

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE JOINTLY WITH
SUBCOMMITTEE ON CAPITAL BUDGET

----- X

May 6, 2019
Start: 10:12 a.m.
Recess: 2:17 p.m.

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
Mark Gjonaj
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

MELANIE HARTZOG
OMB

KENNETH GODINER
OMB

LORRAINE GRILLO
DDC

JAMIE TORRES SPRINGER
DDC

JUSTIN WALTER
DDC

DAVID VAROLI
DDC

COMMITTEE ON FINANCE JOINTLY WITH THE
SUBCOMMITTEE ON CAPITAL BUDGET

3

1
2 CHAIRPERSON DROMM: [Gavel] Okay, good morning
3 and welcome to the City Council's first day of
4 hearings on the Mayor's Executive Budget for Fiscal
5 2020. My name is Daniel Dromm and I Chair the
6 Finance Committee. We are joined by the
7 Subcommittee on Capital Budget chaired by colleague,
8 Council Member Vanessa Gibson and the Speaker of the
9 City Council Corey Johnson. We have been joined by
10 my colleagues let me start over here with Council
11 Member Margaret Chin, Council Member Jimmy Van
12 Bramer, Council Member Mark Treyger, Council Member
13 Carlina Rivera, Council Member Keith Powers, Council
14 Member Helen Rosenthal, Council Member Barry
15 Grodenchik, and others will probably be joining us
16 shortly.

17 Today marks the first day of the Council's
18 Charter mandated responsibility to review the Mayor's
19 fiscal 2020 Executive Budget. This morning we will
20 begin with testimony from the Office of Management
21 and Budget and then we will hear from the Department
22 of Design and Construction.

23 On April 25th, the Mayor released the Fiscal 2020
24 Executive Budget totaling \$92.5 billion. The
25

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

4

3 Executive Plan includes \$1.4 billion in new needs
4 spending between Fiscal 2019 and Fiscal 2020.

5 Most of the new needs are as a result of cuts
6 implemented in this years state budget or our
7 education related. Some of the new needs included in
8 the Preliminary Budget are \$125 million to replace a
9 state cut for temporary assistance for needy
10 families; \$304.7 million for Carter Case to place
11 student needing special education services in private
12 schools; \$88.3 million for increased Charter School
13 cost ad \$59.4 million for Energy Management associate
14 with the Mayors recent announcement of a green new
15 deal for New York City.

16 While the Administration was able to find
17 sufficient funds for these items and for its other
18 priorities, the budget is noticeably lacking
19 significant input from the Council because the
20 Administration largely ignored the Council's budget
21 response, which we are required to produce pursuant
22 to the New York City Charter to respond to the
23 Mayor's Preliminary Budget.

24 I am pleased to announce that there has been some
25 movement on this issue, but I will turn it over to
the Speaker now to talk about that in more detail.

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

5

3 SPEAKER JOHNSON: Thank you Chair Dromm and Chair
4 Gibson and I want to thank the entire Finance
5 Division team for making today's hearing happen, only
6 ten days after a release of the Executive Budget.

7 Before I begin my prepared remarks, I want to
8 thank Director Hartzog for her very great help and
9 partnership over the last week. Her team, along with
10 our team have worked really closely to try to achieve
11 a bunch before this hearing today. So, the remarks
12 that I am going to deliver are no way personal to you
13 Director Hartzog. I really appreciate the work that
14 you have put into the last week of us getting down to
15 the nitty gritty and the details that match the
16 Council.

17 So, I am really appreciative. The remarks I am
18 going to deliver are generally about the
19 Administration and how I feel this budget response
20 was handled. So, to be honest, I was prepared to
21 start off my remarks at today's hearing by expressing
22 my extreme displeasure with the Executive Budget. I
23 was ready to tell the Mayor that this Budget was
24 unacceptable and that the road to adoption he
25 initiated was untenable.

1
2 The reason I was going to say this is because the
3 Executive Budget included nearly none, none of the
4 proposals. None of the proposals from the Council's
5 budget response. Rather I should clarify, the
6 Administration saw fit to implement our ideas from
7 the response for how to save money, almost \$600
8 million. And then took the savings that we
9 identified to fund even more of the Mayor's
10 priorities.

11 The Council as a whole found this incredibly
12 insulting because the budget response was
13 deliberately crafted with input from the entire City
14 Council. As it should be as the Mayor's partner in
15 government. The Budget Negotiating team and the
16 Council deliberated for days and weeks about which
17 proposals to include. And the final product clearly
18 laid out our priorities. Pay parity and wage equity,
19 increasing the city's reserves, achieving 100 percent
20 of fair student funding, having a more transparent
21 budget. These have been our priorities as delineated
22 in our budget response and they should be the Mayor's
23 priorities to as he strives to make New York the
24 fairest big city in America. That's what he likes to
25 say.

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

7

3 One of the critical items that we highlighted in
4 the Budget Response, was the failure of the
5 Administration to include continuing funding for
6 approximately \$155 million in one shot funding that
7 we negotiated into the Adopted Budget for Fiscal Year
8 2019. These one shots funded vital programs on which
9 our constituents rely and enjoy including adult
10 literacy to teach English to adults across the city;
11 the extension of beach and pool season to a week past
12 Labor Day, bridging the cap social workers; who
13 provide services for homeless students in our
14 schools; the addition of \$5,000 summer youth
15 employment program slots; and post arrest diversion
16 programs which will help reduce the city's jail
17 population.

18 So, I am happy because of your hard work,
19 Director Hartzog, with Latonia McKinney and both of
20 your teams to announce that today, thanks to the
21 advocacy of the Council, which remain united in our
22 position to the Mayor that \$77 million of these
23 Fiscal 2019 one shots will be restored for Fiscal
24 2020. That's about half of the one shots that we
25 funded last year.

1
2 The impact of avoiding these service cuts can't
3 be overstated and I want to thank you personally for
4 your help in working with us to protect the city's
5 social safety net.

6 I am happy with this process, but I do not think
7 this is the time for celebration. The restoration of
8 the one shots was only one item, one item, in our
9 budget response. And speaking frankly, they never
10 should have been left out of the budget, the
11 Executive Budget in the first place. And I would
12 still like us to recognize that there is still a lot
13 of work ahead. There are many, many other proposals
14 that we feel like were entirely ignored.

15 I don't think the failure to be responsive to us
16 was about a lack of resources. This budget is a
17 record \$92.5 billion with a B, billion dollars. As
18 the Mayor is fond of saying these days, there is
19 plenty of money in the world and there is plenty of
20 money in New York City. But even if resources were
21 an issue, the Council put out many proposals that
22 would cost the city nothing. New units of
23 appropriation are free. More transparent reporting
24 for cross agency initiatives like Thrive or otherwise
25 opaque park to the budget like the fairies of shelter

3 spending don't cost a dime. Yet even these ideas
4 were rejected from the Administration.

5 So, I am glad that we were able to make some
6 headway this week between the release of the
7 Executive Budget and today's hearing. But we are a
8 long, long, long way away from budget adoption. The
9 Council is ready to roll up its sleeves and continue
10 to work together with the Administration to get this
11 done. I hope the Administration is willing to do the
12 same.

13 You know, typically we try to get this budget
14 adopted by the first week in June, I doubt that's
15 possible and I am willing to wait until just before
16 July 1st to negotiate this and get this right. I
17 feel under no time restraint or that this needs to be
18 done quickly. It needs to be done the right way and
19 again, I am grateful for our partnership, our
20 relationship, our over communicating with other now,
21 but I think you will hear, not just from my opening
22 statement but I think you are going to hear from
23 almost the entire membership of the Council, how
24 disappointed they were with this Executive Budget and
25 I look forward to this hearing today.

3 So, Chair Dromm, I want to turn it back to you
4 and thank you for your hard work on today's hearing.

5 CHAIRPERSON DROMM: Thank you Mr. Speaker.
6 Another highly anticipated Executive Budget item is
7 the savings package. Now that we have the details of
8 the PEG in the Citywide Savings Plan, that we didn't
9 have for the Preliminary Budget hearings, the Council
10 is struggling to understand the purpose of the PEG.

11 Typically, PEG's are implemented during periods
12 of tough economic conditions in order to identify
13 true efficiencies and recurring savings. Until this
14 year, the de Blasio Administration which has
15 benefited from a relatively robust economy for its
16 entire existence, decided to move away from PEG's in
17 favor of voluntary citywide savings program.

18 Since the implementation of that program, the
19 Council has been urging the Administration to search
20 for savings more rigorously because the majority of
21 the program consisted of accruals, re-estimates and
22 increased revenue projects that would have occurred
23 even in the absence of a savings program.

24 So, when the Administration announced a mandatory
25 PEG this year, the Council was hopeful that the Mayor
was finally getting serious about reining in

1
2 inefficient spending. To quote the Citizens Budget
3 Commission, the PEG is in line with the
4 Administration's prior savings programs and a
5 majority of the savings are from expense re-
6 estimates, increased revenues, funding shifts, and a
7 debt service savings rather than from improved
8 efficiency. And even where the PEG does make true
9 cuts, the Administration chose to make them in the
10 exact areas that the Council identified as priorities
11 for an increase in our budget response, such as
12 funding for cultural institutions, youth services and
13 senior centers.

14 The PEG was couched in the context of a
15 potentially worsening economic position for the city
16 and the need for us all to tighten our belts in
17 anticipation.

18 So, what is truly baffling, is that in light of
19 this sentiment, the Administration has chosen not to
20 add even a single dollar towards our reserves. As
21 the Mayor grows the budget and increases spending, it
22 is even more important to concomitantly and
23 proportionally increase reserves. By not doing so,
24 the Administration is irresponsibly increasing the
25

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

12

3 likelihood that deep programmatic cuts or tax
4 increases will have to be made.

5 The Council reiterates the appeal it has been
6 making to the Mayor for years. Save more now while
7 times are good, so we are prepared for whatever the
8 future has in store.

9 And with that, I will now turn the mic over to
10 Council Member Gibson, Chair Gibson, to speak about
11 the Capital Budget.

12 CHAIRPERSON GIBSON: Thank you, Chair Danny Dromm
13 and good morning to each and every one of you. I
14 welcome our OMB Director and our First Deputy
15 Director. Thank you for being here. I want to thank
16 our Speaker Corey Johnson for being here this morning
17 and for his incredible leadership as we begin this
18 Executive Budget process.

19 I am Council Member Vanessa Gibson and I am proud
20 to serve as Chair of the Subcommittee on the Capital
21 Budget and I am honored to Co-Chair this hearing
22 today with Speaker Johnson and Chair Dromm.

23 While I'd like to focus most of my remarks this
24 morning on the Capital Budget. Before I do so, I
25 certainly want to reiterate everything that Speaker
Johnson and Chair Dromm expressed that I to am

1
2 pleased that the Administration heard our many, many,
3 many concerns at being ignored through this process.
4 And today's announcement of the \$77 million of one
5 shots in Fiscal 2019 are going to be restored will
6 truly ensure that there will not be cuts to these
7 vital important programs.

8 As our budget negotiations continue towards
9 adoption, I am hopeful that the Mayor and OMB will
10 continue to work with the City Council to ensure that
11 even more of the items that were outlined as
12 priorities in our budget response will be included in
13 the adopted budget. And in addition, the \$77 million
14 is a great start but we are obviously expecting that
15 we can get to \$155 million, which would be the full
16 amount.

17 And on this note, one of the key requests that
18 the Council has made throughout the Preliminary
19 Budget hearings and in the Preliminary Budget
20 Response, was that the Administration present the
21 City Council with a true ten-year capital strategy.
22 While the \$116.9 billion strategy presented with the
23 Executive Budget did increase slightly from Prelim.
24 It still fails to live up to its intended purpose.
25 The exercise of putting together the strategy should

1
2 honestly be a serious attempt to layout a
3 comprehensive footprint, a blueprint for the long-
4 term capital priorities of our city, well beyond five
5 years.

6 But that is not what is reflected in this
7 strategy. The strategy presents low levels of
8 spending that are planned in Fiscal 2025 through 2029
9 that are beyond unrealistic. With average annual
10 spending amounts of only \$6.5 billion dollars and no
11 plan spending in critical, capital categories, such
12 as new schools.

13 So, our question has been, why even engage in the
14 creation of a ten-year strategy if you are not making
15 real attempts to take long-term capital planning
16 extremely seriously.

17 At the Preliminary Budget hearings that we held
18 this year, the Council spent a lot of time discussing
19 the need for our city to have a better comprehensive
20 system for tracking capital projects. We appreciate
21 that to this date, OMB has at our request, put the
22 Capital Project Detailed Date Report on its website;
23 very happy about that. And we worked with agencies
24 to ensure that they are filling out all of the
25 information.

3 I hope to see further progress made towards an
4 accurate capital project, tracking document that is
5 useful to the Council, that also looks at capital
6 projects that are less than \$25 million as the
7 threshold and other fiscal monitors as well as being
8 available to the public.

9 While we are making progress, I expect for us to
10 continue in this collective work. The Executive
11 Capital Budget for Fiscal 2020 through 2023 totals
12 \$52.8 billion. And the Executive Capital Commitment
13 Plan for Fiscal 2019 through 2023 totals \$86.2
14 billion. These are significant and necessary
15 investments in our city's roadways, sewers, schools,
16 housing, parks, playgrounds, and much more.

17 My focus as Chair of this Subcommittee, continues
18 to be ensuring that the city's capital program is
19 efficiently implemented in order to give New Yorkers
20 the infrastructure improvements they rightly deserve.
21 And I look forward to working with the Administration
22 to achieve just that. And I thank the Finance
23 division led by Latonia McKinney and all of the staff
24 for their tremendous work through this process and as
25 we begin today's hearing, I want to thank OMB for
your partnership and we certainly look forward to a

1 lot more. This is a start. I want to keep moving
2 forward, I know we are making baby steps of progress,
3 but I really appreciate the work that you have been
4 committed to do on Capital Commitments and making
5 sure that we are really actualizing a real ten-year
6 plan beyond five years. We want to make sure that in
7 the next generation of Council Members and the
8 Administration, a lot of these capital commitments
9 and priorities are realized over a ten-year period.

10 So, I thank you. Looking forward to today's
11 hearing and now, I will turn this back over to Chair
12 Danny Dromm. Thank you.

13 CHAIRPERSON DROMM: Thank you Chair Gibson.
14 Before we hear from OMB, I'd like to thank the entire
15 Finance Division Staff led by Latonia McKinney for
16 putting today's hearing together.

17 I'd like to remind my colleagues that the first
18 round of questions for OMB will be limited to three
19 minutes per Council Member and if the Council Members
20 have additional questions, we will have a second
21 round of questions at two minutes per Council Member.

22 We will now hear from OMB after they are sworn in
23 my Council. Excuse me, Speaker.
24
25

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

17

3 SPEAKER JOHNSON: Yeah, I apologize Chair Dromm.
4 I was remis and also not acknowledging the fact this
5 morning Director Hartzog and her team got us 28 units
6 of appropriation, which I am grateful for. That was
7 part of our conversation this past week and before
8 she began, I wanted to acknowledge, because I didn't
9 acknowledge in my remarks that we are grateful for
10 that progress as well.

11 CHAIRPERSON DROMM: Okay, thank you and I am going
12 to ask Council to swear in OMB.

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

16 MELANIE HARTZOG: I do.

17 KENNETH GODINER: I do.

18 CHAIRPERSON DROMM: Okay, please begin.

19 MELANIE HARTZOG: Good morning. Thank you,
20 Speaker Johnson, Chair Dromm, Subcommittee Chair
21 Gibson and Council Members, for the opportunity to
22 testify today about the Fiscal Year 2020 Executive
23 Budget. I also want to thank Latonia McKinney and
24 Council Finance staff for their positive and
25 collaborative approach to the budget and the work

1
2 that we've done over the last ten days to reflect the
3 Councils priorities.

4 I am joined at the table today by OMB First
5 Deputy Director Kenneth Godiner. And our dedicated
6 and hard-working OMB staff is here to assist me in
7 answering questions.

8 The Fiscal Year 2020 Executive Budget is \$92.5
9 billion. It remains balanced, and out-year gaps are
10 manageable. This budget was crafted in light of
11 threats to our fiscal stability.

12 We continue to face uncertainty related to
13 economic conditions at home and abroad. Despite job
14 growth nationally, there are reasons to be cautious.
15 The housing sector continues to be weak, and
16 aggregate consumption, the main engine of economic
17 growth, slowed in the first quarter of this year.
18 Also, the yield curve, a reliable indicator of
19 recessions, is still flat, with spreads close to
20 zero.

21 We also face pressure from Albany. The State
22 Enacted Budget imposed \$300 million in cuts, shifts,
23 and unfunded mandates on the City. The impact could
24 have been much worse. During the state budget
25 process, we worked with our partners in the

3 legislature to push back on more aggressive cuts. We
4 are grateful for their help. State hits include:
5 \$125 million in TANF costs; \$96 million to support
6 election reform mandate; \$59 million designated for
7 healthcare services; and a \$25 million shortfall in
8 education funding.

9 Ultimately, more than one-quarter of our Fiscal
10 Year 2020 agency spending went towards filling these
11 gaps.

12 In addition to covering hits from Albany, the
13 Executive Budget accounts for other pressing funding
14 needs. This budget adds \$100 million in Fiscal Year
15 2020 to meet existing Carter Case demand. We also
16 deepened our investment in special education by
17 adding \$33 million to increase DOE's capacity and
18 reduce reliance on non-district schools.

19 State-mandated charter school payments have also
20 increased. The State did not cover this liability in
21 its Budget. In early April charter school enrollment
22 numbers became more concrete, and OMB was able to
23 determine the extent of next year's liability. This
24 budget adds \$88 million to meet this mandated need,
25 bringing total spending on charter schools next
fiscal year to \$2.3 billion.

3 Finally, the State informed us earlier in the
4 year that it would no longer split the cost of
5 criminal pre-trial mental health evaluations. As a
6 result, we had to add \$65 million over this fiscal
7 year and the next. Despite economic uncertainty and
8 increased costs due to state budget actions, we must
9 continue to fund critical government operations; this
10 includes paying fair wages and benefits to employees,
11 educating our children, and maintaining and improving
12 our infrastructure.

13 At the Preliminary Budget presentation, the Mayor
14 announced a mandatory Executive Budget savings target
15 of \$750 million. It would include the
16 Administration's first Program to Eliminate the Gap
17 and an expansion of the hiring freeze. The target
18 was on top of the \$1.5 billion in savings we achieved
19 over Fiscal Years 2019 and 2020 since the November
20 Plan.

21 In the Executive Budget we surpassed the original
22 \$750 million target achieving \$916 million in savings
23 over the two fiscal years. This includes \$629
24 million in agency PEG savings; \$84 million above the
25 \$545 million target.

3 The PEG differs from previous savings efforts in
4 both process and outcome. Agencies were given
5 mandatory targets based on specific characteristics.
6 OMB had discretion to impose savings if an agency was
7 noncompliant. And unlike in prior savings plans, we
8 did not rule out service reductions. Due to the hard
9 work of OMB and the Agencies we exceeded our PEG
10 target which allowed us to balance Fiscal Year 2020
11 budget.

12 The PEG contains nearly 200 individual agency
13 savings initiatives, the most this administration has
14 ever included in a single savings plan. Also, the
15 mix of savings categories in the PEG varies
16 substantially from prior plans. For the first time
17 in this administration service reductions were
18 enacted as part of the savings plan, including:
19 Eliminating Extended Time Learning at Renewal and
20 RISE schools; reducing and operating grant subsidies
21 for members of the Cultural Institutions Group;
22 eliminating DVD purchases for the New York Public
23 Library and; cutting vacant lot cleaning operations
24 by nearly one-third.

25 Agencies also achieved high levels of efficiency
savings. In Fiscal Year 2020, the first full year

3 impacted by the PEG, efficiencies account for two-
4 thirds of the savings. To achieve these savings
5 agencies streamlined and improved practices yet
6 maintained service levels. This includes DOE
7 procurement reforms that will save \$27 million per
8 year. DOE has now achieved \$50 million in annual
9 procurement savings since the Preliminary Budget.
10 And by lowering central administrative spending, ACS
11 will save \$2 million every year.

12 Finally, we expanded the hiring freeze. By
13 permanently reducing 1,600 positions across agencies,
14 we saved \$116 million over Fiscal Years 2019 and
15 2020. The hiring freeze expansion builds on the \$50
16 million in savings we baselined in November by
17 reducing 1,000 vacancies. And, for the first time in
18 this Administration, we reduced the citywide net
19 annual headcount.

20 In addition to our aggressive savings plan, we
21 maintain \$5.72 billion of budget reserves in Fiscal
22 Year 2020. This record level includes \$1 billion in
23 the General reserve, \$250 million in the Capital
24 Stabilization Reserve, and \$4.47 billion in the
25 Retiree Health Benefits Trust. Last June, we worked
with you to add \$125 million in General Reserves, and

3 \$100 million to the Health Benefits Trust, in the
4 current fiscal year. We look forward to discussing
5 next year's reserve levels with the Council as we
6 head towards adoption.

7 Now, I would like to discuss investments. Most
8 agency spending in the Executive Budget is related to
9 funding ongoing needs. These investments are
10 necessary to maintain basic City operations. Over
11 the two years will spend: \$57 million to fund Board
12 of Elections needs for upcoming elections; \$56
13 million to maintain water and sewer systems; \$38
14 million to fund DOE's rent and operating costs; and
15 \$23 million to address NYPD's critical IT
16 infrastructure needs.

17 Because of our aggressive savings plan, we were
18 also able to fund a number of Council priorities. To
19 increase energy efficiency with green technology, we
20 invested \$60 million to support retrofits for public
21 buildings. We added funding to support outreach and
22 public awareness campaigns for the City's 2020 Census
23 efforts. This brings the total Census investment to
24 \$26 million. The Bridge the Gap program for students
25 in shelters is now baselined at \$12 million.

1
2 Finally, we invested \$6 million to refurbish NYCHA
3 Senior and Community Centers.

4 In addition, as the Speaker mentioned at the
5 beginning of the hearing, the Administration and
6 Council have agreed to fund \$77 million in Council
7 priorities next fiscal year. And in addition to
8 that, as the units of appropriation, we're actually
9 up to 34 Speaker and hope to grow that number more.

10 This will support a range of initiatives, the \$77
11 million from adding 5,000 Summer Youth Employment
12 slots to expanding adult literacy programming.

13 Along with the Executive Budget, we released the
14 Ten-Year Capital Strategy. The \$116.9 billion plan
15 supports the City's infrastructure needs. The plan
16 funds critical projects like adding school seats,
17 expanding Housing New York 2.0, and improving our
18 roadways and sewer systems. Further, the Capital
19 Strategy now reflects \$8.7 billion in funding for
20 borough-based jails. In this capital strategy, we
21 continue to prioritize state of good repair. Three-
22 quarters of capital funds are invested in maintaining
23 or improving the City's capital asset base.

24 As part of our ongoing efforts to reflect more
25 realistic capital project timelines, we redistributed

1
2 \$3.9 billion from Fiscal Years 2019-2021 into the
3 outyears. We also proposed \$2.3 billion of
4 rescindments from prior Capital Budgets.

5 Finally, we want to continue to work with the
6 Council to improve transparency, in the capital
7 program. As requested by Subcommittee Chair Gibson
8 at the last hearing we added the Capital Detail Data
9 Reports to our website. Also, OMB recently met with
10 Subcommittee Chair Gibson and Council Member Lander
11 to discuss the path towards developing a capital
12 project tracking system.

13 In conclusion, I look forward to meeting with you
14 over the next few weeks to discuss our mutual
15 priorities and work towards adopting the Fiscal Year
16 2020 Budget.

