CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

EXECUTIVE BUDGET HEARING

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May 21, 2010
Start: 10:05am
Recess: 3:55pm

HELD AT: Council Chambers
City Hall

B E F O R E:

DOMENIC M. RECCHIA, JR. (Finance)
JAMES VACCA (Transportation)
ROSIE MENDEZ (Public Housing)
Chairpersons

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Council Member Gale A. Brewer
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A P P E A R A N C E S (CONTINUED)

Janette Sadik-Khan
Commissioner
Department of Transportation

Hilary Ring
Director of Government Affairs
Metropolitan Transit Authority

Bob Bergin
Executive Vice President of Transit
Metropolitan Transit Authority

David Yassky
Commissioner and Chairman
New York City Taxi and Limousine Commission

John Rhea
Chairman
New York City Housing Authority

Earl Andrews
Vice Chairman
New York City Housing Authority

Margarita Lopez
Commissioner
New York City Housing Authority

Felix Lam
Deputy General Manager
New York City Housing Authority

CHAIRPERSON RECCHIA: Okay, we're going to begin. Where's my--where's my partner? There he is, - - little more--[long pause] Good morning and welcome to the fifth day of the City Council Hearings on the Mayor's Executive Budget for Fiscal Year 2011. Good morning, welcome to the City Council Chamber. Welcome the Commissioner of DOT and her entire staff. My name is Domenic M. Recchia, Jr., I'm the Chair of the one, of this wonderful Finance Committee. And it's going to be a beautiful day today, but we will be in here doing the people's work. Before I move further, I'd like to introduce all my colleagues who have joined us here today. We have Mr. Cabrera from The Bronx, Council Member Cabrera; we have Council Member Koo from Queens; we have, of course, my wonderful co-chair, Jimmy Vacca. And I just want to thank the entire Finance Committee who really worked extremely hard on putting this all together: Tanisha Edwards, Chima Obichere, did I say that right? I'm getting better. Okay? And I'd like to also thank Rob from my staff and Felicia and Karen Becker. On Tuesday, we heard from the Resources

Administration, the Department of Social Services and the Department of Homeless Services. Today we'll be joined by the Committee on Transportation, chaired by my colleague and good friend, Council Member Jimmy Vacca, to hear from the Department of Transportation, the MTA, and the Taxi and Limousine Commission. In the afternoon, the Finance Committee will be joined by the Public Housing Committee, chaired by my colleague, Council Member Rosie Mendez, to hear from the New York City Housing Authority, Mr. John Rhea. In the interests of time, I will now turn the microphone over to the Chair of the Transportation Committee, Council Member Jimmy Vacca.

CHAIRPERSON VACCA: Thank you, thank you, Chairman Recchia, Member of the Committee, and I welcome the agencies who are scheduled to testify today, concerning the FY 2011 Budget. We're going to be hearing today from the MTA, from the Department of Transportation and from the Taxi and Limousine Commission. Basically, we're going to hear from the Department of Transportation concerning many of their initiatives and many of their programs. We will then hear from the MTA. The MTA kind of goes from bad to worse, and every day there's a new revelation that shakes the confidence that so many of us should have in this transportation agency. One day we have keys that are master keys that are given to people and arrive somehow, nobody knows where they are or how they get there. The next day we learn about gasoline that's purchased at prices above any other state agency, costing the taxpayer enough money to keep bus service intact, that will now be cut. We learn about cameras that are installed but not working; therefore, posing major security risks. So when it comes to the MTA, the issue becomes not only an issue of accountability but credibility, and we face budget cuts at this agency, the elimination of student metro cards, an increase in fares, we face an increase also in the price for bus and train transportation, and we face more cuts beyond what's already scheduled to take place between now and June 30th, involving bus, train routes and Access-A-Ride, affecting our elderly and our handicapped community. When it comes to the Department of Transportation, we're going to hear from them about their capital budget and the implications of their request to increase in-house resurfacing and to make cuts in several areas due to the City's fiscal condition. And we're going to hear from the Taxi and Limousine Commission concerning its ongoing efforts to increase accessible taxis and implement programs to help the environment. So, having said that, I want to welcome the Commissioner of the Department of Transportation, Commissioner Janette Sadik-Khan. Thank you.

JANETTE SADIK-KHAN: Thank you. Good morning, Chairman Vacca and Recchia and members of the Transportation and Finance Committee. I'm Janette Sadik-Khan, Commissioner of the New York City Department of Transportation. With me this morning are Joe Jarrin, DOT's Deputy Commissioner for Finance and David Woloch, Deputy Commissioner of External Affairs. Thank you for inviting me today to discuss DOT's budget. Even in today's difficult financial times, the Department of Transportation is delivering like never before for the people of the City of New York. Cost effective innovations implemented by

DOT are improving the travel options available to New Yorkers, providing the safest streets in New York City's history, and making the City an easier place to do business and invest in. We have structured our PEGs in ways that improve and preserve the core infrastructure and mobility programs because he Bloomberg Administration fully recognizes that infrastructure and transportation capacity are cornerstones of our economy, and serve as the building blocks for economic recovery. Our expense and capital budgets are focused on preserving our core infrastructure and mobility programs. The Department of Transportation's FY'11 expense budget totals nearly $684 million and is expected to increase to over $840 million with the addition of non-City funds during the upcoming Fiscal Year. This funding level incorporates the latest PEGs included in the FY'11 Executive Budget, amounting to $17.7 million in budget savings on top of the previous PEGs included in the FY'11 January plan which consisted of $43 million in budget savings. These PEGs will not adversely impact core infrastructure programs that are critical to the

City's transportation network. We continue to look for ways to identify PEGs that improve efficiency without compromising our transportation network. For example, we will replace more than 60,000 cobra head steel light fixtures with more energy efficient lights. Approximately 60 percent of these fixtures consume 250 watts of power. They will be replaced with 150 watt fixtures. Other fixtures that use 150 watts will be replaced with 100 watt fixtures. This approach is much like replacing a standard incandescent with a compact fluorescent bulb in your home, which generally saves about 75 percent of electricity consumption. None of these changes will reduce lighting levels on our streets. They simply take advantage of technological advantages, advances, in energy efficient lighting and save $3.3 million through reduced energy costs. The vast majority of the remaining PEGs included in the FY'11 executive plan represent savings achieved by the use non-City funding sources, primarily federal aid, to replace City funds. The funds are covering costs such as traffic signal modems, Staten Island Ferry maintenance and bridge inspections, and Peter Minuit Plaza design work and bollard installations and Pier 79. As I mentioned at the outset, we are firmly focused on the core DOT infrastructure programs that sustain daily travel and business across the five boroughs. While DOT's annual target for street resurfacing was reduced by budget cuts to 700 lane miles last year, we were successful in sustaining the previous target, and programmed 825 lane miles over the past twelve months, thanks in part to Reso A funds from the Staten Island Council Delegation. Looking ahead [single applause] [laughs] Yay, Staten Island Delegation.

CHAIRPERSON RECCHIA: We've been joined by Vinnie Ignizio, Debbie Rose and Jimmy Oddo, the Staten Island Delegation. [laughter]

COUNCIL MEMBER IGNIZIO: I apologize.

CHAIRPERSON RECCHIA: That's okay.

JANETTE SADIK-KHAN: Perfect timing.

CHAIRPERSON RECCHIA: Go ahead, Commissioner, perfect timing.

JANETTE SADIK-KHAN: [laughs]

Looking ahead, we have increased our FY'11 target to 1,000 lane miles, the annual resurfacing level called for in PlaNYC which allows us to better build street surface conditions citywide. We look forward to working with the Council, as well as the borough presidents, to ensure that we reach 1,000 lane miles in FY'12 as well. DOT's capital plan includes other critical street infrastructure work. This program totals over $6 billion for FY'10 through '14, including $1.6 billion for this coming fiscal year. Work in FY'11 includes $10.4 million for the reconstruction of the Grand Concourse service road, $8.2 million for the reconstruction of Nostrand Avenue in Brooklyn, $31.7 million for the reconstruction of 94th Street in Queens, and $6.2 million for the reconstruction of Amboy and Annandale Roads in Staten Island. We also plan to register an $84.4 million contract to protect timber structures against marine borers along the FDR Drive in Manhattan. Our actively managed capital program and DOT's expert financing and federal aid teams, allow the City to capitalize on the availability of federal stimulus funding. New York City was awarded $266 million in total transportation stimulus funds, not including funding for the MTA, the largest set of awards to any municipal government, and larger than the transportation stimulus programs in 18 states. These funds have enabled us to maintain our bridge improvement efforts, specifically the rehabilitation and protective coating of the Brooklyn Bridge, protective coating of the Bruckner Expressway Crossing, The Bronx River, the rehabilitation of Greenpoint Avenue Bridge over Newtown Creek, and the rehabilitation of the Ward's Island pedestrian bridge, along with component rehabilitation of twelve other bridges across the City. Stimulus funding has also enabled us to advance 25 projects that would've otherwise been cut from the City's capital budget. The overall stimulus funding program, combined with funding retained in the City's capital program, totals over $1.2 billion. All of these projects have either awarded contracts or are very close to be awarded, and represents a tremendous near term investment in the future of this City. The bridge, street and highway infrastructure that we are repairing and upgrading supports New York's industries, entrepreneurs, and more than $9 million commuters that depend on it every day. Maintaining and running this infrastructure is also an industry in itself. The stimulus program and our other investments allow us to sustain and add very good jobs in this vital sector across all five boroughs. The stimulus program includes support from the federal transit administration, and these funds are being employed on a broad set of ferry projects. They include the reconstruction of the St. George terminal ramps, dry docking and preventive maintenance for several ferry boats, along with the rehabilitation of the ferry maintenance pier in St. George. These projects are in fact the furthest along of all of our stimulus projects. That's good news for the work itself, but also leads me to one major note of caution I want to raise regarding capital funding for the City's transportation system. The Federal Transit Administration distributes funds directly to agencies like DOT that operate transit systems like the Staten Island Ferry. These funds are directly transferred from federal accounts to City accounts. The funds are directly used by us in moving forward on these projects; however, in the case of the federal highway funds, which we use for street and bridge capital projects, the funds are distributed from Washington to the State, in this case, the New York State Department of Transportation. These federal highway and bridge funds have become mired in the State's budget crisis. We are experiencing considerable difficulty getting the State to obligate and encumber federal funds awarded to City highway and bridge projects since the start of the current federal fiscal year in October 2009. We are working with the New York State Department of Transportation and the Governor's Office to resolve these issues and have been assured that a number of pending encumbrances and obligations will be honored. However, we remain concerned that the State's fiscal situation could lead the New York State Department of Transportation to attempt to reduce or divert the City's share of federal highway aid going forward. Right now, we estimate that the missed disbursements, proposed changes to the distribution of State bridge funding formulas, and the ongoing delay for previously approved projects, could lead to a reduction of more than $400 million in federal funding allocations in upcoming years, in addition to losing thousands of jobs that these projects would generate. This $400 million reduction puts vital street and bridge infrastructure projects at risk, including work we want to begin on the City Island Bridge in The Bronx, and the Bell Parkway Bridges in Brooklyn. This is not an arcane, bureaucratic issue. New Yorkers stand to lose substantial improvements to and performance of transportation assets if we do not prevail. In addition to working through these issues with the State, we have also proposed a legislative solution to address the delay in New York City's receipt of federal highway funds. A small language change in federal transportation law would allow the approximately 15 cities with large, capable transportation agencies like New York to receive federal highway aid directly, without the State playing a pass-through role. New York City DOT is as large or larger than two-thirds of the State DOTs in the country, and we have the institutional capacity to manage these funds effectively and efficiently. We have developed the precise language that would accomplish this key reform and have promoted it within our congressional delegation, through the U.S. Conference of Mayors, as well as the National Association of City Transportation officials. I'd be glad to get these materials to you and brief you, any of you that are interested in this measure, which could cut years of delay and bureaucracy from our federal aid transportation projects. We're also working with the congressional delegation and our sister city agencies to apply earmarked funds to important transportation needs. This year, we have submitted over 50 applications for vital transportation improvement projects citywide. This effort is complimented by work with the State Senate delegation to secure over $21 million in state multi-modal funds for 49 priority projects. While our funding emphasis is on core infrastructure programs, DOT continues to deliver innovative, cost effective, and mobility improvements for New Yorkers. DOT's safety efforts deploy a comprehensive range of improvements, from intersections with fewer conflicts and safe school zones to a bicycle network that service an increasingly wide area of the City. In 2009, these efforts paid off with the lowest recorded level of traffic fatalities in 100 years. We aim, with the Council's help, to keep this trend moving in the right direction. We have also made good progress in developing plans for much better bus service in key corridors, including funding for, of $28 million for Brooklyn's Rogers and Nostrand Avenue select bus service project, which was recommended in the President's FY'11 budget. This project builds on the success we've seen on the BX12 select bus route on Fordham Road. In addition to these initiatives, we are working to update key intersections and improve traffic conditions. For example, the green light for midtown project improved traffic flow on 6th Avenue and spotlighted and analytic power of the recently developed taxi GPS system, which provides a new tool and perspective on traffic patterns and speeds, primarily in the central business district. Elsewhere, a new traffic pattern at Tillary and

Adams Streets at the Brooklyn Bridge gateway, reduced peak vehicle delays by 45 percent. Our redesign of The Bronx Hub increased the number of vehicles proceeding through the intersection per hour by ten percent, while reducing crashes of all types. Judicious implementation of right turn on red allowances on Staten Island reduced delay without adverse safety impacts. Finally, I ask for your help in passing State legislation to improve the safety and mobility of our streets. A forthcoming DOT analysis of pedestrian fatalities and serious injuries in the City shows unequivocally that speed kills. If a driver strikes a child at 40 miles per hour, there is an 80 percent chance the child will be killed. At 30 miles per hour, there is an 80 percent chance that the child will survive. Speeding is high on the list of causes of traffic deaths. We are looking for passage of State legislation that would allow us to place speed cameras along the routes where vehicle speeds continue to threaten to safety of New Yorkers. We are also working to pass State bus camera legislation that will improve bus speeds and enhance the daily travel experience of more than five million daily bus riders. Both of these bills require - - action by the City Council and I hope for your support on these bills. I also ask for your help to fund projects in your districts through Reso A allocations. Additional funding is needed for street safety mobility projects such as the reconstruction of South Jamaica Avenue in Queens, Victory Boulevard and Manner Road intersection improvements on Staten Island, pedestrian access improvements to bus stops under elevated trains in The Bronx, and Nostrand Avenue select bus service in Brooklyn. Despite today's budgetary environment, DOT continues to look for ways to fund our core infrastructure programs, expand travel options, and help people get to where they need to go safely. Thank you again for inviting us here today. We'd be happy to answer any questions that you may have.

CHAIRPERSON RECCHIA: Thank you, Commissioner, and I just want to recognize Oliver--Mr. Koppell from The Bronx, Council Member. Well, we heard what you had to say, and I want to thank you, but we're going to start off, I'm going to ask you one question, probably the toughest question you're going to hear all day. All right? And I hope I get the right answer from you. Today is "Take Your Bike to Work Day." Did you drive here on your bike?

JANETTE SADIK-KHAN: I did bike today.

CHAIRPERSON RECCHIA: All right, but did you--all right, I want to make sure. [laughs]

JANETTE SADIK-KHAN: Can't you tell, I have the sort of messy hair that goes along with that.

CHAIRPERSON RECCHIA: I have many questions and stuff, but first I'm going to turn it over to my colleague, Jimmy Vacca, and then at the end I'll ask you several questions.

JANETTE SADIK-KHAN: Okay.

CHAIRPERSON RECCHIA: Council Member Vacca.

CHAIRPERSON VACCA: Thank you, Chairman Recchia, thank you, Commissioner, for your testimony. There were several issues I wanted to address. You first, well, let me first get to this: you mentioned about the $400 million reduction in infrastructure projects, and you mentioned the Bell Parkway Bridge in Brooklyn, the City Island Bridge in The Bronx. What are the dates that you plan to start construction on those bridges? Or have, have those dates been pushed back due to this budget issue? Can you--and how much will each project cost?

JANETTE SADIK-KHAN: I will get you the specific pieces in terms of when the obligation dates are. The point that I wanted to make was that the $400 million that we're depending on, on the State and federal funding, is critical to get these projects moved forward. We are doing everything we can to get these infrastructure projects moving as quickly as possible. So, we need to get the State to give us the fair allocation that we deserve in the City of New York to maintain the road and bridge network across all five boroughs. But I'd be happy to get you the specifics in terms of those bridge projects.

CHAIRPERSON VACCA: All right, the City Island Bridge was scheduled to start within the next year or so. Is that date pushed back at this point?

JANETTE SADIK-KHAN: I believe that it is in Fiscal Year '12.

CHAIRPERSON VACCA: In Fiscal Year '12.

JANETTE SADIK-KHAN: Yes. We're in the process of completing the design on that bridge, and we expect that design to be completed this fall.

CHAIRPERSON VACCA: So the design will be completed in the fall, and now you're saying FY'12.

JANETTE SADIK-KHAN: Right.

CHAIRPERSON VACCA: But that is subject to this $400 million allocation.

JANETTE SADIK-KHAN: Yes.

CHAIRPERSON VACCA: Okay. Commissioner, this raises a red flag with me, and of course this precedes you, and also relates to other City agencies. And this project represents a prime example. This project started out in 2003, costing around $21 million. And as we sit here today, it's costing approximately $121 million. When capital projects are initiated, we start out with a price, and by the time the shovel actually goes in the ground, the price for the capital project balloons. What can we do, not only regarding this project, I'm thinking of all projects. What can we do at DOT to expedite our capital budget calendar and ultimately save taxpayer money? I think if you do, do an analysis of what projects cost and how that cost escalates during the ensuing time before a shovel actually goes in the ground, we could save the City hundreds of millions of dollars throughout, across the, across the agency spectrum, if we initiated that type of quicker action on starting capital projects.

JANETTE SADIK-KHAN: Well, Mr. Chairman, you raise a really important issue. Obviously, it's vital that we get these infrastructure projects in the ground as quickly as possible, and in fact we're working with the Mayor's Office of Management and Budget to do an early scoping project to address that issue. So, it's absolutely important that we, that we get the concurrent reviews done whenever we can get them done, and so that we're working to get these projects done as quickly as possible, and expediting the environmental reviews which so often hold up some of the construction work on these projects.

CHAIRPERSON VACCA: You are working on a plan within your agency to expedite the actual start of money, of projects where there's money in the budget.

JANETTE SADIK-KHAN: Yes, we're actually doing a program with OMB, to provide better estimating and scoping of those projects, yes.

CHAIRPERSON VACCA: That will lead to quicker starts to capital projects, therefore limiting cost?

JANETTE SADIK-KHAN: That's the goal.

CHAIRPERSON VACCA: Okay. I wanted to go into your comments concerning "speed kills," I agree with you. And I do commend you for mentioning that in your testimony, and shedding light on that. But, and I, I do want the record to note that I had indicated to you my concern, Commissioner, one of the cuts in your budget pertains to the speed bump unit, ponding speed bump unit. I happen to think that speed bumps are fantastic and speed bumps are an important part of DOT's strategy working with local communities to reduce speeding on blocks throughout our City. However, this cut, and I think it's approximately $1.4 million in FY 2011, will mean that it will take longer for the City to install speed bumps, and residents will be left with speeding conditions, and we're placing people's lives at risk, the longer we wait, once we've identified a location that needs a speed bump, yet we don't have it installed because of a budget cut like this. Can you give me the rationale for you not funding this at this level? And what do you intend to do? And how a delay can be averted in having speed bumps installed in the future.

