

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON COMMITTEE ON FINANCE

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March 3, 2010  
Start: 10:15 am  
Recess: 10:40 am

HELD AT: Council Chambers  
City Hall

B E F O R E:  
DOMENIC M. RECCHIA, JR.  
Chairperson

COUNCIL MEMBERS:  
Domenic M. Recchia, Jr.  
Gale A. Brewer  
Leroy G. Comrie, Jr.  
Lewis A. Fidler  
Robert Jackson  
Darlene Mealy  
Diana Reyna  
Albert Vann  
Fernando Cabrera  
Julissa Ferreras  
Karen Koslowitz  
Jimmy Van Bramer  
Vincent Ignizio  
James S. Oddo

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

Preston Niblack  
Director of Finance Division  
New York City Council

Stuart Klein  
Deputy Director  
NYC Office of Management and Budget

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2 CHAIRPERSON RECCHIA: Good morning  
3 and welcome to today's Finance Committee hearing,  
4 the first Finance Committee hearing of 2010. My  
5 name is Domenic M. Recchia, Jr., and I am the new  
6 Finance Chair for this wonderful committee. I  
7 welcome everyone here today.

8 Before we get down to business,  
9 first I want to express my excitement about  
10 chairing this wonderful committee. Those who know  
11 me from my chairmanship of the Cultural Affairs  
12 Committee know that I'm very passionate about this  
13 wonderful city and that I put my heart into  
14 everything I do.

15 Rest assured that my chairmanship  
16 of this committee will not be any different. I  
17 plan to be an inclusive chair. I will encourage  
18 feedback and discourse between my committee  
19 members and would like to hear from anyone with  
20 ideas for this committee about what they think we  
21 should be doing or what they would like to see  
22 done.

23 Before I move forward, I would like  
24 to introduce all of the committee members that are  
25 here today. We have Mr. Cabrera from the Bronx.

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2 We have Mr. Van Bramer from Queens. We have  
3 Julissa Ferreras from Queens. We have Koslowitz  
4 from Queens. We have Diana Reyna from Brooklyn.  
5 We have Darlene Mealy from Brooklyn. We have  
6 Jimmy Oddo, the Minority Leader, from Staten  
7 Island. We have Vincent Ignizio from Staten  
8 Island.

9 Now let's get down to today's  
10 business. On our agenda today we have an expense  
11 budget modification, MN 2; a transparency  
12 resolution and three land use items. The expense  
13 budget modification reflects a number of Council  
14 initiatives that require reallocations or  
15 transfers that can only be completed upon the  
16 passage of a budget modification. MN 2 also funds  
17 several new needs outlined in the November plan  
18 released on November 16th, 2009.

19 For the benefit of the public and  
20 the new Finance members, I will briefly describe  
21 an expense budget modification and when and why we  
22 use it. The Council annually adopts the city's  
23 budget covering expenditures. A budget  
24 modification is necessary when the Mayor wishes to  
25 transfer an amount of one unit of appropriation to

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2 another. And such transfer is from an agency to  
3 another or results in any unit of appropriation  
4 being increased or decreased by the greater of 5%  
5 or \$50,000 of the amount appropriated at budget  
6 adoption.

7 The Council cannot initiate or  
8 amend an expense budget modification. This power  
9 lies solely with the Mayor. The Council, however,  
10 has approval power over all budget modifications  
11 initiated by the Mayor. The Council may  
12 disapprove such proposed action within 30 days  
13 after the first Stated Meeting of the Council  
14 following receipt of such a notice.

15 If the Council fails to approve or  
16 disapprove such proposed action within 30 days,  
17 the proposed action becomes effective and the  
18 Mayor has the authority to make such a transfer.