17 Thank you again for the opportunity to testify
18 today. And I now, look forward to taking your
19 questions.

20 SPEAKER JOHNSON: Thank you, Director Hartzog for
21 your testimony. So, the budget process as envisioned
22 by the City's Charter is an iterative one that
23 mandates a comprehensive and lengthy public
24 discussion of budget priorities.

1
2 First, as you know, but the public should know,
3 the Mayor releases a balanced Preliminary Budget.
4 The Council has hearings. Listens to the public and
5 then produces an official response. After that
6 response, the Council's Preliminary Budget response,
7 the Mayor is tasked with releasing an Executive
8 Budget.

9 In this way, the Executive Budget is supposed to
10 reflect the Mayor's formal reply to the City
11 Council's Budget response.

12 The process is laid out in the Charter and it
13 reflects the intention for a back and forth, a
14 conversation.

15 As I mentioned in my opening, the Council is
16 grateful for your hard work and getting the \$77
17 million in one shot restorations for this morning.
18 But the fact remains that is only a portion of one of
19 our many budget response proposals and we should not
20 have had to wait until after the Executive Budget was
21 released to have one portion of one of our proposals
22 included.

23 So, my questions, I'd like to know whether you
24 and the Mayor agree with the description of the back
25 and forth budget process in the Charter that I just

1
2 laid out and if you don't, then why do you suppose
3 the Charter requires a budget response from the City
4 Council prior to the Mayor's Executive Budget?

5 MELANIE HARTZOG: The Mayor and I fully agree
6 with what the intent of the Charter is, and I think
7 that as you pointed out, in the Executive Budget we
8 did reflect in fact several of the Council's
9 priorities.

10 To your point going forward, that was not
11 sufficient, and we've worked over the last several
12 days to add another \$77 million. But in addition to
13 reflecting several of the Council's priorities in the
14 Executive Budget, the Census funding, the students
15 and shelter. In Preliminary Budget, we also
16 reflected our commitment to fair fares at \$106
17 million and at adoption of last year, we also
18 baselined \$55.9 million of Council priorities at that
19 point and time for items such as the child care
20 vouchers, runaway homeless youth, nurse family
21 partnership and crisis management and moving forward,
22 the fair student funding to get to a citywide average
23 of 93 percent. The \$125 million we added at the
24 Executive Budget of last year is baseline and that's
25 also a Council priority.

1
2 So, there are several things that we did over the
3 course from last Exec until the current Executive
4 Budget that reflect the Council priorities, but we
5 also acknowledge that we need to go further, and
6 we've done so, and we also acknowledge there is more
7 to do as we get to Adoption.

8 SPEAKER JOHNSON: I appreciate that
9 acknowledgment. Does the Fiscal 2020 Executive
10 Budget that the Mayor released on April 25th reflect
11 his official reply to the Council's budget response?

12 MELANIE HARTZOG: It is the official response,
13 but we also have what we have just committed to
14 moving forward which is the \$77 million.

15 SPEAKER JOHNSON: Okay, so I want to go increased
16 personal income tax collections. When the Mayor
17 released his Preliminary Budget, he noted that he was
18 releasing the budget in the midst of very uncertain
19 times. You will see this quote on the screen. He
20 said, there is a pretty strong debate right now about
21 whether a recession is coming in 2019 or 2020 but
22 there is a very high likelihood that it's going to be
23 one year or the other.

24 And the biggest challenge in developing the
25 budget he cited was the economy. He specifically

1
2 noted that revenues from personal income tax were
3 weakening. Though he did acknowledge that part of
4 what happened was a drop from a one-time bump in
5 Fiscal 2018 due to the federal tax law changes in
6 creating a small windfall for the city at that time.

7 The concern about this was so great that the
8 Mayor cited it is a major reason why he called for
9 the PEG program for the first year which we adopted
10 this year, which you all put forward this year. But
11 now we are at the point where we can see PIT
12 collections from April. When most people have filed
13 returns, their tax returns and we get a good sense of
14 how the year will end up for this personal income tax
15 and it looks very good. The numbers are encouraging,
16 in fact, it looks a lot better than you might have
17 expected when you released the Executive Budget only
18 ten days ago.

19 At that point, you raised your PIT forecast for
20 Fiscal 2019 by only \$284 million at that moment and
21 time when the Executive Budget was released through
22 the end of April. But we see PIT collections are
23 actually \$758 million, more than OMB projected as
24 part of the Preliminary Budget. In other words,
25 there is probably \$474 million more in the Fiscal

2019 PIT collection not reflected yet in this budget.

So, my question as you see from the chart right here, my question is at this point, how much do you expect to raise your PIT forecast from Fiscal 2019 to when we adopt the budget a little more than a month or about two months from now?

MELANIE HARTZOG: So, I will answer the question. I think it's important to give some context. Even with the job growth numbers coming out, Francesco and I have had several conversations about the fact that there are still reasons to be concerned overall at the economy. As I said in the actual testimony, while growth is up in the first quarter, there is still cause for concern because consumption is making up less of that and that gives us a reason to be cautious moving forward.

In terms of personal income tax, I think what we talked about back in prelim had to do with - I'm sorry, what we had to do back in the Preliminary Budget had to deal with the fact that we had a combination of two factors. The December volatility in the stock market that really slowed down estimated payments but there was also an issue of timing. It's a very unpredictable environment with the Trump tax

1 cuts to understand what's happening with behavior.
2 Meaning, as the salt cap was implemented, there is
3 less of incentive for filers to file earlier and
4 that's exactly what happened in April and what we are
5 seeing. Which is people waited until April to
6 actually file their personal income tax. There is no
7 advantage to filing earlier because of the salt cap
8 and we weren't actually the only ones to experience
9 this. We started talking to numerous states for
10 those who have personal income taxes were also
11 experiencing this as well.

12
13 At the point and time that we locked the forecast
14 for adoption, you Speaker noted what our forecast is
15 as of the Executive Budget and it was early in the
16 April month, where personal income tax collections
17 were continuing to come in. As we move forward from
18 now through the Adopted Budget, collections are
19 coming in further. We will be working with you over
20 this course of the next couple of weeks to update our
21 forecast.

22 SPEAKER JOHNSON: Do you all disagree with the
23 chart on the screen?

24 MELANIE HARTZOG: I do not disagree with the fact
25 that there are personal income tax collections coming

1
2 in higher at the point and time now of where we
3 locked our Executive Budget forecast and moving
4 forward, we will have an updated forecast when we
5 adopt the budget with you.

6 SPEAKER JOHNSON: But I mean, from the
7 information that you have, again, at Exec you put in
8 \$284 on the PIT. We are projecting at this point
9 just from the numbers that we saw for the rest of the
10 month up to \$758. Do you all disagree with that
11 number? Do you think the number is inaccurate or off
12 at this point?

13 MELANIE HARTZOG: You know, as it related to your
14 forecast, we would say we don't see that level coming
15 in. The actual collections you know, to date, I
16 don't have that number on me.

17 Francesco was telling me the actual \$758 is the
18 actual collections year to date. That there are a
19 number of different components to it including
20 refunds that can come in and out and I apologize, I
21 thought you were asking me about moving forward.

22 SPEAKER JOHNSON: That's okay, okay.

23 MELANIE HARTZOG: There is no difference.
24
25

1
2 SPEAKER JOHNSON: You have to dig down a little
3 bit more and do the specifics of that \$758 but there
4 is an agreement that that's where we are as of today.

5 MELANIE HARTZOG: Yes.

6 SPEAKER JOHNSON: Okay, great. So, I know one of
7 the issues that we spoke about even with the PIT
8 collections coming in higher than projected was the
9 unincorporated business tax collections fell. They
10 did not come in as strong as we wanted, which could
11 be potentially a small offset on higher PIT
12 collections but lower UBT collections. Do you have
13 any projections at this point on unincorporated
14 business taxes and how far the drop has been as of
15 today?

16 MELANIE HARTZOG: As of today?

17 SPEAKER JOHNSON: Or as of the last couple weeks,
18 as of April, as of whatever the latest numbers you
19 have.

20 MELANIE HARTZOG: So, our current forecast for
21 the plan assumes that the actual collections are
22 down, we are taking down our forecast by \$52 million
23 and in 20 and out, it goes down \$189 million.

24 This is one of the more challenging I think, and
25 Francesco would agree with me, one of the more

1
2 challenging taxes to forecast because there is so
3 much volatility. You are correct that there is a
4 number of different offsets. PIT is going up and
5 property taxes are also going down. What we are
6 seeing there and experiencing there, is a number of
7 refunds is higher abatements. Higher than
8 anticipated, so that's also taking down overall the
9 revenues.

10 SPEAKER JOHNSON: And does this change in PIT
11 collections give you a different sense of the city's
12 economy than what we were projecting at the beginning
13 of the year after the stock market volatility in
14 December and in January when the PIT numbers were
15 down quite a bit. Has this changed your overall
16 opinion of where we are from the beginning of the
17 year now, four and a half months into the year?

18 MELANIE HARTZOG: Well, as I said, I think we
19 have seen first quarter growth high and the concern
20 there is what is actually driving that which is not
21 consumption. I think overall, we would say the
22 economy is flowing, the revenues are not coming in as
23 they had in prior years and Speaker, we have talked
24 about this on numerous occasions and you have
25 questioned me as well on last year's significant one

1
2 time increase in personal income tax revenue that is
3 not reoccurring. But revenue growth is modest.

4 SPEAKER JOHNSON: One of the top recommendations
5 including in our budget response was to fund salary
6 parity and wage equity across the city's public
7 sector workforce. We have called for pay parity
8 within the early childhood education system for
9 school nurses, for EMS staff at FDNY, and republic
10 sector lawyers. We understand that adjusting wage
11 rates across all sectors is a huge and expensive
12 undertaking.

13 The Administration has made incredible
14 investments in the city's workforce by setting labor
15 contracts, agreeing to retroactive salary increases
16 and funding across the board increases for the human
17 services sector. However, at the same time, the
18 contracted work force has been largely ignored. This
19 contracted workforce primarily consists of women of
20 color who provide vital public services across the
21 human services sector.

22 Why has the Administration approached the issue
23 of wages differently between the government workforce
24 and the contracted workforce and does the

1
2 Administration agree with the concept of equal pay
3 for equal work?

4 MELANIE HARTZOG: Absolutely believe with the
5 concept of equal pay for equal work and as you
6 pointed out Speaker, we have given contractual
7 coalesce to the not-for-profit sector that also
8 includes the attorney's as well. That follow the
9 pattern of the city's collective bargaining and those
10 are conversations moving forward we can continue to
11 have with the entire sector.

12 And have a process set up through the nonprofit
13 resiliency committee where the deputy mayor's meet
14 with the nonprofit leadership and have ongoing
15 conversations about what the priorities are of the
16 sector.

17 In terms of the early childhood sector, there has
18 been very good progress over the last several days.
19 As you may recall there was a concern around a
20 strike. There has been several meetings now where
21 that has been called off because the sector believes
22 that there has been movement and we're going to
23 continue to have conversations moving forward around
24 addressing their concerns and their actual proposals
25

1
2 that they have presented. Kenneth, do you have
3 anything to add on that?

4 KENNETH GODINER: Just to reiterate that when
5 this Administration came in, there hadn't been raises
6 in the early childhood contracted service since 2006.
7 Shortly after we resolved the UFT and the seven
8 contracts, we entered as a mediating agent into
9 discussions with Local 205 and the daycare council as
10 a result was a voluntary contract five years in
11 duration. That contract provided wage increases for
12 all the employees in Local 205, but specifically for
13 the certified teachers with master's degrees. Over
14 those five years salaries increased by over 20
15 percent. For those with bachelor's degrees in
16 certified teachers over 27 percent. So, this was
17 very significant raises. Larger even than those that
18 were given to our city unionize sector.

19 SPEAKER JOHNSON: Thank you for that context, it
20 is helpful. What steps is OMB taking to start
21 addressing the pay parity issues that the Council
22 called for in our Preliminary Budget response? Do
23 you have an estimate on how much it would cost to
24 bring pay parity for all city workers both contracted
25 and none contracted?

1
2 MELANIE HARTZOG: We do not have an estimate
3 overall, but we have been working. We talked about
4 the early childhood piece and last plan cycle, we
5 actually worked on the District Attorney's on pay
6 parity and we started that work from less than one
7 year up to five years of service and looking at
8 aligning those salaries to that of the city's
9 attorney's and we still have work to do. We have
10 worked with the Council on that at Adoption. We
11 still have work to do on parity and looking at the
12 issues for beyond five years. I think and Chair
13 Dromm, you will recall this as well. There is just a
14 number of things in fact, as we have to consider and
15 you know, what's happening with the overall staffing
16 as it relates to Raise the Age and now, we have other
17 changes that are happening, bail reform etc.

18 So, we need to look it at holistically but very
19 committed to doing so.

20 SPEAKER JOHNSON: Thank you. So, I am going to
21 turn it back over to my colleagues. Director
22 Hartzog, you made a reference in your testimony. You
23 said, at the end of page two, you talked about the
24 budget reserves that we have, \$5.72 billion dollars
25 in budget reserves in Fiscal Year 2020. \$1 billion

1
2 in general reserves, \$250 million in the capital
3 stabilization reserve, \$4.47 billion in the retiree
4 health benefits trust. In last June, as you
5 mentioned, we worked for an additional \$125 million
6 in general reserves and \$100 million additionally in
7 the RHBT. And you said, we look forward to
8 discussing next years reserve levels with the Council
9 as we continue toward adoption.

10 I asked you I believe at the Preliminary Budget
11 hearing if you thought we needed additional reserves
12 and at that moment and time, there wasn't a call for
13 reserves. And in the Executive Budget, we don't see
14 a call for reserves. Does that mean that you think
15 that there should not be reserves, additional
16 reserves or is it something that we should have a
17 conversation around and negotiate on what that final
18 number should be?

19 I just want to get a sense from you on where you
20 think we should head on reserves as we move towards
21 adoption.

22 MELANIE HARTZOG: We believe that we have
23 adequate levels for reserves. We also know that and
24 in my testimony what I reflecting is that this is
25 priority of the Council's, it's a priority of the

1
2 Administrations. At last adoption, we did in fact
3 decide jointly to add more of the reserves. Always
4 want to have that conversation with the Council in
5 partnership moving forward about what the level of
6 reserves should be. But at this time, yes, we do
7 believe it is adequate. Moving forward, do we want
8 to have conversation with you and the Borough Council
9 about reserve levels? Absolutely.

10 SPEAKER JOHNSON: I appreciate that. I mean, the
11 reserves is important to us. We do think that we
12 need to still keep growing the reserves. Given the
13 context that I've heard many times, both in the
14 hearings here at the Council as well as what the
15 Mayor said on the screen about his concern about the
16 economy slowing down even further and us needing to
17 tighten our belts a little bit. Given the PEG
18 program that was in stood in this budget, we think
19 that we need to keep planning for the future. So, if
20 and when that downturn comes, we do not have to cut
21 or slash core city services in a way that would
22 adversely impact our constituents who live in
23 neighborhoods all across the city.

1
2 And so, the reserves are really important to us
3 moving forward and we are going to continue to talk
4 about that.

5 I think you are going to hear from almost all of
6 the members here today. Both members who Chair
7 specific committees but members who have just a
8 greater concern about the issues that we laid out in
9 our budget response. A real disappointment, that
10 might be a diplomatic way of putting it and anger
11 towards again none with the exception of the bridging
12 the gap social workers and the census which I am not
13 sure where gigantic wins, but any of our proposals
14 that we put into the Executive Budget Response, we
15 saw show up in the Executive Budget.

16 I think you are going to hear that today from
17 many members and I share those concerns as I laid out
18 in my opening testimony. It doesn't mean we wont
19 continue to communicate and work together and figure
20 out areas that we can find out. But again, I found
21 the Mayor's briefing and response a little more than
22 a week ago to be totally unacceptable. And I think
23 you are going to hear that today from the membership
24 and with that, I am going to turn it back to Chair
25 Dromm.

3 CHAIRPERSON DROMM: Thank you Mr. Speaker. Let's
4 talk a little bit about social workers, it's an issue
5 that I brought up at the briefing with the Mayor. In
6 our Fiscal 2020 Preliminary Budget response, the
7 Council called for the DOE to dedicate \$13.75 million
8 to hire 110 social workers for high needs schools.

9 There are more than 700 schools that do not have
10 full time social workers on staff and for those
11 schools that do have a social worker and guidance
12 counselor, the ratio of these support staff to
13 students are often egregiously high.

14 So, why wasn't this included in the Executive
15 Budget, especially when the Administration exceeded
16 its \$750 million target in identifying cost savings
17 and the Administration was able to add over \$350
18 million to the DOE's Executive Budget?

19 MELANIE HARTZOG: Chair, we hear you on the
20 social workers and guidance counselors and I think we
21 have worked together very well to ensure that at
22 least in every school we have a resource. Either
23 guidance counselors, social workers or a combination
24 of community-based organizations that are providing a
25 level of resource. Understood that more needs to be
done there and as you know, at the Adopted Budget, we

1
2 add another \$2 million with the Council for the
3 Bridging the Gap program to provide for additional
4 social workers and it is part of the \$77 million that
5 we announced, that we came to an agreement to that
6 includes that additional \$2 million to get to the
7 full amount that is added in the current year for the
8 Bridging the Gap program.

9 In terms of what we could do in the Executive
10 Budget, was a very challenging budget. Yes, we did
11 overachieve our PEG target, we also had mandated cost
12 that we just could not, we had to fund. And that
13 included the Carters cases; this is providing special
14 education service to children who are in need.

15 We also wanted to invest in providing some sort
16 of Special Ed inhouse within our public schools.
17 With the idea that over time, we can actually provide
18 more of the service within the public-school system
19 that children need versus providing them outside of
20 that system through the Carter cases and we have the
21 Charter's that we had the challenge of. The tuition
22 now rising to the level of the lowest public school
23 is the average and also the enrollment going up,
24 where we had to add those costs in.

1
2 So, this was just a matter of and all the basic
3 operations that I talked about, that we had to add,
4 IT needs and NYPD. There is always room to have
5 conversation moving forward. I think just to address
6 your question about the Executive Budget, that was
7 the challenge. Modest revenue, the need to come up
8 with savings to fund mandated ongoing basic
9 operations of governments and additional mandates
10 that came down from the state.

11 CHAIRPERSON DROMM: And before I just go to my
12 next question, I forgot to announce that we were
13 joined by Council Members Constantinides, Lavine,
14 Cornegy, Rodriguez, Perkins, Adams, Lander, Matteo,
15 Moya, Menchaca and Miller and Kallos as well.

16 Okay, so, even with the Bridging the Gap social
17 workers, the Council had requested more. We are
18 grateful that you put in the additional two to bring
19 us up to about \$13.9, almost \$14 million if I am not
20 mistaken. But we still were asking for more in the
21 Bridge the Gap as well. And so, as we go through the
22 negotiations, we want to continue to talk about that
23 because we feel very much that that type of support
24 is desperately needed in our schools, especially with
25

1
2 the number of homeless students that attending our
3 schools.

4 MELANIE HARTZOG: Understood Chair.

5 CHAIRPERSON DROMM: Okay, thank you. Is there
6 any type of a plan moving forward about addressing
7 that issue?

8 MELANIE HARTZOG: Other than our conversations
9 with you around what our needs are, again, I
10 emphasize the challenge that we have around where we
11 were at the Executive Budget in terms of resources.
12 But what we've done in working with the Council is at
13 least make sure that there is a resource in every
14 school and acknowledging that there is more work to
15 do. There is definitely more work to do there.

16 CHAIRPERSON DROMM: Alright, so that brings me a
17 little bit to renewal and rise schools. The DOE far
18 exceeded its PEG of about \$104 million dollars.
19 Given that, why did OMB cut an additional \$19 million
20 from DOE's Budget that is used to provide extended
21 learning time and renewal and rise schools and the
22 Mayor and the Chancellor have both made prior
23 commitments that schools would not lose service and
24 support as the renewal program was discontinued.

1
2 So, can you please explain why you cut that
3 particular support. It seems to me in some ways that
4 you are pulling out the rug from underneath these
5 schools that desperately need that additional
6 support.

7 MELANIE HARTZOG: So, I want to be clear, upfront
8 and I appreciate the question and the opportunity to
9 clarify that every former renewal school that's a
10 community school will continue to receive 100 percent
11 of fair student funding. So, there is no reduction
12 in their total school budget. It's \$100 percent for
13 fair student funding and the community schools
14 provide a number of different opportunities for
15 students including tutoring.

16 The extended learning time, I think the
17 Department of Education found that it was not as
18 impactful and in tight times where we need to make
19 tough decisions, these were one of the things that we
20 in evaluating its impactfulness decided that we could
21 discontinue that because there are other
22 opportunities within the community schools for
23 students.

24 CHAIRPERSON DROMM: I would disagree on that
25 because I think extended learning time was a time

1
2 where you could individualize instruction for those
3 students, and it seems that the loss of any support
4 for those students in those struggling schools is
5 going to have a negative affect on them.

6 MELANIE HARTZOG: So, there is extended learning
7 time supported one hour of after school programming.
8 And as I said, there is other academic opportunities
9 that are offered through the community schools and
10 the fact that they have their 100 percent fair
11 student funding. That includes academic clubs and
12 the before school and then there is the summer school
13 component as well.

14 CHAIRPERSON DROMM: So, the one hour of support -
15 did you say it was in community schools?

16 MELANIE HARTZOG: In afterschool programming.

17 CHAIRPERSON DROMM: For the renewal in the rise
18 schools.

19 MELANIE HARTZOG: The \$19 million was for the one
20 hour, but they could have more hours on top of that.

21 CHAIRPERSON DROMM: Okay, alright, we are going
22 to talk more about that as we go through the
23 negotiations, I am sure as well.

24 At the Preliminary Budget hearing, I requested
25 that OMB provide an estimate of how much violence in

1
2 jails has cost the city between lawsuits, medical
3 cost, overtime, etc. In your response to a follow up
4 letter after the hearing, you noted that the violence
5 is not getting worse, but it did not provide a cost
6 estimate of the violence.

7 Since the last hearing, two reports have been
8 published contesting that assertion. On March 4,
9 2019, DOI sent Commissioner Brann a memo alleging
10 that the Department of Correction under reported the
11 number of inmate fights by more than 1,000 over a
12 three-month period in 2018.

13 On April 18, 2019, Southern District of New York,
14 Federal Monitors published its seventh report on the
15 Department of Correction. And in the 256-page
16 report, Federal Monitors conclude that while the use
17 of force rates have dropped in select jails, the
18 overall use of force is 79 percent higher in 2018
19 compared to when monitoring began in 2016. And then
20 today I hear this the report of Corrections officers
21 being arrested on charges of violating the right of
22 visitors to Rikers Island by illegal searches. So,
23 what's happening there?

24 CHAIRPERSON DROMM: So, we have as you pointed
25 out in the letter that we provided you in response

1
2 have invested more than \$200 million to address jail
3 violence.

4 We have seen certain indicators that show that
5 there is actually a decline, slashings and stabbings
6 have declined by 21 percent overall. There have been
7 numerous conversations that I have had in most recent
8 weeks with the Commissioner who has expressed some
9 additional needs that we would be discussing with her
10 and reflecting in future plans to address those
11 concerns moving forward.

12 CHAIRPERSON DROMM: Okay, so in the letter you
13 did say that you spent \$205 million in investments to
14 reduce violence in the jails, so given what we're now
15 learning about the higher levels of violence in
16 jails, do you think those efforts are paying off?
17 Have they worked? And do you have plans to reassess
18 the effectiveness of the money already spent?

