if you go to one of these hotels, you'll see that there is no space for these children. The rooms are 15 by 15 maybe. There is no refrigerator for them to — it might be a mini fridge but there is not real refrigerator. There is no stove, there is no place for them to do their homework. There is not place for them to run around



1 and be kids. There is no place for them to put their  
2 clothing, put their toys. And yet at the same time,  
3 we're not providing them with social workers.  
4

5 And without a clear breakdown of programming and  
6 a correlated budgetary demarcation, we don't know if  
7 the funding being allocated is appropriate. And so,  
8 we've asked numerous times for DHS's budget to be  
9 clear in terms of units of appropriations and we've  
10 been rebuffed over and over again.

11 Commissioner Banks made an argument the other day  
12 that it would hamstring the agency in terms of what  
13 it's able to because if they broke out two billions  
14 of appropriations then they wouldn't have any  
15 flexibility. There has got to be some way to make a  
16 practical while also allowing for some oversight, not  
17 just having two unit of appropriations for a \$2.1  
18 billion budget. So, those are my questions.

19 MELANIE HARTZOG: Okay, so I'm going to start  
20 from the last question and then go to the top and  
21 have Ken talk about our efforts on pay parity.

22 And I think question four on the U of A and the  
23 question on getting greater insight into the hotel  
24 spending. So, we at the point of adoption as a  
25 determined condition agreed to work with Council

Finance to actually provide ongoing reports that break out some of the spending in light of what Commissioner Banks is talking about. Which is the fact that if in fact we had to go and break out more U of A's that it would actually result in having to re-register contacts. There has been a lot of effort for us to as much as we can expeditiously move contracts through. We're in the process of giving the rate increases as part of that.

COUNCIL MEMBER LEVIN: There's about some odd amendments that Commissioner Banks committed would be registered by the end of the Fiscal Year, which I mean that's like 80 percent of them.

MELANIE HARTZOG: Right, but as you know, going forward, there will continue to be amendments to contracts that happen all the time and so, I think even if you have a contract in place, you still have to go through the process of creating a new U of A and re-registering those contracts which would ultimately lead to delays in payment. Which is why we agreed to have an ongoing reporting as part of the terms and conditions.

My staff is telling me that as part of that we need to finalize what the actual components of those

reports are with Council Finance, but I think that would be very helpful to you because that is one of the challenges.

COUNCIL MEMBER LEVIN: I'd just like to point out that based on the agreement from last year, they were supposed to go along with the various plans. The November plan was delivered to us in early March.

MELANIE HARTZOG: It's to start a Prelim. We had the same conversation and we talked about this.

COUNCIL MEMBER LEVIN: But we got the Prelim report for the Prelim Plan, the January plan, the afternoon before our budget hearing last Friday at 3 in the afternoon and my budget hearing was on Monday morning and we didn't receive the data that we were supposed to get until 3 in the afternoon on Friday.

MELANIE HARTZOG: I think we're talking about two different reports. So, let me circle back with Latonia on this to.

COUNCIL MEMBER LEVIN: Okay.

MELANIE HARTZOG: The Council had requested a very detailed report and we agreed to provide it and I think we were still working through all of those various details that would give you that greater insight into it and so, we have yet to provide that

for Prelim and we need to do that and we will do that for you.

And I touched on the U of A issue, that we just talked about and that report taking care of that piece of it to some extent. On the \$7.8 million for foster care, the agreement that we had at Adoption was that we would have a number of pilots that take place at ACS on these initiatives to actually evaluate and see what their impact is and then moving forward, we would determine whether or not what their impact and then fully fund them.

On the issue of ACS –

COUNCIL MEMBER LEVIN: Sorry, just with that, I mean that's something that I think there might be some disagreement on. I'll circle back with our finance director and the speaker but when they reported back to us at ENT, in June of last year, our understanding was because we had a dollar amount, \$7.8 million that will be in the budget. So, I don't know what documentation there is of that but we're going to have to discuss that as part of the 2020 discussion.

MELANIE HARTZOG: I'm happy to talk offline as well with you and with Latonia.

1  
2 COUNCIL MEMBER LEVIN: Oh, okay, sorry, just  
3 adding to that question though, this year there has  
4 been a priority for fair futures as an initiative and  
5 I just want to quickly get your take on that as well,  
6 if you wouldn't mind.

7 MELANIE HARTZOG: I think Preliminarily as I  
8 understand it in the broad strokes of what the goal  
9 is in terms of providing additional supports for  
10 youth in order to reduce reliance on foster care, I  
11 think that's a very great initiative and worthwhile  
12 as having conversations about, especially if it  
13 reduces our reliance on foster care. Commissioner  
14 Hansel obviously in his expertise has a much better  
15 position on that but I think it's worth having  
16 conversations about.

17 COUNCIL MEMBER LEVIN: And is OMB examining kind  
18 of what the budgetary impacts of that would be in  
19 terms of the benefits as well?

20 MELANIE HARTZOG: I think this is very new. It  
21 was just announced I think even yesterday or the day  
22 before, or at least this week and so, I we don't have  
23 much detail on it at this point, but I'm happy to  
24 talk with Commissioner Hansel about it.  
25

COUNCIL MEMBER LEVIN: Okay, we would like to about it in terms of our budget response and in the Exec.

MELANIE HARTZOG: I'm happy to have conversations about that. On ACS PEG, just to get to all of these and I really want to clarify this, it is not seven percent. The value of the PEG, the way that seven percent is calculated is not the way OMB sees it. The seven percent is off of their Fiscal Year 2020 budget. Their PEG value is across both 1920 and even into the out years. So, I want to be really clear, it is not seven percent.

And in terms of trying to look at opportunities to maximize revenue and reduce reliance on City funding, obviously that is always part of our goals as we look at the citywide savings plan and then Ken, you want to talk a little bit about pay parity?

KENNETH GODINER: Okay, with regard to the pay parity question, the Mayor has supported this sector and this group of employees bringing support for the first comprehensive labor agreements since 2006. That agreement provided for the certified teachers in the program, for raises between 20 and 27 percent. That agreement which is still current, between the

1 daycare council and DC 1707 Local 205, will expire in  
2 September of 2020. There have been substantial  
3 overall increases in the amount of money that we've  
4 spent on these programs and by the end of the  
5 contract, we will have equalized the pay between the  
6 non-U PRE-K teachers and the Pre-K teachers in the  
7 CBO's.

8  
9 COUNCIL MEMBER LEVIN: But not with DOE Pre-K  
10 teachers, correct?

11 KENNETH GODINER: That is correct. And we're  
12 committed to continuing the progress we've made in  
13 developing effective compensation structures for  
14 Early Childhood Education.

15 COUNCIL MEMBER LEVIN: Why on earth wouldn't we  
16 have pay parity between DOE teachers and the question  
17 that I had was how much would that cost and what are  
18 we prepared to do about that? Real pay parity, real  
19 pay parity. Because we could do it outside of the  
20 contract, we could do it in the RFP. We could fund  
21 the daycare council to give pay parity to the  
22 teachers.

23 KENNETH GODINER: You would be unlawful for us to  
24 give raises to employees outside the collective  
25 bargain process. As you know, the exclusive

bargaining agent is non attributed outside of collective bargaining. That's just a question of law, right.

COUNCIL MEMBER LEVIN: Okay, but there is nothing that prevents us from doing that as part of collective bargaining. We could do that outside of a contract cycle. Didn't we just do that with teachers. Or was that a new contract?

KENNETH GODINER: So, we have a new contract with the UFT that begins on the expiration of their old agreement. We negotiated in advance.

COUNCIL MEMBER LEVIN: We're not allowed to negotiate in advance for this?

KENNETH GODINER: We're not the negotiators. The daycare council is there employer.

COUNCIL MEMBER LEVIN: I'm sorry, but that's not. The Daycare Council stands with 1707 at a rally calling for pay parity. Daycare Council is not funded to pay the teachers. So, using the Daycare Council is a fig leaf. I'm sorry, but ultimately the City of New York and OMB and OLR that make this decision. You can't have the Daycare Council do it without the money to do it.



KENNETH GODINER: I'm just trying to answer your question.

COUNCIL MEMBER LEVIN: Okay, how much would it cost. How much would it cost to get pay parity?

KENNETH GODINER: With regards to cost, I think one of the most interesting questions then becomes how do we define parity? Because as you know the UFT has a web of compensations factors including experience and education, and the application of those factors to the current group of employees and future group of employees would help to determine and substantially affect the cost of achieving that.