JANETTE SADIK-KHAN: Well, Mr. Chairman, we're still going to be addressing speed reducers. We're just going to be using a different approach. And I think that it's important that, for some location, for some locations, speed reducers are not feasible because there's either a bus route there or a truck route there. But rather than walking away from some of these locations, as we've done in the past, more and more we're also looking at a variety of solutions. For example, you know, you and I were out in your district recently and we are still installing speed reducers around 24 schools and plan to install these at 16 more locations. So we're doing as much as we can to do that. We will continue to work hard to get the safety improvements that we need in the City of New York. I think the difference is whether it's a dedicated crew who are doing it with the in-house crews, and so we are still committed to doing as much as we can as quickly as we can to improve safety on the streets of New York.

CHAIRPERSON VACCA: I do feel, Commissioner, with all due respect, that eliminating the dedicated crew will mean a delay in having speed bumps installed. And I was hoping when I read your, when I noticed this request in the Preliminary Budget, and noticed that it's still in the Executive Budget, I was disappointed. I would like you to consider looking at your resources, and seeing how we can have this allocation put back. It's--putting back this allocation is really consistent with your theme, and your policy as commissioner. I think all of us realize that speed is probably a major issue in neighborhood after neighborhood in this city. And I would hope that you would reconsider This. I just don't think it's consistent with the policy that you've so effectively articulated. Commissioner, I wanted to talk to you about speed indicators. These are those machines that are installed where when you drive your car, it tells you how quickly you're going. I had much success with that in my district maybe nine years ago, where people didn't realize how fast they were going, they looked up, you had a machine type object, and it told them how fast they were going, and they realized that they were part of the problem.

JANETTE SADIK-KHAN: Mmhm.

CHAIRPERSON VACCA: They were criticizing everybody else for how fast they went. Now they realize that they were part of the problem, not part of the solution, and that they had to look in the mirr--they had to go no further than look in the mirror, to find out who was speeding. I, I understand we only have two or three of these machines in the whole City left; yet, I can think of so many locations where these type of indicators would help people voluntarily become part of the solution. Is there a problem with getting these machines online? Or is this a capital item? Or can you explain to me how you use this? Or do you want to use this more?

JANETTE SADIK-KHAN: Yes, actually, you're anticipating a great campaign that we're going to be launching, to highlight for New Yorkers the dangers of speeding. And so, we've got a campaign, a public education campaign, that's going to be hitting soon, and we are working to include those speed notifiers as part of the campaign. So, I couldn't agree with you more, I think it's a very effective tool. Oftentimes, New Yorkers just don't understand how quickly they are going, how, how much they are speeding, and speed kills. And, you know, it is very much a part of the campaign that we're looking to launch, and I thank you for the question.

CHAIRPERSON VACCA: How many of those speed indicators do you have now in the City, Commissioner?

JANETTE SADIK-KHAN: I think we have about ten.

CHAIRPERSON VACCA: You have ten?

JANETTE SADIK-KHAN: Yeah, most of them are under the jurisdiction of the New York City Police Department.

CHAIRPERSON VACCA: Oh, so the Police Department--what happens? They install them for you? Or--?

JANETTE SADIK-KHAN: They're on a lot of the arterial highways, that we have right now. And so, what we're looking to do is to add on to that program and we're looking to procure some of our own.

CHAIRPERSON VACCA: Do you have a price estimate for each one, Commissioner? Do you know what one costs, average, or--?

JANETTE SADIK-KHAN: I don't, but I can get back to you on that.

CHAIRPERSON VACCA: You don't. Can

you get back to me, Commissioner?

JANETTE SADIK-KHAN: Yeah, yeah.

CHAIRPERSON VACCA: Okay. All right, and I know you mentioned the legislation you're seeking, and the--I may come back, but you know, Commissioner, there's one thing I did want to mention to you, thinking of The Bronx, and this is not in my district. But one of the worst locations I have, and I direct your attention to it, is Bartow and Baychester Avenue, which is the Bay Plaza shopping center. And I would be negligent if I didn't mention this. The traffic flow is impossible.

JANETTE SADIK-KHAN: Okay, we'll take a look.

CHAIRPERSON VACCA: Bartow and Baychester. I'd like you to look at that. And I'll, I'll work with you.

JANETTE SADIK-KHAN: Okay.

CHAIRPERSON VACCA: Thank you, Commissioner.

JANETTE SADIK-KHAN: Thank you.

CHAIRPERSON VACCA: Are there, are there a list of members who--

CHAIRPERSON RECCHIA: Yes.

CHAIRPERSON VACCA: Do you have that, Chairman?

CHAIRPERSON RECCHIA: I want to, all right, we're going to first move onto the Council Members. Before we do that, we want to recognize Council Member Ulrich has joined us today, and Council Member Karen Koslowitz. Vincent Ignizio from Staten Island.

COUNCIL MEMBER IGNIZIO: Thank you very much. And good morning, Commissioner.

JANETTE SADIK-KHAN: Good morning.

COUNCIL MEMBER IGNIZIO: Needless to say, I want to start by saying how grateful the Staten Island Delegation is for the enhanced conditions, crews that we have there, for wear and tear. We've had a very rough winter, particularly in, in my borough, and I as I said in the past and I'll say again, my district alone is one-and-a-half times the size of Manhattan. So, we have exponentially difficult times in really catching up and having a state of good repair. So I want to be grateful. And to my colleagues throughout the City, I think the Staten Island model is one that is working well. The State Island Delegation leveraged our capital dollars to enhance operations from DOT, and I want to know at first, what is the status of looking forward for potential contract operations like we've had in the past.

JANETTE SADIK-KHAN: Well, thanks to your efforts and the efforts of Borough President Molinaro, we are actually actively exploring more dedicated crews next year. We are also taking a look at what we could do with our sister agency at the Department of Sanitation to look at ways to mitigate the impact of some of the trucks that we've got during snow removal. So, we're doing everything we can in terms of taking a look at more dedicated crews, working very hard to increase resurfacing so that we minimize the potholes going forward, and really to get, try to get ahead of this curve which is, you know, really, really difficult on the streets of New York, and in particular, Staten Island. So, I want to thank you for both the support, the Reso A funding of, from that Delegation, and also for your help in identifying the additional options for more dedicated crews.

COUNCIL MEMBER IGNIZIO: No, you're welcome, and we have seen them out there, they are out en masse, in force, right now, on Highland Boulevard, repairing cement pads and, and really doing yeoman's work. Some of the basic questions I want to go over is the Borough President and us have been working with regards to Smart Lights, lights that are, you know, that control the traffic and not the traffic control the lights, or vice versa, I always get that mixed up. Is there any discussion about a wider spread implementation of Smart Light technology here in the City of New York?

JANETTE SADIK-KHAN: Yeah. What we are very committed to that, smarter management of our entire transportation network, and Smart Lights is a part of that. What it requires, though, is the implementation of ASTCs, Advanced SolidState Traffic Controllers, and we're about 44 percent through with installing ASTCs on all--

COUNCIL MEMBER IGNIZIO: Let me understand, you need that first before you can--

JANETTE SADIK-KHAN: Yeah, yeah.

We have to upgrade, make the streets, make the lights smarter. So, with ASTCs and modems, then we will be able to do innovations like remote controlling and transit signal prioritization for buses, you know, the turns that you're looking for there. So, all of that depends on the installation of the ASTCs. We expect to have the entire system up and running within the next three years, so we'll have much more flexibility to do the kind of innovations that you're talking about.

COUNCIL MEMBER IGNIZIO: Great. Finally, I mean, park-n-rides have been a very, very successful tool, particularly in the borough, and want to continue with those. And I want to touch upon the State scenario. I served in the State Legislature, as you know, and for some reason Assemblyman Gantt was always a person who was opposed to the light technology, the camera technology on buses. I still don't understand his civil libertarian comments in that my understanding of the technology is the cameras were on the lower end of the buses and not filming any occupants or whatnot. Is there any progress from the City's lobbying efforts to try to get that bill to move with the Speaker's Office, or--actually I know the Senate had less of a problem with it, it was mainly a problem with Assemblyman Gantt in the Assembly.

JANETTE SADIK-KHAN: Yeah, you are correct, the cameras do not take pictures of people in cars, and in fact the legislation has been endorsed by the New York City, New York City--NYCLU, Civil Liberties Union, thank you. So, I think that that question has been--

COUNCIL MEMBER IGNIZIO: Hard for me to say it, too.

JANETTE SADIK-KHAN: [laughs] That question has been asked and answered, and so we continue to, to talk to folks in Albany. And actually, I met with Senator Dilan yesterday and he was very supportive of this.

COUNCIL MEMBER IGNIZIO: Yeah.

JANETTE SADIK-KHAN: And so we continue to work with our, with the delegation to try to get this really important technological improvement on the streets of New York.

COUNCIL MEMBER IGNIZIO: Yeah, I agree with you, I mean, I was serving up there, and I hope my colleagues, both Chairman Recchia and, and Chairman Vacca, have an appreciation for this will get my constituents to work faster. Period, amen. It's one of these obvious things that we see Council Member Minority Leader Oddo and I when we drive in together, that all the time this is one of the things that will get people there, and you know, maybe it's five minutes quicker, but that five minutes when it's yours, is extremely valuable. So, I would hope that the Council would redouble its efforts and try to encourage whatever stumbling point that Assemblyman Gantt may have, we can, we can get over that hurdle and move forward. I said finally before, but I'm going to say it again. Finally, is, can there be any, the bigger problems that we have is regarding the acquisition process. We're doing intersection improvements and we love them and we're moving them forward. But as always, the scariest comment that we always hear is, "Well, it is delayed because of acquisition." Is there any way that we can advance or, you know, shrink that timeline to see capital improvements come online faster, which ultimately would save money as

Chairman Vacca mentioned before?

JANETTE SADIK-KHAN: We're doing everything we can. We're working really closely with DDC to try to get that done, and I understand the frustration that's associated with these, with these long delays in acquiring the property. But the delegation has been, your delegation's been extremely helpful in this and we continue to look for ways to streamline and improve the acquisition process.

COUNCIL MEMBER IGNIZIO: Okay. I mean, I don't know that, that gets us anywhere, but I think if we keep the focus on trying to shrink it down, be it the Law Department, be whatever, or have things move concurrently, I know Deputy Borough President Burke has been working closely about, about that. But there has been better cooperation amongst your agency that we've ever seen. And that needs to be separated out. A lot of times we will criticize when it's warranted, I say it all the time. But when praise is warranted, too, it ought to be levied as well, and we have seen unprecedented cooperation from the capital unit in regards to the intersections improvements over the past years, and I'm grateful for that. And then we need to continue to work towards making sure our roads are in a state of good repair and where that means we have to step up we're happy to do so. Thank you very much, thank you, Mr. Chairman.

JANETTE SADIK-KHAN: Thank you.

CHAIRPERSON RECCHIA: Thank you. Council Member Peter Koo from Queens.

COUNCIL MEMBER KOO: Good morning, Commissioner.

JANETTE SADIK-KHAN: Good morning.

COUNCIL MEMBER KOO: And the staff. My name is Peter Koo, I'm the new Council Member from Queens. My main area is Flushing and Flushing is, is a small downtown area, but it's really come back. It's one of the highest pedestrian areas in the City, in terms of traffic and pedestrians, I think we are the third highest pedestrian travel areas in the whole City. So, so we are a very busy area. And a few, couple weeks ago, I met a constituent on the street, and he came to me and he said, "Councilman, can you help me?" And I said, "What, you want to buy something?" I don't know, "We are teacher, we are very poor people. You know, and I have to drive every day, but I cannot afford to change tires, you know, ever so often, you know, because around my area there are a lot of potholes." You know, on Roosevelt Avenue, on 41st Avenue, and 41st Row, said, "We are poor people, I cannot afford to change tires three or four times a year, and to change the alignment, too," you know. "So, can you please help me to fix up all the potholes in the area?" So, my request to you is to look into this, because potholes, even though it's very small problem to a lot of people, but it's big problem for those people who have to drive to make a living, or people that drive to go to work.

JANETTE SADIK-KHAN: I couldn't agree with you more. Actually, this fiscal year, we are expecting to fill 400,000 potholes, which is the largest in recorded history, to give, put it in perspective, on average we fill 250,000 potholes a year. And in--

COUNCIL MEMBER KOO: So, my question is, how do, how do we get on the priority list, you know, to which potholes you have to fix first?

JANETTE SADIK-KHAN: Well, they come in from a variety of ways, from, from Council Member recommendations, and we look forward to getting those from you, from 311, from our scout program. There are any number of ways that we get the pothole requests in. We had, have had a very bad winter, as you know, and with the freeze/thaw cycle it was worse than ever before. We had the snowiest February in recorded history. In March, we filled some 85,000 potholes in March alone, which is the equivalent of two potholes every minute, 24/7. So, we deeply understand the issue and the problem and we're working as hard as we can with dedicated crews, we usually have 35 crews out during pothole season during March, but during February we had 50 crews out there. So, we understand the pain and we're doing everything we can to get those potholes filled. And again, it's just been a very, very bad winter, and it's been a long time. But Mayor Bloomberg and this administration are very committed to addressing street conditions in the City of New York. We also believe that the resurfacing program moving to 1,000 lane miles will also help us get ahead of hat. But I look forward to working with you on getting the list for your district.

COUNCIL MEMBER KOO: My second question is on those street resurfacing, how you set priorities with which street to serve first?

JANETTE SADIK-KHAN: Well, we've got a conditions assessment, and basically what we do is we go out and these streets are assessed and then it's basically done on the condition of the roads. And so that's basically what determines the prioritization of the road reconstruction efforts.

COUNCIL MEMBER KOO: I want to invite you to share a ride with me in my neighborhood, then you know which ones that are really terrible, terrible.

JANETTE SADIK-KHAN: Okay.

COUNCIL MEMBER KOO: And, and then my last questions is that, the downtown area, with so many people crossing the streets all the time, and delays the traffic flow to go, the cars won't make a left turn, because the people are crossing illegally, you know, they don't follow the traffic signs. How does this traffic manager work? I know in downtown area, and underneath the - - a lot of areas usually have traffic agents standing there and to direct the traffic. Can you know, today, we can use some of them in downtown area in Flushing.

JANETTE SADIK-KHAN: I'd be happy to work with you on checking out - -

COUNCIL MEMBER KOO: Thank you very much, thank you.

JANETTE SADIK-KHAN: Okay.

CHAIRPERSON VACCA: Thank you, Mr. Koo. Commissioner, just before the next member, I wanted to come back to the speed bump issue. Do you know how many speed bumps were installed last year and whether or not the request the DOT is getting concerning speed bump installation. Have they gone up, is there a percentage? Do you monitor the number of requests, how many you've installed year-to-year?

JANETTE SADIK-KHAN: We received 478 requests in 2009, and 116 were installed.

CHAIRPERSON VACCA: So there is a back--there's a significant backlog, or are these requests that you've still, you're still analyzing, or--

JANETTE SADIK-KHAN: Yes, we're still analyzing. And in some locations, despite the request, it's inappropriate because it's on a bus route or a truck route or there are other issues that preclude the use of that particular treatment on a particular roadway.

CHAIRPERSON VACCA: That's one thing I'd like to know officially from your office. I understand that you do not put speed bumps on a bus route, you do not put them on a truck route, and you do not put them in front of a person's driveway or too near a corner. But I'd like to know for the Committee what is the, what is the guideline you use. What--

JANETTE SADIK-KHAN: You effectively articulated the guideline.

CHAIRPERSON VACCA: Is that it?

JANETTE SADIK-KHAN: There, there, you know, there are a couple of others, and I'd be happy to give you the full list, you know, after the Committee hearing.

CHAIRPERSON VACCA: All right. I

just think, you know, I wanted you to add this to your analysis, as to whether or not the cut I mentioned can be restored, because I think that that has to be part of the analysis.

JANETTE SADIK-KHAN: We'll look at that.

CHAIRPERSON VACCA: It does seem that there is a need for it, there is a demand for it. So I'd like you to add that to your analysis.

JANETTE SADIK-KHAN: Okay.

CHAIRPERSON RECCHIA: Thank you, Council Member Vacca. Council Member Debbie Rose from Staten Island.

COUNCIL MEMBER ROSE: Good morning, Commissioner.

JANETTE SADIK-KHAN: Morning.

COUNCIL MEMBER ROSE: I was at PS 44 yesterday, and I was very impressed with the sign program that you have when the schoolchildren develop their own signs. I think it's a great, a great program, and I think it's something that we should look to extend. And I have a bunch of schools in my district that I'd love for you to consider.

JANETTE SADIK-KHAN: Great, we'd love to work with you on that.

COUNCIL MEMBER ROSE: Okay. In regard to the federal stimulus funds, and the ferry terminal project, there's been a lot of conversation among community residents and the community board about that particular project. And I was wondering if we could in fact start a citizens community advisory group, that would meet once a month to discuss issues around that project, and sort of forestall any problems that might be encountered, because we're talking about a huge disruption, especially in terms of parking and, and pedestrian access. So, I, I would really like to see us put in place a citizens community advisory group. And I'm going to also suggest that to the borough president.

JANETTE SADIK-KHAN: Great.

COUNCIL MEMBER ROSE: Is that something that we can do?

JANETTE SADIK-KHAN: Yep.

COUNCIL MEMBER ROSE: Fine.

JANETTE SADIK-KHAN: And the, I want to note that the, that ferry project is not affected by the federal stimulus fund issue that I raised in the testimony, so that project continues to move forward.

COUNCIL MEMBER ROSE: Okay. Okay. And on today, three ferries were withdrawn from service today. Is that part of this preventive maintenance project that's coming through the federal stimulus money?

JANETTE SADIK-KHAN: No, one was being inspected by the Coast Guard on their regular review, we do a monthly review of the vessels; one was, we were installing new technology on the boat, and we were testing the new technology, you know, and then we had the Barberi out.

COUNCIL MEMBER ROSE: Okay. And my last question is about the Barberi, I know you didn't think we were going to let you get away without one question about it. And you know, there seems to be ongoing problems with this boat, from the very onset. Have you considered, financially have you considered replacing, taking that boat totally, decommissioning in it, and purchasing a new boat?

JANETTE SADIK-KHAN: No. The Staten Island Ferry, as you know, is the largest ferry system in the United States, and it's the City's most reliable and economical form of transportation. We operate 24 hours a day, 365 days a year. It's free of charge, we carry 20 million passengers each and every year. And the vessels are in service basically 98 percent of the time. So, you know, these vessels are also uniquely designed. You know, there is no mass produced ferry vessel in the United States. And they are customized to meet local needs. And so, they go through the same review process, the American Bureau of Shipping, the United States Coast Guard is inspecting these vessels, both on an annual basis and on a monthly basis in the case of the Coast Guard. There was, it looks like, I can't say anything about what happened, as you know, the NTSB is doing an investigation, but at this point it looks like it's mechanical failure, one that, you know, happens from time to time. But we are doing everything we can, these vessels are tested on a highly regular basis, and as I, as I mentioned, have been clearly vetted by the most prestigious vetting and maritime agencies in the United States.