19 MELANIE HARTZOG: We do believe that they have
20 actually had an impact. As I said, one of the
21 indicators that we looked at is stabbings and
22 slashings are down by 21 percent. So, we do believe
23 they are impactful. Is there more that we can do?
24 That's the question that I am assessing as we speak.

3 CHAIRPERSON DROMM: So, will you now commit to
4 assessing the cost of violence in the jails?

5 MELANIE HARTZOG: Yes, I think we've been working
6 on it since you last ask us for it. We are working
7 on it, yes.

8 CHAIRPERSON DROMM: Okay, in the budget response,
9 the Council called for supplemental budget reporting
10 particularly for programs and initiatives that exist
11 outside of the traditional budget reporting structure
12 and a part from our request for additional units of
13 appropriation.

14 Examples of these areas include Vision Zero,
15 Thrive, the Ferry system and the New York School
16 support of services for the custodians in the
17 schools.

18 In addition, we are continuing to request
19 transparent reporting for areas where the budget is
20 particularly opaque, such as in the DHS shelter
21 funding budget.

22 Will you commit to providing the supplemental
23 reporting that the Council requested in the Budget
24 Response?

25 MELANIE HARTZOG: So, I appreciate the question
and we are always looking to be as transparent as we

1
2 possibly can without disrupting the actual agency
3 services. That's why we have worked over the last
4 several weeks on the request by the Council to add
5 more units of appropriation and as we announced
6 today, we are looking at 34 as of now, and working to
7 do more as we can.

8 The Supplemental Reports, I am happy to sit down
9 with Latonia and her staff and go through the reports
10 and what's needed. And whatever we can provide in
11 terms of transparency that helps the Council gain
12 greater visibility into our budget in financing the
13 City. We are happy to do that, absolutely.

14 CHAIRPERSON DROMM: So, with Thrive and I think
15 with the Ferry System as well, units of appropriation
16 don't necessarily show us exactly where the money is
17 coming from because it's across so many agencies.

18 How can you give us better transparency on that
19 within the different agencies?

20 MELANIE HARTZOG: I believe that's what you are
21 asking for in the Supplemental Reports and that's
22 what I am saying, we are happy to sit down and
23 provide that level of information and give you the
24 transparency, the insight that you need into the
25 actual budget and spending.

1
2 CHAIRPERSON DROMM: Okay, Fair Futures, a
3 coalition of over 80 foster care and childrens groups
4 is pushing for Fair Futures, Comprehensive Supports
5 for foster youth for middle school to age 26. Foster
6 care providers say that one in five foster youth
7 enter a homeless shelter within three years of aging
8 out of foster care.

9 Given the high cost of sheltering adults and
10 individuals, do you think an investment in Fair
11 Futures would provide savings to the City in the
12 outyears perhaps even savings that exceed the cost of
13 implementing the program?

14 MELANIE HARTZOG: Understand the concept on the
15 financing side, we haven't actually run the numbers
16 and so, we will do that. But I think more
17 importantly, the idea that we can provide services to
18 youth that prevents them from entering the shelter
19 system, is one that we should absolutely consider
20 moving forward. Aside from the cost, it is a good
21 policy and program priority to have.

22 CHAIRPERSON DROMM: So, you know, we included
23 this in our budget response, and we did ask for a
24 consideration of what the cost would be. So,
25 hopefully moving forward, we can take a closer look

1
2 at that and as you can see up here on the screen is
3 some of the priorities that we have moving forward.
4 Okay, good, I am going to turn it over to my Co-Chair
5 Council Member Vanessa Gibson.

6 CHAIRPERSON VENESSA GIBSON: Thank you. Thank
7 you Chair Dromm and Speaker Johnson and thank you
8 once again for being here and before I get to the
9 Capital specific questions, I just wanted to echo the
10 sentiments of something expressed by the Speaker when
11 he was talking about the PIT, the personal income
12 tax. And while I know we projected about \$284
13 million in revenue, and then the numbers are much
14 higher than we projected. You talked about a series
15 of uncertainties and certain things that we have to
16 do. Mandated costs, understanding cost shifts from
17 Albany, but I didn't get a clear answer on the
18 Speakers question in terms of the fact that we should
19 have some idea of how much additional revenue that we
20 believe will be able to use in this conversation of
21 this Executive Budget process.

22 So, the number that we came up with was \$474
23 million and you acknowledged that you believe the
24 revenue to date is about \$758 million. So, do you
25 agree with our number of \$474 million and if not, do

1
2 you have an idea of what we potentially could be
3 looking at in terms of additional revenue?

4 MELANIE HARTZOG: So, there are numbers of pluses
5 and minuses within the Executive Budget forecast and
6 at any point and time, I am happy to have myself and
7 Francesco sit down with the Council and brief you on
8 the different components of the forecast and the
9 different taxes.

10 So, as I mentioned property tax is down \$70
11 million in the current year. And we talked about the
12 fact that abatements refunds are up. PIT is up \$284,
13 the business taxes \$60 million \$11 million positive,
14 UBT down \$52 million, sales is a positive \$18
15 million. The RPTT is \$30 down and MRT, the Mortgage
16 Recording Taxes, is down \$254 million.

17 So, there is a number of different pluses and
18 minuses, I can go through them all but the net affect
19 on our total taxes and the add was about \$200
20 million.

21 So, yes, there is increase in the personal income
22 tax but there is also decreases in other taxes.

23 CHAIRPERSON GIBSON: Okay, so would it be a fair
24 statement to say that we do project that we will have
25 additional revenue that we can use during this

1
2 process to discuss a number of the budget priorities
3 that we included in our budget response as well as
4 finishing up our one shots to get to \$155 million.
5 Would that be a correct assumption to say that we do
6 have additional revenue that we can use to negotiate
7 during this process to ensure that our collective
8 priorities are addressed?

9 MELANIE HARTZOG: It is a clear indication that
10 in the current year for personal income tax, at the
11 point in which we have locked the Executive Budget
12 that there are collections higher than where we
13 forecast, in the current year.

14 As it relates to an overall forecast, I want it
15 to be clear and that's why I mentioned all the
16 different pluses and minuses because a number of
17 different ups and downs happen from now until the
18 next forecast at the Adopted Budget including certain
19 risks. Property taxes going down on a base of you
20 know, over \$27 billion, \$70 million is not a
21 significant decline but it is a decline that affects
22 how much overall revenue that we can add within any
23 given Adopted Budget.

24 I am committed to working with the Council from
25 now until the Adopted Budget to not only look at if

1
2 in fact, collections come in, what our revenue
3 forecast would be but also, the Council on savings
4 ideas. There is much of the savings ideas that the
5 Council put forward in the Preliminary Response and
6 to our Budget and as the Speaker pointed out, we did
7 in fact, mutually agree on a number.

8 There is more that we can do, and I want to work
9 with the Council on that as well.

10 CHAIRPERSON GIBSON: Okay.

11 MELANIE HARTZOG: We do have modest revenue
12 growth. The level that we saw in Fiscal Year 18 of
13 personal income tax.

14 CHAIRPERSON GIBSON: Right, okay, no, I
15 understand. I appreciate that. I am taking that as
16 a yes. That's a yes, okay.

17 During our Preliminary Budget hearings, the City
18 Council called on the Administration to truly as I
19 mentioned before, make the ten-year capital strategy
20 a real ten-year plan. And not leaving the second
21 half completely either flat or going down minimally.

22 What we are asking for is in this plan, \$16.9
23 million, it's about 72 percent of the spending is in
24 the first five years with the remaining 28 in the
25 later five years. And so, what we've continue to

1
2 ask, and I ask once again, is do you believe that
3 this strategy is a true assessment of capital
4 investment needs over ten years, not five years, but
5 ten or is it just an extension of the Capital
6 Commitment plan? And if it's only an extension of
7 the Capital Commitment Plan, honestly, what is the
8 point of producing a ten-year plan that's not
9 reflective of full ten years? So, would you be able
10 to elaborate a little bit on that?

11 MELANIE HARTZOG: The ten-year plan reflects the
12 ten-year commitment overall. I think the challenge
13 is and you have acknowledged this, and we have been
14 working on it is that the Capital Plan for the first
15 five years is in fact front loaded and we've been
16 working on reforecasting and redistributing and in
17 this plan, we did multiple years instead of just one
18 year in terms of cascading out.

19 I think it's important to not if you look at
20 2018, that was our banner year in terms of spending
21 on the Capital Plan of \$12 billion. 2019, as of this
22 plan, I know it's a little hard to see on your chart,
23 but I believe your chart reflects our numbers. 2019
24 is at 16.4, 2020 is at 18.4, 2021 is at 16.2, 2023 is
25 at 18.3. So, if you look at \$12 billion against 16.4

1
2 for instance in 2019, we have more work to do with
3 actually reflecting the plan as the spending and the
4 commitments will actually occur.

5 And so, as we move forward, we will start to see
6 the leveling out of the plan. It's a challenge that
7 you know we have been working on. I appreciate you
8 continually raising this with us as a concern to
9 actually as much as we possibly can in each plan, do
10 the role and cascade out appropriately where other
11 commitments will be.

12 CHAIRPERSON GIBSON: Okay, from Prelim to Exec,
13 the only changes that we saw in the Capital Plan was
14 the full funding of the four borough-based jails.
15 And this Council has been talking about a number of
16 other capital commitments that we believe the
17 Administration should be looking at as it related to
18 school seats and acknowledging population growth in
19 the City of New York. We've talked a little bit
20 about capital and housing. Homeless New Yorkers and
21 some of the set asides and the projections that we
22 have met in terms of targets for middle income, low
23 income, but falling short on extremely low income.

1
2 Doing very well in preservation, but not
3 necessarily the targets at the lowest end of the
4 spectrum as well as homeless New Yorkers.

5 So, is it our expectation that we should see any
6 more changes in the ten-year capital that would be
7 more reflective from our perspective of more needs in
8 areas like education and like housing. The only
9 changes that we saw were the funding of the four
10 borough-based facilities that are fully funded at
11 \$8.7 billion.

12 MELANIE HARTZOG: So, we added a number of
13 different items to the Capital Plan between Prelim
14 and Exec and I just want to give you a highlight of a
15 couple.

16 We added in addition to the borough-based jails,
17 \$1.5 billion and that breaks out roughly state of
18 good repair in Department of Transportation for six
19 bridges of \$191 million. State of good repair for
20 transportation again on the reconstruction projects
21 for \$128 million. Street resurfacing for lane miles
22 at \$125 million for Department of Transportation.
23 State of good repairs for Fire Department for \$58
24 million. Ongoing storm water management projects in
25

1
2 Staten Island for \$52.3 million. Maintenance of city
3 owned waterfront assets for \$106 million.

4 So, there are a number of different, I am just
5 giving you a couple of highlights of what additional
6 adds were made between the Preliminary and the
7 Executive.

8 In terms of your priority Chair that you have
9 continually raised on the affordable housing front, I
10 just want to add, there has been \$1.9 billion that we
11 added in the Executive Budget, Fiscal Year 2018
12 Executive Budget to make 10,000 units more
13 affordable.

14 HPD has had in their term sheets now, 10 percent
15 homeless set aside and we're always looking for ways
16 to increase that. And on the support of housing
17 front, last Adoption, the Speaker at the urging for
18 us to really look at who we could accelerate the
19 support of housing plan, we accelerated that by 200
20 units to bring the total unit production up to 700.
21 There is more to be done, the Mayor has made that
22 clear and with the Deputy Mayor for Housing Economic
23 Development coming on, Vickie Been. He has charged
24 Vicki and I and the Commissioner Banks with coming up
25

1
2 with more that we can do on the affordable housing
3 front.

4 CHAIRPERSON GIBSON: Are you on pace to meet
5 those targets.

6 MELANIE HARTZOG: Particularly for the population
7 you are asking.

8 CHAIRPERSON GIBSON: Are you on pace to meet
9 those targets that you just described in support of
10 housing?

11 MELANIE HARTZOG: We are on pace as far as we
12 have 4,700 units that are financed. And the Speaker
13 always asks me this, 3,200 are move in ready.

14 CHAIRPERSON GIBSON: And when do you expect to be
15 complete with the remainder? That's a about a
16 thousand, a little over a thousand.

17 MELANIE HARTZOG: Of the 4,700 that are financed?

18 CHAIRPERSON GIBSON: Correct.

19 MELANIE HARTZOG: I will get you an answer on
20 that.

21 CHAIRPERSON GIBSON: Okay, and so the reason I
22 ask that question and bring it up is because the adds
23 that you talked about that are DOT infrastructure
24 road repair related are very important but I think
25 New Yorkers would acknowledge and would appreciate

1
2 seeing some level of more priority given for people
3 and for homeless people or for vulnerable New Yorkers
4 that are living in shelters and on streets. If that
5 was acknowledged in the Executive coupled with all
6 the numbers that you described, I think that would be
7 a good thing.

8 Recognizing that it takes a while to build
9 housing. And so, the numbers you described are
10 currently being financed. That doesn't mean they
11 were yet in construction when people are obviously in
12 need of this housing today.

13 So, I guess my question is, what is the
14 expectation that we expect in the Executive Budget to
15 further accelerate our housing New York Plan, and
16 accommodate New Yorkers that are living on the
17 streets and in shelters today beyond housing and why?

18 I do not believe Housing NY is enough and
19 that's my personal opinion and I want this
20 Administration to go further and so, I would have
21 liked to see something in the Executive that
22 acknowledges that this is a priority coupled with the
23 work that we are already doing. I am not taking away
24 the numbers you described but I am recognizing that
25 we are doing very well in preservation, but we are

1
2 not doing well for New Yorkers at the lowest end of
3 the spectrum. That's my concern.

4 MELANIE HARTZOG: We believe that Housing 2.0 is
5 extremely robust. As I said, there is more work to
6 be done. In coming weeks, you will hear more from us
7 on what more we plan to do.

8 CHAIRPERSON GIBSON: Okay, I hope we hear good
9 things. Okay, I just want to keep pushing because
10 it's very important to many of us that represent
11 constituents that are living on the streets and it
12 seems this Administration will quickly give us a
13 shelter before we get new housing. And that is not
14 the conversation I want to have today, nor is it the
15 conversation I want to continue to have during this
16 Budget process.

17 So, I am asking, and I will keep asking to make
18 sure that we are talking about the important
19 priorities that we know New Yorkers really care
20 about.

21 I wanted to ask, in terms of moving forward to
22 ensure that ten-year strategies are more accurately
23 reflected in the later part of the ten-year plan.
24 The measures that you are putting in place for this
25 particular ten year, are you looking at other reform

1
2 measures that will also look at future ten-year
3 capital strategies as well.

4 So, is there a longer-term plan beyond this ten-
5 year capital?

6 MELANIE HARTZOG: Do you have ideas Chair that
7 you would like to recommend.

8 CHAIRPERSON GIBSON: Oh, sure, yes, we'll talk.
9 Yes, we have ideas. We have ideas.

10 MELANIE HARTZOG: I am happy to have that
11 conversation. I think you have been a wonderful
12 partner in both pushing us on the cascading out,
13 greater transparency and the tracking system, which
14 we really want to put in place, and we got the
15 Mayor's Office of Operations involved. If there is
16 more that we can do to better reflect the ten-year
17 planning before we get to the next ten year, I am
18 happy to have that conversation with you.

19 CHAIRPERSON GIBSON: Okay, so you have
20 acknowledged I have talked a little bit about the
21 Capital Project Detail Data. And now, it's available
22 online, which we are grateful for. I think it's a
23 good start. Understanding that this is a long-term
24 process that we are embarking on, but I also think
25 that there are short term goals that we can look to

1 do as well as long term goals. And our recent
2 conversations we have seen not just it being online,
3 but we've talked about having an actual tracking
4 system that can look at tracking capital projects
5 that are not just at the \$25 million threshold. But
6 also, many of our capital projects that we fund
7 collectively in the Council that are far less than
8 \$25 million.
9

10 Recognizing that New Yorkers, our constituents
11 care about the playground, the park, and the library
12 which are a few million compared to the \$25 million
13 threshold.

14 So, I wanted to ask, what quality control measure
15 do we have in place that can make sure that the
16 information that agencies are gathering is reflected
17 in this tracking system accurately but also up to
18 date and in a timely fashion to provide any
19 improvements to the overall process that we can make
20 going forward.

21 So, during Prelim I had a slide that was shown,
22 and it was a particular general FDNY project and
23 there were a couple of blank lines that should have
24 been filled in. So, my question is what is OMB doing
25 to make sure that agencies are providing accurate

1
2 timely information, so that the tracking system
3 that's online is most up to date for New Yorkers?

4 KENETH GODINER: So, three times a year we update
5 our Commitment Plan and in updating our Commitment
6 Plan we update the Project Detail Report.

7 This last go around, we took the Council's
8 suggestion and we worked closer with the agencies and
9 tried to get them to comply with filling out every
10 single tracking form and I think your staff, the
11 Council Finance Staff looked at that and showed that
12 we in fact, had a very, very high compliance rate.

13 And when we met with you personally, we showed
14 you some of those details that laid out design,
15 construction, construction management and completion
16 and so forth. And it is our intent as we go forward
17 to even strengthen this process so that those project
18 milestones and details are helpful to everyone.

19 CHAIRPERSON GIBSON: Okay, thank you. We look
20 forward to working with you more on that and I
21 certainly want to thank Council Member Lander for his
22 leadership as well.

23 I just have a quick question on the borough-based
24 facilities, and we acknowledge the Council called for
25 a full funding of the four borough-based facilities

1 at \$8.75 million. But it's all in one budget line,
2 so I wanted to ask, could we get some specifics on
3 details of how much each borough will get? Does that
4 include some of the community amenities that we know
5 each borough has been asking for? Do you have an
6 idea of how we arrived at this particular number?
7 And is it possible that through this process we could
8 get more of a specific budget line?
9

10 MELANIE HARTZOG: So, we arrived at the overall
11 number based on what we know at the present time
12 about the scale of the buildings coming down as well
13 as the overall projection of the Census, which is
14 lower than we anticipated when we started the
15 process. Because of the most recently enacted bail
16 reform. I think the challenge for getting any
17 further granular detail at this point is that we are
18 still going through the ULURP process, which will not
19 be completed until the fall, which also includes the
20 points that you brought up Chair regarding the
21 additional community amenities.

22 So, at that point and time in the fall when we
23 have a better sense of where we are overall through
24 the ULURP process, we will be able to further
25 delineate the actual cost per each of the jails. And

1
2 I'm assuming that that will change to some extent as
3 you go through the ULURP process and you are
4 engaging, and we have been engaging with the
5 community. More engagement happens, that the plan
6 will change but we felt and wanted to be responsive
7 not only to the Council but the fact that we have the
8 ten-year plan and the window open to reflect as much
9 as possible what we could around the estimated cost
10 at this point and time.

11 CHAIRPERSON GIBSON: And what about community
12 amenities?

13 MELANIE HARTZOG: At this point and time, their
14 still, as I said, going through the ULURP process.
15 As we close that down and we have a better sense of
16 what those are, we would then update the Capital
17 Plan. Both for any changes through the ULURP process
18 to the scope of the project, the actual facilities
19 themselves, as well as the community amenities.

20 CHAIRPERSON GIBSON: Okay, thank you. I will
21 turn this back over to Chair Dromm and all of my
22 colleagues. Thank you.

23 CHAIRPERSON DROMM: Thank you very much. We are
24 now going to go to questions from Council Members.

25

1
2 First, up is Council Member Jimmy Van Bramer followed
3 by Mark Treyger.

4 COUNCIL MEMBER VAN BRAMER: Thank you very much.
5 Chair, I want to just start off by saying that I
6 think your budget response particularly as it relates
7 to things that this Council has cared about and
8 fought for, for decades is disrespectful to the body.

9 I also want to say as an overview, when Donald
10 Trump became the President of the United States of
11 America, one of the first things that he did was to
12 complete propose eliminating funding for the national
13 endeavor for the arts, the national endeavor for the
14 amenities and the institute for museum and library
15 services.

16 So, given where we are at and given the numbers
17 that we saw with the increase in PIT, I think it's
18 shocking that this Mayor is proposing reductions to
19 cultural organizations, institutions, and libraries.
20 Downright cruel to say that children that visit the
21 New York Public Library should have fewer educational
22 DVD's, given what we're facing here. And I have been
23 with the Mayor himself. I have watched him speak at
24 the Metropolitan Museum of Art, where some of his
25 Commissioners will be tonight, and talk about the

1
2 importance of culture. But I have also been with the
3 Mayor and with Chair Gibson at the Bronx Museum of
4 the Arts and heard the Mayor talk about the
5 importance of some of our smaller cultural
6 organizations in the outer boroughs. Those that
7 serve immigrants and public housing residents,
8 homeless children and the formerly incarcerated. It
9 is not acceptable to make reductions to over 900
10 cultural organization. Many of them small, many of
11 the out of borough, many of them serving people of
12 color. So, my question to you is do you believe,
13 does the Administration and not you per say,
14 personally Director Hartzog, but the Mayor of the
15 City of New York, do you believe that culture and the
16 arts is important in driving tourists to the City and
17 billions of dollars in revenue for the City of New
18 York?

19 MELANIE HARTZOG: Absolutely.

20 COUNCIL MEMBER VAN BRAMER: So, why are you, not
21 you per say, but the Mayor of the City of New York,
22 cutting the budget? Right, there is a big event at
23 the Museum tonight, you might have heard about it and
24 yet we see the largest reduction to the Metropolitan
25

1
2 Museum of Art. Now, I realize they have a large
3 budget, but -

4 MELANIE HARTZOG: You knew that I was going to
5 say that?

6 COUNCIL MEMBER VAN BRAMER: Yes, that's why I
7 answered it for you. But we cannot be reducing,
8 what's shocking about this document and so
9 unacceptable is that in one big cut here, the Mayor
10 is cutting the largest cultural organizations, right,
11 that are really important in driving tourists and
12 billions of revenue, which you yourself know is
13 coming into the City's coffers.

14 The Museum of Natural History, half a million
15 children in the City of New York visit every year for
16 free and you are proposing huge cuts to them. But
17 then you are also whacking the smallest of small.
18 Ayazamana Folk Dance Center in Queens. All of that,
19 why would you do that if this Mayor believes in
20 culture and the arts. It is a fundamentally
21 progressive thing to do to fund the arts, culture and
22 libraries.

23 MELANIE HARTZOG: Let me start with culturals and
24 then I will take libraries.

1
2 So, culturals overall target was a little over \$6
3 million and I think we worked very hard with the
4 Commissioner and his team to come up with a savings
5 plan that meets their PEG target, that while it does
6 have reductions, those reductions are relatively
7 modest.

8 So, if you were to look – I hear you and I know
9 we are going to agree to disagree, but I would like
10 to be able to explain the rational. That if you look
11 overall at where we are in terms of the total
12 reduction, \$2.85 million off of a base of \$139
13 million that we give to cultural institutions. As it
14 relates to the specific PEG that you are concerned
15 about Council Member. In the past, Administrations
16 have cut just across the board without taking into
17 any consideration the size of the overall
18 institution. That is not what we did here. We
19 actually took into consideration the size of the
20 institution, so that the cut looked at their overall
21 budget and I understand we are going to again, agree
22 to disagree, but saying to the smaller institutions,
23 we are looking at a minimum of 1,300 versus the MET
24 at 180,000 for a budget of \$139 million is the MET's
25 total budget.

1
2 So, there was consideration taken and in fact, we
3 were looking at overall subsidy that we give to MET
4 and we're able to identify about a million dollars in
5 expense dollars that we could actually put up as
6 capital.