COUNCIL MEMBER LEVIN: And we've been asking this question for like three or four years, so you would think by this point, that we would have thought through what that cost would be. I'm sorry, but this is not a new issue.

MELANIE HARTZOG: It's not a new issue, it's obviously one that we prioritized. We've actually made investments into the existing collective bargaining agreement. It's one moving forward, clearly a top priority of the Mayor's as we look at Pre-K expansion and actually bringing Early Learn

over to DOE and the most recent RFP that we're going to continue to have conversations about it.

COUNCIL MEMBER LEVIN: The whole system is going to fall apart if we don't address this.

CHAIRPERSON DROMM: I'm going to end it here. Although this is a very important subject for me as well.

COUNCIL MEMBER LEVIN: Thank you Chair, thank you.

CHAIRPERSON DROMM: But we need to move on, and we have other Council Member questions. Majority Leader Cumbo.

COUNCIL MEMBER CUMBO: Thank you. I certainly want to add my voice as a mom of a son who is in one of our childcare organizations. I'm deeply concerned about this particular issue. So, my question is how is the city preparing? Are they aware that DC 1707 teachers are considering a possible strike? And they are looking at that, have you looked at ways to prepare should that happen because I obviously, like thousands of other moms and dads have to go to work and what would happen? When we talk about a fair city, when we talk about wanting moms to be at work and to be able to do their best job. If we're not

able to come work because of a possible strike, what are the administrations thoughts on a possible strike?

MELANIE HARTZOG: I mean clearly the Administration does not want a strike to happen and clearly as I said, when Council Member Levin was asking the question, we believe that early childhood education is a priority and that is clearly reflected in our investments both in universal Pre-k and ramping up on 3-k in the most recent RFP that release. On the issues of implementation and what would happen, that really is DOE and ACS in coordination to work with their contracted agencies to implement. But as I said, moving forward, it is clearly a priority of the Administration.

COUNCIL MEMBER CUMBO: Is it a priority of the Administration that will be addressed and resolved in this budget cycle?

MELANIE HARTZOG: The collective bargaining agreement is one in which expires on September of 2020. And so, that would be moving forward for a new collective bargaining agreement. It is not tied to the Executive Budget process.

COUNCIL MEMBER CUMBO: So, why is this particular collective bargaining issue taken far longer than so many of those that were resolved from day one when we came into the City Council in 2013? So, many were resolved. Why is this one taking so very long to solve?

MELANIE HARTZOG: From day one, when the 1707 contracts had expired and been expired for many years, the Mayor actually moved forward and made a significant investment in the salaries of teachers within the existing contract, as I said, expires in Fiscal Year 2020. The next contract will be for that next round and contracts overall have different dates of expiration and they're staggered across many city agencies including the Municipal Workforce.

COUNCIL MEMBER CUMBO: So, what you're saying, and I just want to conclude on this because I have other issues that I want to address. You're saying that in this budget year, this will not be a priority?

MELANIE HARTZOG: That is not what I'm saying. You asked if it was actually tied to the Executive Budget which is for at this moment, point and time, the collectively bargaining contract ends in Fiscal

1  
2 Year 2020. If moving forward, the collective  
3 bargaining process happens, there is ample  
4 opportunity to add funding in the next plan cycle to  
5 update the plan for Fiscal Year 2020. Your question  
6 to me was whether or not any funding is coming into  
7 this year's budget within the Executive Budget.

8 COUNCIL MEMBER CUMBO: And the answer to that is  
9 yes or no?

10 MELANIE HARTZOG: The answer is no, because the  
11 collective bargaining contract is not up.

12 COUNCIL MEMBER CUMBO: And there is no way for us  
13 to be able to support those teachers in that gap  
14 time?

15 MELANIE HARTZOG: The existing contract provides  
16 funding and we are in agreement on what those  
17 salaries are, and we have already fully funded that  
18 contract.

19 COUNCIL MEMBER CUMBO: But at this time, I guess  
20 the clarity because I have to make it plain and I  
21 have to bring it back to our communities in terms of  
22 where this issues lays, the ability to fill that gap  
23 whether it's that 16,000 at base, that is the  
24 disparity between both entities, that gap can't be  
25

covered at this time without a contract agreement?

Could it be and we're just choosing not to?

MELANIE HARTZOG: It cannot be unless it's collectively bargained. That's that point that Ken was making was making as well to. You can't simply provide a salary increase without collectively bargaining it.

COUNCIL MEMBER CUMBO: I'll have to speak at another time about that because it is very difficult to be able to go back to our communities for yet another year and to say to these same childcare workers once again, we're sorry to disappoint you but your salary is going to remain however it's going to remain and if some of you want to go and do something else, I guess you're going to have to do that because again, this issue has not been resolved and for me being in the Council almost six years, and this disparity still happening is of great concern to me.

MELANIE HARTZOG: I'm happy to talk offline with you Council Member. What I will say is going back to many years ago when we were in the great recession and were not able to have a collective bargaining agreement and had to make cuts to childcare at that time, which was a very difficult time. The fact that

1 we actually came in and the first thing that was done  
2 was do a collective bargaining agreement 1707 and  
3 address and chip away at this issue I think is  
4 significant and clearly a priority for the Mayor  
5 moving forward.  
6

7 COUNCIL MEMBER CUMBO: Okay, we certainly look  
8 forward to addressing this for me, six-year issue  
9 that has been apparent for some time.

10 I want to talk about just briefly, I want to talk  
11 about, and I want to ask these questions on the  
12 record, so that they can be answered at another time,  
13 because I understand we are pressed for time. So,  
14 thousands of individuals from my community and all  
15 across the city have come together for the metro IAF  
16 program, a home for all New Yorkers, low-income  
17 senior housing, as a model for citywide affordable  
18 development.

19 What we saw in our communities were that Black  
20 and Brown communities that are being ravished by  
21 gentrification. Many houses of worship were losing  
22 their congregations. Many want to attend church,  
23 cannot attend church because they are being pushed  
24 out of their homes. And so, they came together to  
25 fight for senior housing in their communities. They

Now, what we saw, they came here in celebration at the handshake. The Black, Latino and Asian Caucus along with many other members, Congressman Hakeem Jeffries. At the time, Public Advocate Letitia James, Jamoni Williams, many others, our state representatives have all come together to celebrate this \$500 million.

Now looking back, in terms of implementation, looking through the budget, they do not see the \$500 earmarked anywhere. So, we are at a loss in terms of where is the \$500 million, where is it earmarked, where can we find it? That's the number one question that I want to have answered but I'm going to ask the other questions.

Which city agency is responsible for the implementation of the affordable senior housing plan. Governor Cuomo allocated \$15 million in low income housing tax credit in support of east Brooklyn congregations Metro IAS plan this vital Brooklyn initiative, where will the first 1,000 units be



constructed? What other tax credits have you allocated to finance construction in other neighborhoods and boroughs? How will the RFP process be structured? We have asked for an RFP process that can be structured so that M/WBE's and local developers can actually win the bids because in my district I've seen no M/WBE's, no local developers to actually be able to win any of these contracts. How will local development companies and not-for-profit developers be prioritized in the RFP process. What is the process for identifying and vetting sites for development? How will specific NYCHA developments, local communities and our boroughs be prioritized for affordable senior housing and how will this project work with NYCHA Next Gen if at all? Where are we in the pipeline for the development sites that Deputy Mayor Glen identified for senior housing development.

These are all really critical questions. We have to go back to our communities and explain where the \$500 million went. Where is the senior housing? They are coming to the pastors and myself asking for applications. And we're not even able to give them enough information to say, where the \$500 million is

COUNCIL MEMBER CUMBO: Okay, we're not talking about those because that's old money that's been allocated, spent, in the ground, applications are out. We're talking about \$500 million that was allocated in the most recent handshake deal that we had where it was announced and celebrated, and it went out in a press release on both sides that this money was allocated. So, take those projects off the table. Those numbers were insufficient in terms of the need of senior housing. So, we want to know

1 since this new allocation of a priority of senior  
2 housing, where is that \$500 million.

3 MELANIE HARTZOG: The \$500 is existing within the  
4 HPD budget and it's for the sites that I just  
5 mentioned as well as the balance of HPD sites which I  
6 can go through.