COUNCIL MEMBER ROSE: You know, I agree with all that you've said; however, the Barberi has continual problems. I mean, much more than the average. And it's had to be pulled out of service for, for corrective measures. And I, I really think that we need to look at budgeting for, you know, for the replacement of that boat. It seems to be that it has, you know, habitual problems, unlike any other of the boats that we've had. And the fact that it's in service 98 percent of the time, and it spends a larger, a large percentage of the time being mechanically retooled, I really believe it's time for to look at requesting, you know, another boat be commissioned, put into the budget, so that, you know, we are not so dependent on the Barberi.

CHAIRPERSON RECCHIA: Alright, thank you, Council Member Debbie Rose. I want to recognize Council Member Ydanis Rodriguez, and Council Member Gale Brewer. We'll go next to Council Member from Queens, Mr. Urlich, Ulrich. [laughter] Sorry.

COUNCIL MEMBER ULRICH: He'll get it right. Thank you, Mr. Chair.

CHAIRPERSON RECCHIA: I said, I corrected myself, Jimmy Ulrich, I said it right.

COUNCIL MEMBER ULRICH: Thank you.

CHAIRPERSON RECCHIA: Go ahead, Council Member.

COUNCIL MEMBER ULRICH: Thank you, Mr. Chairman, and thank you, Commissioner for your testimony. I'm sorry I wasn't here to hear it, but I did read it, and I just have a few questions. But before I go into them, I do want to commend the, the Queens Borough Commissioner, Maura McCarthy for all of her help, not only with the projects going on in my district, but also with the very minute constituent work that my office deals with on a day-to-day basis, and she and her staff have been very responsive, and I cannot say enough things good about her, and I'm sure that my colleagues from Queens would agree. She's just terrific. So, now we go into the punching bag part of the questioning. I would just want to echo my colleague from Staten Island, Vinnie Ignizio's comments about the acquisition phase and its relation to capital projects. Today, coincidentally, I had a meeting with the capital finance staff here to go over my budget priorities, and just so you know, my number one budget priority that I've submitted in terms of my discretionary capital dollars will be a million dollars for the reconstruction of Albert Road, which is going to DOT. Now, I know that this is related to highway project HQ411B, and this is something that has been going on for more than 20 years. Every year we kind of have these lively, for lack of better terms, meetings in my, in my district, people are very angry and frustrated that something that was supposed to happen more than two decades ago has not happened, and I know that right now we are in the process of acquiring certain properties that are in that area. I just want to make sure, Commissioner, that the million dollars that I put in to the budget that's going to go for the reconstruction of Albert Road, a million dollars is a lot of money in terms of capital dollars for a local City Council Member, we don't get a heck of a lot of money. I just want to make sure that that money that I'm now taking away from parks and playgrounds and schools will actually be able to go into the project and that we could put a shovel in the ground sometime soon.

JANETTE SADIK-KHAN: I agree with you, the Albert Road project is actually under DDC's jurisdiction, but what we have done is included funding to advance that project from FY'14 to FY'11, and we're looking to go into construction in FY'12.

COUNCIL MEMBER ULRICH: So, you could say, you know, with enough confidence that it will start sooner than expected, and that, and that we won't run into the problems that we've been running into for the past ten, 15 and 20 years.

JANETTE SADIK-KHAN: I certainly hope not.

COUNCIL MEMBER ULRICH: Okay, well I hope not either, I mean, I have to go up for reelection in 2013, so I'm just as concerned about it as anybody. [laughter] The second question I have is regarding the Rockaway Ferry Service elimination. There have been--elimination--there have been discussions going on here at City Hall, and the Speaker has shown an unwavering commitment to sustainable forms of transportation, and she has particularly shown, shown so much support for the, for the ferry in Rockaway. But you know, when, when you read through the executive budget, how can I justify to my constituents that the DOT is going to take $3.7 million to do an East River Ferry study, but we can't afford $300,000 to keep the ferry running in Rockaway.

JANETTE SADIK-KHAN: Mmhm. Well, as you know, this was a Council funded project, and I think that the Council money is running out. And so my guess would be that if you had the money to put into the budget for that service, the issue is really the ridership, I think, on the service that was also, you know, slightly problematic. But, you know, the, at this point, I think it's in the Council's hands.

COUNCIL MEMBER ULRICH: One of the things I'm, I'm most concerned about is that I know that on July 1st, when the ferry service ends, that the boat isn't coming back to Rockaway for a very long time. And that's probably a reality that my constituents have to deal with because of the economic situation at the City and the State and everybody is in. But it is, you know, it is a double-edged sword, and it will be very hard for me to explain to my constituents that the City of New York decided to spend $3 million to do a ferry study for the East River but the people in Rockaway are going to have to find another way to work. And I understand there was supply and demand issues, and that there weren't enough people on the boat, that goes without questioning, absolutely correct in what you're saying. But we need time, we need time in Rockaway to work out a schedule that works, we need a better location to launch the ferry from, and, and I have a feeling that once the boat stops on July 1st, that we're not going to have any more time, and we're not going to have any more money, and, and I can already see from the Mayor's budget that his priorities in terms of ferry service, are not in keeping with the best interests of my constituents. I'm just, I'm just very disappointed. Thank you, Mr. Chairman.

CHAIRPERSON RECCHIA: Thank you

very much. Council Member Cabrera. And I want to recognize Council Member Darlene Mealy.

COUNCIL MEMBER CABRERA: Thank you so much, Mr. Chair. Commissioner, welcome, thank you for coming today. You know, often in The Bronx, I get a complaint that, I don't know if it's perception, it's a perception problem, or reality, so please help me to understand. When we experience heavy snow downfall, often my constituents come to me and tell me, "Well, when I got to Manhattan, Manhattan is cleaned up, but how come here in The Bronx, we have a lot of snow that has not been plowed?" Can you heal me understand, is there, is there a priority list when it comes to plowing? Does it go by borough? Does it go by main avenues? I'm sure it goes by main avenues to secondary roads. But is there one, is there a priority when it comes to boroughs?

JANETTE SADIK-KHAN: Actually, the snow is removed by the Department of Sanitation. And so, I would be happy to contact Commissioner Doherty to ask him to get in touch with you about how those routes are determined.

COUNCIL MEMBER CABRERA: Thank you

so much. And the last question is in regards to bridges, in terms of the philosophy, in terms of fixing bridges, do we, does the DOT take a stand of maintenance versus full, waiting for full repairs, or you know, there's only so much money to go around. So, I'm just looking to see what's the criteria when it comes to bridges, and fixing them.

JANETTE SADIK-KHAN: Well, we're in an unusual position, out of almost any other City in the United States, that less than one percent of our bridges are in poor condition. Thanks to the Bloomberg Administration's infusion of $5 billion in our bridge program, our bridges are in the best state they've ever been in. We also have an incredibly robust bridge inspection program, and after we finish the completion of some of the Brooklyn Bridge work that we're talking about, we will virtually have all of our 876 bridges in a state of good repair.

COUNCIL MEMBER CABRERA: Do we have any bridges that are considered to be in poor condition at this moment?

JANETTE SADIK-KHAN: We have the,

all of the bridges that are in poor condition have plans for remedial work to get them into a state of good repair.

COUNCIL MEMBER CABRERA: Beautiful, thank you so much. Thank you, Mr. Chair.

CHAIRPERSON RECCHIA: Thank you. Council Member Ydanis Rodriguez from The Bronx. [background noise] Oh.

CHAIRPERSON VACCA: I'm sorry, Mr. Chair, before Councilman Rodriguez, I want to acknowledge the students of PS IS 50, the 5th grade class is here. [applause] And they're accompanied by their teacher, Eve Creary [phonetic], thank you for coming Ms. Creary, and for the class from IS 50.

CHAIRPERSON RECCHIA: Ydanis Rodriguez from Manhattan, correct myself. Turn your microphone on, please, Council Member.

COUNCIL MEMBER RODRIGUEZ: Do you have any job training in the DOT?

JANETTE SADIK-KHAN: No.

COUNCIL MEMBER RODRIGUEZ: Will you - - have you think about it like working or any other agency to put together like a job training to recruit more people? Especially from the different communities to work at the DOT?

JANETTE SADIK-KHAN: We don't have plans right now, but I'd be happy to sit down with you and talk through any ideas you have.

COUNCIL MEMBER RODRIGUEZ: I think that at the moment where unemployment is a big issue, and especially we have a lot of people coming to work in the City, not necessary all of them or most, I don't know, the percent is how many of those people who come to work in the different agencies, aren't necessarily from the City. I think that a, all agencies, including the DOT, I think that if you can put in place like a job training, you also can help us also to hire people who live in the different communities. And my second question is, how possible is it that we also include the investment that we have to do in dealing with the issue of traffic at 181st, in the capital 2011?

JANETTE SADIK-KHAN: Well, we are in the process of doing a study on that. I think we've been working with your office on the 181st Street congested corridor study, and we're going to be meeting with community members on that to identify all of the things that we need to do to address traffic congestion in that very important corridor. And I know that you've asked for some specific paving requests and different street lighting, and we're, we're looking at all of those requests right now, as well.

COUNCIL MEMBER RODRIGUEZ: Yeah. But I, my, my concern is more like in different projects, like I also being involved in the, with the EDC on the - - we're developing on the waterfront, in my area when I hear a lot of time, how much time we're taking to do this study. So, I don't see the money put in place. I think as you know, and first of all I appreciate the support that we've been getting from the, from you and, and the Manhattan Commissioner, or the DOT, too, also, to work closely with us. But I, I think that we need to put the money, I think that the study's good, - - Field, she did a good study about the issue of traffic at 181st. It's a big issue, and it's mostly, most of all of - - know like, the George Washington Bridge is there, so there's a lot of trucks, passing by 181st Street.

And, and traffic is a big issue. And I know that you and, and the Commissioner has been really very interest, but I think that we should put the money. I think that the story's good, I think that we've been doing, is spending some time, and I, I was involved on sharing what the progress that you have done the study. But I think that the issue of 181st cannot wait for the capital fund of 2012. I think that we need to put the money to expedite the, the solution of traffic at 181st.

JANETTE SADIK-KHAN: Well, what we are doing is analyzing the recommendations, as you know, the study's been ongoing. We are looking at 178th, 179th and 180th street for this work, as well as a couple of the highway parkway interchanges up there. We've done a lot of outreach to the community, and what we're looking to do is have this report be done by the fall of 2010, and then we'll be in a position to have the projects identified for funding in the capital program.

COUNCIL MEMBER RODRIGUEZ: But that will be for the capital 2012.

JANETTE SADIK-KHAN: Yes.

COUNCIL MEMBER RODRIGUEZ: So I

think that the community cannot wait so long. This is a crisis on 181st. And I think if we can--

JANETTE SADIK-KHAN: Okay, well I'd be happy to sit down with you and continue to work. I think we've worked pretty well together on that. But we do have a non-capital solutions as well, so we don't have to necessarily wait for the capital program to kick in, we can look for some shorter term improvements to make to address the conditions there.

COUNCIL MEMBER RODRIGUEZ: Okay. If we can follow, I really would like to see the 181st traffic issue, including the capital, as - - all the areas included. Is an emergency, 181st is a big crisis, you know, community. Thank you.

CHAIRPERSON RECCHIA: Okay. Thank you, Council Member. Commissioner, the DOT is now accepting applications for the plazas, you want to increase the plaza program. Is that correct?

JANETTE SADIK-KHAN: Yes.

CHAIRPERSON RECCHIA: Okay. And that deadline is June 30th.

JANETTE SADIK-KHAN: Yes.

CHAIRPERSON RECCHIA: Okay. How

much funding is currently available to DOT's budget for the public plaza projects?

JANETTE SADIK-KHAN: I believe we have $9 million a year.

CHAIRPERSON RECCHIA: $9 million a year? And what is going to be the total cost over a period of time to complete all these projects that you would like to do?

JANETTE SADIK-KHAN: Well, what we're doing is we've got about seven of the nine original in design right now, moving forward on the capital program side. And the budget includes funding for about three plazas a year.

CHAIRPERSON RECCHIA: And those seven that you have in design, where are they?

JANETTE SADIK-KHAN: I'm happy to give you a list of the projects, we've got a list of the, of the specific projects that we can give you.

CHAIRPERSON RECCHIA: Yeah, we would like a list.

JANETTE SADIK-KHAN: Okay.

CHAIRPERSON RECCHIA: But you said you had seven in design.

JANETTE SADIK-KHAN: Right.

CHAIRPERSON RECCHIA: And which seven are they?

JANETTE SADIK-KHAN: Well, we've got Marcy Plaza, Myrtle Plaza, Pershing Square West, Humboldt Plaza--

CHAIRPERSON RECCHIA: They're all in Manhattan?

JANETTE SADIK-KHAN: No.

CHAIRPERSON RECCHIA: Just identify exactly which, what borough--

JANETTE SADIK-KHAN: Marcy Plaza is in Brooklyn.

CHAIRPERSON RECCHIA: Right.

JANETTE SADIK-KHAN: Myrtle Plaza is in Brooklyn. Pershing Square is in Manhattan. Humboldt Plaza is in Brooklyn. Knickerbocker Plaza is in Brooklyn. Forsythe is in Manhattan. Plaza del Americas is in Manhattan. As Montefiore Plaza is also in Manhattan. And Boston Road is in The Bronx.

CHAIRPERSON RECCHIA: Okay. My colleague Karen Koslowitz wants to know if there's any plazas in Queens that you would like to do.

JANETTE SADIK-KHAN: See, the, the program is actually driven by the number of applications that we get in, and so different communities put in applications for the plaza program.

CHAIRPERSON RECCHIA: Gale Brewer says she applies. [laughter] You know, as you know, with some of these plazas, you know, some people like them, some people don't, and in certain areas where you're increasing, we, today's New York Times there's an article that it's slowing down the bus service, and number of bus trips. And there was a study that, you know, that came out and there's an article, and the New York Times and, have been trying to get this survey for quite a period of time. Could you tell me when this survey was finished?

JANETTE SADIK-KHAN: The work was done with the New York City Transit Authority, I believe it was completed in October, and was in fully--

CHAIRPERSON RECCHIA: October of '09?

JANETTE SADIK-KHAN: Yes, and it

was fully incorporated into the Green Light for Midtown report that the Mayor issued in December. And it, it basically, the, the report that we had that we announced with Green Light for Midtown reported the exact same findings that the story highlighted today. In other words, travel times for bus riders on 6th Avenue were faster and travel times on 7th Avenue were two percent slower. Now, if you take a look at the M6, which was the route that was--

CHAIRPERSON RECCHIA: Focus, right.

JANETTE SADIK-KHAN: --highlighted today, the M6 was about 15 percent longer travel time, and that's because the Transit Authority rerouted the route so that it's about 15 percent longer. So, not surprisingly it's 15 percent longer travel time because it's a 15 percent longer route.

CHAIRPERSON RECCHIA: So you're blaming it on the rerouting, not of the closing of the plaza, of the streets.

JANETTE SADIK-KHAN: We believe, if you take a look at the M20, which goes from 42nd Street to 14th Street, travel times on 7th Avenue for that bus route improved by three minutes. So, you know, the, the traffic did not appear to be much worse for bus riders, and in fact I think the piece that's really important is that the headways, the time to wait for a bus, went down by 50 percent. So instead of waiting for a bus to come every two minutes, the buses now come every one minute. And I think it's also important to note that the Transit Authority received, or the City received no complaints from bus riders on this, which, you know, in a City where people have a strong opinion about things, large and small, I think was sort of remarkable that there was not, that there were no complaints.

CHAIRPERSON RECCHIA: So you got no 311 calls about it?

JANETTE SADIK-KHAN: No.

CHAIRPERSON RECCHIA: And this report, it was finished in, in October, and you know, the City Council, we never knew about this report after it was completed.

JANETTE SADIK-KHAN: It was included as part of the Green Light for Midtown report.

CHAIRPERSON RECCHIA: So we have to go looking for it, that's what you're telling us.

JANETTE SADIK-KHAN: It was fully included in what we said we were going to look at, which was, which was bus speeds.

CHAIRPERSON RECCHIA: Then why did the New York Times take it so long for them to get this report?

JANETTE SADIK-KHAN: I was surprised at the New York Times story in the first place. I mean, maybe my headline would've been, "New Yorkers--" nobody complained on the bus routes when we made major changes to Times Square. I mean, it was a, it was a pretty big change and I think what bus riders saw was that, you know, they were able to catch a bus, it was much easier for them to catch a bus, instead of waiting every two minutes, they, they got it every minute. And so, you know, if you're going to take a look at the full length of a trip, very few people ride a bus line from the very beginning to the very end of the bus route, except for the bus driver. So, I think that when you're taking a look at how a corridor improves, one of the things that I thought was really important about Mayor Bloomberg's approach was to look at $2 million taxi cab trips through the GPS technology, which gives you a much more granular understanding of what's happening on the streets, rather than just a one-time look at, you know, one bus route at a particular point in time.

CHAIRPERSON RECCHIA: You know, also in there it takes, it talks about the M6, turning on 34, on 32nd Street and 7th Avenue, there's a problem there.

JANETTE SADIK-KHAN: Well, there's, there's heavy pedestrian volumes there, and--

CHAIRPERSON RECCHIA: Right.

JANETTE SADIK-KHAN: --we continue to look for ways. The report was in October, obviously, you know, we don't, we don't stop doing what we're doing to improve the transportation network. We're constantly adjusting and making changes to better accommodate the variety of users that we've got there. In, in Times Square, you've got 356,000 people going through there, each and every day, so there's a lot of pedestrian traffic that's there.

CHAIRPERSON RECCHIA: Plus, in addition, I know you want to make another one of your plazas on 34th Street, near Herald Square. Correct?

JANETTE SADIK-KHAN: I believe it's there.

CHAIRPERSON RECCHIA: No, the one on 34th Street, when you want to close off 34th Street.

JANETTE SADIK-KHAN: Well, we are exploring a transit way for 34th Street. We are doing a series of regional traffic analysis, mesoanalysis and local analysis, to understand what the impact of that change would be. Those traffic studies will be completed at the end of the year, and at that point we'll be in a position to assess whether this makes sense or not.

CHAIRPERSON RECCHIA: Okay, all I just ask is that you keep the businesses apprised, 'cause we receive numerous complaints from businesses on 34th Street about your proposal. They had to read about it in the New York Times.

JANETTE SADIK-KHAN: Well--

CHAIRPERSON RECCHIA: Many

landowners--

JANETTE SADIK-KHAN: I would like to say that the, the story was, came out as a result of the public outreach that we were doing, this project is years away. And what we were doing was reaching out to stakeholders along 34th Street, as part of that process. We will continue to meet, and you and I have discussed this--

CHAIRPERSON RECCHIA: Yes, right, we're going to set up some meetings because that is of great concern.

JANETTE SADIK-KHAN: Yes.

CHAIRPERSON RECCHIA: But I appreciate you're taking the time out, you know, to do that. That's great. In, in the budget, funding for roadway repairs and maintenance, what is the current budget for this year, and what's going to be for next year?

JANETTE SADIK-KHAN: We've got $174 million for resurfacing in the budget this year.