19 Now we will discuss the  
20 transparency resolution. We have a transparency  
21 resolution relating to the fiscal year 2007, 2008,  
22 2008 and 2010, adopted expense budgets.  
23 Specifically, the resolution before us today sets  
24 forth new designations and/or changes in the  
25 designation of certain organizations receiving

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2 local, aging and youth discretionary funding as  
3 well as designations and/or changes in the  
4 designation of certain organizations to receive  
5 funding pursuant to certain initiatives in the  
6 expense budgets of the last four fiscal years.  
7 This Reso reflects mostly technical corrections  
8 and cleanups, such as name corrections and  
9 employee identification number corrections.

10 Council Members should have the  
11 list of these new designations and changes which  
12 is attached to the resolution. Everyone can see  
13 exactly, it's all laid out for you. For  
14 clarification purposes, it is to be noted that  
15 organizations appearing in the resolutions that  
16 have not yet completed the prequalification  
17 process conducted by the Mayor's Office of  
18 Contract Services, the Council or another entity  
19 are identified in the attached charts with an  
20 asterisk.

21 Additionally, as with all  
22 transparency resolutions, Council Members will  
23 have to sign a disclosure form indicating whether  
24 or not a conflict exists with any of the groups on  
25 the attached list. If any Council Member has a

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2 potential conflict of interest with any of the  
3 organizations listed, he or she might want to  
4 disclose the conflict at the time or before their  
5 vote.

6 Now we will move on to the land use  
7 items. We have three properties that seek a  
8 property tax exemption through HPD. The first  
9 property is Myrtle News in Council Member Rose's  
10 district in Staten Island. This property which  
11 provides 34 units of rental housing for the  
12 elderly has recently been refinanced for the  
13 rehabilitation of the property. The property  
14 exemption has been applied to this property that  
15 most mirror the terms in the refinance agreement.  
16 Therefore, this property is seeking a new property  
17 tax exemption with HPD so that the refinance  
18 agreement and exemptions go together and Council  
19 Member Rose supports this project.

20 The next is Medgar Evers Houses in  
21 Council Member Vann's district and speaking of  
22 Council Member Vann, just as he walks into the  
23 room. This property, the Housing Development Fund  
24 Company seeks a 30-year property tax exemption  
25 that will allow for the rehabilitation, masonry

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2 work, new heating and electrical work for 307  
3 rental units for low income families.

4           The last land use item is the Betty  
5 Shabazz Houses in Council Member Vann's district.  
6 This property, Housing Development Fund, seeks a  
7 30-year property tax exemption for the  
8 rehabilitation, masonry work, new heating and  
9 electrical work of 157 rental units for low income  
10 families. Council Member Vann supports both  
11 projects.

12           Those are all the items on today's  
13 agenda. We will now hear from Preston Niblack,  
14 Director of the Finance Division, who will explain  
15 the budget modification in greater detail, and  
16 Stuart Klein from OMB. But before we have them  
17 speak, I'd like to recognize we've been joined by  
18 Al Vann from Brooklyn, Mr. Rivera from the Bronx  
19 and Gale Brewer from Manhattan.

20           PRESTON NIBLACK: Thank you, Mr.  
21 Chairman. I have the honor of being joined today  
22 by both the Majority Leader and the Minority  
23 Leader. As you noted, this is actually the second  
24 budget modification of fiscal year 2010, but the  
25 first budget modification for this new committee.



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2 I will just run through some of the major items  
3 with you briefly.

4           This is an expense modification  
5 which means that it is a net zero, just a transfer  
6 of funds between agencies to recognize new needs.  
7 The major new needs that are funded here are \$120  
8 million for the NYPD which was needed because  
9 actual attrition of police officers was less than  
10 was projected at the time of adoption. There are  
11 \$15 million in the Fire Department for overtime  
12 needs; \$10 million in the Department of Correction  
13 which funds both overtime and a couple of savings  
14 initiatives which have not yielded the expected  
15 savings. There is also about \$64 million that is  
16 being appropriated for CUNY to recognize new  
17 tuition revenues that have arisen mostly from  
18 higher enrollment. There are also \$13.5 million  
19 to the Board of Elections to fund special  
20 elections and other needs this year. There is  
21 also \$850,000 for the Office of the Public  
22 Advocate.