7 CHAIRPERSON DROMM: We're going to have to also  
8 end it because we need to move along here.

9 COUNCIL MEMBER CUMBO: Okay, can you just go  
10 through those particular sites?

11 MELANIE HARTZOG: I'm happy to get them to you in  
12 writing. You have a number of different questions.

13 COUNCIL MEMBER CUMBO: I will if you could just  
14 list those sites, that would be helpful.

15 MELANIE HARTZOG: Ingersoll, Millbrook, Betances,  
16 Sumner, Bushwick, Sotomayor, and Baruch. HPD is 97  
17 West 169<sup>th</sup> Street. In the Bronx, 516 Bergen.  
18 Brooklyn Fulton Street Brooklyn and Astoria in  
19 Queens, DOT lot.

20 COUNCIL MEMBER CUMBO: Okay, we will have to  
21 further discuss this because that is in essence what  
22 the issue is. We're not able to find the \$500  
23 million and if we're talking about past projects that  
24 are already completed that should account for that  
25

\$500 million. That's still a huge discrepancy and an inability on our part to be able to talk with our constituents about where the particular funding went.

So, we'd like to meet with you. Several requests from our side to the Admin side has not granted that type of meeting for us to get that kind of clarity. So, it would be very important if you could commit to having a meeting with Metro IAF to be able to further discuss this.

MELANIE HARTZOG: We can commit to following up to answer your questions as well as show you where the actual \$500 million is within HPD's Budget and we can work with Council Finance as well.

COUNCIL MEMBER CUMBO: In a meeting.

MELANIE HARTZOG: We can commit to getting you that in writing, as you requested, as I said I would.

COUNCIL MEMBER CUMBO: But not in a meeting?

MELANIE HARTZOG: I'm giving you the information that you asked for.

COUNCIL MEMBER CUMBO: I hear what you're saying but respectfully, when we're calling to ask for a meeting to get information, it's important that we have the ability to have open lines of communication so that we can share this information if I have

1 further questions to be able to look someone in the  
2 eye, to be able to pull that information and to get  
3 further information.  
4

5 MELANIE HARTZOG: We most certainly have open  
6 lines of communication and we're having that now. I  
7 want to make sure that we are responding in writing  
8 to you around what your question are and you  
9 concerns, I think that's the best way to do that and  
10 then we can follow up and see if there is a meeting  
11 that needs to happen to further clarify. But I want  
12 to make sure we get you answers in writing.

13 COUNCIL MEMBER CUMBO: Alright, we're at the same  
14 place, but we'll look forward to that information.

15 CHAIRPERSON DROMM: Council Member Grodenchik.

16 COUNCIL MEMBER GRODENCHIK: You sure? Good  
17 afternoon Director. I was going to talk about parks,  
18 but I'm a little tired today, but I do want to note  
19 that the percentage of funding for parks in the  
20 overall budget is down below .6 percent and while I  
21 think the Mayor has been fairly good to parks, we are  
22 spending, we are going to spend probably \$5 billion  
23 in the next ten years on capital for parks which is a  
24 wonderful thing. But we are not making the  
25 commensurate investments on the expense side. So, I

want to just put that out there as you go forward,  
and you will be hearing more from us I'm sure.

The last time you were here, it's always good to see you. I asked about the new correctional facilities. There are going to be four of them built in all the boroughs except for Staten Island and they were certified on Monday and we don't have a number about what this is going to cost and we're going to have to vote on this sometime in the fall, the Council working with the Mayor and I think it's fair for us to know exactly what we're buying for our money because we really don't know what we're buying right now other than kind of a thought of a jail somewhere. Well, we know where they are probably going.

So, do you know, I don't think you have an answer yet because I asked this morning Commissioner Grillo and I have long term working relationship with her and they said there was some initial planning money in. But, do you know when we might have an answer on this? Will we have it before adoption of the budget?

MELANIE HARTZOG: I think that is most certainly the goal that we're trying to work towards. I think some as you know, with the actual number of different

proposals that are currently in Albany around bail reform. That could have significant impact on the planning for the borough-based jails.

COUNCIL MEMBER GRODENCHIK: Are you suggesting they might be smaller?

MELANIE HARTZOG: Correct.

COUNCIL MEMBER GRODENCHIK: Okay, so do you have even a ballpark figure?

MELANIE HARTZOG: I don't at this time, and I think there is so much still in play around what those bills, the Governors proposal, interpretation of danger, what that means. That it would be you know, kind of giving you numbers that you cant make sense of because there is so much happening on a day to day, hour to hour basis in Albany.

I think that we are continuing to be hopeful that it will actually be part of the enacted budget and if that's the case, then we will have some clarity on how to move forward on that front and what the impact is for the borough-based jail plan.

COUNCIL MEMBER GRODENCHIK: Because it's going to be touch for us to vote on this without numbers. I mean, I know that you understand that, and I just wanted to put it out there today.

With that, I'm going to yield the remaining 2:24 of my time. I was going to tell a joke but maybe next time.

CHAIRPERSON DROMM: Thank you for your generosity Council Member. I also want to thank you for your generous time and for coming in and answering all the questions. We look forward to continuing to work with you and again, thank you for being with us.

MELANIE HARTZOG: Thank you Chair.

CHAIRPERSON DROMM: We are going to take a little five-minute break and then we're going to start with the public portion.

CLERK: And if everyone could please find their seats, we are going to reconvene in just a moment. Once again, find seats we are now at the public portion of the Finance Capital Budget hearing. So, once again, find a seat. Private conversations please take it outside. Thank you.

CHAIRPERSON DROMM: Okay, good afternoon. We will now begin the public portion of our hearing. As a reminder for members of the public who wish to testify, please fill out a witness slip with the Sergeant at Arms. Additionally, the witness panels will be arranged by topic, so please indicate the



topic of your testimony on the witness slip. If you have written testimony please be sure to give the testimony to the Sergeant at Arms, when your name is called to testify.

We will now call up our first panel and I'm proud to say that it will be Henry Garrido, the Executive Director of DC37. Welcome Henry.

HENRY GARRIDO: Let me know when you would like --

CHAIRPERSON DROMM: Whenever you are ready is good.

HENRY GARRIDO: Good afternoon, Mr. Chairman and members of the Committee. So good to see you today. I am Henry Garrido, I am the Executive Director of District Council 37, representing 125,000 municipal workers and 60,000 retirees. Mr. Chairman for the sake of time, I am not going to go through my testimony, but I want to highlight some of the most salient points as we move forward with your testimony. It has been a long day and we want to make the rest of the day very productive, so for the sake of us, I'm here with Jeremy John, Director of Political Action director for DC 37.

I want to concentrate and highlight the impact of the testimony in three specific areas. One is we are

1  
2 proposing today in highlighting a set of renewal of  
3 when we did the white papers on Revenue Generating or  
4 Revenue Capturing Ideas. Some of those ideas are not  
5 new, but they are worth reissuing them because of the  
6 issues about ten years ago and we need to renew given  
7 what is happening with the federal government and the  
8 impact on the budget.

9       So, I want to talk about some of those and some  
10 of those actually are new that we want to have a  
11 conversation about.

12       The first idea that we talked about is the idea  
13 of capturing revenue. And in District Council 37  
14 since maintained that the city is doing a disservice  
15 by not capturing the revenue should in term of  
16 collecting revenue from cell phone towers, from  
17 billboards and from other properties that have not  
18 been captured of new construction and that we believe  
19 is directly tied to the decline of city workers who  
20 are now revenue capturing. And at the last audit by  
21 the Comptroller of the State of New York in 2016, a  
22 reporter issued that 82 percent of the city's  
23 billboards are now being reported.

24       The city has a system where real property income  
25 and expense reports are expected to be filed by the

property owners. It is an owner system that doesn't work. If you compare the number of billboards and cell phone towers for that matter to those that fall in terms of the Department of Building permits, there is a vast discrepancy between those who are reported in our tax rolls and those who are actually inexistence to have permits to.

So, we believe that there is an opportunity to capture them. For the record, the entire city of New York has one individual, a DC 37 member who is responsible for capture revenue for billboards. We think that's a ridiculous proposition. Now, we're not proposing the increase of **[inaudible 7:29:31]** in those areas for the Mayor case of increase in Union Roll, we believe that there is some serious revenue that could be captured as a result of it and some of them are in property that were formally owned by the Department of Transit, the MTA and some are existing in areas that we should be working very closely to capture, particularly on central towers which go up all the time. So, that's the first thing. Those are not new ideas, but we think that if doing more, back in 2010 and I testified at this very hearing. We have less assessor today than we had in 2010 and we

believe that this is a mistake and we should be collecting this revenue across the board.