CHAIRPERSON RECCHIA: And for next year?

JANETTE SADIK-KHAN: I think we're looking for another $60 million to get us to 1,000 lane miles.

CHAIRPERSON RECCHIA: So what's the number?

JANETTE SADIK-KHAN: For Fiscal Year '12.

CHAIRPERSON RECCHIA: What's the number that you--for--

JANETTE SADIK-KHAN: [pause] The budget, I will get it for you in a minute.

CHAIRPERSON RECCHIA: All right, while he's looking for those numbers, I'll ask you another quick question. What is the current headcount for road repairs in each borough?

JANETTE SADIK-KHAN: I will have to get that to you.

CHAIRPERSON RECCHIA: Okay. If you could get us that, that has been a great concern to many of my colleagues, you know, we, we had a terrible winter, like you said, and the Sanitation Department did a great job. You know, you've been out there with your crews. But we just need to know in the City Council how many crews you have in each borough, because we need to know, maybe there isn't enough money being put in there for road repairs, and we would like to look at exactly how many of the head count you have in each borough.

JANETTE SADIK-KHAN: I'd be happy to get you that list.

CHAIRPERSON RECCHIA: Because I know you just input, you just sent the next road repair crew out to Staten Island, and that's greatly appreciated, because Staten Island has about three--

COUNCIL MEMBER ROSE: Yes, we do, Domenic, we really appreciate it, thank you, Commissioner.

CHAIRPERSON RECCHIA: Yeah, you know, in Staten Island they have about three cars to every household on the average. [laughter] And so, we just want to just know exactly where these crews are.

JANETTE SADIK-KHAN: I'll get you the list, Mr. Chairman.

CHAIRPERSON RECCHIA: Because we can, you know--

JANETTE SADIK-KHAN: Okay.

CHAIRPERSON RECCHIA: --and I think

that'd be of great importance to us. Next I'd like to talk to you about one of your favorite topics: bike lanes. Can you update this Committee on the progress of this initiative? You know, how many bike lanes has DOT completed to date? How many do you plan to complete by the end of 2011. And what's the funding?

JANETTE SADIK-KHAN: We've completed in the last three years we've completed 200 miles of on-street bike lanes. We anticipate doing 50 miles a year. All of them money that we're using for those are CMAQ funded, Congestion Mitigation and Air Quality funding, which is a federal funding program.

CHAIRPERSON RECCHIA: Okay. I'd like to recognize Council Member Garodnick, Council Member Fidler, Council Member Jackson, Council Member Van Bramer. In your report, you spoke about the projects, the bridges, on the Bell Parkway, and you testified. I just want to make sure I understand you. That project already started, you're renovating the Bell Parkway. Now, did you testimony, I was a little bit unclear about it, do you have enough money to do all, all the bridges on the Bell Parkway? Or you just have the money to do one bridge?

JANETTE SADIK-KHAN: We've done three of the seven bridges, and the, the testimony refers to the other four.

CHAIRPERSON RECCHIA: To the other four. So you don't have the funding in place at this time for the other four bridges on the Bell Parkway.

JANETTE SADIK-KHAN: That's, that's the money that's at risk.

CHAIRPERSON RECCHIA: Okay. And this is of great concern, you know, to me and my South Brooklyn colleagues, we'd like to follow up, I will follow up with you, I don't want to take time out here to discuss that. But I just want to bring up one other thing, is there's a dip at Knapp Street, that causes a lot of accidents. And I think that should be looked at.

JANETTE SADIK-KHAN: We'll take a look at that.

CHAIRPERSON RECCHIA: All right, you could probably save the City some money. I would like to call on, I have more questions, but

I'll pass it on to my colleagues, Council Member Gale Brewer.

COUNCIL MEMBER BREWER: Thank you very much. First, we love Margaret Forgione, just FYI, Manhattan Borough Commissioner. The 79th Street rotunda, you have your money in it to fix it, but I think Parks does not. Is that your understanding? And then, I'm afraid it's going to fall down before Parks puts their money in. It's a huge, huge project. And I'm just wondering what the status of that is.

JANETTE SADIK-KHAN: We do have money, as you know, in our budget. Parks, I believe, is looking for money. Make no mistake that bridges that, our bridges are inspected on a extremely regular basis and any bridge that looks like it's nearing a poor condition is monitored on a three month basis. So, there's no safety issue associated with that. It's a funding issue associated with that, and I have been in conversations with Commissioner Benepe to look for ways to find funding for that important project.

COUNCIL MEMBER BREWER: So that bucket that we have underneath it, catching the water, we can, it's okay?

JANETTE SADIK-KHAN: [laughs]

COUNCIL MEMBER BREWER: We have a little yellow bucket under it. It's okay.

JANETTE SADIK-KHAN: The physical structure, the bridge structure, that's there is, is sound.

COUNCIL MEMBER BREWER: Okay. The, I'm obviously, as you know, a supporter of the bike lanes and particularly those that are secure. So, I know that you talked in your testimony about less traffic fatalities. Can you just address, if true, why there are less traffic fatalities, even though the press makes it seem like there are more. And is it due different ways in which you're approaching safety in the streets?

JANETTE SADIK-KHAN: It's a great question. The, couple things, one is that every time we put in a bike lane, we create pedestrian refuge islands, we create places for pedestrians to make it safer for them to cross. For many New Yorkers, particularly our most vulnerable pedestrians, kids and seniors, it can sometimes be difficult to cross the, the road safely. And so, these provide much safer passage not only for cyclists but for pedestrians, as well. And so what we've seen is this sort of safety in numbers. As the number of cycling, number of cyclists increase, and it's increased 66 percent over the last two years, we've seen the number of injuries and fatalities go down. So, I think it's the combination of having protected, safe streets with these new islands, and, and also the fact that we've got more people on the street. And I think it sends a signal to motorists that something different's going on, and so they naturally slow down.

COUNCIL MEMBER BREWER: And are we going to do bicycle safety, 'cause sometimes the bicyclists go fast. We still have a perception, particularly for the seniors. How are we going to approach that? I don't know if it's a money issue or just more education, sometimes that costs money. Any thoughts along those lines?

JANETTE SADIK-KHAN: Yeah, it's very important, and we're looking to step up our game on the public education component. Primarily we're doing a lot of work on that.

COUNCIL MEMBER BREWER: Is that funding or--

JANETTE SADIK-KHAN: We've got--

COUNCIL MEMBER BREWER: --or how will you--?

JANETTE SADIK-KHAN: No, that's a public education campaign that is funded and we are, we are looking to roll that out this summer. You know, the problem that we see out there right now is that, you know, for many, many years, if you were cycling on the streets of New York, you took your life in your hands, and it was very, very difficult. Now we've put in safe passage for cyclists and cyclists quite simply need to obey the rules of the road. And so, we're looking at everything from sort of "Don't be a jerk" campaign to more traditional forms of public education.

COUNCIL MEMBER BREWER: All right. More I think if you could keep everybody up to date, where have to 200 miles made it safer? Where will the 50 per year make it safer? I think that would be helpful.

JANETTE SADIK-KHAN: Okay.

COUNCIL MEMBER BREWER: To you.

JANETTE SADIK-KHAN: We'll provide you--

COUNCIL MEMBER BREWER: Length of time to fix a pothole. So if I go out, which I am going to do, and count every pothole in my district, and then I'm going to call 311 with that list. How long will it take to fix those potholes? Do you need emergency contracts? Which I hope you don't. Do you do it in-house? What's the process for the potholes?

JANETTE SADIK-KHAN: Well, we--

COUNCIL MEMBER BREWER: I'm always in a taxi, taxis don't have shock absorbers, they lost those a long time ago. [laughter] So, it's pretty rough.

JANETTE SADIK-KHAN: Well, the, we're doing what we can to improve the performance time and in fact our performance time is better, you know, at the start of this year than it was last year. And so, we're doing everything we can, but as we said, it's a long road that we've got a steep hill we've got to climb to get our streets into a state of good repair, particularly given the harsh winter conditions that we've seen, and we are committed both through addressing the concerns that come in through 311. Mayor Bloomberg also instituted the Scout Campaign.

COUNCIL MEMBER BREWER: Well, I never, I never know what they do. They, I've never seen a Scout car.

JANETTE SADIK-KHAN: Oh, I've seen 'em, they're all over the place.

COUNCIL MEMBER BREWER: I mean, okay.

JANETTE SADIK-KHAN: They're those little, they almost--

COUNCIL MEMBER BREWER: None of us have ever seen one, just so you know. Go ahead.

JANETTE SADIK-KHAN: Okay. Well, I'd be happy to go out with you and point them out. They look like the--

COUNCIL MEMBER BREWER: I know what they look like, I'm just saying this for those in the neighborhood, we've ne--I don't want to belabor the point, but what I'm saying is at some point we would like to know when a call comes in to 311, if it's just a regular pothole, not something, like a street collapsing. How long does it take to get fixed? Just so we know, because I want to support the Chair, if there is something that we should be advocating for, maybe you can't say it, but we can, we need more funding for this aspect.

JANETTE SADIK-KHAN: The average time to repair a pothole in FY'09 was 4.1 days.

COUNCIL MEMBER BREWER: Okay, all right. Sounds good.

CHAIRPERSON RECCHIA: All right, thank you member, Council Member Gale Brewer.

COUNCIL MEMBER BREWER: Thank you.

CHAIRPERSON RECCHIA: Thank you very much. Council Member Darlene Mealy.

COUNCIL MEMBER MEALY: Good morning. I just have a few questions. Just two or three. How, when you do the road repairs, how do you pick out which--Which areas or blocks, in which get the repairs?

JANETTE SADIK-KHAN: It's done on a conditions basis, so the condition of the road dictates the priority that it takes within the City's reconstruction program.

COUNCIL MEMBER MEALY: 'Cause I

know an area in our community, I was thinking on trying to put City, my discretionary funds in to make sure this block on Lincoln Road, Ralph and Buffalo, we've been putting in before I was in office, and now I'm in office, we still have not gotten that road repaved. It's almost like a crater, when you go through there. You can say a rollercoaster, and that's a block that I know DOT, everyone else, should know about. And I just hope that y'all can really start thinking about blocks that can really hurt people. They mess up their cars, I get the calls, my office is only a couple of blocks away. I hope y'all can really look into that. And two other questions I have, is, could you tell me your MWBEs percentage of DOT contracts? For calendar 2008 through 2009.

JANETTE SADIK-KHAN: Yes. We have that. For Fiscal Year 2008, the City target was 12.33 percent and our actual was 13 percent. For 2009, the target was 11.40 percent, and the actual was 16.13 percent. For 2010, we're projecting 16.11 percent and the, and we're, and we're looking at a 16.11 percent actual.

COUNCIL MEMBER MEALY: Isn't that

about the same from '09 to '010? 16.

JANETTE SADIK-KHAN: Well, '08 was the target--

COUNCIL MEMBER MEALY: 13.

JANETTE SADIK-KHAN: --the target was 12.3 percent was the target, and we actually achieved 13 percent.

COUNCIL MEMBER MEALY: So, with all these, with it going up to 13 percent, this is all new contractors.

JANETTE SADIK-KHAN: Yeah, we've, we've exceeded the City target for, for the MWBE goals.

COUNCIL MEMBER MEALY: Are they outside contractors or you did contracting within now?

JANETTE SADIK-KHAN: - - it's, it's outside contractors.

COUNCIL MEMBER MEALY: Have y'all thought about, since we in a budget crunch, at this time, any of the DOT work can be done inside without being outside contracted?

JANETTE SADIK-KHAN: We constantly look for ways to improve the efficiency and the delivery of these projects.

COUNCIL MEMBER MEALY: So, it's no, you have looked, and it's nowhere in the DOT that y'all can do inside contracting.

JANETTE SADIK-KHAN: We do it when we--

COUNCIL MEMBER MEALY: To save money.

JANETTE SADIK-KHAN: --We do it when we can, and, and--

COUNCIL MEMBER MEALY: Could you name one?

JANETTE SADIK-KHAN: Well, our pothole work is all done in-house. And, you know, our million paving is done in-house. And so--

COUNCIL MEMBER MEALY: And I'm talking about cost effective, since we in a economic downfall right now. What are the measures--?

JANETTE SADIK-KHAN: Well, in many instance--in many instances, it is much more cost effective for us to go outside, which is what we've seen with our bridge projects in particular. They can, they, we do not have the in-house expertise to deliver the complex infrastructure projects that New Yorkers depend on every day.

COUNCIL MEMBER MEALY: Okay.

CHAIRPERSON RECCHIA: Okay.

COUNCIL MEMBER MEALY: I have one more question.

CHAIRPERSON RECCHIA: On quick question, 'cause we--

COUNCIL MEMBER MEALY: Yes.

CHAIRPERSON RECCHIA: --we're running behind, I have the MTA waiting, so we have to move quick.

COUNCIL MEMBER MEALY: MTA?

CHAIRPERSON RECCHIA: Let's go.

COUNCIL MEMBER MEALY: [laughs] When do you schedule your timing for the road repairs? Sometime I see it's done in the morning when it's rush hour, and it takes a toll on a whole City. Is there any set time where y'all could put it from 11:00 p.m. to the a.m. when it's less traffic?

JANETTE SADIK-KHAN: Well, in, in busy neighborhoods we try to do it during the day, because people are out, and you know, we try to minimize the impact of road reconstruction projects at night. So we do everything we can to mitigate the impact there. In some instances, it's not always possible and, and you know, everybody wants their road fixed, but they don't want to hear about it.

COUNCIL MEMBER MEALY: The same on the highways, also?

JANETTE SADIK-KHAN: Yeah, many of the arterials are managed by the New York State Department of Transportation.

CHAIRPERSON RECCHIA: Okay, thank you, Council Member.

COUNCIL MEMBER MEALY: Thank you.

CHAIRPERSON RECCHIA: Olive Koppell.

COUNCIL MEMBER KOPPELL: Thank you, Mr. Chairman. I can't sit opposite you without mentioning to you that this morning I would've missed the 8:06 if it hadn't been for the left turn signal on 254th Street, which happens to be working extremely well, and I've gotten a number of thanks from constituents. So, I know you don't need to answer that. I was going to ask about road repaving, and a number of my colleagues who asked questions before really focused in the same area. And I think what would be useful, which I don't think exists, although you can correct me if I'm wrong, is for schedules to be established in each borough, with respect to road repaving and other repair projects such as curb replacement, we, we make requests, our offices make requests, people make requests; and then oftentimes, you know, it say--you get a letter back and says, "Yes, this'll be addressed," but you don't know when or how long. Sometimes, if you press very hard you can get an estimate. But with modern computer techniques, it seems to me you could establish a register of repair projects which would be made available, and then we also from a budget point of view could look at the, you know, the possibility of pushing for enhancements of the budget because repairing 238th Street is now scheduled for the Year 2013, which is not satisfactory to me or my constituents. Now, if you have such a schedule, I'm not aware of it.

JANETTE SADIK-KHAN: What we have right now is for, you know, citywide. In the weeks before we are about to do a repaving, that, that work and that schedule is posted on our website. So you can go there for that. In some instances, as you know, whether will dictate whether or not we're able to do work on time or not. You know, if it's pouring down rain, we're not able to do a million paving, but in the weeks before we're going to do a work, work in a particular borough, and neighborhood, it's posted on our website.

COUNCIL MEMBER KOPPELL: No, but that's not what I'm suggesting. I'm suggesting a schedule--you can't do all the repavings that need to be done because you don't have the resources for it, and I read in your statements you've, the resources have been reduced further this year down to 700 miles, I think you said.

JANETTE SADIK-KHAN: No--

COUNCIL MEMBER KOPPELL: I'm suggesting a master schedule for each neighborhood, or each borough, really, that, so that if I say 238th Street needs repaving, I don't think there's any debate about it, if you go and look at it. But I understand you may not be able to do it right away. But if you tell me that's, you know, we think we can do that in six months, or we think we can do that in a year, not only for me but for everybody, then we would, we would know how far behind we are.

JANETTE SADIK-KHAN: Yeah, the--

COUNCIL MEMBER KOPPELL: I'm not talking about filling a pothole. Even that might make some sense, but you said it's four days? You know, I hope that's true, but I'm talking about more significant projects, although not necessarily huge projects.

JANETTE SADIK-KHAN: But every significant project is still weather dependent, whether we like it or not. I mean--

COUNCIL MEMBER KOPPELL: No, but you, no but--

JANETTE SADIK-KHAN: We are able to, if it's pouring down rain or if it's, you know, we've got horrible weather conditions, we're not going to be able to meet a schedule that we think that we're, that, that we would be looking to do. We are able to get it to a window of about three or four weeks, to put that, you know--

COUNCIL MEMBER KOPPELL: And do you do that now, so that if I write a letter and I say, "238th Street needs repaving," can you, can your people send me back a letter saying, "Yes, needs repaving, we think that under budget situation and personnel situation, we'll be able to do that within the next three months." Can you do that?

JANETTE SADIK-KHAN: We'll look into that for you. We'll look into that for you.

COUNCIL MEMBER KOPPELL: And that's not just for me, now--

CHAIRPERSON RECCHIA: Okay.

COUNCIL MEMBER KOPPELL: I'm talking about as a procedural matter. Then if we look at it and we say, "Look, these repaving projects are being postponed for two or three years," then we'll push with the Mayor for your Department to get more money."

JANETTE SADIK-KHAN: For the ones that we know that we're going to do this year, we can certainly do that. For the ones that are further out, we don't know whether the funding's going to be there--

CHAIRPERSON RECCHIA: Okay.

JANETTE SADIK-KHAN: And we won't have that. For the ones that are, that we know we're going to do this year, we can certainly do that.

COUNCIL MEMBER KOPPELL: Yeah, and then the ones that are further out, if we have a inventory of those, we can go and say, "Well, that's not acceptable, we got to give you more money that we can do it within the year."

CHAIRPERSON RECCHIA: Okay, Council Member, I don't mean to interrupt you, but we have to move on. I think she answered the--

COUNCIL MEMBER KOPPELL: Well, I hope you'll follow up on that suggestion, Mr. Chairman.

CHAIRPERSON RECCHIA: Yes, we will, we'll work with the, with the Commissioner. Council--

COUNCIL MEMBER KOPPELL: - - before you, I want to just put in my word, because of this controversial in favor of the pedestrian plazas.

CHAIRPERSON RECCHIA: Okay, thank

you very much. Council Member Jimmy Van Bramer.

COUNCIL MEMBER VAN BRAMER: Thank you very much, Mr. Chairman, and Commissioner. As you know, I am a supporter of bike lanes, as well. And was out of Vernon Boulevard yesterday, in fact, using those bike lanes, and celebrating bike month. But my question is about potholes and repaving, because as anyone who rode their bike on Vernon Boulevard yesterday would know, that just as we want the streets to be smooth for automobiles and pedestrians, we also want them to be smooth for cars. And I believe we had requested potholes being filled where there are very large problems on Vernon Boulevard. And when we showed up for our walk-through yesterday, there were some potholes in fact filled. I think that was longer than the 4.1 days that we'd requested them, but I appreciate your office moving after I called your office on Monday or Tuesday. My question is about response time on potholes. And then, more, more specifically towards repaving, because I was told yesterday that there is a portion of Vernon Boulevard that is scheduled for repaving in a couple of months, but ironically enough it's not the portion of Vernon Boulevard where there are deep, deep holes and craters which were filled only yesterday. So, if you're going to repave a portion of Vernon Boulevard over the summer, only a few blocks from where there are deep craters, why wouldn't you then also repave the portion of Vernon Boulevard where the community is crying out for repaving?