23           These new needs are funded by a  
24 reduction to the general reserve, the City's  
25 general reserve of \$183 million and by about \$40

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2 million in debt service savings that have been  
3 achieved through refinancings this year. The  
4 general reserve is appropriated at \$300 million at  
5 the beginning of each year and then is drawn down  
6 as conditions allow. Since we have seen revenues  
7 coming in at higher than projected at adoption, we  
8 are able to draw down the reserve at this point.

9           There will be a revenue  
10 modification at a later time, but this does not  
11 reflect any revenues. This is strictly actions  
12 for the most part that were in the November  
13 financial plan. There is nothing in this  
14 modification that reflects anything in the January  
15 financial plan, including any of the PEGs that the  
16 Mayor proposed as part of the 2011 Closing the Gap  
17 initiative.

18           Stuart Klein, the First Deputy  
19 Director from OMB is here if you have questions  
20 for him, or I can answer any questions you have as  
21 well.

22           CHAIRPERSON RECCHIA: Thank you,  
23 Mr. Niblack. Do any Council Members have any  
24 questions? Mr. Vann?

25           COUNCIL MEMBER VANN: This is

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2 budget neutral only because we're using money from  
3 the reserve?

4 PRESTON NIBLACK: That is correct.

5 COUNCIL MEMBER VANN: That's  
6 interesting.

7 CHAIRPERSON RECCHIA: Gale Brewer?

8 COUNCIL MEMBER BREWER: Thank you,  
9 Mr. Chair. Just quickly, I know that CUNY  
10 represents new CUNY revenues from the tuition.  
11 Can you just explain that? How does that work?

12 PRESTON NIBLACK: Essentially, the  
13 tuition revenue has to be appropriated by the city  
14 as city revenues. To get you a more detailed  
15 answer, I'd have to check. But it basically runs  
16 through the city's budget and is reflected as city  
17 revenues to increase CUNY's budget to reflect  
18 those revenues.

19 COUNCIL MEMBER BREWER: Thank you.

20 CHAIRPERSON RECCHIA: Does anyone  
21 else have any follow-up questions? Yes, Mr.  
22 Ignizio from Staten Island.

23 COUNCIL MEMBER IGNIZIO: Thank you,  
24 Mr. Chairman and welcome. I just wanted to  
25 achieve some greater clarity, Preston on what that

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2 means. If you can give me the Reader's Digest  
3 version of we are revenue neutral but we tapped  
4 into the reserve. I would request greater clarity  
5 on that point.

6 PRESTON NIBLACK: The general  
7 reserve is a fund of \$300 million that is  
8 appropriated at the beginning of each fiscal year.  
9 That amount is essentially set aside. It's a  
10 legal requirement. It's set aside to provide for  
11 any contingencies should revenues come in at lower  
12 than expected amounts, for example.

13 You may recall that in the November  
14 plan there was about \$700 million in new tax and  
15 other revenues that showed and then another  
16 additional amount that showed up, about a billion  
17 dollars, in the January plan.

18 In order to recognize and  
19 appropriate those revenues, OMB would have to  
20 submit a revenue budget modification to us, which  
21 they have not yet.

22 COUNCIL MEMBER IGNIZIO: I  
23 understand. Thank you very much. As a follow-up  
24 question, I recognize we're not doing a revenue  
25 one yet, but have you seen in your walk of life,

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2 additional revenues that came into the budget  
3 since January?

4 PRESTON NIBLACK: I'm not sure  
5 exactly what you mean by my walk of life, Council  
6 Member.

7 COUNCIL MEMBER IGNIZIO: In your  
8 role as our director. Feel free to elaborate.

9 PRESTON NIBLACK: Actually, last  
10 night we got some information regarding February  
11 personal income tax collections. We were  
12 particularly anxious to see these because we had  
13 less than expected reporting of bank bonus payouts  
14 in January. So we have been waiting to see what  
15 happened in February and March. I think that  
16 February was actually a bit disappointing from  
17 that regard. Total PIT collections were only  
18 about 2% above what they were last year, when last  
19 year was perhaps the lowest point in decades. So  
20 I think that at this point we were disappointed  
21 about the personal income tax receipts that we saw  
22 in February.