The second one, which is a new idea that I'm sure you hear a little bit later from some of our local 1757 is the idea of collecting revenue for fiberoptic cable.

In December 2018, to be precise there was a court ruling in the New York State Court of Appeals which rule that in fact fiberoptic cables installations are to be taxed. We are capable of taxing and the city is not doing it. It's a prime example right, we had this discussion about Google coming into New York. Now, there was a lot of discussions about Amazon, very little discussions about Google but Google did come into New York City and one of the attractiveness of that is the number of fiberoptic cables underneath where the **[inaudible 7:31:44]** across the Chelsea Market is. So, if there are entities that are benefit for the hundreds of million and millions of dollars that are there in the fiber optics, we should be taxing those, and we should be capturing that revenue. So, before we turn to the city as expenditure problem and begin to start cutting critical services like cutting libraries and reducing

1 parks and trying to cut into childcare and daycare  
2 centers. We believe that there is an opportunity to  
3 capture that. We have put together a list, we would  
4 like to distribute that to you Mr. Chairman for your  
5 consideration. We'd like to share the same list for  
6 the City of New York. We believe that there is  
7 revenue to be captured.

8  
9 The second area that I wanted to briefly talk to  
10 is on the issue of renewable investment, which is a  
11 very big priority for our union.

12 I sit as a pension trustee in the New York City  
13 Retirement systems and as such was one of the main  
14 leaders and sponsors of divest and from fossil fuels  
15 and to reinvesting what is now \$4.2 billion of our  
16 pension money into green renewable energy. The way  
17 the city is approaching this renewable energy,  
18 unfortunately to us there are some serious concerns.  
19 One of which is obviously is the way that the  
20 implementation for a solar panel and wind energy is  
21 being done here in New York.

22 There is solar wind offshore when coming into New  
23 York. There is an RFP out, the state has all of the  
24 pieces together and I want to thank Councilwoman  
25 Venessa Gibson for the work that she did in reaching

1  
2 out, but I want to take a moment to talk about one  
3 piece which we are in complete support of and that  
4 is, Council Member Costa Constantinides legislation,  
5 bill 1253 has been in legislation. We are in full  
6 support of that and we think more of that should  
7 happen.

8 But I want to make the point that one of the  
9 concerns we had in the previously installed  
10 legislation similar to this is that if you expect the  
11 private sector to police itself in terms of energy  
12 renewal, that is not a good proposition. We believe  
13 there has to be a component of city government that  
14 should be enforcing the rules, just like you have  
15 Department of Building fines. Just like you have all  
16 of these other departments enforcing the rules. The  
17 current plan the Mayor has which is DCSAS does not  
18 call for that. It does not call for the Department  
19 of Building. So, we are looking forward to working  
20 with the Council in instituted and implemented in  
21 that because we think if our money and our pension is  
22 going to be in it, invested into it is good and a  
23 political process we should be there.

24 And lastly, I want to talk about investment into  
25 city service. We've heard a lot about the role of

1 public hospitals, city hospitals as far as safety net  
2 and the fact that the federal government continues to  
3 cut funding for the uninsured and the disproportion  
4 of healthcare which happens all the time and then  
5 we're hearing, although there is good progress in  
6 terms of the Medicaid cuts for the state.  
7

8 We would like to see the City Council to invest  
9 more into the public hospital systems and we applaud  
10 the Mayor for attempting to create a health insurance  
11 that covers \$600,000 uninsured but I don't think  
12 people realize the tremendous work that has been to  
13 turn around the finances in the public hospital  
14 system. The question then is, what is the role of  
15 the City Council in funding and also in the decision-  
16 making process. I believe one of the concerns that I  
17 have is that the Council has been left out of the  
18 decision making process implementing some very good  
19 ideas worthwhile but we would like to see more robust  
20 conversations about public hospitals that are clear,  
21 critically in some of the Council Members districts  
22 like Metropolitan Hospitals that needs reconversion  
23 and we look forward to being part of that discussion  
24 with you Mr. Chairman.  
25

1  
2 We are renewing our request for funding for  
3 investment in public libraries. We are requesting  
4 \$35 million this year for maintaining the progress we  
5 made when we baselined the funding because of  
6 increased expenses. Of course, you heard earlier  
7 today a request for funding for public parks and the  
8 fact that the parks are woefully underfunded. We are  
9 asking this year for the Council — there is such a  
10 meager investment by the city in terms of public  
11 parks and such a great value for New Yorkers. We  
12 would like the Council to do that.

13 We renew our request for investing in education.  
14 Whether it is substance abuse counselors or  
15 redesigning cafeteria. The summer is about to start  
16 and last year, we had a number of instances where  
17 workers were literally fainting on the job, because  
18 the heat was so strenuous, that we were afraid that  
19 people were literally going to drop dead.

20 No one who shows up for work, dedicate themselves  
21 to feed the children of New York should be subjected  
22 to the kind of grueling temperatures that we saw last  
23 year and the year before and only likely to increase  
24 this year.  
25



Lastly, I'm submitting my testimony, I will just say one question about, a lot of discussion have been done about the increasing size of the city's workforce. As of somehow it is directly related to the city's new financial challenges.

Let me remind the Council and all of us that a lot of that workforce increases are directly related to the very good progressive ideas that we made. Some of which we heard here today, universal PK and

3K, increase the headcount. The reduced fair as an example of that. So, if we are going to be a real truly progressive city which is a shining example of cities across the country, we can't be bringing other new programs without recognizing that we have a population increase of nearly a million New Yorkers which are now New Yorkers are coming in that if you can make the city the robust city in terms of services for tourism, which is a major increase on revenue, that you cannot do that by having a workforce that is dilapidated and cannot deliver services because in the end, people will leave.

So, I want to thank you for your work, thank you for your leadership and look forward to working with you during this difficult budget process. Thank you.

CHAIRPERSON DROMM: Thank you very much and let me just start off by saying a number of your priorities are our priorities and it's unfortunate in a number of circumstances. We continually have to fight to get those services put back into the budget, thinking of parks employees and whether or not they are even going to know whether they have a job in the summer or not. You know, these are issues that we've had to fight in the past. I heard your testimony

about the billboards, but how many billboards are there, do you know?

HENRY GARRIDO: So, the answer is we don't know, but we have an assessment right. So, there is a number of billboards that are registered by borough. They have to be registered. We can only know those who are reported on the RPIE report. There are a lot of billboards that we found that are not even registered. For instance, if you drive towards the airport in Queens, towards Long Island, before that, personally I had a physical inspection, many of those billboards along the Bell Parkway on the way out from Brooklyn and Queens are not even registered.

So, we estimate that currently with the State Comptroller 82 percent of them are now being assessed.

CHAIRPERSON DROMM: So, I thought when I was early on in my ten year in the Council that there was legislation that outlawed some of those billboards.

HENRY GARRIDO: There was a number of legislation. There is a number of also litigations after that. For instance, there was a question about whether in fact you had the ability to tax billboards that were attached to an MTA property or transit

property as you are going into **[inaudible 7:44:46]**.

And I'm sure that some additional information can be provided by the 1707 but at that time there was already a ruling that allow for the collection of that. There are questions about billboards that are attached to NYCHA and to other properties that are property exempt and when in fact they are exempt themselves.

We believe that if the city were to invest in having really tracking the existing billboards and tax them appropriately, it's not a new tax. Your simply collecting and some of these board bring in revenue of over 100,000 a month and the fact that they are not being taxed is just a waste that we should be collecting at this time.

The same thing happens with cell phone antennas. With the telecommunications, they are all over the place. They come up like mushrooms and they start, the same analogy exists. In there, the only difference there is that because there are communication issues because you have to register cell phone antennas for the purpose of emergency operations, the data for antennas is far better than it is for billboards.

So, instead of the exemptions of nonprofit, we should really invest in collecting that revenue. And one way to do it is to have just like the state is looking at a revenue plan, the city should have its own revenue plan and in both capturing existing revenue that is losing.

COUNCIL MEMBER ROSENTHAL: Thank you Chair and thank you so much for testifying and coming in today. I won't keep you. I was actually just speaking with a revenue analyst to see what we could do around some of these ideas. I really appreciate you bringing

1  
2 them in and absolutely, we're going to pursue them,  
3 and I would also like to double down on what the  
4 Chair said about making sure that our workers are  
5 getting their jobs, we're filling vacancies, so we  
6 can actually serve the City of New York. So, thank  
7 you so much for coming in.