JANETTE SADIK-KHAN: That's a great question, but there is a road reconstruction project that is planned for the corridor that you're talking about. So that's why we're not going to be doing that, because we've got an upcoming road, full road reconstruction project going on there.

COUNCIL MEMBER VAN BRAMER: For all of Vernon Boulevard.

JANETTE SADIK-KHAN: For, for the segment that you're talking about.

COUNCIL MEMBER VAN BRAMER: So Vernon and, and--

JANETTE SADIK-KHAN: Right.

COUNCIL MEMBER VAN BRAMER: --46th, 47th, 48th.

JANETTE SADIK-KHAN: Right, right. And we did the wear and tear for the other area we're talking about, right.

COUNCIL MEMBER VAN BRAMER: So when is that going to take place?

JANETTE SADIK-KHAN: I'll get back to you on the, on the--

CHAIRPERSON RECCHIA: Commissioner, can we set up a meeting between you and Council Member Jimmy Van Bramer, so you could--

JANETTE SADIK-KHAN: Absolutely.

CHAIRPERSON RECCHIA: --advise him exactly what's going to happen and when and what times?

JANETTE SADIK-KHAN: Yep.

COUNCIL MEMBER VAN BRAMER: Right, I think it's appropriate to ask the question, Mr. Chair.

CHAIRPERSON RECCHIA: No one says it's not.

COUNCIL MEMBER VAN BRAMER: So I just wanted to also ask you about, generally speaking, the schedule for all of the repaving. You know, for our district, can we get that from you?

JANETTE SADIK-KHAN: We'd be happy to sit down with you on that, yeah.

COUNCIL MEMBER VAN BRAMER: Sure, we met with--

JANETTE SADIK-KHAN: Maura McCarthy?

COUNCIL MEMBER VAN BRAMER: Yes.

JANETTE SADIK-KHAN: Yes.

COUNCIL MEMBER VAN BRAMER: But we would like to meet with you as well, to talk about all of those things. Thank you.

CHAIRPERSON RECCHIA: Thank you. Council Member Jackson.

COUNCIL MEMBER JACKSON: Good morning, Commissioner and staff, how are you?

JANETTE SADIK-KHAN: Morning.

COUNCIL MEMBER JACKSON: Good, sorry I was late. I just wanted to reiterate the situation as far as the 181st Street corridor, which Ydanis Rodriguez and myself share. And I understand he asked you about that earlier, so I wanted to just, to make sure of that. And obviously, I've heard my colleagues over the past ten minutes talk about repaving. And obviously I have some issues also, but, and I'm going to, I've already started an email to the Manhattan Commissioner for that.

JANETTE SADIK-KHAN: Okay.

COUNCIL MEMBER JACKSON: So I just wanted to let you know, overall, you know, obviously, when you talk about the City and transportation from a neighbor perspective, our primary concern is the 181st Street corridor, and obviously with the, starting on the 145th Street corridor, also, which is in my district, and the, just the potholes and repaving. Those are the major issues right now.

JANETTE SADIK-KHAN: Okay.

COUNCIL MEMBER JACKSON: So I just want to thank you. Thank you, Mr. Chair.

CHAIRPERSON RECCHIA: Council Member Lew Fidler.

COUNCIL MEMBER FIDLER: Thank you, and I apologize for having come late, as well, Commissioner, but right after I walked in, Council Member Recchia touched on two subjects that I just wanted to, to flesh out with you a little bit more. The bike lanes that you're installing, am I correct that the plan by which you're installing these, these plans is a ten year old master plan?

JANETTE SADIK-KHAN: The plan was adopted as part of PlaNYC program, which as you know Mayor Bloomberg's Sustainability Agenda was announced in 2007.

COUNCIL MEMBER FIDLER: And is it predicated upon a ten year old notion? I mean, when, when was there public input in the master plan for bike lanes?

JANETTE SADIK-KHAN: Well, it was done by, it was done understanding that in order to have an effective network, you have to get to where people want to go. And so what we've done is, taking a citywide look at where the bike lanes make sense to get people where they need to go, not only interborough but intraborough, as well.

COUNCIL MEMBER FIDLER: That didn't exactly answer the question I asked. I, I asked when was public input sought on the plan?

JANETTE SADIK-KHAN: Well, there was public input in the Mayor's PlaNYC agenda, and there were meetings that were held, I believe, many, many meetings were held over the, over the year prior to the release of PlaNYC in 2007.

COUNCIL MEMBER FIDLER: Commissioner, I don't want to, you know, take too much time on this here now, but I will tell you that in, in issues in my district, relating to trans, you know, traffic changes, we were told that the bike lane that was being implemented was a ten year old plan. No one in my community a) agreed that the bike lane was in the appropriate street, and where the bikers really wanted to be; b) thought that it was in the wrong place; and c), no one could remember any public input process in the plan. So, I would just suggest if you're laying out 50 miles of bike lanes a year, I think that's what you just said, that none of that be done without going back to the communities in which you intend to lay them out, and having new public input because demographics have changed in this city, where our bikers have changed in this City, things have changed. The issue of putting islands, which is probably a very good idea may not have been consistent with this, this plan, whenever it was established. Traffic patterns have changed, neighborhoods have changed, it just makes no sense and I've seen a couple of examples of it, and I would urge that you do that before you spend taxpayers' money, whether it's City tax levy money or otherwise, on creating bike lanes without public input.

JANETTE SADIK-KHAN: We do public input on every single one of the projects that we implement, Council Member. There's not a single project that we implement that does not have extensive public outreach. The City Department of Transportation conducts over 2,000 meetings a year with stakeholders, and every single project goes through community board review and extensive outreach, in addition to that.

COUNCIL MEMBER FIDLER: I have not found that to be true in my district, and we'll just leave it at that for the moment. But is absolutely not the case.

JANETTE SADIK-KHAN: Well, we've gone to every single community board whenever we put one of the, one of these - - projects in.

COUNCIL MEMBER FIDLER: Well, I suggest you come to community boards 15 and 18, I don't know that they have ever--they have certainly, the Chairs of those boards have expressed extraordinary frustration with the bike lane plans, particularly in community board 15. So, there's obviously a disconnect there.

JANETTE SADIK-KHAN: Well, on community board 15, we, we were just there this week.

COUNCIL MEMBER FIDLER: You were just there on, on--

JANETTE SADIK-KHAN: Bus rapid transit.

COUNCIL MEMBER FIDLER: --on the bus, on the bus rapid transit, not on bike lanes.

JANETTE SADIK-KHAN: And like every single project that we do, there's not a project that we do that does not go through community board review--

COUNCIL MEMBER FIDLER: I'm talking--

JANETTE SADIK-KHAN: --whether it's bus or bike or--

CHAIRPERSON RECCHIA: Okay.

COUNCIL MEMBER FIDLER:

Commissioner, I'm specifically talking about bike lanes. I'm not talking about bus rapid transit.

JANETTE SADIK-KHAN: They all go through--

COUNCIL MEMBER FIDLER: I'm talking about bike lanes.

JANETTE SADIK-KHAN: They all go through community board review.

COUNCIL MEMBER FIDLER: All right, well--

CHAIRPERSON RECCHIA: Okay, why don't we do this, Commissioner, why don't we set up a time for you to come, to send your staff to community board 15 to discuss--can we do that? To discuss bike lanes?

JANETTE SADIK-KHAN: It happens all the time. Sure.

CHAIRPERSON RECCHIA: Okay. You know--

COUNCIL MEMBER FIDLER: Just, just to the Bell Parkway very quickly, Mr. Chairman?

CHAIRPERSON RECCHIA: Yes.

COUNCIL MEMBER FIDLER: Which of the bridges that you have done, 'cause you said you did you three out of the seven--

JANETTE SADIK-KHAN: I'll get back to you on the specific list, we can go through on the Bell Parkway bridges.

COUNCIL MEMBER FIDLER: All right, because I mean a number, I think four of the bridges are in my district, and I understand you've indicated that the money for those is at risk. Yet, the projects are happening right now.

JANETTE SADIK-KHAN: The three are happening right now, and four of the other ones are at risk. And so, I'm happy to sit down and talk with you about that further.

COUNCIL MEMBER FIDLER: Okay, so, so the ones that are happening right now, that money is not at risk.

JANETTE SADIK-KHAN: Correct.

COUNCIL MEMBER FIDLER: All right, so I wanted to be sure I wasn't going to have half a bridge and then--

JANETTE SADIK-KHAN: Correct.

COUNCIL MEMBER FIDLER: Okay. All right, so I would like the specifics on that, I would very much appreciate it and clearly

Councilman Recchia made reference to the Knapp Street dip. One of those bridges is also known to trial attorneys as "the launching pad," so I certainly hope we're going to get those done as quickly as possible. [laughter]

CHAIRPERSON RECCHIA: Lew, trying to put me out of business. [laughter] I also, does any other Council Member have any other questions? Without any further questions, I have one question, I just want to ask you, for the Brooklyn Delegation, about the Dumbo Reconstruction, about the streets. Could you tell us where that plan is, where it's going?

JANETTE SADIK-KHAN: I can give you details on that after the, after the Committee meeting. Do you have anything on that? Apparently, we're scoping the streets and doing the surveys right now for that project.

CHAIRPERSON RECCHIA: Because it's supposed to be for eleven and twelve?

JANETTE SADIK-KHAN: Yeah, that's part of the scoping process.

CHAIRPERSON RECCHIA: So, right now the project is in scope?

JANETTE SADIK-KHAN: Right, we're scoping it right now.

CHAIRPERSON RECCHIA: Okay. All right. We'll, we'll have follow--we'll have a follow up on that. And is there any money in the budget for it?

JANETTE SADIK-KHAN: No, not at this time.

CHAIRPERSON RECCHIA: So there's money just for the scoping.

JANETTE SADIK-KHAN: Right, that's what we're doing right now.

CHAIRPERSON RECCHIA: Okay. And without any other Council Member having any more questions, I am going to suspend this hearing. We're going to move forward with the MTA next. We're going to take a two minute break. I want to thank the Commissioner for coming and her staff. I just want to say that Joe Palmieri, our Brooklyn Commissioner, does a great job.

JANETTE SADIK-KHAN: Great, thank you.

[long pause]

CHAIRPERSON RECCHIA: Would

everyone kindly find their seats, we're about to begin. The New York City Council Fiscal Year 2011 Executive Budget, the MTA New York City Transit Authority. I want to welcome everyone to City Hall. We're going to now resume the City Council hearing. Like I said earlier, on the MTA, the Finance Committee and the Transportation Committee, we'll hear from the Chairman. But before we hear from the Chairman, I'd like to recognize everybody who's with us: Gale Brewer, Peter Koo, Council Members, Jimmy Vacca, Domenic Recchia, Lewis Fidler, Jimmy Van Bramer. At this time I turn the microphone over to my good friend and colleague, who is our leader in Transportation issues to the City Council, Jimmy Vacca.

CHAIRPERSON VACCA: Thank you. Thank you, gentlemen from the MTA. I welcome you to this budget hearing and the budget hearing we're having today comes at a very, very critical time and juncture for the City of New York and for straphangers. I, I do have to lead off by saying that with every shoe that drops on every day, there's more of a credibility problem that the MTA has with the riding public, and although I acknowledge that these things happened over a period of time and over a period of years, it really defies imagination how one day we read about keys, master keys that are missing and we don't know where they are, or who has them. The next day we read about tremendous overtime, $560 million in one year. The next day we read about cameras that are installed costing exorbitant amounts of money, many of the cameras installed do not work. The next day we read about fuel that the MTA buys that costs them $40 million, than if they had bought fuel from other state allowed contracts at a cheaper rate. Yet, straphangers are faced with massive cuts, massive increases in the fare, tolls; and many of them have lost faith. So, your testimony today, recognizing that the MTA now is in a fiscal crisis, as is, as is the entire State of New York, is very, very important to us. I lead off, though, very sincerely, and since I've been Chairman of this Committee, I've had opportunities I haven't had before to talk to people, and to see how they really feel. And I have to tell you that we've got to do something about the MTA's image in, with the general public.

The general public, their patience is, has evaporated. The general public does not know where to turn. More than looking for someone to blame, I think they need to have faith that we will turn around the mistakes of the past and that we will start spending what money we have efficiently, and we will try to avert cuts and fare increases. And we in the Council want to be helpful in that effort. But we need to know that the MTA is on the right track, no pun intended, but we need to know that you're there. We need to know that we may be heading down a better road. So, I look to you, and I thank you for coming, and I look forward to your testimony, and the questions that will be, be asked subsequently. Thank you.

HILARY RING: Thank you, Mr. Chairman. Such a nice day out, I was sort of hoping that it could be like when you're in school and you could convince your teacher to hold class outside. You know, maybe we can move the hearing to the park and I'll enjoy the sunshine. But it's probably not in the cards.

CHAIRPERSON VACCA: If we did that,

we'd have crowds of people out there booing. [laughter] We're saving you.

HILARY RING: I'm safe here, huh? My name is Hilary Ring, and I want to thank you for having us here to testify today. I'm Director of Government Affairs for the MTA. And I'm joined by Bob Bergen, who's Executive Vice President at New York City Transit; Doug Johnson, the MTA Budget Director; and on my far right, Rob Hess, Assistant Director of Capital Program Budget and Management at the MTA. I have a short prepared statement that I'll read and then I'm happy to answer questions. I'd like to start by discussing the revenue that we receive from New York City sources for support of MTA operations, since I know this is of primary interest to the Council. In our 200--2010 budget, this amounts to six, to a $641 million subsidy. Little more than half of that is included in the City's expense budget, and includes items such as the local match for State Transit Aid payments, support toward the maintenance of the commuter railroad stations in New York, partial reimbursement for school fares, and a very small reimbursement that partially offsets the cost of providing paratransit services and half fares to elderly and handicapped passengers during the rush hour. Another major revenue source in our operating budget that comes solely from New York City sources is the so-called urban taxes. These taxes, real estate transfer tax and the mortgage recording tax, levied within certain--levied when certain New York City properties change hands, has been a great boon to the MTA when the economy was good, and there was a lot of activity in the real estate markets. For example, in 2006, we received $751 million from these sources. By 2007, the next year, this had grown to about a billion dollars. But when the economy came crashing down, so did the real estate market, and last year we collected only $145 million--a loss of nearly a billion dollars in just two years. This year we project things to pick up a bit and are estimating that we will receive $283 million in urban taxes, more than last year, but a far cry from what the system had grown used to receiving. The City also pays for the cost of operating MTA Bus, the company that the MTA created to run the formerly private bus companies in New York City, at the City's request. And this year, the City will pay $305 million towards that operation. And, as we all know, NYPD patrols the subway system, a cost which is born totally by the City. Finally, the City contributes $80 million annually from its capital budget towards the MTA capital program. When you think about what's happened to the urban taxes, going from close to a billion dollars in revenue a couple years ago, to less than $150 million last year, it helps illustrate why the MTA finds itself in a challenging financial position now. While the declines in our other state, other tax revenues have not been as steep as those we have seen from the real estate transaction taxes, we're still facing massive shortfalls from our subsidies due to both state cuts and revenues that just aren't coming in as expected. As I discussed when I appeared before you in March, the MTA is facing a deficit in our current fiscal year of about $800 million. By now, the reasons for this shortfall are old news: New York State deficit reduction cuts, including the cut to our reimbursement for free Metro cards for New York City school students; shortfalls in the corporate tax, sales tax, and petroleum tax that had been dedicated to the MTA; the failure of the new payroll mobility tax, to perform as projected by the State; and the costs of an arbitration award that granted subway and bus employees four percent raises even in this difficult financial climate. And, you are familiar with some of the actions that the MTA has taken to close this gap. First, we're in the process of reducing our administrative payroll across the board by more than 15 percent with a 20 percent reduction to headquarters. This will entail hundreds of layoffs. We're implementing the service cuts that the board approved. We have been very analytical and transparent about the service that we are cutting, and that analysis can be found at our website, www.mta.info. At the end of the day, it's unfortunate that we're cutting this service. While we have tried to minimize the impacts, some of our customers will be affected, and in the process hundreds of our employees will lose their jobs. We have proposed the elimination of free and discounted Metro cards for New York City schoolchildren, we're laying off station agents that last year's budget had hoped to reduce through attrition, we're implementing tighter standards for paratransit service that are permitted by law. But even after we do these things, we still have a gap of about $400 million remaining. So we're continuing to work hard to change the way we do business. We have looked at every project funded in our operating budget to see what can be eliminated or put on hold. This will save approximately $40 million this year. We've renegotiated contracts with our largest vendors, which will save us $70 million over the life of these contracts. MTA Bridges and Tunnels has redesigned how it does business, ad in the process will save $20 million. This $20 million in savings will provide dollar-for-dollar support for the subways and commuter railroads. We are redoing the way we manage our inventory and supplies, and in the process will save over $30 million. We're eliminating more than 250 administrative positions in our operating departments to save $30 million annually. And we are saving $50 million annually from taking a new look at our operation support functions. But we will not stop here. We're working on consolidating functions across all seven of our agencies, and we are working on ways to reduce the use of overtime, which is a huge expenditure as the Chairman mentioned. In fact, you may have read in the papers this morning some ideas that we have for reducing this cost. As you can see, we are making great progress in changing the way the MTA does its business and spends your constituents hard-earned money. But there's one more piece of the puzzle that we still need to tackle, and that's making our operation more efficient and productive. I would like to turn to the MTA's capital program for a moment. As you know, we submitted a reformulated 2010-14 capital program to the State Capital Program Review Board for approval at the end of April. We are hopeful that this plan will take effect on June 1st. And you've, I handed out copies of the Executive Summary here, and the total plan is available on our website. The MTA recognizes all of New York is grappling with an extraordinarily difficult economic landscape. However, all of us know the critical importance of continued investment in our infrastructure. The challenge is how to fund that critical investment while still holding costs, both immediate and long-term, down. To that end, since last fall we've taken the opportunity to examine how we manage our capital spending and how we can drive down costs. As a result, we have been able to wring nearly $2 billion in spending from the capital program that we submitted in April when compared to the one that was prepared last fall. Our 2010-14 capital program maintains the transit networks reliability and safety, and improves and expands service, but it focuses on providing these customer benefits while driving down costs. We have reduced expenses many ways. We have extended the useful life of some assets where we replace components rather than the entire facility or piece of equipment. We will implement scaled down, lower cost solutions. And we will forego less critical investments entirety, entirely. In addition, MTA Chairman Walder has now required that capital investments also generate savings for operating budget to ensure that operating costs are reduced in the long run. As you know, the MTA's capital program is also a major driver of economic growth. And this program is estimated to create more than 20,000 new jobs annually over the next nine years, and will generate nearly $37 billion in economic activity and sales. Pursuant to the rescue plan adopted by the legislature in May 2009, the $23.8 billion '10-'14 capital program we submitted to the CPRB retains the five year capital planning framework, with the $9.1 billion in projects in the first two years, which are the MTA's top priorities, fully funded. We will begin work on these priority projects as soon as the capital program is approved. I know that the City Council has always recognized the vital importance that the MTA plays in the health of the City and the region. We are proud of our many successes which have resulted in record reliability, safety and ridership, and help support a vibrant economy. We also have our challenges, such as the fiscal condition we are grappling with now. We are working very hard to meet those head on, in a very thoughtful yet transparent manner. And with your assistance and support, we will continue to improve New York's critical transportation network for years to come.