23 COUNCIL MEMBER IGNIZIO: Thank you  
24 very much. Thank you, Mr. Chairman. That is very  
25 disconcerting to those of us who will be working

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2 on a budget in the next coming months to hear  
3 that. I don't think we've seen the rest of the  
4 pain yet, so that's coming our way. Thank you  
5 very much.

6 CHAIRPERSON RECCHIA: Thank you.  
7 Before we move on to questions, I'd like to  
8 recognize Mr. Leroy Comrie from Queens who has  
9 joined us and Lou Fidler from Brooklyn and Robert  
10 Jackson from Manhattan. I recognize Lou Fidler  
11 from Brooklyn.

12 COUNCIL MEMBER FIDLER: I apologize  
13 for coming in late. If you've covered this, Mr.  
14 Niblack, I apologize for asking it again. I know  
15 the answer to the question but I think it's  
16 extraordinarily important that it be on the record  
17 as to why it is necessary when we are scraping  
18 dimes and nickels together to be advancing  
19 \$850,000 to the Office of the Public Advocate.  
20 Money that I am sure would be much better spent on  
21 after school programs that are being closed and  
22 all that other stuff. I know there is a reason  
23 for it. I would like to hear on the record and I  
24 think it should be part of the record why that's  
25 necessary.

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2 PRESTON NIBLACK: I think that I  
3 will ask Mr. Klein from OMB to come up and address  
4 that question.

5 CHAIRPERSON RECCHIA: Mr. Klein.

6 COUNCIL MEMBER FIDLER: Had I known  
7 Mr. Klein was here, I would have been delighted to  
8 pose the question directly to Mr. Klein. It is  
9 baseball season.

10 CHAIRPERSON RECCHIA: Good morning,  
11 Mr. Klein, it's a pleasure to have you here. You  
12 sit in the back and you looked too comfortable.  
13 Mr. Fidler didn't want you to be comfortable. Go  
14 ahead. Did you hear his question? Do you want  
15 him to repeat it?

16 STUART KLEIN: Yes.

17 CHAIRPERSON RECCHIA: Mr. Fidler,  
18 can you please repeat the question?

19 STUART KLEIN: No, I heard his  
20 question.

21 COUNCIL MEMBER FIDLER: And now  
22 you've had an opportunity to fully ruminate on the  
23 answer.

24 CHAIRPERSON RECCHIA: Now you don't  
25 want to answer it.

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2                   STUART KLEIN: I think when the new  
3 Public Advocate came in and saw the level of money  
4 that was left in his budget--

5                   CHAIRPERSON RECCHIA: [interposing]  
6 Is your mike on?

7                   STUART KLEIN: When the new Public  
8 Advocate took office and examined the level of  
9 funding that was in his budget, he came to us and  
10 said that it was substantially below the level  
11 that was needed to fulfill the duties of the  
12 office for the rest of the year. A decision was  
13 made to add this money to provide for the normal  
14 operations of his office, to continue them for the  
15 rest of this year.

16                   COUNCIL MEMBER FIDLER: Did he  
17 offer a reason for why it was below the level that  
18 he would need? I mean, can you tell us how much  
19 money was left in his budget?

20                   STUART KLEIN: I don't know.

21                   COUNCIL MEMBER FIDLER:  
22 Approximately?

23                   STUART KLEIN: I'm assuming that  
24 \$850,000 was to bring it up to the half year  
25 spending level that was previously there.



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2 COUNCIL MEMBER FIDLER: So let's  
3 just be clear. We're saying that the amount that  
4 was in the budget of the Public Advocate last year  
5 that was intended to provide for the needs of the  
6 office for an entire fiscal year was spent by the  
7 prior Public Advocate in half a year?