8 HENRY GARRIDO: I appreciate it. There is a bit  
9 of a vicious cycle here when revenue goes down  
10 because of one way or another. Immediately we ask  
11 for efficiency. We issue hiring freezes, we issue  
12 headcount reduction, PEGs, right, which we have now.  
13 You don't reduce revenue producing titles;  
14 unfortunately, that's what's happening.

15 We have over 1 million parcels in the City of New  
16 York. We have about 110 assessors. That is a  
17 ridiculous proposition. If you look at Nassau  
18 County, you look at New Jersey, you look at the  
19 counties up state, the ratio of property and the  
20 value in a place like Manhattan and New York as it  
21 applies to tax class 2 buildings, it's just  
22 ridiculous and we think the city will be better  
23 served to do the opposite. Instead of cutting and  
24 reducing if you were to increase these titles, your  
25

revenue that you will capture would be many, many times over.

So, in this particular area, we're against any hiring freeze for that purpose. So, thank you.

COUNCIL MEMBER ROSENTHAL: Thank you I'm actually just jotting down that idea as well, thank you.

CHAIRPERSON DROMM: Okay, very good. Great suggestions, a lot to digest there. We thank you for coming in and we look forward to continuing to work with you as we move down the path to negotiating a budget.

HENRY GARRIDO: Thank you Mr. Chair. Thank you everybody.

CHAIRPERSON DROMM: Okay, our next panel Ralph Palladino 2<sup>nd</sup> Vice President, Local 1549 DC 37, Maria Policarpo President, Local 1757 DC 37, the assessors. Reyna Tellez and Ligia Gualpa Worker' Justice Project and Winn Periyasamy from Federation of Protestant Welfare Agencies and Shane Correia Center for Court Innovation.

Alright, we're missing some people, so I'm just going to -- I know Ralph is here. Is Maria here? Okay, Reyna? No, Winn? And Shane? No, okay. Shane

Correia, nope. Okay, Greg Waltman and Julia Duranti-Martinez New Economy Project.

Op, we will get a chair. Okay Ralph, would you like to start first.

RALPH PALLADINO: Good afternoon Chairs. Ralph Palladino Clerical Administrative Employees Local 1549. I'm back again and unfortunately with the reduced budget and also the freeze that's on. I have to say that in the HRA Human Resource Administration, the public is not going to be serviced properly. People are going to be waiting for SNAP and Medicaid as they do already online and also on the phones because our members on tips take the information and give it to the eligibility specialist. And we know that there has been 400 positions attrited in four years in HRA. If that continues, the lines are going to continue. If you don't hire the HRA eligibility specialists, no matter what you do the lines will continue.

Hopefully, you will be supporting New York City Care. That Initiative is important for hospitals. The Interpreter Title is vital for the new immigrants and also the expanding services in the city. Face to Face interpretation is the way to go.



On the revenue areas 91 surcharge, 42 percent of \$189 million is sitting in the state being used for other purposes and nobody in New York City accept Local 1549 is asking the state to pay that money to the city and enhance 911. It's a shame.

Understood civilianization, which is an old issue, the city could be saving \$30 million a year if they get the uniforms out of the desks. I was in One Piece Plaza today, and there are Sergeants and Captains doing clerical work. I want you to know at One Piece Plaza. Then you have an issue where the city is hiring or using higher paid managerial, non-competitive jobs at times and subverting civil service and the clerical positions and they are doing clerical work at a loss of almost \$3 million a year to the city. That's money lost. Under civilianization you can get \$300 million, \$30 million, I'm sorry.

Under 911, if you go to the state and request the proper funding, you can get part of the 42 percent of \$189 million paid last year that the FCC says they are not paying to the state. So, these re important issues but also going to Albany this week is critical. For hospitals it is life and death to get

1 funding from Albany. Medicaid rates have to raise,  
2 they're losing \$150 a visit every single time someone  
3 comes into a clinic. If you are uninsured, its \$350.  
4 How does hospital survive?  
5

6 So, I'm asking to please reach out to the state  
7 and make sure that we have proper funding and also  
8 TANF cannot be cut and that's a state issue at this  
9 point and we all know what we have to do with  
10 Washington and thank you very much and remember that  
11 the people who are on civil service lists, those  
12 police administrative aids that should be sitting  
13 there instead of officers, those eligibility  
14 specialists who should be taking care of people and  
15 there is nobody to it.

16 And management by the way, is harassing people,  
17 they are following people to the bathroom. They are  
18 timing people going to the bathroom okay, they are  
19 standing over people shouting at them and threatening  
20 them because of this budget cut that's been  
21 happening, not budget cut but reduction of staff for  
22 the eligibility specialists. It's got to stop and if  
23 there is no funding for the eligibility people, it's  
24 going to continue and we're going to have to continue  
25 to fight that as a union, but these folks on these

civil service lists and the clerical associate list, paid to be on that list and they are being subverted off that list. Okay, and they work and live in the City of New York and their mainly from communities of color and the poorest areas that need jobs.

So, we're asking that the city do the right thing and we're asking the City Councils advocacy and support on these issues. Thank you.

CHAIRPERSON DROMM: Thank you very much.

RALPH PALLADINO: Sorry for going over.

CHAIRPERSON DROMM: No, that's okay. Thank you, next please. Just hit that mic, yeah, the red light.

MARIA POLICARPO: Good afternoon Members of the City Council. My name is Maria Policarpo, I am President of Local 1757 which represents assessors and I work as an assessor in the tax commission.

I am going to speak in regard to the critical need for the hiring of more assessors as a crucial part of the Department of Finances Budget for the upcoming Fiscal Year. The gross insufficiency of these professionals in the property field division is a leading cause of uncollected revenue. Assessors are responsible for overseeing the evaluation of approximately \$1.1 million parcels within the five

1  
2 boroughs. There should be a minimum of 150 districts  
3 to properly maintain and value them. Instead, there  
4 are only 87 districts with 23 of them vacant. There  
5 are supposed to be 17 supervisors for those  
6 districts, yet 6 supervisor positions are vacant.  
7 Staffing is at a crisis level. The hiring of 80  
8 additional assessors will help to backfill the  
9 current vacancies and create smaller more manageable  
10 districts. The city continues to lose hundreds of  
11 millions of tax dollars due to the limited time an  
12 assessor is able to spend in the field for  
13 inspections of new construction or major alteration  
14 projects who file with the building department and  
15 virtually no time to pick up those who do work  
16 without permits.

17 Director positions which should be held by  
18 Administrative Assessor titles remain vacant for over  
19 a year. The Assessment Division is being run by  
20 staff analysts who have never held the title of  
21 Assessor and have no assessment or appraisal  
22 background. Some how these same staff analysts were  
23 also in charge of training newly hired assessors.

We cannot stress enough the importance of creating a dedicated training unit run by qualified and experienced assessors.

The time for this is running out and senior staff is rapidly retiring and taking their knowledge with them.

Over \$1 million has been wasted on field computers that never worked. Additional funds are now being allocated for a third useless tablet. However, simple cameras are not available. The modeling system was meant to be a tool, yet management continues in its attempt to have it take the place of the assessor. In turn, the quality of a tax roll is very poor. This is evidenced in the 56,000 and counting property tax appeals filed yearly with the tax commission. The additional liability facing New York City must be considered in the upcoming budget due to the irresponsible passing of Intro 1038 A by the Council, even though the Mayor was compelled by our argument of its detrimental nature to return the bill unsigned.

Assessors at the tax commission are taxed with determining an average of 2,000 parcels each per season and are required to complete 10 hours per week

1 for 12 weeks of mandatory overtime. This year we  
2 face the additional burden of rendering sound  
3 decisions without the benefit of certification by a  
4 CPA of income and expense statement figures on a  
5 majority of parcels heard. The additional work load  
6 this creates and the number of individuals eligible  
7 to retire in the near future calls for a line of  
8 succession to be addressed with the hiring of 20  
9 additional assessors on the tax commission.  
10

11 The impact of the shortage of assessment staff  
12 will be a loss of billions of dollars and tax revenue  
13 in the coming years alone with tremendous liability  
14 incurred if property tax appeals are not settled.

15 Local 1757 thanks you for your time and  
16 consideration and I would be happy to answer any  
17 questions.

18 CHAIRPERSON DROMM: With the Assessors, how much  
19 of a change has there been with the Assessors due to  
20 computerized systems of being able to look at  
21 property and satellite looking at properties?