I'm happy to answer any questions you may have.

CHAIRPERSON RECCHIA: Thank you very much, and before we move forward with the questions, I want to recognize we have guests here today. We have Public School 203 from Brooklyn, in Council Member Lew Fidler's district, Council Member Fidler's here. [applauses] Would you like to say a few words, Council Member Fidler?

COUNCIL MEMBER FIDLER: I just wanted to welcome you here again to the Council Chambers. This is a meeting of the Finance and Transportation Committees of the Council. The folks sitting down here are Council Members; the folks over there are from the MTA. And even though I went to college with that guy who finished talking, we're going to ask him some hard questions in a little while, I'm sure. So, enjoy as much as you can, as much as you can stay here, and say hi to everyone at 203.

CHAIRPERSON RECCHIA: Okay. Thank you, Council Member Fidler. We'll start off with Council Member Jimmy Vacca.

CHAIRPERSON VACCA: Thank you, Mr. Ring, for your testimony, and I wanted to go into several areas that your testimony spoke about. Let's talk first about the Metro cards. I want to understand. The Metro cards, your intention is to eliminate them effective September?

HILARY RING: The budget that we adopted assumes that children will pay half fare--

CHAIRPERSON VACCA: In September.

HILARY RING: --in September, and full fare thereafter.

CHAIRPERSON VACCA: Now, there are three versions of the State budget existing right now. The Governor gave $25 million, the Senate gave $67 million, the Assembly gave $35 million.

HILARY RING: In the Resolutions.

CHAIRPERSON VACCA: In the Resolutions. Now, have you, I'm sure you are in Albany. Is there any progress in Albany insomuch as negotiating an amount that the State will allocate? And what amount, minimally, does the MTA need to continue the Metro card program?

HILARY RING: I don't have the, the amount of, you know, during our fiscal year. To the cost, is about $214 million. We are hopeful that the legislature will adopt a budget that, between the legislature and the City will cover that amount. So, we've been having discussions and, you know, you, everyone here is aware of how glacial things are happening in, in Albany. But, you know, we're hopeful that--and we know this is being discussed, and we're hopeful that the outcome is positive.

CHAIRPERSON VACCA: How much do you need from the State?

HILARY RING: We would like the State to contribute at least the amount that's in the Senate bill.

CHAIRPERSON VACCA: So you're saying that if the Senate bill passes with $67 million, the MTA will then have the wherewithal to keep the Metro card program intact.

HILARY RING: I think that that's an issue that we intend to take up with our Board. And, you know, the Board will deal with this in, in June. And we'll see where we are then.

CHAIRPERSON VACCA: So you're saying that even if the Senate gives $67 million, the MTA is not willing to give an assurance that they can retain student Metro cards.

HILARY RING: No, I'm not saying that at all. I'm saying that, that the Board has to do an action, and it's--I don't want to pre-assume what the Board is going to do in June.

CHAIRPERSON VACCA: But we need to know what you absolutely need from Albany for student Metro cards. And I'm sure you've indicated to them some number that's in a range where you would then be willing to tell the students of this City, and this is May 21st--

HILARY RING: Mmhm.

CHAIRPERSON VACCA: --that they will have a Metro card in September.

HILARY RING: I think that that's something which we're going to discuss in the Board in June. I don't think we're prepared to talk about that part of the--we've been, like I said, we've been having some confidential discussions in Albany, but you know, we're not going to, we're going to wait for the Board to consider this at its June meeting.

CHAIRPERSON VACCA: Albany's budget was due April 1st, today is May 21st. Is there a drop dead date where you say that even if we get the money, we are not going to be able to provide these Metro cards? Can this go into July? Can this go into August? Not knowing when a State budget's being approved, is there a date--

HILARY RING: Right.

CHAIRPERSON VACCA: --that you have set? Or is there a range of dates where you could say, "After this point, we're not going to be there and we're not going to be able to do it"?

HILARY RING: There's clearly a, a range, because of the fact that you have to actually produce millions of cards and program the machines and do a lot of technical work, which takes time. And that's why we've scheduled the, that's why the Chairman has decided to have this discussion with the Board in June.

CHAIRPERSON VACCA: How much time does it take for you to set that, the wheels in motion? How many--

HILARY RING: Usually takes somewhere between, I don't know, six-eight weeks, to, you know, it depends. Two months, around that, it depends. You know, but it's around, it's, it's, each machine, each turnstile has to be programmed to recognize the cards a certain way. It's a, it's a very laborious process, it's not a switch.

CHAIRPERSON VACCA: so you're saying that basically June 15th, approximately, if this State budget is delayed by then, by June 15th, you would have trouble implementing a Metro card program?

HILARY RING: No, our Board meeting is towards the end of June, I think June 23rd.

CHAIRPERSON VACCA: June 23rd would be the drop dead date, after which you would have trouble implementing a Metro card program, if the State budget is not adopted by that date.

HILARY RING: I think that at, towards, if after June, once you start getting to July, you're ability to effectively change the machines and do all the programming and stuffy you need to, gets very limited. And once you're on a course of doing something, it becomes very difficult to change that course. That's essentially what the problem is.

CHAIRPERSON VACCA: We have many students attending summer school. Will the--in

July and August--will these children have availability of Metro cards?

HILARY RING: Yeah, our assumption always was September, the September school year.

CHAIRPERSON VACCA: Okay. Okay, I wanted to go into the question of the overtime. Today's article, $560 million in overtime in one year. That--that number is mindboggling how we could have so much overtime in one year. How did we have so much overtime in one year? How much of it was absolutely necessary? And why weren't checks in place to see the train coming? Again, no pun intended? But how could we not see this train coming financially? How could we not see that we were in an economic downturn? How could we not use good judgment in controlling overtime costs before it got to this point?

HILARY RING: I think that's a very good question. And I think that the answer to that is the new Chairman comes in with a new set of eyes and new set of priorities. And the fiscal exigencies of the authority require new ways of looking at things and new ways of solving problems. And this the result of that. And I think that it speaks very well of Chairman Walder to, you know, and the agency presidents--you know, Tom Prendergast, President of the Transit Authority; Helena Williams, the Long Island Railroad; and Howard Permut of Metro North; and Jimmy Ferrara of Bridges and Tunnels--to really push this issue, because it's clearly and issue that works both ways. On one hand, you need overtime for emergencies, sometimes scheduling overtime is the cheaper way of providing service. But on the other hand, as was documented in a report that was prepared yesterday, that there clearly are instances where overtime is abused and where not only has it been built into the work rules over time, through collective bargaining, which both sides agree to, but also to a certain extent lax management. Where, you know, managers got very comfortable with the situation as it was. And unfortunately, or fortunately, we cannot afford to be comfortable like that anymore.

CHAIRPERSON VACCA: But, Mr. Ring, I certainly respect your statement, and I do respect Mr. Walder. I do know he's trying to make changes. But understand how the public feels at this point. Mr. Walder's only been here several months. He is making changes, yes. But we face the prospect of changes in agencies every two to three years. My question to you is, "How did this go on before he was there?" There are people at the MTA who allowed them to go, who allowed this to go on, and all of them are not gone. Many of them are there. Is he demanding accountability? And why was this allowed? It's only coming to light now. This is coming to light now. And yes, I recognize Mr. Walder had a role in that. And I appreciate that. But that this went on all this time, and now is rearing its ugly head, I, I think the MTA has to answer, how, how did this happen?

HILARY RING: No, I think that, I agree with you, I think that's what the Chairman is doing. This came to light because the Chairman has brought it to light. And, you know, it comes to, it, how this has happened, it happens through collective bargaining. And it happens through the way the management wants to manage its employees. So, the, the Chairman has determined that this is not the way that he, this may have been the way that prior administrations wanted to manage the operation, but this is clearly not the way he wants to manage the operation.

CHAIRPERSON VACCA: But appreciate what the straphanger feels. And I'm sure you do. The straphanger is saying, "Yes, we hear from you that we're making changes because things in the past did not go well. But we've heard that from your predecessors, too."

HILARY RING: Right, but--

CHAIRPERSON VACCA: We've heard from your predecessors--not your predecessors, but other predecessors of Mr. Walder's, and others in higher capacities, we've heard from them. We're correcting things because things did not go well before us. But how many times do we accept the explanation, "We're here, we're correcting things," then the new person comes in and says, "Well, we're here, we're correcting things." It--

HILARY RING: Right. And I think that the answer to that is, this Chairman is interested in results. And he wants to be held accountable for achieving results. He's not interested in press releases, he's not interested in, in adding up the numbers and seeing where you are. He wants results. And he's holding people accountable for results. And the MTA is a very big organization that has many, many, many, many years of history. The Long Island Railroad is the oldest railroad in the country. And, you know, over the last 150 years, there's a lot of work rules that have been built into that, in that culture, that takes very hard to change. But you know, is he satisfied that a Long Island Railroad engineer can get, drive electric locomotive, you know, electric train for five minutes and drive a diesel train for five minutes, and get paid two days' pay? No, he's not happy about that. But on the other hand, he's also not happy with the fact the managers have been very lax in the way that they've been scheduling things, they've been--he's not happy with the fact that managers have been willing to live with this, "Oh, that's the way this is, business is done." Well, that's not the way that business is going to be done with Chairman Walder.

CHAIRPERSON VACCA: I wanted to, to go onto other questions. But I did want to conclude this section by saying that it seems to me that the MTA saw an economic downturn coming for a long time. Mr. Walder is now effectuating many savings, which I think he has to do because of the reality of the deficit. But many of these changes should have been implemented as we saw the economic downturn and the extent of it. You mentioned, I wanted to mention your schedule for increasing the fare, the MTA has stated that there will be fare and toll increases at a certain point. Am I correct?

HILARY RING: Yes, sir.

CHAIRPERSON VACCA: Do you know what that point is? Or what point you will be recommending to the Board a fare or, and/or toll increases, and what the recommendation will be, the amount?

HILARY RING: The, the rescue legislation that the Legislature adopted last year, everyone stood up and recognized--actually, it was, it was important because they recognized for the first time that fare increases are a part of the solution in an ongoing, normal way that you'll have to raise revenues. And because of that, they agreed that there would be fare increases every two years.

CHAIRPERSON VACCA: What is the amount of the fare increase you're recommending? Is there a percentage set?

HILARY RING: Right, the fare increases every two years, and the, the plan is for a seven-and-a-half percent, seven-and-a-half percent fare increase in 2011 and a seven-and-a-half percent fare increase in 2013.

CHAIRPERSON VACCA: When we say 2011, we're talking January 1st?

HILARY RING: Yes.

CHAIRPERSON VACCA: Is there, is there any discussion about that fare increase happening before that?

HILARY RING: Not that I'm aware of.

CHAIRPERSON VACCA: The 7.5 percent would be for tolls as well as fares?

HILARY RING: No, the, the--what out, the assumption is, is that a revenue line, whatever it is, and I could tell you, but whatever the revenue line is from fares and tolls as a line, we would increase that sufficient to generate seven-and-a-half percent more revenue.

CHAIRPERSON VACCA: I got you. So you've not settled on an amount, you're going to look at both tolls and fares, come up with a cumulative increase of 7.5 percent.

HILARY RING: Right, tolls may be lower, fares may be higher, fares may be higher, tolls--

CHAIRPERSON VACCA: I understand. And you've not come up with those number yet, that you're going, that the MTA's going to recommend to the Board.

HILARY RING: That's correct.

CHAIRPERSON VACCA: Okay. When will you be making the recommendation?

HILARY RING: Our plan is we have a July, just like the City, we have a midyear budget that looks at preliminary budget for the following year. That comes out in July. And so that will be the next time that any of our assumptions would have the ability to be changed.

CHAIRPERSON VACCA: So, in July you will be recommending changes to the Board.

HILARY RING: Well, in July we'll

be looking at where we are revenues, where we are expenditures, where everything is, and, you know, how, what we need to close the gap.

CHAIRPERSON VACCA: Are you looking at another round of service cuts?

HILARY RING: You mean like, like we did in, in earlier this year, like eliminating bus routes and--No. But, you know, but what we are doing is, for example, you know, we may run trains, you know, with, instead of twelve cars, may run it with ten cars, so that train may be more crowded. You know, that's, you know, take tickets booths in some of the commuter railroad stations may be closing. But, so if you're, you know, if, to a customer, you may be impacted slightly, but not like we did. We're not schedule--nothing that would require hearings, and no. No, nothing like--just generally expect, you know, understood to be service cuts.

CHAIRPERSON VACCA: Are your revenue projections from, from the dedicated taxes, which the State granted, are those revenue projections anywhere near target? Are they becoming more evident or is, is your deficit becoming more severe as we await a State budget, or less severe?

HILARY RING: The--the good news is, is our ridership, which is one thing that we're very concerned about falling off because of job losses, has held very firm. So, our toll, and our fare revenue, is good. Our revenue that we were getting from the State dedicated taxes, you know, we brought that down once it was adopted, that's why we have this $800 million gap, right, is because the revenue estimates that were adopted by the budget have deteriorated. So, if you're asking, is the gap getting, or are revenues coming in so that the gap is only $800 million that we're trying to close? It's about that. You know, the, the payroll tax is coming in just a little low from that. Other revenues are coming in okay. But right now, you know, things are pretty much on target. But we'll know for sure in, you know, as part of the July plan.

CHAIRPERSON VACCA: The lockbox money of $143 million which the, the State raised the mor--I think it was the mortgage recording tax?

HILARY RING: No, it's the, the corporate tax and sales tax.

CHAIRPERSON VACCA: Con--corporate.

HILARY RING: Yeah, MTOA it's called.

CHAIRPERSON VACCA: I'm sorry?

HILARY RING: It's called MTOA, the Metropolitan Transit Operating Assistance fund.

CHAIRPERSON VACCA: That fund were dedicated taxes from, for the MTA.

HILARY RING: Yes.

CHAIRPERSON VACCA: And in December, the State put the $143 million from that lockbox into the general fund.

HILARY RING: Yes.

CHAIRPERSON VACCA: Is there, is there any willingness that you detect from the State to put that money to the MTA, since it was a dedicated tax?

HILARY RING: No.

CHAIRPERSON VACCA: That money remains in the general fund and you're not anticipating that money.

HILARY RING: That's correct,

that's contributing to the deficit that we're striving to close.

CHAIRPERSON VACCA: Thank you.

CHAIRPERSON RECCHIA: Thank you, Council Member Jimmy Vacca. I want to recognize we've been joined by Council Member Joel Rivera. And next to ask questions, Council Member Koo.

COUNCIL MEMBER KOO: Mr. Ring and the staff, thank you for coming in to testify on behalf of MTA. I have a few questions, you know. Like any business, MTA is just like a business. You know, if it was in the hands of small, private business, you wouldn't run like this way. Any business is, no matter which business you are, there's only two things: you have revenue and expense. You know. And MTA suffer from two things: they have a loss of revenue and they have, the expense is increasing. So, I have some suggestions. First, how to increase revenue. You provide cellular phone serviced on all the tunnels. - - to the Verizon or one of them, and charge whoever's text messaging the tunnel to couple of pennies, or when they make a phone call in tunnels, in the underground, charging a couple pennies each. They will generate a lot of money. This one. And then the second is, increase more businesses in the tunnel, in the tunn-- underground. You know, you can be a flower store, shoe shine or newspaper, or because in Asia, when I got down to the subway, I see lots of businesses--bakeries, you know, a lot of things. We can, but where now, you, in New York City, we only see like Penn Station, all those, only one of those are big stations. But you can do it right here in Park Place, and put a couple of store, small business down there. There's two advantages of that: first, you increase revenue; then you increase security, because you got more people down there watching for you. Even the cellular service, you're also helps as a deterrent for crimes, because everybody can call in the tunnel. You know, it doesn't matter where. And the third thing to increase some revenues, you put a license for people who perform in the station, or - - charging a couple hundred dollars a year, or $400 a year, put a fee on them so they're assigned in the spot, they can perform there. Those are three things I want to suggest.

HILARY RING: Well, thank you.

COUNCIL MEMBER KOO: And, and then there's one more thing I want to say is, when I was reading paper, now yesterday, I found - - really astonish that MTA is one of the sickest workforce in the, I guess in the nation. Over 35,000 peo--employees were, from MTA, there's one-quarter of all employ--MTA employees, they are sick over 15 days a year. I found that's really astonishing. And do, when they call in sick, do they have to provide proof from the doctor or--?

HILARY RING: It depends on, you know, which agency and which bargaining unit, but generally no. And, you know, that's one of the, the issues that we're trying to tackle is that the culture had changed, that the pendulum swung probably too much the other way, and we were being perceived as being too hard on our, hard on our employees. And so we backed off. And as was discussed in the report that we did, and I've heard the agency presidents talk, that that's something that needs to be fixed through management action and management attention to the detail.

COUNCIL MEMBER KOO: Yeah, I was saying that we have to change the work, those workforce rules. And then more enforcement and more regulations for--and the managers have to be more accountable, because it is the taxpayers' money. And a lot of times they have the mentality, "Oh, it's not my money, they approve it." Uh-huh.

HILARY RING: Well, it's pretty clear that there's no one riding to the rescue, so it's, it, the, as I said to Chairman Vacca, that Chairman Walder is ensuring that managers are accountable. And that's, you know, the, it's up the managers to manage the system. And, you know, everybody's going to do the, what they can, you know, I mean, look--

COUNCIL MEMBER KOO: - -

HILARY RING: You do what you can get away with, and you know, I'm not--

COUNCIL MEMBER KOO: We have to, yeah, we have to--we have to induce--

HILARY RING: Excuse me?

COUNCIL MEMBER KOO: --we have to instill the concept of accountability--

HILARY RING: Right.

COUNCIL MEMBER KOO: --to the managers and also to MTA employees, they are accountable for their work. They cannot just call in sick every, every month for a couple days.

HILARY RING: Well, I think that the report also pointed out that that, while that is, you know, a large chunk of employees, there's also a very large chunk of employees who actually use no sick time. And most of our employees are very motivated, hardworking men and women who provide a really good service day in and day out. And they should be well compensated and well trained for a job well done. And we're very much in favor of that.

COUNCIL MEMBER KOO: So, you, you have to discipline those who abuse the system.

HILARY RING: Yes.

COUNCIL MEMBER KOO: Thank you very much.

CHAIRPERSON RECCHIA: Thank you, Council Member. Council Member Mealy. Council Member Brewer. Council Member Mealy, we recognize Council Member Mealy, then to be followed by

Council Member Brewer.

COUNCIL MEMBER MEALY: Good afternoon. With, with overtime this year, you did about $560 million. Is that not true, with overtime? With the employees.

HILARY RING: Yeah, about that, yeah.

COUNCIL MEMBER MEALY: And now I hear that you feel that it's a problem. Why do you feel--or how much, how much do you think, if y'all stop the overtime, would y'all benefit, MTA will benefit?