8 CHAIRPERSON RECCHIA: More or less,  
9 if you know the answer. Is there anyone here from  
10 the Public Advocate's Office? No one is here from  
11 the Public Advocate's Office.

12 COUNCIL MEMBER FIDLER: We're doing  
13 a budget mod here. I mean, frankly, I'm not  
14 looking to gift Public Advocate De Blasio  
15 \$850,000. I have been told that it was because he  
16 was left with something like \$12,000 by the prior  
17 Public Advocate, which would be a pretty  
18 incredible level of spending. I think the public  
19 has a right to know.

20 I'm sure that at a time when people  
21 question whether or not the Public Advocate's  
22 Office is worth having, that when we're about to  
23 mod almost a million dollars into that office for  
24 a half a year, I want the public to know why  
25 that's necessary.

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2 CHAIRPERSON RECCHIA: Could you  
3 answer that Mr. Klein?

4 COUNCIL MEMBER FIDLER: I thought  
5 this was a softball, Stu.

6 STUART KLEIN: I think your  
7 interpretation is correct.

8 CHAIRPERSON RECCHIA: In addition  
9 to Mr. Fidler's yes, I also heard that when he  
10 came into office he did not have adequate funding  
11 for his office to operate and he came to the  
12 Mayor. If the Public Advocate was here today, if  
13 someone from his office was here, I would have  
14 given them the opportunity to say a few words, but  
15 there is no representative from Mr. De Blasio's  
16 office here. We have other questions from other  
17 members.

18 COUNCIL MEMBER FIDLER: I just want  
19 to finish by saying that adequate funding is a  
20 subjective term. I know that all of the people  
21 who were running for Public Advocate last year at  
22 the time that we budgeted the money for the full  
23 fiscal year didn't think it was adequate funding.

24 So I want to be clear that we're  
25 not responding to that argument, that we're

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2 responding to the issue that the prior Public  
3 Advocate spent an entire year's worth of money in  
4 half a year, necessitating this \$850,000  
5 allocation, which I would have hoped could have  
6 gone to better purposes at a time when the city is  
7 absolutely strapped for money.

8 I'm not saying that Mr. De Blasio  
9 doesn't need this money now. I just want it to be  
10 clear to the public and to the editorial boards,  
11 who I'm sure will criticize every penny that we  
12 spend on borough presidents and Public Advocates  
13 that the reason that this mod which stands out  
14 like a sore thumb to me is being made today is  
15 because of the irresponsible spending that took  
16 place by the prior Public Advocate.

17 I think it's an outrage. I think  
18 it's shameful. I think that it was beyond her  
19 right to decide that because she didn't like the  
20 budget decisions that were made in a tough time  
21 last year in a tough budget that she would take  
22 the law into her own hands and spend what she  
23 deemed fit and left us with no choice but to mod  
24 \$850,000 to keep the Public Advocate's Office  
25 open. I think it's outrageous and I think the

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people should know it.

CHAIRPERSON RECCHIA: And Mr.

Fidler I think we should meet and see what we could do that puts something in place so that never happens again for future Public Advocates. So when they're leaving office that they cannot just deplete the budget. I think it's up to the City Council to look into this and to see what we can do as a City Council, a governing body of this wonderful city to prevent this from happening in the future. Mr. Leroy Comrie, I recognize the gentleman from Queens.

COUNCIL MEMBER COMRIE: Thank you,

Mr. Chair and gentleman from Brooklyn. Since you made that qualifying statement about the issue, I won't go into my full context. I think this is something we should look at in a charter revision and I hope that the City Council under your leadership, Mr. Chair, will work on this issue, because technically the Public Advocate's Office and the Controller's Office should be exempt from cuts. We should not even have to have this discussion at this point today. It's unfair that they had to deal with this issue and that we're

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having to deal with this issue in this context.