7 And so, there was no reduction. We worked very
8 hard on that front.

9 COUNCIL MEMBER VAN BRAMER: Right, I would just
10 argue -

11 MELANIE HARTZOG: On the libraries - I just want
12 to get this piece out.

13 We had several meetings with the libraries and
14 our main goal with the libraries was not to reduce
15 hours of service. We know the Council's priority in
16 terms of the hours of service, we believe that as
17 well and we actually had conversations where the
18 libraries told us that they had taken efficiencies of
19 their own. They had taken down staff lines, they are
20 doing more with less, just like we are in the city
21 and so, we actually said, you know what, there is
22 savings related to centralized pension and healthcare
23 costs that we budget centrally and we wanted to give
24 them actually the credit for taking on their own
25

1
2 efficiencies prior to us even coming up with a PEG
3 target.

4 So, there is a number of different things that we
5 did to mitigate what the impact are and again, I am
6 not disputing the fact that there is a reduction,
7 that there is going to be a service reduction on the
8 cultural side.

9 COUNCIL MEMBER VAN BRAMER: Well, there isn't if
10 the City Council and the Mayor agree not to do that.
11 And it is shocking that you are still saying at this
12 hearing that there will be service reductions to
13 cultural organizations. When you yourself just said,
14 that billions of dollars in revenue flow to this
15 city's coffers which allow the City of New York to
16 pay for all of the other services and that's the MET,
17 that the Museum but it's also the smaller outer
18 borough cultural organizations.

19 MELANIE HARTZOG: I don't believe I said billions
20 of dollars flows. I think that they are a very
21 important component of the city's infrastructure.
22 Very much believe in it, we've made investments
23 there.

24

25

1

2

COUNCIL MEMBER VAN BRAMER: So, don't cut it.

3

Don't cut it and I am not just talking to you. I am

4

talking to the Mayor of the City of New York.

5

MELANIE HARTZOG: Appreciate you position Council

6

Member.

7

COUNCIL MEMBER VAN BRAMER: We cannot be the

8

progressive bastion that claim to be and then whack

9

small cultural organizations that serve immigrant

10

populations all over the City of New York. It is

11

absolutely unacceptable. It is against our values.

12

SPEAKER JOHNSON: Council Member, I just want to

13

introject and say that I hundred percent agree with

14

you and I think that this is fundamentally a

15

progressive issue and an issue of gaining access for

16

all communities across the city and we actually

17

called for a greater investment in libraries and in

18

cultural institutions in our budget response.

19

So, for me, and I think there is near unanimity

20

in the Council, any PEG cuts to these important vital

21

institutions, I think we would call dead on arrival.

22

COUNCIL MEMBER VAN BRAMER: Thank you and I know

23

my time is up. I want to thank the Chairs. I just

24

want to say also, we have as you know, a situation

25

with the retirement system for our cultural

1
2 institutions that has created an awful lot of
3 instability. And so, to propose these cuts on top of
4 that instability is really rubbing salt in the wound.

5 So, maybe you can talk a little bit about how
6 were going to stabilize the system and make sure that
7 these cultural organizations aren't taking another
8 huge hit and then destabilizing the retirement
9 system. Because I know the Mayor has spoken so much
10 about the retirement benefits and how much he
11 believes those are important to maintain.

12 KENNETH GODINER: Right, just to speak briefly
13 about the current situation in CIRS. Their plan is
14 an accurately funded plan under Arisa, as such, it's
15 reviewed by an independent actuary for soundness each
16 year. I am happy to say that the last actuary report
17 shows that the cultural institution retirement system
18 plan is well-funded. It is as they classified under
19 a green, yellow, red, sort of scoring that is green
20 not only in the current year but green throughout I
21 think it's a five-year forecast period. We've been
22 you know, in discussions with both the cultural
23 institutions and DC37 have said this same thing I
24 just said to you and said that you know, should there
25

1 be a time when the plan is not in that condition.

2 That we would meet and discuss what to do.

3
4 CHAIRPERSON DROMM: Okay, thank you. We are
5 going to move on to our next Council Members, Council
6 Member Treyger followed by Rosenthal.

7 COUNCIL MEMBER TREYGER: Thank you to the Chairs
8 and Speaker. Good morning Director Hartzog. You
9 know, I just want to open up very briefly by saying I
10 am having a difficult time trying to reconcile the
11 language and the vocabulary being used today.

12 I have heard you more than one refer to the
13 budget circumstances as challenging. In normal
14 circumstance when cities are sitting on hundreds of
15 millions of dollars of additional revenue, I wouldn't
16 define that as challenging, I would define that as
17 promising. And so, we have just heard, and you have
18 acknowledged, which I appreciate, that there are
19 hundreds of millions of dollars in additional
20 personal income tax revenue that's come in
21 "unexpectedly" into the City Budget.

22 But the same Administration is referring to this
23 time as challenging. No, this is promising. And
24 speaking of promising, the Mayor promised this big
25 campaign on schools, not jails, schools, not jails.

1
2 Let's see how our schools are faring Director
3 Hartzog.

4 We don't see as far as our budget response, \$89
5 million for pay parity for early childhood educators.
6 Which by the way, just for the public to understand,
7 60 percent of the services provided by UPK are done
8 by CBO providers. They are at the brink of financial
9 ruin, because they cannot keep up with cost.

10 And so, the Administration is looking to expand
11 3K when UPK right now is really being threatened in
12 terms of its finances and we're losing people
13 constantly in our CBO community.

14 There is not one dime, not one dime proposed in
15 this budget for a fair city funding increases. And
16 just to put that into context, the City
17 Administration leave it to school budgets to pay for
18 salaries of staff. And there have been contract
19 negotiations and contract advancements.

20 So, schools have to pay for higher salaries for
21 teachers, counselors, social workers and all the case
22 staff titles. If you don't increase the school
23 budgets, key folks will be excessed from those
24 schools.

1
2 So, if you are a brand-new special education
3 teacher that was hired to better meet the needs of
4 your students, you most likely will be excessed. If
5 you are a new social worker that was hired to meet
6 the needs of your kids, you are most likely to be
7 excessed because we have a last in first out system
8 when it comes to our school budgets.

9 And let me go on. The Chair talked about \$13.75
10 million for 110 additional social workers. Director,
11 I visit schools as much as I can. During Budget it
12 is very hard right now, but our schools are pleading
13 with us to hire additional social workers. Pleading
14 with us.

15 They don't need the school mental health
16 consultants that are not licensed social workers.
17 They need direct services provided in the schools.
18 We also don't see \$11 million for the mental health
19 continuum, services for students with significant
20 mental health needs to provide them with mental and
21 behavioral supports and as the Chair noted before,
22 there are over 700 schools that don't have one
23 dedicated social worker. I am not sure what the term
24 resource means respectfully. They are looking for a
25 social worker to be housed in their schools.

1
2 No funding for title nine coordinators. We just
3 had a hearing that was painful to experience. Where
4 some folks were not even sure what that meant. But
5 we are seeing increases in cases of sexual assault a
6 violence committed against our students and staff in
7 our school system.

8 No funds for busing for kids in foster care. No
9 funds to baseline teachers choice, which covers key
10 materials, day to day operations for classrooms.

11 How can you say that this a schools not jails
12 budget. When quite frankly, we have failed. We have
13 failed our schools. I would like for you to respond
14 initially because my time has run out. Just a quick
15 follow up.

16 MELANIE HARTZOG: Let's first talk about the
17 revenues, because I want to be really clear. The
18 Council and Speaker questioned my overall on personal
19 income taxes. The entire revenue forecast is not
20 based on solely personal income tax revenues. As I
21 responded to Chair Gibson, there are a number of
22 negatives and a number of positives that happen
23 within the forecast and then that effected that in
24 the Executive Budget as adding \$200 million.

1
2 So, while I am acknowledging that collection for
3 personal income tax are coming in, there is also a
4 number of different revenues that are going down.
5 That the offset we will have to see as we move
6 forward with the Adopted Budget, it will be reflected
7 in that forecast.

8 As it relates to our education investments in the
9 Executive Budget, I explained earlier that we had
10 significant challenges. As I am sure you know
11 Council Member, we have no choice but to fund Charter
12 Schools. It is mandated by the State; those tuition
13 payments have increased, and the number of students
14 enrolled increased.

15 That brings our total spending on Charter Schools
16 to a little over \$2 billion annually. There is no
17 choice but to fund them. That is what we had to do
18 in the Executive Budget to reflect both the number of
19 schools increasing and the tuition increasing. And
20 the second biggest investment that we had to make
21 which is the Carters cases, we made that investment
22 \$100 million in 2020. We also made the investment of
23 over \$33 million for special education to continue to
24 build on our infrastructure of special education
25 service within the public-school system with the goal

1
2 of ultimately over time being able to provide more
3 special ed service inhouse.

4 As I said on the guidance counselors, I did not
5 say resources, I said there is a combination of
6 community-based organizations, guidance counselors
7 and social workers.

8 COUNCIL MEMBER TREYGER: Respectfully, I know my
9 time has run out. I acknowledge the fact that Albany
10 in their budget failed our school system. No one
11 should be taking a victor lap in Albany based on our
12 education budget. It is disgraceful of what those
13 numbers looked like. But respectfully, when the
14 Mayor went up to Albany a number of times, the key
15 focus areas for him this year was mayoral
16 accountability or mayoral control and specialized
17 high schools.

18 MELANIE HARTZOG: That cut would have been over
19 \$300 million if it had been enacted. And so, that
20 would have meant we would have to redirect \$150
21 million of existing school aid to a certain portion
22 of our schools as well as an overall cut in school
23 aid and we were able to avoid that, but we still had
24 a \$25 million cut. That is exactly what the Mayor
25 talked about.

3 COUNCIL MEMBER TREYGER: Right, I'm not
4 discussing the Governors -

5 MELANIE HARTZOG: And he did ask for fair student
6 funding. To get to 100 percent, it's over \$750
7 million and we always talk about the need to get
8 there with additional state support.

9 COUNCIL MEMBER TREYGER: Respectfully, I don't
10 think the Mayor affectively organized and prioritized
11 school budgets up in Albany this year. But we have
12 to right this wrongs now, especially in light of the
13 fact that there is hundreds of millions of dollars of
14 additional revenue in our city budget. This is not
15 acceptable. The Budget as we've heard is a
16 reflection of our values. We value schools, we value
17 our children. The Mayor is not going across the
18 country talking about UPK.

19 The stability of the system is at risk. I don't
20 know even how the Administration could even think
21 about advancing 3K when UPK is the brink of financial
22 collapse because they cannot hold on to educators.

23 So, I am going to have additional follow up
24 questions, but Mr. Chairs and Mr. Speaker, we have a
25 lot of work to do. I am deeply disappointed in this

1
2 education budget. This is the beginning of the
3 process; this is not the end. Thank you.

4 CHAIRPERSON DROMM: Thank you Council Member
5 Treyger. Council Member Rosenthal followed by
6 Grodenchik.

7 COUNCIL MEMBER ROSENTHAL: Thank you so much.
8 Thank Director Hartzog, great to see you. I really
9 want to pick up on a comment you made earlier, I
10 think to Speaker Johnson when you said that the
11 Deputy Mayors are meeting regularly with the
12 nonprofit resiliency sector working group. And what
13 you said, is that they are meeting with them
14 regularly and hearing their concerns.

15 That is true. So, now let's say the second part
16 of the sentence. What they are not doing is
17 responding to those concerns.

18 At each one of those meetings, the Executive
19 Directors of the nonprofit organizations that are
20 serving our New Yorkers, that are doing the work of
21 the city, they are begging for money. They are
22 begging for funding for inflation for the cost of
23 personnel. As Council Member Treyger has pointed
24 out, personnel are leaving our CBO's in droves
25 because they can get better funded jobs elsewhere,

1
2 thereby hindering our ability to provide services to
3 New Yorkers.

4 So, what the nonprofit Executive Directors are
5 telling me, is that yes, they raised those concerns
6 at those meetings and then the Deputy Mayor says no,
7 and by the way, we have a PEG program and you are
8 going to have to eat the cuts.

9 So, there is a real disconnect between the Mayor
10 saying that they have a working group. And the
11 Executive Directors that are telling me, the working
12 group is not getting to the solutions. And let me
13 point out one simple way that the City could be
14 funding our nonprofit sector and that is the
15 inflation adjustment reserve. So, we have a reserve
16 for contract inflation. Why have we never dipped
17 into that reserve to pay for inflation in our human
18 service contract budgets?

19 And I have looked back now over the last five
20 years, so during the de Blasio Administration and
21 what I am seeing is that every year that reserve is
22 simply emptied out and taken as I think it called in
23 the Budget, procurement savings, and at the same
24 time, the nonprofit Executive Directors are begging
25 that the City cover the costs of inflation.

1
2 So, what's going on with all the disconnects
3 there?

4 MELANIE HARTZOG: We seem to have this
5 conversation I think routinely and maybe it's time
6 for us to have a meeting with you and I, with the
7 Deputy Mayor to really get to the bottom of this. I
8 think my position has been very clear on this. We
9 have made significant investments.

10 COUNCIL MEMBER ROSENTHAL: \$150 million over
11 time. Yes, and every time at the budget meeting with
12 the Mayor, I thank him for the \$150 because the prior
13 \$20 years we have starved these organizations. \$150
14 million is a lot. They need \$250 million more just
15 to be able to provide services.

16 MELANIE HARTZOG: We have done model budgets for
17 the preventive programs. We have done model budgets
18 for senior centers. There is more to do on that
19 front. We have done model budgets for homeless
20 shelter providers and I personally worked on the
21 indirect rate increase that we did.

22 COUNCIL MEMBER ROSENTHAL: Yes, the indirect
23 costs, they can now calculate their cost.

24 MELANIE HARTZOG: Council Member, we can't do it
25 all.

1
2 COUNCIL MEMBER ROSENTHAL: It won't be funded but
3 they can calculate the cost.

4 MELANIE HARTZOG: We funding 10 percent.

5 COUNCIL MEMBER ROSENTHAL: Yes, you are at 10
6 percent. The actual cost is 17 percent.

7 MELANIE HARTZOG: I can't answer you question if
8 you don't let me finish speaking. I am trying to
9 answer the question. We funded 10 percent and
10 originally what we did was say we are going to phase
11 it in over time. The nonprofits came back to me and
12 said, we want this funding now. Fully annualized at
13 \$110 million and we said, yes.

14 So, there have been years, more than decades,
15 where the not-for-profit sector did not get that, and
16 we were able to do it. We can't do it all though.

17 COUNCIL MEMBER ROSENTHAL: Okay, so we're going
18 to agree to disagree on that and lastly, you have in
19 the Budget procurement reform savings from Fiscal
20 Year 2018 and the current Fiscal Year 2019 was
21 expected \$20 million in savings. I would imagine
22 that would come out of individual agency budgets or I
23 don't know where that comes but you have \$20 million
24 that you took out of Fiscal Year 2019 and \$30 million

1
2 expected from next year. What budgets did those
3 actually come out of when you have passport savings?

4 KENNETH GODINER: It is our expectation that
5 those savings we result of the successful
6 implementation.

7 COUNCIL MEMBER ROSENTHAL: Yes, how is it
8 implemented in the Budget?

9 KENNETH GODINER: We have taken savings centrally
10 and are expecting once we roll out the reverse
11 auctions that we will see saving in the various
12 agency budgets as they procure items through that
13 process.

14 COUNCIL MEMBER ROSENTHAL: Right, it's just that
15 it has to be effectuated in a budget, and I am just
16 wondering since Fiscal Year 2019, you have Exec now,
17 where was that \$20 million effectuated? What
18 agencies? How was that \$20 million effectuated from
19 a central goal of \$20 million to -

20 KENNETH GODINER: We will get back to you with
21 the layout of where the agency spending was reduced.

22 COUNCIL MEMBER ROSENTHAL: Sorry?

23 KENNETH GODINER: We will get back to you with
24 the layout of where the agency spending was reduced.

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

89

3 COUNCIL MEMBER ROSENTHAL: Oh, I would really
4 like to see that. Thank you very much.

5 CHAIRPERSON DROMM: Okay, thank you Council
6 Member. Council Member Grodenchik followed by
7 Rivera.

8 COUNCIL MEMBER GRODENCHIK: Thank you Chair
9 Dromm. I think it's morning, good morning Director
10 Hartzog. As Parks Chair, I have got to raise my
11 voice. The Parks Budget continues to go sideways and
12 actually is deteriorating as a percentage of the
13 overall New York City Budget.

14 Over the past year, I visited about 100 parks.
15 Our parks are in pretty decent shape, but they are
16 not going to continue to be and they could be in much
17 better shape with more money. And I am not talking
18 about hundreds of millions of dollars in investment.
19 I am talking about much more modest and targeted
20 investments that we need to make for our parks
21 system.

22 We can not depend upon the private sector for
23 every they have been and will continue to be quite
24 magnanimous. But for millions of New Yorkers, the
25 Parks are the only vacations they get, and you've
heard from my colleagues this morning about our

3 progressive values and we need to move forward on
4 that Parks Budget. Hundreds of thousands of New
5 Yorkers have joined in this quest and I will continue
6 to push for that over the next month or so.

7 I also want to add my voice to Chair Dromm and
8 Chair Treyger about fair student funding and about
9 funding overall for renewal schools. Martin Van
10 Buren High School, which is in my district, is the
11 only renewals school I have. We have made tremendous
12 progress there. So much so, that the Mayor visited
13 for a Town Hall in the Fall of 2017.

14 I am worried that the progress that we have made
15 that there, where we have turned around graduation
16 rate from 45 percent to almost 80 percent in just six
17 years will be eroded.

18 So, I will be calling you if I get complaints
19 from the school community. Okay, is that fair?
20 Okay.

21 Lastly, I don't have any waterfront and I don't
22 have any Ferry's. So, unless I build a canal to my
23 district, which I really don't want to do. I am
24 asking this Administration to seriously consider one
25 card, Metro Card swipe for people who use the Long
Island Railroad and Metro North in New York City.

3 This would be an absolute game changer. The
4 people out in Eastern Queens cannot wait 20 or 30
5 years for a subway to be built. We need access at a
6 fair rate.

7 I know that Councilwoman Adams will tell you what
8 a game changer that would be for the 6,000 plus
9 families that live at Rochdale Village and so on and
10 so forth. So, as we go forward, during the rest of
11 this Mayoral Administration, I am going to continue
12 to press this. I am told it's about a \$50 or \$60
13 million investment, but we need to do that now. And
14 I thank you. I don't have any questions, but we will
15 be talking. Thank you very much. Thank you, Mr.
16 Chairman. I yield the rest of my time.

17 CHAIRPERSON DROMM: Thank you Council Member
18 Grodenchik. Council Member Rivera followed by
19 Lavine.

20 COUNCIL MEMBER RIVERA: Thank you so much. I'll
21 take Barry's time. Thank you so much for being here.
22 Good morning. I just want to of course, stress and
23 underline everything my colleagues have said.

24 We come together, we meet in committee, we have
25 thoughtful conversations about the budget. People
poured hours and hours into our response. Because we

1
2 take this so, so, seriously and we want to be
3 thoughtful and we delivered a balance budget. So, to
4 see the savings that we described be served back to
5 us almost as your own idea and then for our ideas and
6 what we know is critical to the foundation of a
7 strong New York Economy that serves everyone, that
8 was disturbing, and it was offensive.

9 So, I have to let that just let that be known,
10 because when NYCHA senior centers are threatened and
11 fully funding bridging the gap is in question, I feel
12 like they are low hanging fruit for us to feel good
13 about when we win them in budget negotiations. And I
14 feel like that's unnecessary and a waste of
15 everyone's energy.

16 So, I also want to stress cross agency
17 transparency because a lot of the agencies work
18 together to fund programs and sometimes, we don't
19 have all the information to know where the money is
20 coming from and where it is going.

21 Having said all that, speaking of transparency,
22 the first question is about H&H, we've had some
23 issues over the years on transparency. Why couldn't
24 H&H turn in an Executive Budget when they could a
25 Preliminary one? And I say that because Dr. Katz

3 recently made some comments about if dish cuts came
4 to New York City, H&H facilities would be in jeopardy
5 and I am wondering why financially this isn't so
6 urgent that we have to prepare when a federal
7 government is no friend to New York?

8 MELANIE HARTZOG: I believe you are asking for the
9 H&H cash plan for the Executive Budget. We are in
10 the process of updating it and I believe my staff is
11 meeting with you tomorrow to go through it and all
12 the different components of it and what our
13 assumptions are as it relates to the cash plan on the
14 Dish reduction. Which from a cash plan basis, we
15 have to actually prepare as though that's not going
16 to happen.

17 Meaning that we are not going to get Dish cuts
18 delayed. Has it been delayed in the past? Yes, it
19 has at least four times. Hopeful that that can
20 happen again, but obviously from a financial
21 management, a good responsible planning perspective,
22 we can't assume that that's going to happen, but we
23 can walk you through all the components.

24 COUNCIL MEMBER RIVERA: Thank you. And I only
25 ask because we typically have hours or a day with the

1 documents and the information you give us and it's
2 not fair. I have to move on to my next question.

3
4 Census money was provided but only at half of
5 what we requested. When this is a national
6 competition and I know you, Administration is very
7 interested in national politics. Why aren't we
8 looking at how we fund the Census when California has
9 already allocated 100 million? This is billions of
10 dollars online, so I am asking why that money and why
11 that amount and how much actually will go to the
12 community-based organizations we are so relying on to
13 do the work and getting the numbers?

14 MELANIE HARTZOG: The Mayor and Deputy Mayor
15 Thompson believe that the \$26 million in addition to
16 what the states allocation will be is sufficient for
17 the plan to roll it out. If we move forward in
18 implementation, given the commitments to ensure that
19 every New Yorker is counted, both the Mayor and the
20 Council consider this priority. If we need to add an
21 additional plan, we will add but at this point and
22 time that's sufficient funding.

23 In terms of your question about how much goes to
24 the community-based organizations of the \$26 million,
25 it's about \$8 million is for community basic

1 organizations. There is a significant amount of
2 funding for a robust media and communications plan.
3 And then there is additional staffing.

4 COUNCIL MEMBER RIVERA: You said \$8 million?

5 MELANIE HARTZOG: \$8 million for grants.

6 COUNCIL MEMBER RIVERA: So, there has been a
7 number of assessments as to how much money we need.
8 So, I understand that's you kind of - you have
9 analyzed that that \$26 million is sufficient. I
10 think we all disagree with you, so we ask that you
11 revisit that number. And just the last plug is for
12 the bridge programs that are for job readiness. We
13 really want to make sure that that's fully funded.
14 That is for people who have been historically
15 underserved educationally and have lacked access, the
16 economic opportunity just throughout the years and
17 so, we hope that you will look to increase that
18 funding and we would like demographic breakdowns of
19 who that program is serving.

20 And lastly, with the personal income tax revenues
21 up, you know, you can fund a lot of these programs.
22 And so, I just want to say the discretion that you
23 use is astounding to me and I know I am knew but I
24 hope that we can work together and increase that
25

3 transparency. Thank you for being gracious with the
4 time.

5 CHAIRPERSON DROMM: Thank you very much.

6 SPEAKER JOHNSON: Chair Dromm, I just want to
7 reiterate, again I appreciate the good back and forth
8 we are having today with the OMB Director and her
9 staff. I just want to say, again, from a process
10 perspective and from a working together perspective.
11 You know, if the Chair or a particular committee and
12 the Finance Division of the Council is not given an
13 Executive Budget for H&H before this hearing today, I
14 mean, that's problematic and I say that with the
15 upmost respect for Dr. Katz, who I think is amazing
16 and I am super grateful that he is in that position.
17 He is doing an incredible job.