HILARY RING: Well, this, this year, we're, we're going to be doing things that are solely within management control, to reduce overtime by about $20 million. And we think that--

COUNCIL MEMBER MEALY: That's a kick in a bucket for $560 million.

HILARY RING: Yes, ma'am. It's not a big number. And then we think that through negotiation, through negotiations with our employees, that it's reasonable to assume a savings of about $60 million annually.

COUNCIL MEMBER MEALY: $60 million annually. Okay, you know, it's not any fault of the workers, 'cause I remember years ago, they said, "If you're about to retire, you do the highest overtime that your pension, or--" and that was known all through MTA. So why do--

HILARY RING: No, it's not--it's--these are things that, that are negotiated. These are thing--I mean, there's, there's clearly abuse. So, let's take abuse off the table, because, you know, a guy calling in sick, while he's in Florida, so that other people have to do the job and the other people who are doing the job get overtime, that's a chunk of this.

COUNCIL MEMBER MEALY: Yes.

HILARY RING: But let's take that away. Most of the, the overtime issue has been negotiated over the years, with our employees. And--our point is, is that there may have been in the economy when we could afford this.

COUNCIL MEMBER MEALY: Right.

HILARY RING: And our point is, is that now we can't. And that we have to negotiate with our employees to reduce the amount that we spend on overtime. And it's not that it's something that we can do unilaterally, and that' why of the $60 million that we potentially could save by making, you know, relatively minor changes in overtime, only $20 million of that can we do unilaterally. And that's--

COUNCIL MEMBER MEALY: Okay.

HILARY RING: --things like really cracking down on managers who need now very high approval to authorize a large amount of overtime, for example. It's things like that. But no, we, I agree with you, that we need to negotiate with our workers and restructure the way that we do business so that we don't need as much overtime. I mean, clear--look, here's another example. Most places you have to work 40 hours in a week, and then, over 40 hours you get overtime. Here, at the MTA, some places in the MTA, you could work your eight hours, and then over eight hours you get overtime. So you could be off four days of the week, you come in day of the week, you work your ten hours, you're getting two hours of overtime.

COUNCIL MEMBER MEALY: So what is

your plan to eliminate that? I'm trying to see, what is your counter be? 'Cause if you don't have these people in place, there will be no one to man, to drive the train, the same way it would not be anyone in the swing room, that if someone do happen to be sick.

HILARY RING: Mmhm.

COUNCIL MEMBER MEALY: How would you rectify that? What is your plan to rectify that?

HILARY RING: I think our plan is to negotiate with the workers to come up with a different--sorry--to come up with a different incentives, different pay scales, different work rules, different everything.

COUNCIL MEMBER MEALY: Not about that, I'm talking about one incentive: it's, it's almost a way of life with transit. You have to have someone at the swing room in order, if no one, if someone do not show up, you need someone there in place to--

HILARY RING: Oh, right, that's why of the $500 million in overtime, we're talking about getting rid of $60. We're not talking about getting rid of the remaining $440, because you need overtime. We're not arguing that.

COUNCIL MEMBER MEALY: But how would you, you say you're going to save money with--if y'all do the budget, or if you do the contract where you're going to now have 60 people there, instead of 100, you're saying. In swing rooms?

HILARY RING: No, no, no, we're saying something--here's an example. If you're an express bus driver, you drive in from Staten Island to Manhattan, and then the rush hour's over, they're not running any more express buses. So you'll get half pay for sitting there in between the rush hours, and you're not required to do anything. And then, at the end of that period, you'll get back in your bus, you'll drive back through your evening rush hour, and, and at the end of the day, you will have, you will have worked 13 hours, let's say, so you get a certain amount of overtime. If you could, instead of doing that, instead of sitting and just getting paid for doing nothing during the middle of the day, if you could drive local buses, for example, maybe wouldn't need to employ other bus drivers or we wouldn't need to be paid, paying people overtime to drive other buses. It's, so it's--

COUNCIL MEMBER MEALY: Okay, now you're explaining.

HILARY RING: --it's, it's re--

COUNCIL MEMBER MEALY: Okay.

HILARY RING: --redeploying the workforce. But again, all these things have to be negotiated--

COUNCIL MEMBER MEALY: Negotiated.

HILARY RING: --negotiated with our workers.

COUNCIL MEMBER MEALY: Okay, I just wanted to see, I thought you was just going to eliminate people in the swing room waiting, and I wanted--

HILARY RING: No.

COUNCIL MEMBER MEALY: --to make sure that didn't happen. Okay, thank you, you explained it very well.

CHAIRPERSON RECCHIA: Thank you, Council Member. Council Member Gale Brewer, followed by Council Member Lew Fidler.

COUNCIL MEMBER BREWER: Thank you very much. One of the issues I think is maintenance of the stations, and just maintenance in general, and my constituents and I certainly agree, feel that in addition to the clerks, which we'll talk about, maintenance reduction is a huge problem. I do see it, maybe it's just, you know, maybe I'm wrong, but it does seem like there are issues already. The 72nd Street elevator is stinking of urine, just because probably there isn't enough maintenance. So my question is, what is the maintenance budget in the past, what does it look like for this coming year, and how are you addressing these issues? I suppose some of it is accountability, and some of it is just staffing and costs. So, that is a huge concern, I think, for you and for all of us straphangers.

HILARY RING: Okay. Bob, Bob Bergin, the Executive Vice President of Transit, should answer that.

ROBERT BERGIN: Thank you. You know, we're also concerned about the station environment, and this was another thing that both Jay Walder and tom Prendergast identified early on. We have had a terrific program, as everyone knows, over the last 20 some odd, some odd years, of improving the train fleet, improving the trackage, compared to what it was in the early '80s. And we've maintained that through systematic maintenance programs. We've also had a substantial station rehabilitation program--

COUNCIL MEMBER BREWER: Right, I'm familiar with the great one at 96th Street, yes.

ROBERT BERGIN: But we have not made, we have not kept the same type of ongoing maintenance as we have for the cars and for the track. And so, one of the things that we're going to be doing going forward is we're going to, when we do station renewals or station restorations, we're going to have the same level of maintenance that we've done, meaning a systematic, regular maintenance, to keep up the, the state of good repair that we've achieved. So that's one thing we're going to do on the operating side.

COUNCIL MEMBER BREWER: That's on the new stations.

ROBERT BERGIN: Well, that's-- that's on the stations that have been rehabilitated or renewed.

COUNCIL MEMBER BREWER: Okay.

ROBERT BERGIN: The other thing is, that we have found that the cost of rehabilitating stations has increased tremendously. And so, instead of doing full rehabs, which is inconvenient to the public and, and highly expensive, we're taking a different look at how we're going to approach stations. And, and the program now is going to be a combination of what we call renewals and restorations. And basically, what we're going to do is, there are certain elements, key elements at every station. Columns, staircases, platform surfaces, platform edges, etc.

COUNCIL MEMBER BREWER: Does that include picking up the garbage?

ROBERT BERGIN: No, the picking up of garbage--

COUNCIL MEMBER BREWER: Different, all right.

ROBERT BERGIN: That's something else, and I can address that as well.

COUNCIL MEMBER BREWER: Okay.

ROBERT BERGIN: But in terms of the actual renewals--

COUNCIL MEMBER BREWER: Okay.

ROBERT BERGIN: --to the, you know, we go around and we survey the stations and we categorize all these elements. When they get to a certain bad category, if it's just a particular element--the staircase in the station is bad--we're going to go in and do that staircase. And if there are a series of stations in a row that need that, we'll do all the staircases, but not do an entire station rehab. If, however, in a station there are a number of these elements, both a staircase, the platform edge, and, and perhaps the canopy on an outdoor station, that all need to be redone, then we'll do a, more of a renewal program, and have a general order, perhaps, and, and take out that line for a weekend, and do all those stations, those partic--then we do a full renewal of that station. And then as I said, we'll have on the operating side, a continuing maintenance program. So, you should see over the next couple years, a tremendous improvement. With respect to your question about ongoing, day-to-day maintenance, you know that there was, under the last administration, the initiation of a line manager program where someone was put in charge of each line.

COUNCIL MEMBER BREWER: We had the picture in the subway.

ROBERT BERGIN: Right. The--we have just reorganized the Department of Subways. We're going to keep the line manager program, however we've reduced the number of line managers, we've combined some of the lines along some of the more traditional lines: BMT, IRT, IND. And we have put a new department called Station Environment within the Subway Department, and given that department all the resources it needs to better maintain the stations, both on the daily, on the day-to-day cleaning, as well as the ongoing maintenance and painting, etc.

COUNCIL MEMBER BREWER: Okay, and picking up with Council Member Vacca, I mean, the issue for us, I tried at one point to meet, in the old program, with the station manager, and for whatever reason it didn't work. So what I'm saying is, again, picking up on what Council

Member Vacca said with the poor image, even having that person or persons come to the community board, come to the community and say, "I'm here," because there are ideas. The folks who put out AM and Metro at the end of the day, sometimes they pick up, sometimes they don't. There are many suggestions that maybe the community could have to help. Because with all due respect, again, it's not the cleanest environment that it has been in the past. And you also have, whatever reason, you have more people, it's good that ridership is up. I don't know, maybe somebody will have some other ideas of where to put the trash, how to deal with the smoking, the gum. There's endless issues. It's, kills me when you have a brand new surface, and five minutes later it's full of gum. So, you know, we don't need to be specific, but I would rea--I just think that never happened in the past, and that might help with lots of different issues.

ROBERT BERGIN: Well, that's a good idea and we'll take that back, thank you very much.

COUNCIL MEMBER BREWER: Okay. The other quick question--

CHAIRPERSON RECCHIA: Thank you, I'm sorry.

COUNCIL MEMBER BREWER: Go ahead, did you want to say something here? No, okay. The other question I wanted to ask is, the fair and service. I mean, if the fare goes up, does that mean that we might also get more service? Because it looks like the fare will go up, but we might not get more service. I think, maybe just speaking for myself, if the trains came often, the subway was cleaner, and the buses were more often, my constituents, particularly the elderly use bus-bus-bus. If, is there any, is there a relationship between the two?

HILARY RING: Yes, there's a--

COUNCIL MEMBER BREWER: And what is that relationship?

HILARY RING: The relationship is, is that it's a zero sum game. And in the past, the MTA had gotten very good at looking to Albany and looking to Washington for more money. And the revenues from Albany and Washington were pretty free flowing. You know, over the last, when I used to work in the State Legislature, I started, actually, one of my first projects was working on the MTA. And since then, we've gotten $65 billion of money from Albany. If--that is different now. And what we have to do is we have to make sure that we run an efficient operation to make sure that we have the money to improve the service, because the money is not going to come from external sources. And that's why the Chairman has embarked upon such an aggressive strategy of changing the way that we do business. Because that's the only way that we're going to come up with money to reprogram into more service, more efficient buses, better trains, better stations, all these things. And that's why our employees have to be more productive, that's why our managers have to be more incentivized to manage well, that's why we can't afford to do the things that we've been doing for so long. And that's why this is having such a high priority.

COUNCIL MEMBER BREWER: Okay. I mean, that's longer discussion, I assume, and I know time is tight here. The tech--last question, on the technology, can you just update us. I know I should know this in terms of is there more money allocated to public safety technology, public technology, etc. Where, where are we at with the issue in the broadest sense.

HILARY RING: Yeah, in the broad sense, the--In the broad sense, over the last 25 years, let's say, the MTA's gone through several transformations. Right, one was when you eliminated the graffiti from the system and cleaned the place up. And crime went down and--another transformation was in--

COUNCIL MEMBER BREWER: This is on technology now, that we're talking about. Okay.

HILARY RING: - - yeah, and the next transformation is when you did Metro card.

COUNCIL MEMBER BREWER: Right.

HILARY RING: And you did fare policy and all this stuff.

COUNCIL MEMBER BREWER: Okay.

HILARY RING: The Chairman is insisting that we embark on the next transformation of the MTA, and that that transformation of the MTA be based on customer technology.

COUNCIL MEMBER BREWER: Okay, what

does that mean?

HILARY RING: Okay--

CHAIRPERSON RECCHIA: So, I don't mean to be rude, but we--can you--

COUNCIL MEMBER BREWER: All right.

CHAIRPERSON RECCHIA: No, no, no, can you just sum up, Council Member?

HILARY RING: Yeah.

COUNCIL MEMBER BREWER: That's my question, is where are we at? What - -

HILARY RING: So that means additional signs for customers to see when the trains are coming.

COUNCIL MEMBER BREWER: Okay.

HILARY RING: Additional information through cell phones, moving away from Metro cards to a smart card to make it easier to buy your fares and to recharge your fares.

COUNCIL MEMBER BREWER: Okay, so, down the line, not today, but what's the cost of that? When does that happen? Those would be my questions.

HILARY RING: Okay, well we'd be happy to provide that. And maybe we should have a further, a more in-depth conversation.

COUNCIL MEMBER BREWER: All right, thank you.

CHAIRPERSON RECCHIA: Thank you, Council Member Brewer. Council Member Jimmy Vacca.

CHAIRPERSON VACCA: Just one question, which I--

CHAIRPERSON RECCHIA: We've been joined by Council Member Mike Nelson.

CHAIRPERSON VACCA: Just one question I didn't want to overlook. When you spoke before about reducing subway cars, I didn't want to, I didn't want to just gloss, gloss over that for a second. Let me ask you--

HILARY RING: I was actually referring to commuter railroad cars.

CHAIRPERSON VACCA: Oh, you were not referring to New York City trains, trains--

HILARY RING: No, I just, no, that was commuter railroads.

CHAIRPERSON VACCA: Commuter railroads, okay. Thank you.

CHAIRPERSON RECCHIA: Council

Member Lew Fidler.

COUNCIL MEMBER FIDLER: Thank you, good afternoon. Just two areas. First, since ewe last had this conversation, has there been any closing of the gap between projection and reality on the mobility tax.

HILARY RING: The payroll mobility tax, which was your idea, I might add--

COUNCIL MEMBER FIDLER: I didn't ask for that reason, but thank you.

HILARY RING: [laughs] It is, it, it's running about $50 million below the reduced projection. So we're about $350--$300-$350 million below what the expectation was that this tax would be generating.

COUNCIL MEMBER FIDLER: Yeah, but let me rephrase the question, then. You know, the issue has always been whether the projection's just flat out wrong, or is this still a compliance issue. And so--

HILARY RING: We--

COUNCIL MEMBER FIDLER: Have we, are we seeing any uptick in the rate of, of payment, forgetting what you're reduced expectation is.

HILARY RING: What--the, the short answer is, is no. Is that the, we had a seasonally adjusted schedule that we thought it would come in at. It's coming in pretty much on that pattern, but at a lower amount.

COUNCIL MEMBER FIDLER: I, I would continue to suggest that we need to look at the compliance issues. I know that. I have a small payroll that's administered through ADP, which is clearly one of the largest payroll companies around. ADP still hasn't gotten it together for me. I had to pay a late notice, and then ask ADP why they hadn't done it, and they weren't really sure why they hadn't. And there seems to be some disconnect between employers and their payroll services.

HILARY RING: Yeah, and we're working with State Department of Tax and Finance to try and figure that out. And also, we've also, are proceeding to engage, to bolster our own resources to be able to more accurately project independently from DOB as to what's going on with this tax, 'cause--

COUNCIL MEMBER FIDLER: Yeah, and I know you're not responsible for the collection. I think we really need to have a real better conversation with the people who are, because I still think there are serious compliance issues. Totally different, my community has a huge issue with Dollar Vans. I've always figured that the MTA would look at Dollar Vans as the competition for our bus service. So, for example, in and around Kings Plaza, the best that the police and the MTA can do for me is keep them off the side streets, and move them back to the bus routes, which is where they ride up and down, honk at people waiting for buses, and people unfortunately take them. The response of the MTA has been to cut bus service where ridership has decreased because of the competition of the Dollar Vans. One of my colleagues pointed out that when a restaurant is losing business, they don't compete by raising prices and reducing the size of the meal. I would suggest that the MTA look to recapture their market and the revenue that comes with it, by trying something different. Increasing service where they're faced with Dollar

Van competition. And I would think that they could get the cooperation of the transit workers union, perhaps, you know, to--at the hot spots along those routes, to perhaps leaflet people who are taking the Dollar Vans, to point out that many of them are uninsured, they're less safe, they're illegal, per se, in my neighborhood. They are absolutely, there are no permitted Dollar Vans in the community in and around Kings Plaza. I have been trying to get the attention of both the union and the MTA to try something like that for about eight years. Maybe now that we're desperate for ridership and revenue, maybe we can take another look at that.

HILARY RING: Well, I'm happy, I didn't know that you'd been trying to get our attention on this. And I will, you know, we'll, we'll gladly take a look at it. I, you know--

COUNCIL MEMBER FIDLER: Maybe, maybe we can agree to set up a meeting together with the transit workers and my office and some other folks, and see if we can't try something like that.

HILARY RING: I'm always happy to

meet and see if there's some way to work something out. Absolutely.

CHAIRPERSON RECCHIA: Okay.

COUNCIL MEMBER FIDLER: Thank you.

CHAIRPERSON RECCHIA: Thank you, Council Member Fidler. Council Member Debbie Rose, and she'll be--Okay.

COUNCIL MEMBER ROSE: Thank you, Mr. Ring, for, for coming back once more, one more time. My concern is Staten Island, and, and the plan that roughly 3,000 kids on Staten Island, and primarily in my district, will be left without bus service. The story's in the, in the news today, and this is absolutely, you know, unacceptable, that they'll be forced to walk more than a mile-and-a-half, or two miles in inclement weather. And as you know, we don't have a subway system to, to divert them to? And with the lack of Metro cards or you're saying that you won't have a meeting until June 23rd, whether or not the Metro cards will actually be restored, this has, and that is what was the plan. When the parents were informed that their children would no longer be getting the bus service.

HILARY RING: Why, excuse me, why would they not be getting bus service?

COUNCIL MEMBER ROSE: The cuts, they have been put off of the yellow, the school buses. And they were told that--more than 3,000--and that they would then be eligible for the Metro card.

HILARY RING: Right, we're still running the same service, we're just going to be charging students half fare.

CHAIRPERSON VACCA: If I can clarify, Mr. Ring, I think that the article, Council Member Rose, that is a DOE cut.

COUNCIL MEMBER ROSE: That's right.

CHAIRPERSON VACCA: A DOE cut, I think it's $38 million, but then they would get Metro cards. I think the Council Member is saying that for many of the children, though, on Staten Island, it is going to be an issue for them geographically, without that bus service, to safely get to and from school. I don't know what your involve--

HILARY RING: Without the yellow buses?

CHAIRPERSON VACCA: Without the yellow buses, Mr. Ring. But I do think that that is a DOE issue and it was in today's paper. And is there any, is the MTA aware of this? Because this will increase the need for the Metro card, but has the MTA--

COUNCIL MEMBER ROSE: But--

CHAIRPERSON VACCA: --were you consulted by DOE before--?

HILARY RING: I, I wouldn't know, I mean, you know, there's a--there's another 69,000 employees other than the ones sitting here, and I don't know who was consulted. But--

COUNCIL MEMBER ROSE: But, but also, they were told that they would be eligible for Metro cards.

HILARY RING: Okay

COUNCIL MEMBER ROSE: And you, in fact, are saying that Metro cards might not be a viable alternative.