I fully agree with the statements of Council Member Fidler that one person's desire to abuse a privilege has gotten us to this point today. But the bigger issue is that we shouldn't even have to be worried about another elected official's budget at all.

I hope that we deal with that in a full context in a serious manner so that we don't have to deal with their budgets again. The District Attorney's Office, the Public Advocate's Office should not have to be at the whim of any type of budget cuts at all. I hope that we can deal with that this legislative year, but definitely also in the context if there is going to be a charter commission that that is major topic brought up in the charter commission and it's not limited to just one or two emotional topics. I hope that all of my colleagues will be working towards that end. Thank you. I just want to remark that your hair looks spectacular today.

CHAIRPERSON RECCHIA: Thank you. I just want to say that we will be introducing legislation today to address this to start the

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process. That's number one. Number two, I just want to say that the City Council has in place a mechanism to prevent any outgoing Council Member from depleting his or her monies that were assigned to them and there is a process in place and that's why it cannot happen in the City Council. Does anyone else have any questions or comments? If not, I'd like to couple all items, three land use items, one Preconsidered transparency resolution and one expense budget modification. Call the roll please.

WILLIAM MARTIN: William Martin, Committee Clerk, roll calling the Committee on Finance. Council Member Recchia?

CHAIRPERSON RECCHIA: Aye.

WILLIAM MARTIN: Rivera?

COUNCIL MEMBER RIVERA: I vote aye.

WILLIAM MARTIN: Reyna?

COUNCIL MEMBER REYNA: Aye.

WILLIAM MARTIN: Brewer?

COUNCIL MEMBER BREWER: Aye.

WILLIAM MARTIN: Comrie?

COUNCIL MEMBER COMRIE: Aye.

WILLIAM MARTIN: Fidler?

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2 COUNCIL MEMBER FIDLER: With the  
3 gravest reservations about this money into the  
4 Public Advocate's Office. I understand it's an  
5 unfortunate necessity. I vote aye.

6 WILLIAM MARTIN: Jackson?

7 COUNCIL MEMBER JACKSON: Aye.

8 WILLIAM MARTIN: Vann?

9 COUNCIL MEMBER VANN: Aye.

10 WILLIAM MARTIN: Mealy?

11 COUNCIL MEMBER MEALY: Aye.

12 WILLIAM MARTIN: Ferreras?

13 COUNCIL MEMBER FERRERAS: Aye.

14 WILLIAM MARTIN: Cabrera?

15 COUNCIL MEMBER CABRERA: Aye.

16 WILLIAM MARTIN: Koslowitz?

17 COUNCIL MEMBER KOSLOWITZ: Aye.

18 WILLIAM MARTIN: Van Bramer?

19 COUNCIL MEMBER VAN BRAMER: Aye.

20 WILLIAM MARTIN: Ignizio?

21 COUNCIL MEMBER IGNIZIO: Aye.

22 WILLIAM MARTIN: Oddo?

23 COUNCIL MEMBER ODDO: Yes. I'd just  
24 like to remind our colleagues that at 11:00 in the  
25 Minority Leader's office we have two distinguished

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2 guests from the Manhattan Institute who will be  
3 discussing tax policy. It's open to everyone.  
4 Please join us. Thank you.

5 CHAIRPERSON RECCHIA: Is it big  
6 enough?

7 COUNCIL MEMBER ODDO: We're kicking  
8 the art commission out at some point later today.  
9 We enlist support for that too.

10 WILLIAM MARTIN: By a vote of 15 in  
11 the affirmative, zero in the negative and no  
12 abstentions, all items have been adopted. Council  
13 Members, please sign the committee reports. Thank  
14 you.

15 CHAIRPERSON RECCHIA: I'd like to  
16 remind everyone, we're going to get started  
17 tomorrow morning for the budget hearing at 10:00  
18 sharp. Thank you very much. That ends the  
19 hearing. We'll leave the vote open for 30  
20 minutes.



C E R T I F I C A T E

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

Signature *Donna Hintze*

Date April 2, 2010