18 But again, if we having this hearing today, the
19 Finance Staff and the Chair should receive that
20 information before the hearing, not the day after the
21 hearing because we have to do work in a public
22 setting like this and be able to ask questions.

23 So, again, it is disappointing that that didn't
24 happen, and I don't know what the reasons are, but we
25 want all the information before we have these
hearings.

1
2 MELANIE HARTZOG: We have been in the process of
3 updating the cash plan. It's one of the reasons why
4 I wanted to make sure that the Chair before the
5 hearing had a full briefing along with Council
6 Finance because we were providing the cash plan after
7 the hearing, my hearing. But it will be well in
8 advance of the H&H hearing and again, it will be a
9 full briefing on all of the major changes, so that
10 that Chair is fully ready for the H&H hearing and has
11 an opportunity to ask my staff questions about all
12 the changes that were made and that is not something
13 we normally do but we can do that again moving
14 forward each time. I do apologize for the delay.

15 SPEAKER JOHNSON: And the hearing is on Thursday?

16 MELANIE HARTZOG: Yes.

17 SPEAKER JOHNSON: And I also just want to say
18 that I hear you on the Deputy Mayor. Deputy Mayor
19 Thompson and the Mayor believe that the is it \$26
20 million is an appropriate level. Of course, we don't
21 agree with that. I mean, all the advocates, the
22 Hispanic federation, name any of the groups that have
23 working on the Census, they've said \$40 million is
24 the bare minimum. That they would want more than
25 that. So, we are going to continue to fight for the

3 full \$40 million and I want to turn it back to you
4 Chair Dromm.

5 CHAIRPERSON DROMM: Thank you. We've been joined
6 by Majority Leader Cumbo and Council Member Deutsch.
7 Council Member Levine followed by Council Member
8 Chin.

9 COUNCIL MEMBER LEVINE: Thank you so much Mr.
10 Chair and I want to reiterate the point that the
11 Speaker made earlier about stronger than expected tax
12 receipts. So, we're not talking here about spending
13 money that doesn't exist. We are talking about
14 spending money which does thankfully appear to come
15 in and with that in mind, I want to bring up a few
16 health priorities.

17 First, Council and its response as prioritize
18 funding safe injection sites, otherwise known as
19 overdose prevention facilities. This is one of the
20 biggest public health emergencies we are facing in
21 the city with more people dying from overdose than
22 die from homicide, suicide, and traffic crashes
23 combined. We've lost a year in this fight, largely
24 thanks to delays in Albany. But we want to make sure
25 that the resources are there to start this
immediately.

1
2 Why is the Administration which supposedly shares
3 this priority not yet funded safe injection sites?

4 MALANIE HARTZOG: It sounds like on this one we
5 are waiting for the state to give us approval from
6 the state Department of Health.

7 COUNCIL MEMBER LEVINE: But if that approval
8 comes after the budget, the City Budget's approved,
9 then we have no money.

10 MELANIE HARTZOG: Council Member, there is always
11 an opportunity once we get an approval to add funding
12 in a future plan and the agency could actually start
13 a roll out and then we can add the funding in a
14 future plan.

15 COUNCIL MEMBER LEVINE: Okay, I want to move on
16 to some other matters, but I strongly feel we should
17 put that in the budget now. That was the Council's
18 position, so that we lose no more time in a crisis
19 which is taking one New Yorker, one fatality every
20 seven hours.

21 A not well known, but important stream of funding
22 is Article 6. This comes out of the state; I asked
23 the Mayor and your team about this in the briefing a
24 week or so ago. It really was apprehensible that the
25 state cut this money only to New York. It means \$59

1 million of a hit for programs which really affect the
2 people who are suffering on the margins in New York
3 City and I asked in the briefing about this and you
4 all said that all \$59 million were restored in your
5 Executive. That didn't turn out to be exactly true.
6

7 The portion of that money, which is so critical,
8 which is going to community-based nonprofits in
9 efforts like combating HIV/AIDS and efforts like
10 combating viral hepatitis is not in the Executive
11 Budget and the channel by which this passes through
12 the CBO's isn't matching funds off of Council
13 priorities. But it would mean millions of dollars
14 lost on a couple of efforts in the case of the
15 epidemic, HIV/AIDS, we cannot slide back on. And in
16 the case of viral hepatitis, I wouldn't even say
17 slide back because the big progress is yet to come on
18 that fight, but we don't want to be detracted from
19 that critical priority either.

20 Can you clarify, you said all \$59 million were in
21 there. So, are you going to produce money for these
22 CBO's doing that critical work?

23 MELANIE HARTZOG: I think it's a matter of when
24 timing of when the cut takes effect. The \$59 million
25 that was included in the state enacted budget is

3 effective July 1. So, currently programs that are
4 funded remain funded at that level. The \$59 million
5 takes effect in July 1, so that's our next City
6 Fiscal Year and that is the funding that we back
7 filled.

8 COUNCIL MEMBER LEVINE: Right, but we are talking
9 about the next Fiscal Year. We are talking about
10 having the resources for these fights in the next
11 Fiscal Year to continue programming which the state
12 was funding in previous years including the year we
13 are currently in now.

14 No one is talking about funding for this current
15 Fiscal Year, we are talking about funding for FY
16 2020.

17 MELANIE HARTZOG: Which the \$59 million is
18 backfilled.

19 COUNCIL MEMBER LEVINE: Including for CBO's who
20 are continuing service beginning in July.

21 MELANIE HARTZOG: That is correct.

22 COUNCIL MEMBER LEVINE: Okay, I think we have a
23 semantic disconnect here. So, the money that would
24 be available for reimbursement to CBO's doing the
25 services is in fact counted for in the Budget.

MELANIE HARTZOG: That is correct.

1
2 COUNCIL MEMBER LEVINE: You don't need the detail
3 that we put in our City Council breakdown listing the
4 individual nonprofits for that?

5 MELANIE HARTZOG: If you are referring to adds
6 that we made in the current year that are not
7 reflected in 2020 that's different. I thought you
8 were referring to where the baselining program that's
9 in Department of Health that is funded by Article 6
10 dollars. There is funding that we add at adoption
11 with partnership with the Council that's funded in
12 Fiscal Year 2019, that is not reflected in the Fiscal
13 Year 20 Budget. Some of that may be included in the
14 \$77 million that we most recently came to an
15 agreement on, but if there is funding that is added,
16 that is not -

17 COUNCIL MEMBER LEVINE: Okay, I will let this go
18 because my time is up. The fact is as of now, the
19 CBO's which are providing services, and, in the
20 epidemic, a viral hepatitis will face a multimillion
21 dollar cut for the Fiscal Year that starts July 1st
22 unless we find a way to fill that gap. And we are
23 asking the Administration to do that so that we do
24 not slide back in these critical fights. Thank you,
25 Mr. Chair.

3 CHAIRPERSON DROMM: Thank you, we are going to
4 take a five-minute break and then we will return
5 after that.

6 Okay, we are going to reconvene now and we're
7 going to start with Council Member Chin followed by
8 Rodriguez.

9 COUNCIL MEMBER CHIN: Thank you Chair. Thank
10 you, Director, and thank you for the meeting that I
11 had with your staff and it was very productive. But
12 I was very disappointed that the money for senior
13 meal, congregate meals and food service worker did
14 not get into the Executive Budget.

15 So, I hope by the time we finalize the Budget
16 that it is included because I wanted to say again,
17 that seniors are part of our future. We cannot
18 ignore them. We help build a city and we have to
19 continue to invest in our senior as we invest in our
20 young people with K3 and K4, seniors are still part
21 of our future. Don't ignore them and the seniors
22 that go to our senior center according to DFTA's
23 Report that they did, they are healthy and stronger.
24 So, we got to continue that investment and in the
25 Executive Budget, the way that you try to get DFTA to
take the PEG, because the Mayor when I asked him, he

1
2 said, well everybody has to have one and what had
3 happened was that you decided to close those centers
4 at DFTA. And I think in the Executive Budget, there
5 is 12 of them that the Administration is proposing to
6 close and then get the senior to take a bus or take a
7 van or whatever to get to other senior centers close
8 by.

9 But a lot of these social clubs are actually over
10 utilized and now we are crowding the senior centers
11 that are already crowded and we're not giving the
12 senior center any more money and when you mentioned
13 earlier about the Model Budget. You know, how I feel
14 about the Senior Center Model Budget, that we didn't
15 put enough money in there, right David. And I am
16 still waiting for the money because we had the
17 meeting.

18 \$10 million was put in two years ago for Fiscal
19 2018, because that was the year of the senior in 2017
20 and we were very happy at that time that you finally
21 recognize the importance of senior center and \$10
22 million was put there. But now two years later, that
23 budget did not get increased and there was a promise
24 and they said, well, we're going to put it in next
25 year. Lets not hold it off until next year. Let's

3 put it in this year to make sure that our senior
4 centers are supported. The increases are in there
5 because the last increase was in 2014 of \$0.25 per
6 meal and I say that in the one shot that you did add
7 some back for home delivered meal but that's not
8 enough.

9 So, I hope that before we sign on to the final
10 budget that that money better be in there for our
11 senior center because I told the Mayor if it's now, I
12 am very, very unhappy and it's unacceptable.

13 So, Director, I look forward to continuing to
14 working with you to make sure that money is put in.

15 MELANIE HARTZOG: There is no better advocate for
16 the senior community in New York City than you
17 Council Member and every year is the year of the
18 senior, thanks to your work.

19 So, a couple things and I will try to be quick
20 because I know we have other questions that we want
21 to get addressed, but on the actual food redesign, we
22 said late spring. And so, we have a report that's
23 due to you and I know that we've been in
24 conversations with DFTA on that, and so, we owe it to
25 you to have a follow up meeting on that to circle
back on where we are with that.

3 And yes, it has been a component that we pulled
4 out of the model budget specifically because we
5 needed more time to take a look at it and it is now
6 time that we actually look at that and assess where
7 we are and what we need to do.

8 COUNCIL MEMBER CHIN: Does that mean adding the
9 funding in there?

10 MELANIE HARTZOG: I myself have not been briefed
11 on the report yet. And so, I don't know what the
12 implications are, what we are looking and if there is
13 any room for what the implementation timeline is.

14 So, just like we phased in the model budgets, we
15 have to look at what those costs are and what the
16 implications are.

17 COUNCIL MEMBER CHIN: There is increase in
18 revenue. So, there is no excuse saying that there is
19 no money.

20 MELANIE HARTZOG: There is declines in revenue as
21 well. That your also reflected in the fact of our
22 forecast which was just \$200 million up.

23 But committed to having that conversation with
24 you. I want to just clarify because I think there
25 has been a lot of you know, the senior clubs and the
centers.

1
2 So, we really firmly believe when we accessed the
3 senior clubs, the 12, that there were better
4 opportunities within close proximity for seniors to
5 have a full-service center versus the clubs. As you
6 know, that are smaller, they don't offer meals and
7 more comprehensive planning and service because of
8 the physical space constraints and for these
9 particular 12 sites, it was with the intent in mind
10 that we can better service those seniors with full
11 service senior centers that are very close in
12 proximity. And we did provide the transportation
13 within DFTA's budget to do that.

14 We want to work with the Council on the
15 implementation of that and the timeline. We have
16 been out, not me personally, but the city in looking
17 at these sites and we also want to look at
18 opportunities to better maximize the space at the
19 NYCHA facilities and if that includes as Chair Gibson
20 has pointed out, more affordable housing within
21 NYCHA. That's something we are open to looking at
22 with NYCHA. And we want to make sure that there is a
23 transition for the seniors that is reasonable. That
24 they have time to do that. They are aware of what
25

1
2 the services are that are being offered at the
3 centers.

4 We believe that the centers do not need
5 additional funding with exception of the
6 transportation for the services to offer but if they
7 do, we are more than happy to do that, and this is
8 about providing a better service to those particular
9 seniors within those 12 clubs.

10 COUNCIL MEMBER CHIN: Well, we're going to have
11 an opportunity tomorrow at the Executive Budget
12 hearing with DFTA to really go into this in more
13 detail.

14 MELANIE HARTZOG: We do, and I look forward to
15 having ongoing conversations with the Council and
16 implementation of this moving forward. Not just in
17 the hearings but also details on the plans for each
18 of those clubs and the centers that the seniors will
19 be able to access.

20 COUNCIL MEMBER CHIN: But according to our data
21 that we got, a lot of them, at least seven of these
22 clubs are over utilized.

23 MELANIE HARTZOG: I'm not sure how you are
24 defining over utilized. We did look at attendance as
25 a factor. They tend to have lower attendance than

1
2 the others, but again, that wasn't the driving
3 factor. The factor was looking at the resources, the
4 senior centers, within close proximity and providing
5 those seniors with better services.

6 COUNCIL MEMBER CHIN: But I don't think we are
7 looking at the other, because we have a lot of what
8 we call NORC program, where they are at NYCHA. And
9 they are connected to a senior center and that senior
10 center provides the meals there and the programs
11 there. And it's a wonderful model and it's happening
12 all over the city especially; I know the one in my
13 district that's working. And I think DFTA needs to
14 look at that rather than forcing the senior to have
15 to travel.

16 I mean like, the reason why they like where they
17 are at socialization and everything, that their
18 friends are there, you can't force them to go to
19 somewhere else. If the center was close by, they
20 could have gone there already.

21 So, we really need to look at individual centers
22 and how to make that connection, how to make the
23 services better. And not just say, oh, you have an
24 option, we'll just bus you over to the closest
25

3 center. So, lets have more discussion on that before
4 we start implementing it. Thank you.

5 CHAIRPERSON DROMM: Thank you. Council Member
6 Rodriguez followed by Cornegy.

7 COUNCIL MEMBER RODRIGUEZ: Thank you Chair.
8 Look, I believe that there is a lot that we still
9 have to do to restore the funded to the \$154 million
10 dollars.

11 I hope that conversation will continue and that
12 you guys continue negotiating with our team so that
13 we can get there. But you know the \$77 million is
14 small progress but that's not close to where I hope
15 that we will be by the time when we speak with Mayor,
16 the handshake take place. I feel that where this
17 Administration has a lot to celebrate, police reform,
18 education, housing, but still we also have to realize
19 that we inherit a city that a lot more has to been
20 done. That probably the changes that we need will
21 not happen even in our generation and that is sadness
22 of our time.

23 That we live in two cities, that it is better go
24 and get the guy in the white house because we can see
25 his color than approaching the city that we have
here. Because we have many schools that they don't

1
2 have after school programs at elementary level. It's
3 not mandatory, it is not included in this project. I
4 think that and I hope that we can continue to working
5 on it.

6 I believe that when we look at housing, I have
7 some issues on HDC. I don't know if they have all
8 the funding in order to honor all the agreements
9 related rezoning's. Because what I heard is there
10 some areas and I can tell you even in the Inguinal
11 area, there is some developers that they were
12 supposed to be there two or three, go affordable that
13 they are saying that now they are being told that
14 probably there is not enough funding now for them to
15 do any structure of the big project as we agreed.
16 And I don't think that is not only Inwood, I think
17 that this is something that I hope that in this
18 budget there is enough funding to ACT for finance the
19 affordable housing.

20 I believe that on Vision Zero, as we have seen
21 the data, speaks for itself. You know, this has been
22 one of the babies. This Administration and the we as
23 a Council, myself, Chair of the Transportation have
24 been very grateful to be working together. But every
25 year, for the last three years, you the

1 Administration have refused to put the money for
2 Education of Learners Initiative. What we have seen
3 now at the beginning of this year is that there is an
4 11 percent increase of injuries in the City of New
5 York and I think that area is another one that I hope
6 that you guys can come back to us and be able to
7 increase dollars when it comes to the education of
8 learners, Vision Zero initiatives so that more New
9 Yorkers get involved.
10

11 So, those for me are concerns. I know that we
12 have been trying to do the best we can, but there is
13 an area that we have to tackle. The investigation of
14 the squad unit. How can we double the number of men
15 and women in charge? We only have 24 to investigate
16 more than 40 cases of hit and run every year in the
17 city of New York. 4,000 of those and we individuals
18 incurred a condition and the average of one person
19 dying every year and only 24 people are assigned at
20 NYPD to investigate those cases.

21 MELANIE HARTZOG: Okay, there was couple
22 different components. I think I got them all. On
23 the first, on the Inwood rezoning, I believe this is
24 sufficiently funded. We should have a follow up with
25 you immediately after the hearing to make sure that

1 we have addressed any concerns you have. And on the
2 overall neighborhood development fund, we believe
3 that there is adequate funding both between HDC, the
4 affordable housing as well as the NDF, the dollars
5 that are existing.
6

7 There is going to be more rezoning's moving
8 forward and we will have to re-access at that point
9 and time the level of NDF funding. But for the
10 existing, that funding is there. So, any problems
11 really to Inwood, we should follow up with you
12 immediately on.

13 On Vision Zero, we know that the Department of
14 Transportation has done some work within their
15 existing budget. We think that there is an
16 opportunity for us to go back and have a conversation
17 in light of what you just said and the statistics
18 that you pointed out, for us to revisit that with the
19 agency and come back on what more needs to be done,
20 particularly on that front.

21 And on the collision staffing, this is the first
22 I am hearing of that. I appreciate you bringing it
23 to my attention, the NYPD collision staffing, we will
24 take a look at that and get back to you as well.
25

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

114

3 CHAIRPERSON DROMM: Okay, thank you. Council
4 Member Cornegy followed by Miller.

5 COUNCIL MEMBER CORNEGY: Thank you Chairs. Good
6 afternoon Director Hartzog. So, in keeping with the
7 theme that's been today, I got to say that the
8 constituents of New York City have a reasonable
9 expectation that the budget is going to reflect the
10 priorities of the City and the Administration.

11 I think that this budget has failed to do that
12 and in particular around MWBE. So, my questions
13 today will be focused around the MWBE program. Even
14 though my district holds of the twelve senior centers
15 and very disappointed in the idea that we would cut
16 those, and it happens to be a very viable senior
17 center by the way. But my colleagues touched on that
18 in a great way. My two questions are around MWBE
19 performance and MWBE lending's.

20 I'll start with the lending. SBS administers the
21 \$10 million contract financing loan fund. A
22 revolving loan fund which provides low interest loans
23 to MWBE's. Has this been a successful program? How
24 many MWBE's have accessed this fund over the last
25 three years and being that this is a revolving loan

1 fund, is this something that you feel we could
2 expand?
3

4 MELANIE HARTZOG: So, the City has awarded close
5 to \$12 million out of the loan fund for a total of 61
6 loans and two awards. It think we would say the
7 program has overall been successful. Is it something
8 that we could expand? And Terra is pointing out that
9 we raise an additional \$20 million in private funds
10 in addition to what the city has put forward for the
11 loan fund.

12 So, for me as the current Chair of the City
13 Council's WBWE Task Force, every time I speak with
14 MBWE's they are saying that the \$10 million reflects
15 one tiny fraction of whats actually necessary to be
16 successful and compete in this marketplace for those
17 contracts.

18 So, I asked you kind of facetiously did you think
19 you could expand it. I know that there is an
20 expansion that is necessary. Are you willing to
21 expand it should have been my question.

22 MELANIE HARTZOG: I'm willing to have a
23 conversation about what you envision the expansion to
24 be. I think we have to have that within the context
25

1
2 of where we are overall in the financial plan, but I
3 am happy to have that conversation with you.

4 COUNCIL MEMBER CORNEGY: Thank you. And so, MWBE
5 performance in Fiscal Year 2018 roughly \$1.1 billion
6 was awarded to MWBE's. Now, while that sounds like a
7 tremendous number, it demonstrated little growth in
8 the value of MWBE awards from Fiscal Year 2017. What
9 efforts is OMB contributing to increase the value of
10 MWBE awards with City agencies if any?

11 MELANIE HARTZOG: I think that this is a question
12 on the participation that's best answered by Deputy
13 Mayor Thompson, because the work of the MWBE's comes
14 out of his office. Encouraging agencies including
15 OMB to participate in the MWBE program. So, I am
16 happy to take that back and get an answer for you.

17 COUNCIL MEMBER CORNEGY: Okay, last question, is
18 when NYC set a goal of achieving a 30 percent
19 utilization rate for MWBE's by the end of Fiscal Year
20 2021. Is the City on track to achieve this goal?
21 And what measures are the Administration or agencies
22 taking to prioritize MWBE's in City contracting?

23 MELANIE HARTZOG: I will get an answer to you on
24 that from the Deputy Mayor's shop.

3 COUNCIL MEMBER CORNEGY: So, I want to ask, is
4 that meeting that you will facilitate between myself
5 and the Deputy Mayor and the task force or are you
6 going to ask those questions and get back? I'm not
7 trying to be - I just want to be direct on what will
8 be the methodology for getting that information,
9 because I think it's important.

10 MELANIE HARTZOG: Of course. We will ask the
11 questions and get back to you with the answers in
12 writing and we can channel that through the Council
13 Finance Staff as we normally do for the hearings.

14 COUNCIL MEMBER CORNEGY: Thank you, I would
15 appreciate that.

16 MELANIE HARTZOG: Yes, of course.

17 CHAIRPERSON DROMM: Okay, thank you. Council
18 Member Miller followed by Adams.

19 COUNCIL MEMBER MILLER: Thank you Chair and Madam
20 Chair, and Director. Thank you for being here today,
21 I know it has not been easy and it's been long but
22 that's the job.

23 So, my questions are three full. First, it's the
24 Black, Latino, Asian caucus by representing 4.5
25 million New Yorkers. Our theme for our budget
response this year is equity and it is difficult to

1
2 be able to assess whether or not this budget is
3 equitable, as my colleague said, in serving the most
4 vulnerable and the entire city holistically if the
5 information on the budget is kind of trickling out.
6 And we were hoping to have an immediate response or
7 at least an intelligent response but without the
8 information within the budget is impossible to do so.
9 So, I hope that we can count on that information
10 being released in its entirety and available in its
11 entirety.

12 There is some things about equity and
13 specifically I am always - as was mentioned about my
14 colleague from South East Queens, the Ferry,
15 certainly that is a service that is not necessarily
16 equitable in how those services get delivered and it
17 is questionable whether or not it is necessary.

18 Whether or not it is just a way of providing a
19 leader service to a particular group of New Yorkers
20 serving Wall Street and the business area. And
21 whether that is the consistent with the investment
22 and transportation options such as fair fares or as
23 my colleague said, the contributions to Metro North
24 and Long Island Railroad which would bring greater
25 accessibility to many more New Yorkers.

1
2 So, again, Equity. And then finally, not
3 finally, I want to put on labor hat and talk about
4 the human capital and look at the impact on the
5 workforce considering attrition. And the numbers
6 have diminished particularly mentioned in the budget
7 was the traffic enforcement and how there is
8 intentions to increase the number of fines, which I
9 don't see how to do it with less bodies.

10 So, certainly that is a contention because the
11 services that our public servants deliver that make
12 us safer, that make us healthier, that make us more
13 educated, that give the city value. That I hope the
14 budget is reflecting.

15 And then finally, as a representative of the 27th
16 Council District, specifically, 5 percent home
17 ownership. What is in the budget to ensure that we
18 are protecting those homeowners throughout the city?
19 Particularly those African American immigrant
20 homeowners that depend on this opportunity to build
21 wealth. They are consistent taxpayers. That revenue
22 is there. It is not reflected here. The only
23 program that we have seen coming from the Admen's
24 support in the past had been foreclosure prevention,
25 which we have to get beyond that. We are asking that

3 that be consistent because we are seeing that occur
4 throughout the city again as well as distressed
5 mortgage, buy back and any other systems that you
6 have for homeowners. I will listen.