22 MARIA POLICARPO: I'm sorry, say that again.

23 CHAIRPERSON DROMM: The Department of Finance has  
24 a system that is I guess by satellite that they can  
25 look at properties. And that might be one of the

1 reasons why they are not hiring assessors, because  
2 they don't need as many people to go to the field, or  
3 they may claim that they don't need it. Do you know  
4 if that's been part of the reason for the lack of the  
5 hiring of the assessors.

6  
7 MARIA POLICARPO: I can't explain why they don't  
8 hire, but I can tell you that field inspections are  
9 mandatory because we value based on usage and an  
10 exterior inspection based on one time per year is  
11 certainly not giving you an outlook on what's inside  
12 that building and I don't know about you but I don't  
13 have 3D vision to see inside a building, and there is  
14 also taxable status state. Those images are captured  
15 once per year and real estate is actively and rapidly  
16 changing. And therefore, it cannot replace field  
17 inspections by assessors who understand what the  
18 usage is.

19 CHAIRPERSON DROMM: Have you heard of cycle  
20 media?

21 MARIA POLICARPO: I have heard of cycle media and  
22 it should be a tool for the assessor, it should not  
23 replace the field inspections.

24 CHAIRPERSON DROMM: Okay, thank you.

25 MARIA POLICARPO: You are welcome.

CHAIRPERSON DROMM: Next please.

JULIA DURANTI-MARTINEZ: Good afternoon Committee Chair Dromm and Council Member and Rosenthal. My name is Julia Duranti-Martinez and I am the Community Land Trust Coordinator at New Economy Project. New Economy Project co-founded and co-convenes the New York City Community Land Initiative, which is a coalition of more than two dozen housing and social justice organizations that are advocating for Community Land Trusts to address the root causes of homelessness and displacement and as an outgrowth of this work, New Economy Project and 14 partner organizations are proposing a new citywide CLT Initiative, that would incubate and expand CLTs in all five boroughs.

CLT's are a proven mechanism to preserve vital affordable housing stock and prevent the extraction of public subsidies. A CLT is a nonprofit that owns and stewards land in the community's interest, and leases use of the land for affordable housing and other community development and CLT's issue renewable 99 year ground leases that establish resale and rental restrictions and I want to emphasize this because these terms protect public investments in



CLT's from being lost to the Market over time, which makes them a more effective use of public funding than conventional affordability projects of 15, 30 or 40 years. Also, as part of their commitment to permanent affordability, community led development and stewardship, CLT's engage in ongoing community organizing and provide essential education outreach and support to their lease holders.

These activities make them important partners with city agencies in implementing affordable housing goals and broader equitable community development.

The CLT model has sparked a citywide movement that has achieved tremendous gains in recent years. And some examples include passage of the City's first local law defining and entering CLTs into the administrative code; increased HPD support; expanded training and technical assistance networks; and investment of New York State Attorney General settlement funds and local CLTs. More than a dozen community-based organizations from the northwest Bronx to Brownsville are now working to develop local leadership; deepen community partnerships; organize tenants and homeowners and identify properties suitable for their CLTs.

The proposed citywide CLT initiative for Fiscal Year 2020 will allow groups to build upon this exciting progress at a critical moment of opportunity. The initiative will support essential CLT community; education; and organizing board; and member training; and other startup costs; build capacity through legal, financial, and technical assistance; and promote coordination among CLTs so they reach a sustainable scale. We ask the Committee to include the CLT initiative in its budget recommendations for 2020.

Thank for the opportunity to testify.

CHAIRPERSON DROMM: Okay, thank you very much. Next please.

WINN PERIYASAMY: Hi Council Members. Thank you so much for this opportunity. My name is Winn Periyasamy and I am a Health Policy Analyst at FPWA. We are a membership organization of 170 faith-based and human service providers working on the drivers of income inequality and reaching 1.5 million New Yorkers per year through our membership.

Towards the goal of building a city of equal opportunity, we'd like to talk about three main points. One, we believe in funding the Day Laborer

1 Workforce Initiative to and enhancement to \$3.6  
2 million in FY 2020. This initiative provides New  
3 York's most vulnerable workers, Day Laborers, with  
4 safer employment options and workforce development  
5 opportunities. This would bring this opportunity to  
6 a new center in the Bronx as well as increasing the  
7 capacity of the other five centers throughout the  
8 city.  
9

10 We also are promoting the restoration of funding  
11 for access health NYC to \$2.5 million and funding the  
12 CBO's, about 30 CBO's across the city. On the ideas  
13 and education to reach hard to reach and underserved  
14 populations and make them know their rights and  
15 access to coverage and to healthcare.

16 And finally, nonprofits help keep our community  
17 strong and to this point we are encouraging the City  
18 Council to support funding of \$250 million to fill  
19 the gap between providers, their indirect cost and  
20 contract reimbursement rates. We're asking for this  
21 to be included in budget response to the Mayor's  
22 Executive Budget.

23 Thank you so much for your time.

24 CHAIRPERSON DROMM: Thank you, the Bronx doesn't  
25 have a Day Laborer Center?

WINN PERIYASAMY: It doesn't have one currently. Just from cuts to my knowledge, or like funding capacity to my knowledge. This isn't my initiative that I work on, but this would bring, we have a partner, I believe it's Catholic Charities, but I can get back to you with that information. That would be their position to be able to start doing this work and create a full center in the Bronx.

CHAIRPERSON DROMM: Okay, thank you. Next please.

GREG WALTMAN: Good afternoon, Councilman, Councilwoman. Greg Waltman. I represent Clean Energy Company G1 Quantum. I was interested in hearing the debate I believe between Council Member Cumbo and the OMB and I was wondering if the Council could clarify an issue. Is that related to yesterday's inquiry with the First Lady? The budgetary concerns of the \$500 million.

CHAIRPERSON DROMM: Which Council Member?

GREG WALTMAN: Cumbo, so those are separate issues?

CHAIRPERSON DROMM: Yeah, I think she's talking about housing and then the other one was about

Thrive, which yesterday's hearing was on mental health issues.

GREG WALTMAN: Yeah, I know Thrive New York City and I was just wondering if those were interrelated budgetary issues?

CHAIRPERSON DROMM: I don't think so no.

GREG WALTMAN: Okay, well, I just wanted to bring to the Councils attention that solution I've discussed Quantum tracks, I would like to discuss Quantum Border wall solution where if you put solar panels on the border wall of 2,000 miles. Now, some people wouldn't agree that the border wall should be there or it shouldn't exist, but if it's going to be there, you might as well put solar panels on the border wall and at 2,000 miles at ten feet on the southern side, you can create some 242 trillion kilowatt hours of energy or \$291 billion of energy per year.

So, parsing through the value essentially zero some budgetary concerns, not only on a federal capacity but a local capacity where contracts delegated or related to that or delegated through New York could be quite lucrative in offsetting different types of budgetary concerns. I would just like to

bring that to the Councils attention that merit-based negotiations could be formulated around solar reapplication and being able to create the type of bipartisan reciprocal type of approach that actually gets things done. Thank you.

CHAIRPERSON DROMM: Okay, thank you and interesting proposition and we appreciate it. Thank you very much. Thank you to this panel for coming in.

Okay, our next panel is Tasfia Rahman from the Coalition for Asian American Children and Families. Aya Tasaki from Woman Kind 15% and Growing. Ying Yu Situ from MinKwon 15% and Growing. Rachael Aicher from Arab American Family Support Center and 15% and Growing. Diya Basu-sen from Sapna NYC. Alexander Kim, Youth Leader from MinKwon.

Okay, great, would you like to start?

TASFIA RAHMAN: Good afternoon Council Member.

CHAIRPERSON DROMM: Good afternoon.

TASFIA RAHMAN: And Council Member Gibson, thank you so much for the opportunity to testify here today. My name is Tasfia Rahman and I am a Policy Coordinator at the Coalition for Asian American Children and Families CACF.

Since 1986, CACF is the nation's only pan-Asian children and families' advocacy organization and leads to fight for improved and equitable policies, system, funding, and services to support those in need. CACF also lead the 15% and Growing Campaign, a group of over 45 Asian led and serving organizations that work together to ensure that New York city's budget protects the most vulnerable APA New Yorkers.

So, I have a list of a number of budget priorities, but I just want to highlight the first one actually.

So, we understand that the city is facing budget cuts at the state level and financial uncertainty at the federal level. However, we also know that APA communities are facing increasing challenges to all aspects of their lives including their health and nutrition, economic and housing security, and educational opportunities. We make the following asks to better protect the survival and well-being of our communities, including the heavily immigrant APA community. So, for the one that I want to highlight is to increase funding and provide oversight in the \$60 million in annual bridge program funding promised

by the Administration and their 2014 career pathways plan.