7 MELANIE HARTZOG: There are several different
8 components. I want to see if I got them all. The
9 first was you were talking a little bit about the
10 overall workforce and where we are on the traffic
11 enforcement agents. We are taking down vacant
12 positions. But year to year, they are actually
13 increasing overall, which is why we are able to look
14 at where we are with our revenue and reflect
15 additional revenues as a result of that.

16 So, there is a slight increase from year to year
17 even with the reduction and it's based on that and
18 looking at their total traffic enforcement and the
19 mixture of different positions that we are able to
20 re-estimate the revenue on that front.

21 It think you asked several questions about the
22 investments that we're making overall for property
23 owners. We have made investments in the green
24 infrastructure overall in South East Queens. You are
25 right, we have made investments in various discreet
programs, small programs on the foreclosures front.

3 I think there is more to say as we move forward
4 overall in the property tax commission that we are
5 partnering with the Council on, on what additional
6 resources supports relief we can do all with and I
7 must say this, with keeping revenue neutral within
8 the process.

9 COUNCIL MEMBER MILLER: So, let me just respond
10 by saying that is woefully insufficient. It has been
11 in the past considering the critical crisis that we
12 continue to find ourselves in around foreclosure.

13 It is certainly something that we need to be able
14 to address and love to have a more substantive
15 conversation about what that support looks like and
16 certainly, respectfully disagree with your analysis
17 of traffic enforcement and I know you didn't touch on
18 the other piece but certainly, again, equity in the
19 budget is very important that we are serving
20 communities and subsidizing communities greatly. At
21 the same time, we are not subsidizing housing, but we
22 are subsidizing Fairy service. I'm not saying that
23 it doesn't make sense.

24 MELANIE HARTZOG: We've made significant
25 investment in the MTA and I think the most recent
enacted budget is an acknowledgment that there needs

1
2 to be additional resources. It's what the twelve
3 point and the congestion pricing plan is and that is
4 I think, a partnership that we have between the
5 legislature and the Governor to actually do that and
6 we cannot, the City, afford to finance the entirety
7 of the MTA.

8 The Ferry's in particular, the Mayor has been
9 very clear about this, which is that it is an
10 additional source of transportation that is actually
11 serving communities in which they are isolated from
12 other means of transportation. And it does hit
13 certain communities that are low income. Coney
14 Island was one of our most recent adds and in the
15 Bronx, we added an additional stop to reach
16 communities that are isolated.

17 So, that is a priority of the Mayor. We have
18 made those investment and we believe they are
19 effective.

20 COUNCIL MEMBER MILLER: Just one second, that's
21 probably a conversation that if you want to have in
22 public, I would love to engage, but certainly coming
23 from a community that has a transportation desert,
24 someone who lives 4.4 miles from the subway. Takes a
25 bus from the first to the last stop and a train from

1
2 the first to the last stop, anywhere from an hour and
3 a half to two hours is our commute in South East
4 Queen. And the Administration, we have asked them
5 for the past four years to consider investing or
6 supporting commuter rails so that we can access that,
7 that would not just cut the commute in half but what
8 you can't quantify giving people five to ten hours a
9 week back to their communities and their families and
10 there has been absolutely no response, no investment.
11 But yet, we invested in that and Far Rockaway, it
12 doesn't go too Far Rockaway and it has yet to go to
13 Coney Island and it has yet to the Bronx. The fact
14 of the matter is it will end up College Point in the
15 other communities before it ends up in those places
16 there and as I said, it is not equitable. It is not
17 serving communities, low income communities, and
18 certainly, it is not the most efficient way to
19 deliver those services at more than \$10 in subsidies
20 per trip.

21 MELANIE HARTZOG: We are going to have to agree
22 to disagree on that.

23 COUNCIL MEMBER MILLER: And I would love to
24 whomever on that side thinks that that is more
25 efficient way to deliver services, I love to -

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

124

3 MELANIE HARTZOG: Council Member, I am happy to
4 meet with you to have a conversation about our Ferry
5 investment and what we are doing in the routes and
6 the benefits of those investments. I just think we
7 are agreeing to disagree.

8 COUNCIL MEMBER MILLER: So, the interesting thing
9 about that is as was displayed, the Administrations
10 initiatives. Whether it was Vision Zero, whether it
11 was the Ferry and others, those services that get
12 delivered, there was I think it was 200 and whatever
13 million dollars towards secured bike lanes and other
14 infrastructure and \$2 million. \$107 towards secured
15 bike lanes and other infrastructure from DOT and \$2
16 million toward secure bus lanes. Over \$2 million
17 people ride buses every day. How many people are
18 riding bikes? Where is the equity? Where is the
19 equity to those outer boroughs communities that
20 absolutely depend on buses? Where is it?

21 MELANIE HARTZOG: I am not sure if you are
22 referring to just incremental adds that we made
23 between the two plans versus our total investment in
24 the infrastructure. We are happy to get you those
25 numbers. But I think what you are adding are just
incremental adds that we've made, not the full amount

3 of funding that we have dedicated in the financial
4 plan towards that transportation overall. I am happy
5 to provide you with those numbers.

6 COUNCIL MEMBER MILLER: You know what, this is
7 what we had at the last Transportation hearing. You
8 should be able to provide those numbers now. Thank
9 you, Mr. Chair.

10 CHAIRPERSON DROMM: Okay, thank you Council
11 Member. And I know we are running on one o'clock and
12 we have another hearing. So, I am going to ask
13 Council Members to make sure that they are short with
14 their questions. Council Member Adams followed by
15 Majority Leader Cumbo.

16 COUNCIL MEMBER ADAMS: Thank you Mr. Chair.
17 Thank you, Mr. Speaker, for this hearing. Thank you,
18 Ms. Hartzog, for being here today. I know it's a
19 long day with us as usual.

20 I don't want to redundant, but I also have to
21 echo my colleague expressions of disappointment. In
22 the Mayor's initial Preliminary Budget, as it yielded
23 none of the Council's recommendations, zero
24 recommendations.

25 So, I am just going to ask just a couple of
questions. Hopefully I can get them in. And in echo

3 as well, that the PIT is stronger than expected and
4 at least a \$474 million increase in PIT revenue. I
5 think that needs to be revisited when we go back to
6 the drawing board with this information but there has
7 been a lot of interest and a lot of conversation
8 citywide conserving Thrive NYC.

9 And in the Fiscal 2020 Executive Budget, the
10 Administration reduced the funding for Mental Health
11 Service Corp \$9 million in Fiscal 2019 only. Out of
12 a \$50 million total request from the New York City
13 Council. However, no Thrive NYC money has been
14 reduced in Fiscal 2020. Why did the Administration
15 only reduce \$9 million in Thrive NYC funding?

16 MELANIE HARTZOG: So, I am going to continue to
17 say this as the Council continues to bring up PIT.
18 And that the collections are up, is that there is an
19 overall revenue forecast and there are taxes that are
20 going down. And so, in the Executive Budget, the net
21 effect of taxes going up and down in terms of our
22 forecast. Clearly in the current year, it's based on
23 actual collections was a net of \$200 and so as we
24 move into the Adopted Budget, we will have
25 conversations overall about the forecast, not just
isolating on personal income tax.

2 COUNCIL MEMBER ADAMS: Understood, understood.

3 MELANIE HARTZOG: To your question about Thrive,
4 there is two pieces to this, I think the \$50 million
5 was looking at where spending has been. We believe
6 that Thrive and with the right sizing of the Mental
7 Health Service Corp, where we took down the \$9
8 million was to actually reflect where their spending
9 will be in the current year and so, moving forward,
10 we are revisiting overall the Mental Health Service
11 Corp in particular and Thrive and will reflect
12 further changes between now and the Adopted Budget.

13 But the adjustment current was to actually
14 reflect the spending. So now, we are on track to
15 spend a little over 90 percent of the Budget for
16 Thrive.

17 COUNCIL MEMBER ADAMS: We are looking at almost
18 \$1 billion in funding for Thrive NYC. One of Thrive
19 NYC signature initiatives, Public Health Diversion
20 Centers is still not operational. But it's budgeted
21 for \$9.5 million in both Fiscal 2019 and 2020. Why
22 did OMB not reduce the funding for this particular
23 initiative and part of the reduction in Thrive NYC
24 services?

1
2 MELANIE HARTZOG: We did. We actually reflected
3 the funding in the years in which it will be spent as
4 the diversion centers get ramped up. And so, we can
5 give you the numbers for Fiscal Year. So, it's 4.5
6 down in this plan, this is the action that we took.
7 So, it's 4.5 down in the current year and 4.5 up in
8 the next year.

9 COUNCIL MEMBER ADAMS: Again.

10 MELANIE HARTZOG: It has been a challenge on
11 actually getting the diversion center cited, and now
12 that they are, we are ready to move with that.

13 COUNCIL MEMBER ADAMS: Alright, and again, and I
14 know that my time is up. We are talking about
15 transparency a lot lately. I really, really think
16 that we need to revisit this. \$1 billion is a lot,
17 where we see in our city right now, so many different
18 areas that are in need. We are speaking about
19 education, we're speaking about transportation and
20 again, I didn't want to be redundant. My colleagues
21 have spoken about the transportation desert in South
22 East Queens over and over and over again. There is
23 no equity there.

24 So, there is just a lot of disappointment. We
25 feel very, very disrespected in this presentation of

1
2 this Budget and again, my hope is that and I know
3 that we work well together with you. My hope is that
4 we can really, really get someplace palatable for the
5 people of New York for this New York City Council
6 because New Yorkers deserve better than this Budget.
7 Thank you for you time.

8 MELANIE HARTZOG: I am always happy to have a
9 conversation with you about any additional
10 information you need on Thrive. The Budget is \$250
11 million annually. I think you referenced \$1 billion
12 number. So, it's \$250, we have provided the Council
13 with a breakdown and anytime that you would like to
14 have conversations about the different components of
15 it, happy to do so.

16 COUNCIL MEMBER ADAMS: Thank you. Majority
17 Leader Cumbo followed by Council Member Deutsch.

18 COUNCIL MEMBER CUMBO: Thank you. I just wanted
19 to begin with just informing you that tomorrow Metro
20 IAF, which will be comprised of hundreds if not
21 thousands of our seniors will be on the steps of City
22 Hall tomorrow in regards to senior housing. And to
23 this date, we still have not seen where it has
24 reflected the \$500 million in the City's Budget.
25 Where seniors with wheelchairs, oxygen tanks and

1
2 walkers came to City Hall on the steps to fight for
3 senior housing for themselves but also for everyone
4 in this room who will so fortunate to become a senior
5 in their life.

6 So, this is an issue that has been persistent to
7 say disappointing would be a severe understatement in
8 terms of thousands of seniors went home after the
9 handshake in the budget believing that through the
10 handshake deal, that \$500 million was going to be in
11 the budget devoted to senior housing. Has the \$500
12 million appeared?

13 MELANIE HARTZOG: Council Member, I know this is
14 a top priority. You have been consistently bringing
15 it up in the hearings. You also mentioned it when we
16 had our briefing on the Executive Budget. There was
17 a meeting scheduled and I believe due to scheduling
18 conflicts, it had to be rescheduled to discuss this
19 matter with you and at your request with the
20 advocates as well. And so, I believe we need to get
21 it back on the calendar to discuss where we are with
22 the \$500 and the additional units.

23 COUNCIL MEMBER CUMBO: No, I am very aware that
24 the money was not going to reappear, but I want to be
25 on record that I have asked the question, that we've

3 continued to pull back the curtain in terms of the
4 fact that thousands of seniors who came up here to
5 fight for senior affordable housing were essentially
6 duped. And so, we want to have an understand of how
7 that's actually going to be made right and how the
8 seniors and their goals and their promise are going
9 to be kept whole.

10 I think when I am sitting back and listening to
11 all of my colleagues ask their questions, it's really
12 more on the basis of us coming to the City Council
13 with an understanding that we are equal branches of
14 government. That the Council is an equal branch of
15 government with the Administration but yet, what we
16 see is that we all have priorities. You have 51
17 members with priorities, you have a Mayor with many
18 priorities but what consistently happens is the
19 priorities of the City Council, 51 members, were all
20 term limited. We want to see certain things happen.
21 Such as summer camp opportunities for middle school
22 students, such as our senior housing. All of these
23 different programs that we fight for every year,
24 including now, the senior housing, our culturals and
25 libraries which are the foundation of the City of New
York. We are the International Cultural Icon City of

1
2 the World and to have a significant cut come to the
3 culturals and the libraries which attract people from
4 all over the world, is unfathomable to me.

5 How do you see us as branches of government when
6 the priorities of the Mayor are put forward and
7 resourced and funded and very basic things that the
8 Council comes for every year and I'll give you an
9 example, because I feel like this is strategy. There
10 is no way this Administration could not believe with
11 all of the work that we have been doing that a
12 summer, a free summer opportunity for middle school
13 aged students, that are too young to be at home, but
14 not old enough to get a job should be left to their
15 own devices for the summer.

16 I believe it's a bargaining chip. It keeps us at
17 a place where every single year we come away with a
18 victory because we restored it and were kept limited
19 because we are fighting for the same thing over and
20 over again, and we're never able to propel forward
21 because we are fighting for something so basic as
22 summer camp for middle school students. I don't
23 understand that.

24 MELANIE HARTZOG: So, Council Member, we feel
25 that between the Executive Budget of last year we

1
2 added \$125 million in fair student funding that's in
3 the baseline to get to the 93 percent citywide
4 average. We then in the Preliminary Budget of this
5 year and we skipped at Adoption of last year, we
6 baselined \$56 million worth of Council priorities
7 that are continuing on. Right, not just one year.

8 At Prelim of this year, we added \$106 million for
9 Fair Fares. At the Executive Budget, we added \$11.6
10 million for Students in Shelter. As the Speaker
11 mentioned, he felt we did not go far enough. We had
12 conversations and came back to \$77 million.

13 So, we have been having multiple conversations.
14 We are going to have multiple conversations moving
15 forward, but we have added Council priorities. I
16 understand that it is not to the level of the
17 Council's response, but we have been responsive in
18 adding a portion of those priorities within the
19 Budget.

20 COUNCIL MEMBER CUMBO: And just to conclude, the
21 \$77 and one shots, are obviously noted here but what
22 the Council and the Speaker have to go through just
23 to get one shots restored, it would appear that we
24 could come to a better place of negotiation if in
25 acts of good faith, this is like the baseline of what

1
2 you come back with and then we can negotiate from
3 there.

4 I think it's always very difficult for us to be
5 at a place where we are operating at such a baseline
6 deficit that to get one shots restored, and this is
7 only half of what was actually asked. Double was
8 actually asked for in terms of the restoration of the
9 one shots is really disappointing. So, we want to
10 continue to work in good faith but this sheet that we
11 got, the \$77 million in one shots restored should be
12 the baseline of where the negotiations begin. Thank
13 you.

14 CHAIRPERSON DROMM: Thank you Majority Leader.
15 Now, we have Council Member Deutsch followed by
16 Menchaca and then Chair Gibson and then that will be
17 it.

18 COUNCIL MEMBER DEUTSCH: Thank you Chair. So, as
19 Director of the Mayor's Office of Management and
20 Budget, do you have regular meetings with NYPD
21 regarding the safety of New Yorkers?

22 MELANIE HARTZOG: My staff is in regular meetings
23 with NYPD.

24 COUNCIL MEMBER DEUTSCH: Regular meetings. So,
25 in the wake of recent attacks of houses of worship

1
2 throughout the country and throughout the world. It
3 became a frightening time for religious New Yorkers
4 attending churches, mosques and synagogues.

5 Although to my knowledge, there is currently no
6 credible threats. Does the Administration believe
7 that houses of worships are vulnerable to attacks
8 here in New York City?

9 MELANIE HARTZOG: That question is best answered
10 by the expert who would be the Police Commissioner
11 and the Mayor. To the extend that, we need to – if
12 you are asking a question on resources, we are always
13 monitoring, having regular conversations with PD
14 around their resource needs. Obviously, if there was
15 any need to add funding to make sure that houses of
16 worship are protected, we would do so most certainly.

17 COUNCIL MEMBER DEUTSCH: Thank you. Now, you had
18 in the school security funding for the Budgets Fiscal
19 Year 2019, how much funding was put in, in the budget
20 for 2019 for school security?

21 MELANIE HARTZOG: I am sorry you are you
22 referring to school safety agents or are you
23 referring –

24 COUNCIL MEMBER DEUTSCH: No, for school security
25 guards in private schools.

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

136

3 MELANIE HARTZOG: It is \$14 million.

4 COUNCIL MEMBER DEUTSCH: How much of that \$14
5 million was spent in 2019?

6 MELANIE HARTZOG: That's what we believe the
7 spend will be.

8 COUNCIL MEMBER DEUTSCH: You will be able to
9 spend \$14 million?

10 MELANIE HARTZOG: The current year to date is
11 \$10.7. Sorry, current year to date is \$10.7.

12 COUNCIL MEMBER DEUTSCH: I am sorry?

13 MELANIE HARTZOG: \$10.7.

14 COUNCIL MEMBER DEUTSCH: In the current and
15 Fiscal Year 2020?

16 MELANIE HARTZOG: Yes.

17 COUNCIL MEMBER DEUTSCH: So, in Fiscal Year 2019?

18 MELANIE HARTZOG: Fiscal Year 2019, is the budget
19 is \$14 million and I believe you were asking of what
20 the year to date spend is and that's what we are
21 answering. It is \$10.7 in Fiscal Year 2019.

22 COUNCIL MEMBER DEUTSCH: \$10.7. So, I got
23 numbers like \$16 million for 2019. Is that not
24 correct?

25 MELANIE HARTZOG: The budget is \$14 million.

3 COUNCIL MEMBER DEUTSCH: \$14 million and \$14
4 million was spent in 2019?

5 MELANIE HARTZOG: We are on track to spend that;
6 we are at \$10.7 currently.

7 COUNCIL MEMBER DEUTSCH: \$10.74, so, do you
8 believe it's going to underspent for this Fiscal
9 Year?

10 MELANIE HARTZOG: So, we are projecting at \$10.7
11 as pretty the spend for the total year.

12 COUNCIL MEMBER DEUTSCH: So, you believe the
13 whole entire \$10.7 will be spent?

14 MELANIE HARTZOG: Yes.

15 COUNCIL MEMBER DEUTSCH: Okay, now although like
16 I mentioned, there is no currently any credible
17 threats. Tomorrow I am having a press conference,
18 calling in the Mayor to fund security for houses of
19 worships including mosques, synagogues and churches.

20 So, I believe that in this day and age, you know,
21 when people go into the houses of worships, they
22 shouldn't have to look over their shoulder. So, I am
23 asking if we could put additional funding into the
24 budget to protect our houses of worships throughout
25 New York City?

1 COMMITTEE ON FINANCE JOINTLY WITH THE
2 SUBCOMMITTEE ON CAPITAL BUDGET

138

3 MELANIE HARTZOG: Again, that's a question that's
4 better answered in terms of assessment of what any
5 security risk is by the expert, which is the Police
6 Commissioner and consultation obviously with the
7 Mayor. I have no sense of what that is. It is their
8 expertise. If there is some resource need related to
9 what the Commissioner is telling us, then we could
10 assess that but that is best suited for the
11 Commissioner to answer.

12 COUNCIL MEMBER DEUTSCH: Okay, so as we are
13 having budget talks, as of now, you have not received
14 any information in regards to -

15 MELANIE HARTZOG: No.

16 COUNCIL MEMBER DEUTSCH: No, alright. Thank you.

17 CHAIRPERSON DROMM: Thank you. Council Member
18 Menchaca and I'm sorry, I made a mistake Council
19 Member Kallos also.

20 COUNCIL MEMBER MENCHACA: Thank you Chair and
21 thank you Director Hartzog for being here with us
22 today.

23 I just want to get a sense of the folks that are
24 in the room. How many of you here are working for
25 the office of Management and Budget? Raise your
hand. OMB Team, that's incredible, awesome. I want

1 to say thank you for your work. This is not easy
2 work and clearly there is a lot of agreeing to
3 disagree. And I want to just push a little bit of I
4 think whats driving me right now and a lot of the
5 Council Members is a sense that this is a moral
6 document. At the end of the day, this puts the
7 priorities of the New Yorkers that we all represent.
8 You have mega boss, that's real but I hope that in
9 the midst of these conversations that are happening
10 in closed doors that you get to push as much as you
11 can to things that you hear. If any of these things
12 inspire you that you push as much as possible.
13 Because not only do you have a mega boss, I think
14 that you live in the city and you get to see and hear
15 from people in your neighborhood, on the trains, in
16 your schools, or you have kids.

17
18 So, that's a push for you to just keep making
19 this better. Director, what I am concerned about
20 most right now is the census and the money that has
21 been put into the census.

22 You recently just a couple hours ago talked about
23 \$8 million going to organizations to do the work when
24 we know that organizations are going to be the best
25 equipped to make the message heard in our

3 communities, immigrant communities. What is your
4 plan to disperse this money for the \$8 million? How
5 quickly can you get it out once the first moment that
6 the dollar can get on the street? Whats preventing
7 you from making this a Council component? A kind of
8 Council discretionary dollar allocation. What is the
9 other money going to be used for and we will start
there.

10 MELANIE HARTZOG: Start there.

11 COUNCIL MEMBER MENCHACA: Yeah. We are going to
12 start there.

13 MELANIE HARTZOG: So, the \$8 million is for
14 community-based organizations. It's in DYCD's budget
15 as it relates to the timing and the roll out, the
16 agency is better suited to answer those questions
17 along with the Deputy Mayor.

18 The balance of the funding is going towards
19 staffing and then there is about \$10 million that is
20 going towards communications and media outreach,
21 that's a big component of the plan that the Deputy
22 Mayor felt was really critical to making sure that
23 the message is received.

24 COUNCIL MEMBER MENCHACA: And what Deputy Mayor
25 is this?

1
2 MELANIE HARTZOG: Thompson.

3 COUNCIL MEMBER MENCHACA: Thompson, okay cool, we
4 are going to meet with him soon.

5 Great, so I am going to be requesting for Julie
6 Mennen to come before my Executive Budget hearing to
7 talk more about it. Clearly, that is not enough for
8 us to kind of get a sense. If anybody from DYCD need
9 to be there; I think we really need to dig deep.

10 The advocates statewide have given us a charge,
11 \$40 million for the City of New York. Twenty of
12 those should go to organizations. And so, we are
13 severely underfunded for something that's going to
14 impact this budget and the rest of the ten-year plan
15 for New York. And I hope that you can kind of hear
16 that loudly and if there is anything else that you
17 want to say right now in terms of the Census and how
18 we can make it go out quickly, I'd like to kind of
19 hear that.

20 MELANIE HARTZOG: No, I think we believe that the
21 \$26 million is sufficient. Moving forward, if there
22 are additional needs, we will assess them as we go.
23 We understand that this is a tight timeline to get
24 the work done. And as I said before, we need to make
25 sure that every New Yorker is counted. It matters

3 significantly. I appreciate that you are going to
4 have Julie Mennen come speak to you because I think
5 as the lead of our charge here, she is best suited to
6 answer your questions on roll out and timeline and
7 what effort she is making, especially around the
8 community-based organizations.

9 COUNCIL MEMBER MENCHACA: Thank you so much for
10 that support.

11 CHAIRPERSON DROMM: Thank you. Council Member
12 Kallos.

13 COUNCIL MEMBER KALLOS: Thank you to Chair Dromm
14 for all the great work in leading these hearings, to
15 our Budget Director.