While current City investment in Bridge Programming focuses on skills building and career pathway development, it does not consider population-based needs. Immigrants comprise 47% of the workforce in NYC and an estimated 1.7 million New Yorkers are LEP. Jobseekers with limited or no English proficiency do not meet the requirements for intermediate or advanced proficiency are often excluded from current Bridge Programs. Therefore, we urge that a significant portion of that funding be used to fund an innovative pilot Immigrant Workforce Development Initiative with a focus on integrating pre-literacy and basic ESOL classes with vocational ESOL, digital literacy, skills training and student support services.

Thank you so much.

CHAIRPERSON DROMM: Thank you very much. It was good to meet with you also and with the city's priorities. Thanks. Next please.

RACHEL AICHER: Sure. Thank you to the Committee on Finance and the entire New York City Council for inviting community-based organizations to come in on



1 budget proposals for Fiscal Year 2020. My name is  
2 Rachel Aicher, Development Officer at the Arab-  
3 American Family Support Center and I am honored to  
4 testify here today on behalf of immigrant and refugee  
5 families throughout New York City.  
6

7 At the AAFSC we strengthened immigrant and  
8 refugee families since 1994. Among a range of impact  
9 measures this last year, AAFSC's trauma informed  
10 home-based services kept 830 children from 329  
11 families safely in their homes and out of foster  
12 care. We assisted over 1200 survivors of gender-  
13 based violence at Family Justice Centers across the  
14 city and we also launched a new Mental Health  
15 Initiative to address the heightened risk of  
16 depression and anxiety immigrants face in this  
17 atmosphere of uncertainty and hostility.

18 With 25 years of experience, we have special  
19 expertise serving New York's growing Arab, Middle  
20 Eastern, Muslim, and South Asian populations and our  
21 staff speak 18 language and reach underserved groups.

22 So, we understand the needs of immigrant  
23 community members and we recognize the City Council  
24 is committed to their health and wellbeing. So, for  
25 Fiscal Year 2020, AAFSC respectfully requests: First

increasing the Adult Literacy Initiative to \$12 million for community-based organizations. To give immigrants struggling to communicate the skills they need to adapt and contribute.

Second, continued, full funding for City Council Initiatives that provide life-saving and transformative services for immigrant communities including the Domestic Violence and Empowerment Initiative; the Initiative for Immigrant Survivors of Domestic Violence; Access Health NYC; Access to Health Food and Nutritional Education; the Step in and Stop it Initiative to address bystander intervention; and the Young Women's Leadership Development Initiative.

To just to wrap up, we also are interested in seeing the Council support expanded eligibility for the communities of color nonprofit stabilization fund to include all service organization regardless of size and we would ask for robust funding of Census outreach to ensure participation from traditionally hard to reach immigrant communities.

Immigrants are 37% of the city's population and an undercount risks further reducing resources

allocated to our neighborhoods, our city, and our state.

Thank you.

CHAIRPERSON DROMM: And our Speaker was advocating for additional funding for the Census earlier today and isn't it ridiculous that we have to fight for the Adult Literacy every year, year after year. So, unbelievable.

RACHEL AICHER: Thank you for fighting for it though. Thank so much.

CHAIRPERSON DROMM: Oh, thank you. Alright, next please.

DIYA BASU-SEN: Good afternoon. I am Diya Basu-Sen, Director of Sapna NYC. Thank you for this opportunity to testify. Sapna NYC is a nonprofit organization that works with South Asian immigrant women to improve health, expand economic opportunities, create social networks, and build a collective voice for change. To date, we are one of the very few organizations addressing health issues in this fast-growing high need South Asian immigrant community in New York City working in the Bronx and Queens and the only CBO based in the Bronx providing culturally and linguistically competent social

services, empowerment programming and health education for this population.

We recognize that many of the Council Members have supported APA organizations in their districts and are thankful for their support. However, city investment in the APA communities is still not where it needs to be. We make up 15% of the population but our funding falls woefully short of that. We are calling on the City Council today to do more and to recognize that investing in these CBOs that serve the APA communities is really the most effective way to meet a rising need that city agencies are simply not yet equipped to meet.

CBOs like Sapna are uniquely equipped to serve APA immigrant communities. We are born out of the communities we serve and therefore are some of the most effective service providers, having a deep connection to the needs and experiences of our clients.

These CBOs provide services that are simply not available or accessible elsewhere. And I will leave you guys to read a little bit more about some of the specifics. But not only do we give direct services where there are none, we also help to get our

communities to services that the city is offering where there isn't always knowledge of how to access or what exists and if the city's investing in those services, it makes sense that you want people to actually utilize them.

So, thank you very much for your time today.

CHAIRPERSON DROMM: Where is Sapna in Queens?

DIYA BASU-SEN: We don't have a location in Queens. We do a child health program that's a home visit-based program and we do workshops kind of in different areas.

CHAIRPERSON DROMM: Within the borough?

DIYA BASU-SEN: Yes.

CHAIRPERSON DROMM: Okay, thank you.

DIYA BASU-SEN: No problem.

CHAIRPERSON DROMM: Much needed. Thank you.

Next please.

YING YU SITU: Good afternoon. Thank you, Council Members, for allowing us to testify today. My name is Ying Yu Situ and I am the Advocacy and Organizing Coordinator at the MinKwon Center for Community Action. We are based in Flushing Queens which has some of the highest population of foreign-born folks and we are social services and immigration

advocacy nonprofit that serves the working class Asian American often times an undocumented community.

So, I wanted to key in on two pieces within the 2020 budget priorities within 15% and Growing specifically immigrant services and housing in economic security.

So, more specifically we're asking that \$2.6 million are restored to the immigrant opportunities initiative which would provide legal services for folks to naturalize, receive legal assistance related to their citizenship applications. Last year, we serviced over 600 clients who came in with questions often times relating to things like Green Card fraud because they were targeted not understanding the immigration system. They are often targeted by folks who spoke the language and they didn't know English and applied for these false green cards that would then jeopardize like their future applications for citizenship.

So, stuff like this comes in all the time. This money would allow like community organizations like us to disseminate like truthful information in language and provide services in language so that this doesn't happen.

1  
2 In terms of the housing economic security piece,  
3 we all know that affordable housing is a huge issue  
4 all across the city increasingly more and more  
5 tenants are coming in with issues related to  
6 eviction, landlords who prey on the them because they  
7 don't speak English.

8 We have such a high rate of poverty in our  
9 community that many folks struggle to make rent and  
10 have to apply for emergency relief or SCRIE funding.  
11 So, this money would support us in continuing to do  
12 this work pro bono as these cases can drag on  
13 sometimes over years or they need very immediate  
14 relief as well as provide things like Know Your  
15 Rights Training, tenant supports so that they can  
16 advocate on their own behalf and one more piece that  
17 I would like to ask about affordable housing being  
18 built within Queens because we organize senior  
19 tenants and many of them have been either applying  
20 for eight years, still haven't heard anything on  
21 senior housing.

22 The few who have received it, ended up moving to  
23 places as far away as Yonkers, meaning that they lose  
24 their community, they lose their networks, they lose  
25 their families. So, it's a question of why is there

like no like truly affordable housing being built within our neighborhoods and our boroughs.

So, just to close it out. New York City is a sanctuary City and we hope that the budget can reflect that, and we thank you for your continued advocacy.

CHAIRPERSON DROMM: Yeah, when I look at Flushing, I see all the new development that's going up there and I wonder how much of it is affordable. I don't think much of it at all actually is.

YING YU SITU: Absolutely not.

CHAIRPERSON DROMM: Right exactly and I'm going to have to challenge you about having the district with the highest number of immigrants. Mine is 68 percent recent immigrants.

YING YU SITU: Okay, sorry about that but either way, it's great.

CHAIRPERSON DROMM: It's a good thing, thank you. Next please.

ALEXANDER KIM: Good afternoon Council Members. My name is Alexander Kim and I will also be talking about literacy.

I'm actually a senior at Egregious High School and currently live in Queens. I work with MinKwon



Center just as Ying does and along with other people, I am asking for \$6 million to be allocated towards the Adult Literacy Initiative. Literacy is one of the most important human rights and should not be treated as a privilege. About 18 percent of New York City residents do not speak English proficiently and the need is greatest in the boroughs of Queens, Bronx, and Brooklyn.