16 At the Preliminary Budget hearing, I asked you
17 about performance budgeting where we would actually
18 say that we are going to spend X-number of dollars to
19 achieve wide results. And also, about making the
20 budget a truly transparent document instead of just
21 putting things up in PDF. Having them in open
22 formats, even excel, so that folks can actually
23 crunch the data on their own. You had promised to
24 get back to me, it has been a couple of weeks since
25 then and that still has not happened, so I wanted to
know when that will be available to the general

3 public? And then I think you know the other thing I
4 will be asking about because I have asked about it at
5 every hearing for five years, now it is my sixth.

6 In 2014, my district started with only 154 Pre-
7 Kindergarten seats for more than 2,000 students.
8 This year we are on track for 1,122 Pre-K for all
9 seats and 180 are in construction as we speak and
10 slated to open in September.

11 I want to thank the Mayor for this huge increase.
12 I also want to thank his office for getting me the
13 number of children who applied this year.

14 Now as I understand as offers are being made
15 today, we still don't have enough seats in the
16 neighborhood where folks on Roosevelt Island will be
17 asked to find a place off Island. And I can tell you
18 with a one-and-a-half-year-old at home, it is not
19 easy to travel with a baby. It just not work well
20 with the strollers on public transit. Do we have the
21 funding in the Executive Budget to meet additional
22 needs such as adding new classrooms to existing
23 schools.

24 Along the same lines, in April 2017, New York
25 times wrote, New York City will offer free preschools
for all three-year old's and I quote, "Mayor de

1
2 Blasio announced on Monday that New York City will
3 offer free full day preschool to all three-year old's
4 within four years. That was in 2017 with a full roll
5 out expected for 2021. Which incidentally is when my
6 daughter will turn three.

7 In a neighborhood where childcare expenses easily
8 exceed \$30,000 a year. With 20,000 children in 3K,
9 are we still on track for 2021 and how much funding
10 do we need?

11 MELANIE HARTZOG: There was a lot of questions.
12 So, let me start with the top. On the Local Law 218
13 which you asked about, in terms of providing greater
14 transparency. We had a meeting with Council Finance
15 Staff. We made adjustments based on that meeting.
16 All the reports are now linked to opened data files
17 and the format has been adjusted as you requested.

18 So, I believe that we have taken care of that. I
19 can't answer the specific questions about the
20 enrollment that was provided to you or how many four-
21 year old's applied and how that lines up. You just
22 got that information; I would have to go back. I
23 don't think DOE is the agency to ask for that.

24 COUNCIL MEMBER KALLOS: I'm not asking you for
25 that, I am just asking about if we have funding in

1
2 the budget for additional seats since there is a
3 shortfall.

4 MELANIE HARTZOG: We have funded specific sites
5 in the budget and that funding exists. To the extent
6 that we need additional funding and added, we are
7 always working with DOE on that and adding it as
8 needed. But we believe it's there and anything else
9 related to specifics in your district, Council
10 Member, I really do ask that you ask DOE.

11 COUNCIL MEMBER KALLOS: And in terms of the 3K,
12 are we on track for 2021 full roll out as the Mayor
13 promised in 2017? If so great, if not, how much
14 money do we need and from where?

15 MELANIE HARTZOG: We are on track with our roll
16 out. We did release the citywide RFP. We have
17 always said that for us to keep moving forward we are
18 going to need state and federal resources. We
19 continue to say that and push for that.

20 COUNCIL MEMBER KALLOS: So, how much do we need?
21 Listen it's \$30,000 at stake for me and countless
22 other families. How much do we need by when in order
23 to make sure that we roll out by 2021?

24 MELANIE HARTZOG: Let me get back to you with the
25 actual breakdown. We will.

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

COUNCIL MEMBER KALLOS: Thank you.

CHAIRPERSON DROMM: Okay, Chair Gibson.

CHAIRPERSON GIBSON: Okay, to close this out.

And thank you again to the entire staff for being here. I know its been a long morning. But I wanted to echo the sentiments of Council Member Chin and just clarify a couple of things.

So, we had a slide that focuses on the Administration senior club closure plan and we've looked at DFTA's own data in terms of analyzing the centers that are nearest to the NYCHA twelve centers that the Administration is looking to close, and we believe that there are at least seven today that are over the 100 percent utilization rate.

And so, while I understand the proposal is to provide transportation, which is important. I also want to just say because I represent two NYCHA's senior centers that are underutilized, and they are in public housing. It's much more then transportation. It's about the continuity, it's about the comradery that seniors have. And so, I want the Administration to really work with us on this process because it's much more than providing transportation.

1
2 We believe that these DFTA centers that will be
3 asked to absorb more seniors will in fact need more
4 money in their budget. So, I am grateful that you
5 acknowledge that if that is the case, then you are
6 willing to do that. So, I just want to reiterate
7 that we are not talking about the current utilization
8 of the NYCHA twelve centers, but we're talking about
9 the nearby DFTA centers that we are looking to bring
10 more senior to, that we believe are over the current
11 utilization.

12 MELANIE HARTZOG: Yes, happy to have that
13 conversation with us. I want to work very closely as
14 we move with this transition and to the extent that
15 the centers that these seniors now can access, need
16 additional services to provide the comprehensive
17 services that we want to do. We can most certainly
18 look at that. We did add a little bit of funding on
19 the margins within this plan because we haven't seen
20 the level of utilization in the centers or I should
21 say in the clubs, that you are referring to. Again,
22 happy to revisit that. But we did add some marginal
23 funding within the plan, assuming that additional
24 seniors from the clubs go to the centers and we can
25

1 walk you though that in detail in addition to the
2 transportation dollars.
3

4 CHAIRPERSON GIBSON: Okay, in addition to that, I
5 mean, we also should expect that those DFTA centers
6 as well may increase their own numbers as well,
7 notwithstanding the seniors that may be coming from
8 the senior clubs at those twelve NYCHA's.

9 So, I just want to make sure that we are covering
10 all of our bases in having this conversation. I want
11 to keep them open, but I understand you know, as we
12 go through the process, we have to make decisions,
13 but I also think we have to look at some of the other
14 variables that are in this conversation.

15 MELANIE HARTZOG: Most certainly.

16 CHAIRPERSON GIBSON: Okay, so I wanted to ask a
17 question about the cluster sites. You and I have had
18 this conversation before. The city recently closed
19 on its acquisition of 22 cluster building at 17
20 different locations. I want to recognize that 14 of
21 those locations are in Bronx county at \$173 million.
22 And during the Prelim Budget hearing, we asked
23 Commissioner Steve Banks and he acknowledged that the
24 Administration would continue to explore purchasing
25

1 additional cluster site buildings and converting
2 those units into affordable housing units.
3

4 With this particular acquisition, I understand
5 it's going to cover about 70 percent of our existing
6 cluster housing portfolio, which is very significant.
7 But of course, I remind you of the remaining 30
8 percent. Because I represent many of those
9 buildings.

10 So, my question is, what is the update today on
11 the acquisition? How many clusters remain in our
12 portfolio? And is Commissioner Banks in fact correct
13 when he says that we are going to continue looking at
14 additional purchases of cluster buildings?

15 MELANIE HARTZOG: He is correct. We are
16 continuing to look at purchasing of additional
17 cluster buildings. I don't have the number of
18 clusters on me, we can get that to you. How many
19 units is your question, we will provide it.

20 CHAIRPERSON GIBSON: Okay, and are we on target
21 to phase all of our clusters out by 2023?

22 MELANIE HARTZOG: We are on target. The 2023, I
23 am not sure if that is the correct year. Let me
24 confirm that with Commissioner Banks.
25

3 CHAIRPERSON GIBSON: Okay, and in addition we
4 acknowledged that once the acquisition takes place,
5 there are significant capital needs that each of
6 these buildings will need. Both the cluster families
7 that are phasing out as well as the traditional
8 tenants that remain in these buildings. So, have we
9 started to look at what amounts we believe that the
10 Capital will cost in terms of additional need for
11 these buildings once we turn them over to a not-for-
12 profit provider?

13 MELANIE HARTZOG: We are not going to know until
14 the not-for-profit actually gets in and does an
15 assessment and as those assessments are done, we
16 would then reflect those costs in the Capital Plan.

17 CHAIRPERSON GIBSON: So, the city's not going to
18 do the assessment, we are going to go through the
19 process of identifying a not-for-profit and then do
20 the assessment?

21 MELANIE HARTZOG: The not-for-profit who is
22 actually managing the development would actually be
23 responsible for managing the site, but also working
24 with us around the assessment of what the rehab needs
25 are for the facility.

2 CHAIRPERSON GIBSON: Okay, and this is fairly
3 new, that's why I am asking these questions and I
4 have a lot of cluster housing in the Bronx.

5 Is it at all similar to the TPT program where
6 there will be an intermediary that will take over the
7 deed and then it be transferred to the not-for-profit
8 or does it go directly from the former landlord to a
9 not-for-profit?

10 MELANIE HARTZOG: It's going directly from the
11 former landlord to the not-for-profit.

12 CHAIRPERSON GIBSON: Okay, okay, I definitely
13 want to keep talking about that because I do
14 recognize there will be costs, and obviously we are
15 expecting that if there is an estimated number, that
16 should be reflected in the Adopted Budget, so that we
17 can continue to move forward. I think these families
18 have been living in extremely substandard conditions
19 for quite some time. Both the cluster families that
20 did not get the sufficient social service that they
21 needed, and we acknowledged that as well as the
22 traditional tenants that have lived there for some
23 time too.

24 MELANIE HARTZOG: Thank you Chair, we agree.
25

2 CHAIRPERSON GIBSON: Okay, thank you very much
3 and we look forward to working with you. I will turn
4 it back over to our Chair.

5 CHAIRPERSON DROMM: Thank you very much Chair.
6 Excuse me, Director Hartzog, we appreciate you coming
7 in and giving us, information and we look forward to
8 continuing to work with you and your whole team.
9 Thank you very, very much.

10 MELANIE HARTZOG: Thank you Chair Dromm.

11 CHAIRPERSON DROMM: Okay, and we're going to take
12 a five-minute break and then we will start with DDC.

13 [GAVEL] Okay, thank you. We will now resume the
14 City Council's hearing on the Mayor's Executive
15 Budget for Fiscal 2020. The Finance Committee is
16 joined with the Subcommittee on Capital Budget,
17 chaired by Council Member Vanessa Gibson.

18 We are joined by Council Member Andy Cohen,
19 Council Member Steve Matteo and we just heard from
20 the Office of Management and Budget and will now here
21 from the Commissioner of the Department of Design and
22 Construction Lorraine Grillo.

23 In the interest of time, I will forego and
24 opening statement, but before we hear testimony, I
25

3 will open the mic to my Co-Chair Council Member
4 Gibson.

5 CHAIRPERSON GIBSON: Thank you Chair Dromm and
6 good afternoon everyone. It's great to have you
7 here. To our Commissioner Lorraine Grillo of the
8 Department of Design and Construction, welcome. I am
9 Council Member Vanessa Gibson; I am proud to serve as
10 Chair of the Subcommittee on the Capital Budget. I
11 want to thank my Co-Chair, Chair Danny Dromm for
12 hosting our hearing today. We started early morning,
13 ten o'clock with the Office of Management and Budget
14 and now we have DDC before us this afternoon.

15 At our Preliminary Budget hearing earlier this
16 year, the Council expressed our concern about DDC's
17 capacity to tackle an expanding workload, including
18 the Design and the build out of the borough-based
19 jail facilities, and taking the lead with improving
20 pedestrian ramp accessibility.

21 I want to commend DDC as well as OMB for
22 listening to the City Council's concerns. While the
23 budget has not changed very much since the Prelim, we
24 were very pleased to see that the Executive Budget
25 now includes money for staff. 66 new positions in
key strategic areas. 12 positions for the frontend

2 planning unit to review sponsor agency proposals,
3 which is very important to avoid accepting projects
4 with questionable scopes and funding levels and will
5 really help DDC deliver more projects on time, more
6 efficiently and more expeditiously.

7 42 positions to deal with the borough-based jails
8 program, to oversee the design, the construction
9 management, the procurement as well as safety. And
10 this is in addition to the funds that were included
11 in the Preliminary Budget for a design build specific
12 program management consultant.

13 There are 13 positions to coordinate the
14 installation of pedestrian ramps at many of our
15 street corners to improve accessibility and bring our
16 city into compliance with the ADA. One area where we
17 remain hopeful that DDC would add additional capacity
18 would be one of my favorites, the not-for-profit
19 procurement program. This uses City Council
20 discretionary funds to reimburse not-for-profit
21 organizations for certain capital eligible purchases
22 of equipment, vehicles, mobile units, property or
23 construction projects that really aim to assist in
24 the provision of the organizations public services.

1
2 Presently, the timeline can stretch out for up to
3 four years, which is beyond frustrating. So, I thank
4 you. I recognize when DDC issued its blueprint with
5 all of the internal changes, not just the frontend
6 loading but change order unit and really making sure
7 that we can pay our vendors on time, is really a
8 great step in the right direction and through this
9 conversation, during this Executive Budget process.

10 We obviously want to talk a little bit more about
11 the staffing, their responsibilities and how we can
12 continue to further implement a lot of the vision
13 that was put forth in our blueprints.

14 So, I look forward to working with you. Thank
15 you, Commissioner to you and your team at DDC and I
16 will turn it back over to our Chair, Danny Dromm.

17 CHAIRPERSON DROMM: Okay, and we are going to ask
18 the Council to swear you in and then provide
19 testimony.

20 COUNCIL CLERK: Do you affirm that your testimony
21 will be truthful to the best of your knowledge,
22 information and belief.

23 LORRAINE GRILLO: Yes.

24 COUNCIL CLERK: You may proceed.
25

2 LORRAINE GRILLO: Okay, well, good afternoon
3 Chairman Dromm, Subcommittee Chair Gibson and members
4 of the Committee. My name is Lorraine Grillo, I am
5 the Commissioner of the New York City Department of
6 Design and Construction.

7 Thank you for the opportunity to testify on DDC's
8 Fiscal Year 2020 Executive Budget. I am joined today
9 by member of DDC's leadership team. The Executive
10 Capital Plan expands on the January Plan increasing
11 to an historic \$11 billion over the next decade. The
12 majority of this work \$8 billion is focused on core
13 water, sewer, and transportation infrastructure.

14 That commitment to infrastructure is a testament
15 to the city's foresight and planning. While
16 officials in Washington can spend years debating a
17 national infrastructure bill, we are not waiting. We
18 are making the necessary investments now, so that
19 future generations can enjoy the benefits of reliable
20 infrastructure, beautiful public spaces, and quality
21 public services. In FY 2020 alone, DDC's commitment
22 plan includes nearly \$3 billion in new commitments.
23 Again, focus largely on water, sewer, and streets.

24 The portfolio for DDC's Public Buildings Division
25 is also forecast to grow. The Executive Budget

3 includes \$436 million in commitments for NYPD
4 facilities and \$375 million for Sanitation facilities
5 over ten years.

6 DDC will also be doing a lot of work for our
7 three library systems in the coming years.

8 Committing \$411 million through FY 2023. Working
9 with OMB, we have also taken steps to flatten the
10 Capital Plan to more accurately reflect Capital
11 commitment rates.

12 DDC's Fiscal 2020 Operating Budget is \$189
13 million. This includes \$141 million for personnel
14 services and a budgeted head count of 1,555. The
15 Operating Budget includes \$145 million in IFA funds,
16 \$13 million in federal funds and \$30 million in the
17 City's Expense funding. The DDC budget also includes
18 \$48 million for OTPS needs.

19 Finally, DDC has worked closely with OMB to
20 identify \$2.4 million in FY 2019 and FY 2020 for PEGs
21 to help the City meet its current cost control
22 objectives, as well as \$627,000 in baselined outyear
23 reductions to its budget for any future efforts of
24 this nature.

25 DDC continues to aggressively pursue its Capital
program and increase industry participation. Since I

3 last appeared before this committee in late March, we
4 celebrate with the Mayor and Council Member Borelli,
5 the completion of the new Joseph A. Rodino Jr. Field
6 of Dreams at the Southshore Little League in Staten
7 Island. This beautiful new facility include a new
8 grandstand with covered seating areas for 275 people.
9 Energy efficient lighting and a range of other first-
10 class amenities.

11 With Council Member Richards, we kicked off our
12 latest South East Queen infrastructure project. An
13 \$84 million effort to alleviate flooding in
14 Brookville. Adding more than two miles of new sewers
15 and improving streets. Part of a \$1.9 billion long
16 term commitment of this Administration to building
17 out stormwater infrastructure for South East Queens.

18 Working with DOT, we also reopened the fully
19 renovated West 229th Step Street in Council Member
20 Cabrera's district. Which connects Heath Avenue at
21 the lowest point to Kings Bridge Terrace at its
22 highest in the hilly terrain of the Western Bronx.

23 DDC also joined the SCA in April to host a joint
24 MWBE procurement fair. More than 700 businesses were
25 represented at the fair. Which had also 60

3 exhibitors including 20 city agencies seeking to
4 fulfill the Mayor's MWBE goals.

5 In the coming months, I will have the pleasure of
6 participating in several more ribbon cuttings and
7 ground breakings for DDC projects, as well as steam
8 events, including resiliency training for DOE
9 teachers and DYCD after school providers at the lower
10 east side girls club this June.

11 Also, a high school and college graduate summer
12 internships will begin. As I made clear in March,
13 before this Committee, DDC is working extremely hard
14 on several fronts to change the way it does business
15 to deliver projects more reliably. A major part of
16 this effort and one the Council has heard about is to
17 better control the project initiation process. And
18 enhance our planning efforts to ensure that every
19 project has all the necessary elements in place to be
20 successful before we take it on.

21 The days of DDC excepting a project that is not
22 fully scoped or adequately budgeted are gone. We are
23 also in the process of hiring staff to enhance the
24 AIMS program.

25 This staff will take a hard look of reviewing
city assets and helping develop sensible long-term

3 Capital planning strategies. This is the building
4 block of creating a better Capital planning process.

5 We are also making important progress on moving
6 key parts of our strategic blueprint forward. Among
7 other things since I appeared here in March, we have
8 established standardized design and construction
9 durations in our infrastructure and public buildings
10 divisions. Finalized our initial four pilot projects
11 for the expanded allowance for work, streamlining the
12 change order process. And worked with OMB to
13 increase the threshold for blanket certificates to
14 proceed for DEP projects.

15 These efforts, we can actually measure to
16 determine if we are moving the needle. And measure
17 them we will. We are building out a key performance
18 indicator program that will allow us to hold
19 ourselves accountable.

20 We will continue to enact our plan on many other
21 fronts and aggressively change how we do business. I
22 encourage you to keep our blueprint on your desk as a
23 measuring stick for our progress. And please
24 continue to make suggestions and ask questions. This
25 effort will require continual collaboration with the
Council and other oversights. With our sponsor

3 agencies and the communities where we work. But we
4 remain committed to seeing it through.

5 Thank you for the opportunity to testify today
6 and I am happy to answer any questions you may have.

7 CHAIRPERSON DROMM: Thank you and before we get
8 started, I just want to say we've been joined by
9 Council Member Rosenthal.

10 In the Executive Plan for Fiscal 2020, DDC added
11 \$685 million to its Capital Commitment Plan, bringing
12 it to a total of \$10.9 billion over five years. This
13 represents more than 12 percent of the City's total
14 Capital Plan.

15 With this increase of \$685 million, does the
16 agency have the capacity to complete all of the
17 projects in a timely manner?

18 LORRAINE GRILLO: I believe we do. As we
19 continue through these major projects for example,
20 our Ped Grant Program and the Over Rikers Program, if
21 the needs arise, we will continue to work with OMB to
22 get the additional headcount.

23 CHAIRPERSON DROMM: So, have you asked OMB for
24 additional numbers?
25

2 LORRAINE GRILLO: Not at this moment, but we will
3 continue to monitor these projects as they move
4 along.

5 CHAIRPERSON DROMM: Okay, I just want to talk a
6 little bit about borough-based jail program.

7 LORRAINE GRILLO: Yes.

8 CHAIRPERSON DROMM: In Fiscal 2020, DDC added
9 funding of \$3.3 million in the Fiscal 2020 and
10 baselined \$4.5 million starting in 2021 and beyond
11 for 41 positions associated with the borough-based
12 jail program.

13 What is the scope of work of these new employees
14 and when are you planning on filling these positions?

15 LORRAINE GRILLO: Again, at this point and
16 Council Member Gibson mentioned our PMC, Project
17 Managing Corporation that we hired recently, and we
18 are just getting up to speed with that consultant who
19 is working with our teams and working with the
20 communities and moving forward in that way.

21 Certainly, we are looking at ways to design those
22 projects. We are not at the point at this moment
23 where we need additional staffing to implement the
24 program. We are at the very earliest stages.

3 CHAIRPERSON DROMM: So, you feel the \$41 is
4 sufficient?

5 LORRAINE GRILLO: Absolutely, at this moment.

6 CHAIRPERSON DROMM: Okay, and in terms of what
7 that planning looks like, is it that they are going
8 to help decide usage for the space? Like first floor
9 will be commercial, retail, or second floor
10 auditorium etc., so forth and so on. Is that the
11 idea?

12 LORRAINE GRILLO: Exactly correct.

13 CHAIRPERSON DROMM: We've heard that the Bronx
14 Hall of Justice just opened in 2017. It represents a
15 missed opportunity where the process failed to
16 adequately engage the community and users and the
17 completed project presents significant logistical
18 challenges for those who work there every day.

19 At the Preliminary Budget hearing, you spoke in
20 general terms about your plans for the community and
21 elected official engagement with the borough-based
22 jail design. Can you tell us about any specific
23 plans DDC has to work with the community and
24 corrections officers to make sure the new jails rise
25 to this challenge?

LORRAINE GRILLO: Sure.

1
2 JAMIE TORRES SPRINGER: Sure, I would be happy to
3 respond to that Council Member. So, the borough-
4 based jails project is in the ULURP process right
5 now. There has been a considerable amount of work
6 done already in the master plan that was created. As
7 the Commissioner mentioned, once we are through
8 ULURP, we've added substantial capacity project
9 management consultant and we will be adding
10 substantial staff to do the work of preparing the
11 designs for each of the facilities.

12 There will be community engagement and
13 stakeholder engagement within all of that work and
14 one of the ways that we will be doing that is with a
15 design advisory group that's been established, Co-
16 chaired by the Mayor's Office of Criminal Justice and
17 DDC to work with key stakeholders on designs as we
18 move forward and we will be finding other
19 opportunities to do that as well.

20 CHAIRPERSON DROMM: In terms of the height of
21 these buildings, who will be making those decisions
22 ultimately?

23 JAMIE TORRES SPRINGER: I think there is a
24 proposal that's in ULURP. It's been subject to
25 environmental review and I believe the Mayor's Office

3 of Criminal Justice, the Department of Correction and
4 others within City Government are taking that forward
5 through ULURP and that's where the City Planning
6 Commission and ultimately the Council will be making
7 the decision about what the maximum allowable height
8 is.

9 CHAIRPERSON DROMM: Will City Planning Commission
10 be given an opinion about the height?

11 JAMIE TORRES SPRINGER: I believe there is an
12 approval of the height in the ULURP.

13 CHAIRPERSON DROMM: Alright, Design Build,
14 currently the state allows design build procurement
15 on selected projects statewide with scant few
16 authorized in New York City. Is DDC working with the
17 state legislature to get authorization to use design
18 build in New York City?

19 LORRAINE GRILLO: Absolutely Council Member, many
20 of us here have been to Albany a number of times
21 working with our state legislature to see if we can
22 get some more design build authorization.

23 CHAIRPERSON DROMM: How much faster do you think
24 projects can proceed with design build versus
25 traditional methods?

1
2 LORRAINE GRILLO: That's a really difficult
3 question, it really depends upon the project itself.
4 Again, design build works for some projects, not for
5 every project. It's a tool that we need in our
6 toolbox to continue to work. I am going to say, have
7 we estimated, and I'll ask my colleague if we've
8 estimated anything on the Off Rikers Program, any
9 savings on that?

10 JAMIE TORRES SPRINGER: In total on the Off
11 Rikers program, I don't think we have an exact
12 number, but in the course of setting up that program,
13 we've taken a look and seen that there are precedence
14 where we can save between 12 and 18 months on a
15 project of that scale because of design build.

16 CHAIRPERSON DROMM: Important, okay good. Thank
17 you. I am going to turn it over to Chair Gibson now.

18 CHAIRPERSON GIBSON: Thank you Chair and thank
19 you Commissioner, to you and the team at DDC we
20 appreciate all the work you are doing and certainly
21 as we continue to add more to the capital plan, that
22 means that DDC will have more work.

23 I wanted to ask about the staffing and the
24 resources for the frontend planning unit that I
25 talked about. The additional city funding at \$1.3

1 million in Fiscal 2020 and in the out years for all
2 costs associated with twelve positions for the
3 frontend planning units specifically that's been
4 around since about 2016. Have you identified with
5 these new employees that we will be adding to enhance
6 the efficiency of the overall Capital Budget process
7 what their roles will be within the frontend planning
8 unit and also, do you a timeframe on when you believe
9 that those positions will be filled?
10

11 LORRAINE GRILLO: Okay, that's a good question.
12 Yeah, first of all, our frontend planning unit really
13 has a number of different things that they do, which
14 a lot of them are investigation, estimating. Just
15 seeing if projects are feasible if they can be done,
16 what are the impediments to moving forward on a
17 particular project. I mean there are a lot of
18 different areas of expertise, engineering
19 architecture, estimating, those kinds of things.

20 So, at this point I don't know what each and
21 every one of these people will be doing. But I will
22 tell you that we have several hires in the process
23 right now that are moving forward and we anticipate
24 that within the next several months, we will have
25 those positions filled.

3 CHAIRPERSON GIBSON: And before this hiring takes
4 place, what does the frontend planning unit look like
5 today in terms of headcount. Because you described
6 multiple roles and different people that are tasked
7 with just different responsibilities.

8 JUSTIN WALTER: Hi, Justin Walter CFO DDC. So,
9 the frontend planning unit was originally funded a
10 headcount of about 18. So, this is additional 12
11 heads to bring us to 30. Staff on budget right now,
12 I believe it is 18 total. We are in the hiring
13 process for the balance effectively now that we've
14 gotten the authorization for the additional 12 heads.

15 CHAIRPERSON GIBSON: Okay, great and so, I am
16 sure the answer is yes, but I will ask anyway. Do
17 you anticipate that this increase and I would love to
18 understand in terms of how we came up with this
19 particular number of 12, even though we don't exactly
20 know what their responsibilities will be just yet
21 within the unit, but do you expect that this increase
22 in headcount will improve the overall client agency,
23 customer service experience that clients are dealing
24 with DDC in the every day work.

25 LORRAINE GRILLO: Right, I do agree with that,
but I might say that one of the reasons for the

1
2 increase or the expansion, is the increase in
3 projects.

4 We want our frontend planning unit to review
5 every single project. So, right now, they are
6 limited in the number of projects that they can
7 review, but they have all those areas of expertise
8 now. What we want to do is expand it, so that they
9 can get into every single project.

10 CHAIRPERSON GIBSON: Okay, and I'm looking at
11 these beautiful pictures of step streets and museums,
12 pedestrian plaza's and they look gorgeous and just
13 speaking from personal experience, some of these
14 projects take quite a bit of time. Some are better
15 than others and I guess you know, just to understand
16 the projects that the frontend planning unit does
17 take and accept and also, we talked about
18 prioritization, because I wanted to make sure that
19 some of the smaller projects that are not necessarily
20 in the bulk of your portfolio. About 56 percent of
21 your projects are really dedicated to DEP and DOT
22 portfolio, which is important. But what are we doing
23 within the blueprint to make sure that the smaller
24 Capital Projects are the remainder of that 56 percent
25 are also prioritized as well.

1
2 So, I know you know like myself, Council Member
3 Cohen, Northern Manhattan in the Bronx, we care about
4 step streets. Because that's really a huge mode of
5 transit for many pedestrians and a lot of New Yorkers
6 don't always know what step streets are but they are
7 gorgeous. Once they are complete, they are gorgeous.
8 But those are not necessarily like a DEP
9 infrastructure project but rather still important,
10 not you know millions and millions of dollars, but
11 still very important.

12 So, how does that frontend planning unit
13 prioritize some of the smaller capital projects?

14 LORRAINE GRILLO: Again, first of all, I had no
15 idea what a step street was until.

16 CHAIRPERSON GIBSON: I know, most people don't.

17 LORRAINE GRILLO: Until we opened the one in the
18 Bronx in your district and they are beautiful. They
19 really are.

20 I think again, as I said earlier, the goal here
21 is that every single project go through the frontend
22 planning process. That everyone of them start with
23 us with adequate funding and a scope that we can all
24 agree on. And once that happens, you will see how
25 much more quickly these projects get done because we

1 will not have to stop, start, stop, start every time
2 there is information about a difference in scope, or
3 anytime there is additional funding needed.

4 We want to start on the right foot, and that I
5 think is going to be the difference with an increase
6 frontend planning group.

7 CHAIRPERSON GIBSON: Okay, recently one of our
8 terms and conditions that the City Council received
9 in the first have of Fiscal 2019, the frontend
10 planning unit at DDC initiated three parks projects
11 out of a total of 51 projects.

12 So, I wanted to ask specifically about parks. I
13 am bringing up an agency that we've been working very
14 closely with that I know has had many challenges, but
15 I wanted to understand if parks only submitted three
16 parks projects to DDC to manage? And if so, what can
17 we do as DDC to work closely with parks to
18 potentially look at some of their Capital projects.

19 I'm sure you understand Commissioner our
20 frustration on Park projects. And we love to open
21 parks, but we don't open as many as we possibly can
22 for many reasons. Parks has done a series of
23 different amendments to their internal bidding
24 process, looking at more bidding and other diversity
25

1
2 measures and I have been helpful with that. Because
3 I have had a lot of projects where the design was
4 slowed down a little bit as well as the vendor. You
5 know, basically didn't comply with the contract rules
6 and so we had to start all over.

7 I've had some real horror stories, but I wanted
8 to understand specifically with these three, was that
9 initiated by them and what could we do more to work
10 on park projects?

11 LORRAINE GRILLO: Well, as far as those three
12 projects, the projects that come to us, come at the
13 request of the sponsor agency.

14 CHAIRPERSON GIBSON: Okay.

15 LORRAINE GRILLO: So, for those three projects,
16 they have come to us. And again, we recognize some
17 of the issues that parks has to deal with because we
18 actually deal with similar issues in terms of
19 contractors that are not performing and how we
20 continue and move forward on these projects.

21 I work very closely with the Commissioner of
22 Parks. Any improvements that we can make, we will
23 share with them and any improvements they make, they
24 will share with us.

3 CHAIRPERSON GIBSON: Okay, and I just wanted to
4 make sure that we were clear, the three projects that
5 we saw was the Rockaway project at about \$14 million,
6 Coney Island Beach Headquarters at \$47 million and
7 the Tilden Rec Center at \$55 million.

8 So, at first, when we go the information, we
9 thought these were like huge Capital projects, so we
10 were just wondering if there was some mechanism
11 behind the reason why these particular three park
12 projects were sent to DDC?

13 LORRAINE GRILLO: Again, we work closely with the
14 sponsor and they asked us to help with these three
15 and we are more than happy to do so.

16 CHAIRPERSON GIBSON: Okay, so, I wanted to ask as
17 we keep talking about communication with a lot of the
18 client agencies. In terms of communication and our
19 inner agency work, do the client agencies have a
20 project manager on staff for the projects that DDC is
21 completing on their behalf? So, is there a point
22 person that DDC works with at the particular client
23 agency to manage these projects?

24 LORRAINE GRILLO: Sure, we work with a Liaison
25 from the sponsor agency, but we are managing the
design and construction of these projects. We are

3 the construction arm, some of these sponsor agencies
4 do not do construction, others do. For example, the
5 libraries, we manage projects start to finish.

6 In other cases, we work very, very closely with
7 the sponsor agencies and their liaison. And again,
8 we are in constant contact.

9 CHAIRPERSON GIBSON: Okay, so that means just
10 ongoing meetings and communication?

11 LORRAINE GRILLO: Yes, correct.

12 CHAIRPERSON GIBSON: Updates on progress etc.

13 LORRAINE GRILLO: Correct.

14 CHAIRPERSON GIBSON: Okay, has there been any
15 instances where projects have been reassigned back to
16 a particular client agency after DDC has accepted
17 that particular project?

18 LORRAINE GRILLO: Not that I am aware of.

19 CHAIRPERSON GIBSON: For any reason?

20 LORRAINE GRILLO: Not that I am aware of.

21 CHAIRPERSON GIBSON: Okay, okay. So, I wanted to
22 ask quickly about the noncity Capital, and we've
23 talked about this during the Preliminary hearing. We
24 had a very, very productive conversation about
25 contracts being registered for not-for-profit
recipients of City Council discretionary funds for

1
2 our Capital for goods, vehicles, equipment. I am a
3 big fan of mobile units; I fund those a lot.

4 I wanted to ask about the staffing levels today
5 in this not-for-profit procurement program in the
6 unit and if you believe we need to add more staff to
7 accelerate these projects. Some of these smaller
8 Capital projects have been outstanding for quite some
9 time and as we add more capital projects, we wanted
10 to understand what the staffing looks like and if
11 there is going to be a request to add more staff to
12 the unit?

13 LORRAINE GRILLO: Yes, I am going to introduce to
14 you our general Counsel, David Varoli, whose unit
15 actually manages this process.

16 CHAIRPERSON GIBSON: Yes, we've met, we know you.

17 DAVID VAROLI: Good afternoon Chair Gibson.
18 Thank you for the leading questions, but I am
19 actually going to do something that is not normally
20 done. I am going to say, while I appreciate the
21 offer, and just to give you a recap. We have three
22 staff members dedicated to this program and following
23 our last conversation at the last hearing, I went
24 back and spoke to the team and we really talked. We
25 had a good heart to heart talk about what the issues

1
2 and the impediments are and while I do think staffing
3 is need, I actually don't think the staffing is
4 needed within DDC.

5 The organizations, the not-for-profits, both from
6 the large hospital organizations, which may be a
7 little bit surprising to even the very small mom and
8 pop shops, the issue that we have seen is one, it's
9 continuity of the actual staffing. And then two,
10 it's the understanding of what is required, and I
11 think maybe the people that are filling out the
12 questionnaire, working with your office and your
13 colleagues offices, they may not be fully versed on
14 what the requirements are.

15 So, for example, I brought today a copy of a
16 draft handbook. We have been giving out this
17 handbook over the last couple of years. This one,
18 I'm only saying it's a draft, because we haven't
19 finalized it with the new information for the new
20 Fiscal Year. But within this document are four and I
21 talked about it last time, I am a big lover and
22 believer in checklists, we've got four different
23 checklists that take the not-for-profit through each
24 step of the process.

1
2 Then behind each checklist, are literally
3 samples. We have put together samples of what a
4 payment requisition looks like. We put together a
5 sample what a CP looks like, and we've really spelt
6 it out and I don't know what more we can do.

7 I mean I mentioned last time Bruce Rudolph, he
8 literally calls up each not-for-profit, talks to
9 them, goes out to their facility to walk them through
10 the handbook. Some times he takes one or two of the
11 other two staff members. There is just a lot that
12 goes into it. And then unfortunately what happens
13 is, things go very dormant, quit. Three, six, nine,
14 twelve months and we all then start following up, but
15 we have a lot of different projects that are coming
16 in the queue and then we will find out that the
17 person that we dealt with was no longer there. And
18 no one had advised us of the transition to who the
19 new person was.

20 Again, it's not a problem, problem, but Bruce
21 would then go back out and meet with the new person,
22 bring the new handbook and say, okay, lets walk
23 through the steps one more time.

24 So, again, I appreciate the offer, I understand
25 why you would say hey, maybe we need more staff, but

1
2 in looking at everything we have been doing, I really
3 think the not-for-profits need more help and I don't
4 know what that help looks like.

5 But before I walked in today, I did speak with
6 Nathan of your staff, who again, I said last time had
7 this amazing relationship. We are going to sit down
8 after this and also talk about some of the ideas and
9 issues that we have been really kicking around at our
10 agency as to see what we can do to streamline this
11 process.

12 CHAIRPERSON GIBSON: Okay, I appreciate that and
13 I think the handbook is a great idea, but I would
14 also ask that you know, maybe DDC could look at
15 allocating additional resources to help walk our not-
16 for-profits through the compliance process to talk
17 about potential delays and I understand
18 inconsistencies with Executive Directors and the
19 Chairs, the Boards, and you know, just in terms of
20 staff changes.

21 I get that but I do think you know, we should
22 look at this again to see what we can do as an agency
23 and that doesn't preclude us from if it means adding
24 more to the headcount of four that you described and
25 that one person be dedicated to serving as the

3 liaison to help in addition to the handbook. The
4 handbook is great, but I also think you know, we
5 should look at what DDC can do as well to add more
6 resources within the agency to help.

7 Because this process is only going to be further
8 exacerbated as you have more Council Members adding
9 more Capital projects. And so, if we don't take the
10 opportunity now to address it, I feel like it will
11 get just potentially worse and more projects will be
12 delayed.

13 DAVID VAROLI: Thank you, yes.

14 CHAIRPERSON GIBSON: Okay, so yes, we need more
15 staff.

16 DAVID VAROLI: Yes, I am going to speak with
17 Nathan about the staffing.

18 CHAIRPERSON GIBSON: Just have to circle back. I
19 had a question about the Red Hook, the Hazard
20 Mitigations Grant Program. Carlos Menchaca would
21 appreciate this.

22 The Fiscal 2020 Executive Capital Commitment Plan
23 includes \$100 million. In Fiscal 2022, in funding
24 for the advanced resiliency project in Red Hook
25 Brooklyn to protect the neighborhoods against sea
level rise and this integrated flood management

3 agency project is a part of a larger \$20 billion
4 resiliency plan that the city is implementing really
5 around all five boroughs.

6 How does the agency plan to spend the \$100
7 million that's been provided to DDC for this project?
8 And my second question, always, is do we have a
9 timeline on spending the funds?

10 JAMIE TORRES SPRINGER: Right, I am happy to take
11 that Council Member. So, as you say the Red Hook
12 Hazard Mitigation Grant Funded Project is a \$100
13 million project. We do believe that that \$100
14 million will fully fund the project. And the project
15 has been the subject of an extensive feasibility
16 study that's looked a scope and engineering
17 questions.

18 Basically, the preferred alternative coming out
19 of that study has two components. It's raising the
20 grade of Beard Street in the Southern part of Red
21 Hook and raising the edge level of a portion of the
22 neighborhood adjacent to the cruise terminal in the
23 Western portion and the goal of that edge raising is
24 to address a fairly frequent storm and it's flood
25 conditions that are associated with it.

3 So, DDC has just received that project and the
4 feasibility study that was conducted and will be
5 moving into design procurement and design and then
6 into construction. Subsequently, we will have more
7 information about exact timing as we move through
8 that design process.

9 CHAIRPERSON GIBSON: Okay, will design start this
10 year, or 2020?

11 JAMIE TORRES SPRINGER: I believe design is
12 starting this year, but I will get back and confirm
13 whether it's this year or early next year.

14 CHAIRPERSON GIBSON: Okay, great. I will turn it
15 back over to Chair Dromm.

16 CHAIRPERSON DROMM: Thank you and I want to turn
17 it over to Council Member Rosenthal.

18 COUNCIL MEMBER ROSENTHAL: Thanks, I will
19 appreciate that. Commissioner, always great to see
20 you. Thanks for all your hard work and your
21 testimony – what's in your testimony is really
22 exciting because I am particularly drawn to the
23 procurement efficiencies that you are talking about
24 here and what I'd like you to do is just give – these
25 are good bones to new system and I know you are still
working on what they will exactly be, but can you

1 think of one example where you could say like with
2 change orders or something that is a slog where here
3 is the slog that currently exists or the competitive
4 process, it's unnecessary. And here is exactly how
5 we are going to fix it?
6

7 LORRAINE GRILLO: Sure, thank you for the
8 question. We've recently put together what we call
9 our CACO unit. The acronym?

10 JAMIE TORRES SPRINGER: Construction Allowance
11 and Change Order Taskforce.

12 LORRAINE GRILLO: Correct, okay, so we have a
13 taskforce that consists of folks who review change
14 orders as well as our EAO, as you are familiar with.
15 Typically, what would happen before was these were
16 different units. And if a question arose from the
17 change order unit or from the EAO, for example. They
18 would maybe put a call into the change order unit who
19 could potentially get back to them within a few days,
20 maybe not.

21 And it was a very long confusing process. Having
22 these folks all sitting together allows that
23 conversation to happen immediately and answers to
24 happen immediately. And so, I think that's a perfect
25 example of how we as an organization can do this

1 better. And so, you know, there is a million
2 different things. One of the things that we talked
3 about was our construction allowance pilot program
4 that we are working with OMB on right now.
5

6 I think that that will absolutely speed up our
7 projects, allow our contractors to get paid and stay
8 solvent and continue working and so, that's a very,
9 very big deal.

10 COUNCIL MEMBER ROSENTHAL: Awesome, very excited
11 about this. On the Human Services sector side, the
12 thought is that when passport is fully implemented,
13 all three phases, that it could save the human
14 service providers almost \$800 million dollars
15 cumulatively annually. Which is the cost of not
16 being paid on time etc. Do you think there would be
17 cost savings in the sense of construction companies
18 will know now with the new system that's coming in or
19 has already been. Five years from now when it's
20 already in place and secure, do you think bids might
21 actually come down because projects, bidders now know
22 that they are not going to have to wait a year to be
23 reimbursed or whatever?

24 LORRAINE GRILLO: You know, that a very good
25 question. I think that there will, if nothing else,

3 there will be much more competitions because people
4 who have avoided working for the City and city
5 government, will come back knowing that they will get
6 paid regularly. And I think that that competition
7 may just allow those prices to go down.

8 COUNCIL MEMBER ROSENTHAL: Great, that's really
9 exciting and lastly, does DDC participate in the
10 passport system?

11 LORRAINE GRILLO: Absolutely, absolutely.

12 COUNCIL MEMBER ROSENTHAL: All the projects go
13 through passport.

14 LORRAINE GRILLO: Yes.

15 JAMIE TORRES SPRINGER: They will, yes.

16 COUNCIL MEMBER ROSENTHAL: It will. Are you
17 currently part of it? Are the companies that you
18 work with, are they registered users and when bids go
19 out, they bid through the passport system. What
20 stage are you at?

21 JAMIE TORRES SPRINGER: So, the replacement of
22 Vendax[SP?] and companies signing up, that happens
23 through passport now. The source, the contract
24 piece, the actual carrying out of the procurement
25 process, that's one of the later phases of the
passport. So, the actual bidding doesn't happen

3 through passport yet, but will and we do participate,
4 our ACCO does. The Commissioner level, at the
5 Executive Steering Committee level participate in the
6 passport development with MOCS.

7 COUNCIL MEMBER ROSENTHAL: Okay, and it's a good
8 fit?

9 JAMIE TORRES SPRINGER: Yeah, I think we are
10 hopeful that's it's going to help us, yes.

11 COUNCIL MEMBER ROSENTHAL: Overall hopeful.
12 Thank you so much. Thank you to your team. I really
13 appreciate you Commissioner. Thank you Chairs.

14 CHAIRPERSON DROMM: Thank you very much. We
15 don't have too much more to ask, but I am just
16 curious to know because I saw one of the photos with
17 the Elmhurst Library there, which is a beautiful
18 project. But I was told, and I've seen that the
19 slates in the garden were - somebody said they were a
20 tripping hazard and that they had to close off the
21 garden and then they couldn't have somebody come back
22 within a five-year timeframe because the Capital
23 project had been completed.

24 Is that true? I think the issue may have been
25 resolved, but I'm just curious to know what the rule
is around that. If there is an issue with a project

1
2 that been completed, do you have to wait five years
3 before we can go back and get that issue taken care
4 of?

5 LORRAINE GRILLO: I think the contractor has -
6 forgive me, a couple of things. I think Elmhurst
7 Library is complete and looking very beautiful right
8 now, so I think that that issue has been resolved.

9 I think the contractor who completes the project
10 has a responsibility to fix all punch list items. I
11 don't know if that was particularly included, but I
12 certainly can check and get back to you.

13 But asking a contractor to come back after a year
14 or two to do additional work or different work, I
15 would imagine is not eligible.

16 CHAIRPERSON DROMM: It's not eligible.

17 LORRAINE GRILLO: Right.

18 CHAIRPERSON DROMM: And are there guarantees
19 written into the work that they have done that it
20 will last at least the five years.

21 LORRAINE GRILLO: Yes, there are.

22 CHAIRPERSON DROMM: But they still can't be held
23 accountable to bring them back to fix it?

24 LORRAINE GRILLO: Again, I would say that if
25 there is a particular piece of work that was done,

1
2 that was either done incorrectly, I think that that
3 is the contractors responsibility. If there is
4 something different, for example, I don't like that
5 particular surround, then it's no longer the
6 contractors responsibility and that is an item that
7 would not be Capital eligible.

8 So, it's a question of what the issue is. Is it
9 a defect? Is it something that the contractor did
10 not do correctly and needs to be fixed or repaired?
11 That's his responsibility.

12 CHAIRPERSON DROMM: Just on the same note, you
13 know I have Diversity Plaza in my district also. So,
14 last year, when the trees were planted, the trees
15 were installed, it was very hot. And the tree
16 started to wilt, and the leaves started to fall off.
17 They weren't being watered correctly or something was
18 wrong, but in that case, I was told that there was a
19 year and half guarantee on those trees.

20 So, is that true with any of those types of
21 projects that you do? And there was arguments
22 between DDC and Parks as to how deep to plant those
23 trees.

24 LORRAINE GRILLO: I'm sure there was. There are
25 various components of any construction project. For

1
2 example, a roof project may have a ten-year warranty.
3 Windows may have a different length of warrantee, but
4 most of those things are packaged into the
5 construction contract. Or if for example, it's a
6 particular piece of equipment, that comes in with a
7 particular guarantee or warrantee.

8 As far as trees are concerned, it's a year and a
9 half.

10 CHAIRPERSON DROMM: Well, I think actually the
11 trees are coming in stronger now, so I am happy about
12 that. But just curious to know.

13 Okay, I don't think we have anything else for you
14 at this point. I'm sorry, one last question.

15 COUNCIL MEMBER CUMBO: Just one more question. I
16 wanted to ask about the East Side Coastal Resiliency
17 project. Which I understand is a multi-year project
18 and the commitment plan has about \$1.2 billion. I
19 wanted to ask, has there been any update on the
20 design phase of the project since the Prelim to date?
21 And can you provide us with any details?

22 JAMIE TORRES SPRINGER: Sure, Council Member, I
23 am happy to do that. We continue to work our way
24 through design. The entire project is in the
25

2 Preliminary Design stage at this point and we will be
3 moving into more detailed design documentation.

4 The goal is for us to complete design by November
5 of this year, so that we can bid out the project.

6 COUNCIL MEMBER CUMBO: That's an update thank
7 you.

8 CHAIRPERSON DROMM: Okay, well, thank you very
9 much for coming in and with that this meeting is
10 adjourned at 2:17 in the afternoon. Thank you.

11 [GAVEL]

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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