Where 24 to 28 percent of the population cannot speak English proficiently. The most limited English proficiency individuals are immigrants. Nearly 19 percent which is about 4.7 million people across the U.S. were born in the U.S. mostly to immigrant parents.

Of those who a Literacy education in New York City, only about 40,000 or 3 percent are actually receiving it. Literacy in the English language is one of the few ways to succeed in the U.S., not only in the workplace but also to get through interviews, read important forms, fill them out, answer calls, etc. The Literacy Initiative not only helps with reading but also writing and speaking.

Personally, I have friends and many families who often fill out forms for their parents or have to

1  
2 interpret essential government forms in order for the  
3 family to correctly fill them out. One of them  
4 recently seek for example the renewal of their  
5 families Green Card as a college student because  
6 their parents were not proficient in English even  
7 though the parents may have a better understanding of  
8 how to get through the system.

9       Along with that, a lot of gentrifying spots  
10 throughout New York City as you may know, a lot land  
11 owners are pushing out people especially those that  
12 cannot speak English and argue on how their rent is  
13 being increased and how unfair it is and while  
14 housing issues is one example, not being able to  
15 read, write, or speak English creates a big mental  
16 stress. It means the immigrants miss out on  
17 important information that impact their lives.

18       And to conclude, I would just like to ask again  
19 for the \$6 million to be restored to the Adult  
20 Literacy Initiative. Thank you.

21       CHAIRPERSON DROMM: Yeah, we're fighting hard for  
22 the money, so you have a commitment from us here on  
23 the Council on the Council on that for sure and we're  
24 very familiar, I'm very familiar with MinKwon also.

So, thank you and thank you to the panel for coming in, we appreciate it.

Okay, our last panel is Shaaranya Pillai from India Home. I know I'm probably messing up name horrible here. Jo Ann Yoo Asian American Federation and Man Yuck Yo Academy of Medical and Public Health Services.

You can begin.

SHAARANYA PILLAI: Okay.

CHAIRPERSON DROMM: Oh, we're missing someone, I thought I called three people.

SHAARANYA PILLAI: Man Yuck isn't able to make it today.

CHAIRPERSON DROMM: Okay, okay, very good, okay.

SHAARANYA PILLAI: Okay, well thank you Finance Chair Daniel Dromm and the Committee on Finance for helping India Home provide better senior services. India Home is a nonprofit organization founded by community members to serve South Asian older adults. Mission of India Home is to provide the quality of life for older adults by providing culturally appropriate social services.

India Home has grown tremendously in the last year to fulfill our mission to serve South Asian older

adults with culturally appropriate social services.

At the AC Senior Center in Jamaica we attract on average 100 seniors daily who would otherwise be socially isolated during the daytime.

We have started our community mental health program and in addition to these exciting new steps, we are continuing our programs in collaboration with existing senior centers once a week in different locations such as at Sunnyside Community Services and Queens Community House. In total we serve over 250 seniors a week. We plan to continue to lay roots in Council Districts 23, 24, 25, 26, 28 and 29 to provide targeted and much needed senior services to South Asian older adults.

We must not that despite our continued advocacy, grassroots community led programs such as India Home have only minimally received the benefits of the baseline budget increase. India Home and other immigrant led organizations that serve seniors fill a critical gap in serving an intersectionally vulnerable population. Those who are immigrants have low English proficiency and have low income. We are laying the foundation for services that will only be more in demand in the coming years. Every week, we

1  
2 receive a multitude of phone calls and inquiries on  
3 behalf of senior who are looking to attend our  
4 centers and receive our services.

5 The City Council has been an invaluable partner  
6 in our efforts to provide these critical services to  
7 immigrant older adults. However, community resources  
8 are running very thin.

9 India Home tries to address the growing needs of  
10 senior center services which include congregate meal  
11 programs, case management, health and wellness  
12 programs and various one on one services. Each day  
13 we see our congregate meal programs filled to  
14 capacity. We try to address the growing need for all  
15 these services however, we are in need of more  
16 expense funding to better serve the growing aging  
17 community and we ask for \$1 million from the budget  
18 for expense funding to support our senior center  
19 services.

20 And in addition to the expense funding, we  
21 request \$1.995 million in capital funding for the  
22 acquisition of an 8,000 square foot independent  
23 building in Queens village to meet the critical need  
24 of senior services to aging South Asian.  
25

Our plan for this permanent location is to cover three main functions. Program space for senior center and adult program, office space, and the creation of a commercial kitchen in preparation for healthy culturally appropriate congregate meals.

We request your continued and increased expense in capital support to help India Home better serve the South Asian senior community. Thank you.

CHAIRPERSON DROMM: Thank you. Of this \$1 million expense request, how much are you currently receiving?

SHAARANYA PILLAI: We are currently receiving around \$600,000 for this Fiscal Year.

CHAIRPERSON DROMM: So, it's about a \$400,000 increase and where are you along the road in terms of the acquisition of the property?

SHAARANYA PILLAI: With the current property for **[inaudible 8:42:23]** we are currently in works with finalizing the contract and we're hoping to have acquisition by end of this year latest.

CHAIRPERSON DROMM: Okay, thank you.

SHAARANYA PILLAI: Thank you.

TIFFANY CHENG: Good afternoon. Thank you, Chair Daniel Dromm and the Committee on Finance for this

opportunity to testify. As you might notice I'm not Jo-Ann Yoo. Jo-Ann had to attend a meeting with Jumaane Williams for his transitioning team, so I am filling in for her.

CHAIRPERSON DROMM: Jumaane always beat us out.

TIFFANY CHENG: You will have to take that up with him. My name is Tiffany Chang, I am the Advocacy and Policy Manager at AAF.

So, as you know the Asian population is the fastest growing group in New York City and now represents at least 10 percent of the population in 26 Council districts. One in four Asians lives in poverty and half have limited English ability and more than seven and ten are immigrants, and so all these factors really compound the need for culturally competent services, but unfortunately despite the rapid growth of the community only 1.4 percent of contract dollars from city social service agencies went to Asian led, Asian serving programs.

So, I believe that your familiar with our work already, but I wanted to highlight a few key issues. The first is the dire need for funding for community-based organizations to encourage participation in the upcoming 2020 Census by Asian communities. So, we

really do see this as a crisis and it's great that the Speaker and other Council Members like Council Member Menchaca and Rivera have been leading the charge on this. But AAF is the only Census information center designated by the Census Bureau that collects information particularly on the Asian American community in the northeast and recent Census Bureau studies have found that Asian Americans are the least likely to say they intend to participate.

So, we're really asking for the Councils support in making sure that the organizations that have worked for years to build up trust in these communities are given the resources to lead the charge in working at the frontlines to encourage participation.

Secondly, just to kind of double down on the request from yesterday's hearing on mental health, we really want to flag the fact that Asian American's have high needs for mental health services and resources to develop communitywide capacity.

And lastly, I just wanted to highlight that the recent Comptrollers report shows the Asian American community is bearing the brunt of immigration enforcement proceedings. 21 percent are Chinese



immigrants and 10 percent are Indian immigrants. So, we really want to stress the need for universal representation and increased support for legal services and integration services for the communities most in need.

So, thank you very much for this opportunity to testify.

CHAIRPERSON DROMM: Thank you and that's an issue I brought to the attention of NYIFUP providers as well is the ability to represent Asian communities in the deportation proceedings and how visible is Thrive in the Asian community?

TIFFANY CHENG: Well, as my colleague Ju testified yesterday, there has been very limited interaction between the Asian community and our member agencies that testified with us yesterday and the leadership at Thrive. We do have a meeting with Susan Herman scheduled for tomorrow but up until now, the interactions have been rather limited to spite how local we have been about the need to not only provide at hawk sort of top down services but also to create a truly comprehensive and integrated ecosystem that is successful in reaching hard to reach communities.

CHAIRPERSON DROMM: Yeah, I'm sorry I had to miss that portion of the hearing yesterday. I had another hearing and a meeting after that, but I did hear some of that stuff afterward. So, I would like to hear back from you about what happens after the meeting after you have it with Susan Herman.

TIFFANY CHENG: Absolutely.

CHAIRPERSON DROMM: Okay, so get back to us on that.

TIFFANY CHENG: We look forward to working with you.

CHAIRPERSON DROMM: Okay, thank you very much.

Alright, I think that's it. Nobody else wants to testify right, either that or hold your breath forever, okay. We are now finished, and this meeting is adjourned at 4:23 in the afternoon. Thank you very much. [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 1, 2018