HILARY RING: No.

COUNCIL MEMBER ROSE: And some of these schools are on routes that buses were, were cut or eliminated. So, I'm just saying, how--is there a plan to mitigate this situation?

HILARY RING: Well, I'm, I was unaware of the situation before you mentioned it, and I'll, I'm happy to go back and, and look into it. The--the whole issue with Metro cards from our perspective, which is what we discussed in, in March, is one of money, that no other entity, no other transit property in the State is expected to be, to be, pick up the costs of being the school bus. And that every other person, every other company that runs school buses gets paid for running those buses. And for the riders of the MTA, and the taxpayers of the MTA region, to be asked to pick up the cost that should be a State or City cost, is just, you know, a problem for us. So, especially when it was cut out of the State budget. So, you know--

COUNCIL MEMBER ROSE: So, without the State putting the moneys back in, the Metro card is basically a done deal.

HILARY RING: Well, like I said, that's up to our Board. And, you know, the recommendation to the Board was that the, the fare go to half, half fare, instead of free.

COUNCIL MEMBER ROSE: Okay. And could you tell me when, when you propose for the tolls to increase, and will this include the Verrazano Bridge, which is now at $11, which is the highest in New York State? Will it include the Verrazano?

HILARY RING: Most likely. But, you know, the Verrazano is a two-way toll, it's the same toll as any other bridge, except that you only pay it once, instead of paying it twice. But having said that, that's a lot of money.

COUNCIL MEMBER ROSE: Yes, it is.

HILARY RING: And--

COUNCIL MEMBER ROSE: And it is our only way off. You know, we have to pay a toll.

HILARY RING: It's your only way to Brooklyn.

COUNCIL MEMBER ROSE: That's right.

HILARY RING: Right. And, and you know, the, the good news is, is that tolls support the transit system to the tune of over a billion dollars a year. So, that was the plan, when the MTA was created was to use the tolls to support commuter railroads and the Transit Authority.

And--

COUNCIL MEMBER ROSE: Mmhm, but the--

HILARY RING: You know, I would imagine generally, in the past, when the Board has raised tolls, it's raised tolls on all our facilities, including the VM.

COUNCIL MEMBER ROSE: You know, yes, it, I'm sure that was the plan, but the plan also was that the Verrazano, once it was paid for, there would be no toll. So, we've more than paid for it, and the revenue from the Verrazano Bridge does not go to support our local MTA. And so, when you're looking at the cuts, I would like to see that Staten Island's given some special dispensation.

HILARY RING: Okay.

COUNCIL MEMBER ROSE: Okay.

CHAIRPERSON RECCHIA: Thank you.

HILARY RING: You know, there was a bus route that was slated for elimination on Staten Island that did get that dispensation, but as, you know, there were some others around the City where the elected officials made a very convincing argument that we were making wrong decisions. And, you know, we're always willing to listen to that kind of input.

CHAIRPERSON VACCA: Thank you.

COUNCIL MEMBER ROSE: Well, we do have some suggestions for you, so thank you.

HILARY RING: Okay.

CHAIRPERSON VACCA: Thank you.

COUNCIL MEMBER ROSE: Okay.

CHAIRPERSON VACCA: Thank you. Just one quick question, we were talking, or there were articles and we were talking about it in committee, about the, the issue of whether, when repair work takes place, vis-à-vis weekends versus the week. And I know that there's a reconsideration of this at the MTA. Is there a cost savings? Should you do it during the week as opposed to doing it on weekends? Is there a financial savings we should be aware of? Should you, should you change the, your repair schedule from weekends to weekdays, closing down a line for a specified time period during the week?

HILARY RING: I don't--I'm not sure that the issue is whether the, it costs more or less during the weekday as opposed to the weekend. I think that, that what's being thought about, and it's only a, you know, at this point, under consideration, is it's very expensive to do work in segments. If you, if you work over the weekend for two days, or 56 hours, whatever the, the period is, and then you've got to restore the track, and then come back and un--you know, undo that restoration and continue the work the next weekend, it's a very expensive way to do things. If you could take that track out for a full week or two weeks, and just do the work and not have to worry about restoring it, not have to worry about cleaning it up for, you know, say rush hour the next morning, you would save a lot of money. That's what's under consideration. It's not, it's not that it costs more or less, necessarily, weekday versus weekend, it's just that it would probably cost less to do the job straight through.

CHAIRPERSON VACCA: So, so there would be a cost savings. If you do the job straight through, what you're telling me is that you do think it would cost less.

HILARY RING: I think that's,

that's the, that's the going in assumption, but that's why it's being analyzed right now and considered. Because obviously there are other costs, you have to run shuttle bus service, there are other costs of doing it. So it's all under consideration and analysis.

CHAIRPERSON VACCA: But you don't have any idea about the total savings because you have not assessed what it would cost to have shuttle buses and other ancillary services--

HILARY RING: Right, we have not done the full analysis yet.

CHAIRPERSON VACCA: Do you now have--I don't think you do, but my understanding is for the weekend repairs, you most times don't have shuttle buses.

HILARY RING: No, there are shuttle buses.

ROBERT BERGIN: No, that's not true, when we're--

CHAIRPERSON VACCA: During the weekend shut downs?

ROBERT BERGIN: Sure. If there's no alter--if there's no alternate, comparable train service--

CHAIRPERSON VACCA: So it's taken on a case by case basis.

ROBERT BERGIN: For, for yeah, for example, the last couple weekends when we shut down the F, there was shuttle service starting at J Street, I think out to Church.

CHAIRPERSON VACCA: But, often if you do weekend shut downs, you're shutting down several stations, so therefore that may not necessitate a shuttle bus.

ROBERT BERGIN: Correct.

CHAIRPERSON VACCA: If you do that during the weekday, I would think that you'd have to do an assessment as to whether or not the shuttle bus money that you require would be increased.

ROBERT BERGIN: That's, that's one of the considerations. There are many considerations in all that, yes.

CHAIRPERSON VACCA: Okay. Okay. Council Member Cabrera, I think. You have a questions? No? Mike Nelson, do you have a question. Yes.

COUNCIL MEMBER NELSON: Okay, thank, thank you, Mr. Chair. Hi, Mr. Ring and company, good to see you. For the MTA to be in compliance of reasonable accommodations, the provision of the ADA, you relied on a complex relationship between the bus routes and Access-a-Ride. I know it's like an elastic clause in a way, the "reasonable accommodations," but now you're eliminating, reducing or rerouting buses at the MTA. Are you satisfied you're still in compliance with the 20 year old ADA?

HILARY RING: Yes.

COUNCIL MEMBER NELSON: That's basically it, okay, 'cause we'll be digging more into that just to make sure. I should probably reroute that question. [laughs] You think there could be any enhancements as far as any complaints that we've all had with people with disabilities, that they still are not hooking up well enough?

HILARY RING: I'm afraid I don't understand the question.

COUNCIL MEMBER NELSON: All right, has the MTA itself, 'cause I know my office has received complaints from people with disabilities, that there is a lack of accommodations. That they can comfortably, or reasonable accommodations, was put to me, as far as being able to get from a bus, let's say, to an Access-A-Ride. Have you experienced any of that, those complaints?

HILARY RING: I've, I've not heard any, but I'm sure that there have been some, you know, I, we get a lot of complaints all the time. But I, I'm not aware of any. I know that, you know, we, we do have 100 percent accessible bus fleet. We have a key station program where we're making Hunter Stations accessible with elevators and ramps. And that right now we are providing paratransit services in excess of ADA requirements.

COUNCIL MEMBER NELSON: Mmhm.

HILARY RING: And, you know, I don't think that there would ever be an opportunity for us not to meet the letter of the law with ADA.

COUNCIL MEMBER NELSON: Okay, I am not an MTA basher, per se, and I generally--

HILARY RING: I'm aware of that.

COUNCIL MEMBER NELSON: Huh?

HILARY RING: I'm aware of that.

COUNCIL MEMBER NELSON: Oh, okay. [laughs]

CHAIRPERSON RECCHIA: Okay. Council Member, you have any more questions?

COUNCIL MEMBER NELSON: Basically, with that semi-compliment, I just want to say we'll be looking more into this, and I know that you'd be more than willing to try to work out situations if they became a particular problem.

HILARY RING: Sure.

COUNCIL MEMBER NELSON: Thank you.

CHAIRPERSON RECCHIA: Before we wind up, I just have a quick question, just to bring to your attention. You're doing away with the X-28, okay, it's merging with another bus line; and you're doing away with the X-29, you're discontinuing that bus line. Those are the bus routes to Coney Island. The City just did one of the largest rezoning of Coney Island. Right, we're getting, we have one of the largest new ride operators opening up the brand new Luna Park next week.

HILARY RING: Mmhm.

CHAIRPERSON RECCHIA: We're going to have thousands, over 4,000 apartments being constructed, one is about to begin. And you're cutting bus services to Coney Island. These people have no way to get to the Stillwell Avenue subway station, they have no way express bus to get into Manhattan, and I'd appreciate it if you could just reconsider that, bring that back to you--

HILARY RING: You, you raise a very good point, in that a lot of development in the City takes place that adds demands on the transit system, and there is no means for the transit system to receive any financial support from that development. So, Coney Island, downtown Brooklyn, Long Island City, Willets Point, Williamsburg, big areas of the City that are growing, they're growing because they're accessible, because of the transit system, and there is no plan at the current for the City to figure out how to get some of the revenue that's generated from that development to support improvements to the transit system.

CHAIRPERSON RECCHIA: And--

HILARY RING: And we'd be very happy to work with you on how to improve that.

CHAIRPERSON RECCHIA: And whose fault is that? The MTA. We had hearings after hearings, never once did the MTA ever come to any of the hearings and say, "We need additional funding."

HILARY RING: Okay.

CHAIRPERSON RECCHIA: Never did you ever come before this City Council, and we had many hearings, and say, "I need funding in the rezoning." So don't come here to say, "Well, we should've thought about it."

HILARY RING: No, I'm not saying you should've about it, I'm saying--

CHAIRPERSON RECCHIA: The MTA never came to us and said, "We needed it."

HILARY RING: I'm, I think we've--

CHAIRPERSON RECCHIA: So it's your fault, it's your lack of investigation of what's going on in this City, because if the MTA is not going to come forward, and then come say, "Well, we, they should've, you know, provided funding for us, if they knew this." No, the MTA never came forward and said, "We don't have the funds for this. The MTA never once came and said, "We're going to do away with these buses." It's now, during these tough economic times, that you're doing away with these buses, and all I'm saying is that you have to understand what's going on, and look at the rezoning.

HILARY RING: Okay.

CHAIRPERSON RECCHIA: All right, no further questions, this, we're, we're finished, want to thank you for coming.

HILARY RING: Okay.

CHAIRPERSON RECCHIA: And we'll move forward to the next hearing on Taxi and Limousine Commission. [pause, background noise] Okay, we're about to begin, we have our new Commissioner of the TLC, a former colleague of this wonderful chamber, David Yassky, welcome back.

DAVID YASSKY: Thank you, Mr. Chairman.

CHAIRPERSON RECCHIA: We are about to begin the next part of the New York City Council Fiscal Year 2011 Executive Budget Hearing on the Taxi and Limousine Commission. I recognize my colleague, Oliver Koppell, Mike Nelson, Jimmy Vacca. Okay. David, Commissioner?

DAVID YASSKY: Yes, good morning.

CHAIRPERSON RECCHIA: Welcome.

DAVID YASSKY: Thank you. Good morning, Chairman Recchia, Chairman Vacca, and Members of the Transportation and Finance Committees. My name is David Yassky and I am Commissioner and Chairman of the New York City Taxi and Limousine Commission. Thank you for the opportunity to appear before you today to present testimony regarding TLC's Fiscal Year 2011 Executive Budget. Joining me today is Louis Tazzi, the TLC's Deputy Commissioner for Finance and Administration. He is seated immediately to my right. The TLC's Executive Budget for Fiscal Year 2011 is $31,259,457. Of that amount, roughly $24 million is for personal services, and almost $7 million is for other than personal services. While we did have to respond to a significant PEG, I am pleased that we were able to capture administrative savings that will allow us to avoid cuts in our enforcement division and continue to provide quality customer service to the industries that we regulate and to the riding public. In an effort to enhance the experience of the riding public, the agency recently designed and executed a series of new programs, including an RFP, Request for Proposal, for a livery stand at the St. George Terminal on Staten Island, which will allow on-site, for-hire dispatch service during peak hours, and 24 hour phone service for non-peak hours, at one of the busiest transportation hubs in the City. The livery stand pilot program looks to increase transportation options in areas outside of the business districts, and in areas that are not as well served by other forms of transportation. The taxicab group ride stand pilot will provide passengers and drivers economic incentives for sharing a ride. We are also eagerly awaiting responses to our "Taxi of Tomorrow" RFP, which we hope will bring the first all-purpose taxicab to, to City streets, one that is safe, really all-purpose, but really purpose built taxicab to City streets. One that is safe, fuel efficient, accessible, durable, affordable and comfortable for drivers and passengers alike.

Responses to this RFP are due next week, May 27th. Working very closely with community boards, Council Members, industry representatives, and members of the riding public, the TLC has recognized a need for increased accountability in the for-hire vehicle industry, the livery cars and car services. In 2009, the Commission passed a set of comprehensive rule changes that included requirements for community car service vehicles to display exterior markings, on, that give the base business name, the license number and phone number. We also required display of a driver's TLC license and vehicle license inside the car, so passengers know who's driving them. And along with a new passenger bill of rights. Additionally, all livery vehicles are required to have three new color-coated TLC permit stickers to show that the vehicle is licensed by TLC. I think this will actually be a material improvement in the service to the riding public because members of the public will be able to look at a car, see by the sticker that it is a TLC licensed vehicle, and identify that as, and distinguish it from the unlicensed cars that don't necessarily meet our standards. These rules required changes to our operations from the licensing perspective, as well as enforcement and inspections. The TLC's licensing division had to look at ways to enhance the for-hire vehicle licensing and inspection process, and it introduced a large number of new cars that are coming to us to, for inspection. That resulted, for a while, in a backlog, which was too high, too long of a wait for, for vehicles needing to get inspected. I'm very pleased that our inspection, our inspection division has responded by not just stepping up their game during the workday, but adding Saturday hours so we're able to bring down the backlog to an, now I would say an almost acceptable point. There are a couple of fee changes that I want to make sure that you know about. We are changing the way that we charge fees both for, in yellow cab inspections, at our Woodside garage, and for livery cars who are filing applications to change their base affiliation. In both these cases, we are charging for service, we'll be charging for services that now we provide for free. Since the early 1990s, the TLC has charged $50 to conduct an inspection for yellow cabs, that's a required fee mandated by the administrative code. If a vehicle fails the first inspection, and this is important, the second inspection is provided at no additional charge. Our rules have provided that if the vehicle fails the second inspection, then they, the owner pays for the third inspection. But then the fourth and all subsequent inspections, again we provide free of charge. Now, first of all, this means that we're not getting compensated for the service we're providing. Second of all, it really provides an incentive for vehicle owners to uses our inspection as a diagnostic device. They come in, they're going to have to pay the inspection fee anyway, we take a look at the car, tell them what's wrong, and then they can go out and get it fixed and come back and get the second inspection for free. To correct this, we are now, we are proposing, and this will require Council legislation, I want to thank you in advance, Chairman Vacca for scheduling a hearing on this bill, that I know we are going to hold on Monday, you are going to hold on Monday.

CHAIRPERSON VACCA: Yes.

DAVID YASSKY: But, we're, we're seeking legislation that would allow us to charge an inspection fee every, for every inspection, not just the first and the third. Before I, and in addition to that, we're also changing the way I which we charge fees for livery cars that change their base affiliation. Right now, as you know, all car service vehicles have to be affiliated with a base. It's been our practice, and it's really just a kind of custom at the TLC, that if a base comes in adding 20 new cars, they only pay one application fee. Even though every single one of those 20 applications has to be individually processed by our licensing division, taking the, you know, the time of our clerical employees, we only charge fee, the, for the one episode. We're going to change that practice so that we'll be charging a fee for every application. It's a $25 fee. So, and I think that accurately will, that will have the fees that are paid accurately reflect the work that is being done by the TLC. Before I close, Mr. Chair, I guess Messrs. Chair, I just want to bring you up to date on the issue of overcharging in taxis. You, Chairman Vacca, had a hearing on this topic some time ago. I very much appreciated your efforts to, to bring this issue to light and to have a dialogue with us at TLC about what we were doing to address the problem. At the time of the hearing, as you remember, you had a number of questions about both the scope of the problem and our enforcement response that we were not yet in a position to answer. I am pleased that now, today, we, we are finally in a position to answer these questions. I'll just take you very briefly through what we've done. You will recall that back in March, the Taxi and Limousine Commission discovered that this practice of drivers using a, an out of town rate code, rate four, on in-city trips, was at least somewhat widespread. It wasn't just one or two isolated cases, that there were more than that. And again what we're talking about here is, there's one rate of fare, I know you know this, Mr. Chair, but one rate that's an ordinary rate for the vast, vast majority of trips that are within New York City, but then there's a separate rate which the meter goes at a double pace, for trips from the City to Nassau or Westchester. And driver's were using that, that rate sometimes. What we, the initial data that was presented in March was that the, there were 1.8 million trips over a roughly two year period, during which a dri--there were trips within New York City, but where the driver had activated rate four. That, that was certainly enough to, to make us realize this is a problem, we need to bring it to the attention of the public, and of course we did. Since then, we've worked very hard to identify which of those trips are actual overcharges, as opposed to inadvertent mistakes. It took a fair bit of data analysis to do that, I can explain if you like the methods that we used, but to cut to the chase, we were able to identify approximately 286,000 trips as genuine overcharges. So, to put that in perspective, it's, that's a large number, 286,000; on the other hand, that's over a two year period; on the other hand, it's about one half of one percent of all the taxi trips during that period. So, it's, it's both the case that it was more widespread than we'd like, but it's also the case that., you know, I guess, what, 199 out of 200 times that somebody got into a cab, they were charged, it appears, the proper rate. And one out of 200 they were charged, they were overcharged. So, no one should think that any time somebody got in a taxi over the last two years, they were being ripped off, that's just not the case. Okay.

CHAIRPERSON RECCHIA: Thank you. All right.

DAVID YASSKY: Thank you, Mr. Chair.

CHAIRPERSON RECCHIA: Council Member Vacca.

CHAIRPERSON VACCA: Commissioner Yassky.

DAVID YASSKY: Yes.

CHAIRPERSON VACCA: I will, I don't have any questions because I think you've done a good job. And I commend you. And I support you in what you've done. And I'm going to hold my questions for a second round, should I see a need for it. So, let me go on to Council Member Brewer.

COUNCIL MEMBER BREWER: [off mic] --

DAVID YASSKY: Thank, thank you,

thank you for those kind words, Mr. Chairman.

COUNCIL MEMBER BREWER: Well, people do think you're doing a good job, much as I hate to say it, you know.

DAVID YASSKY: Yeah, well, they're just--that's 'cause that's, they're not looking too closely, presumably.

COUNCIL MEMBER BREWER: I have two questions. One is, I think in a previous hearing, you talked about the taxi TV contracts coming up in August. So my question is what do you perceive to be the revenue? Has it changed? In that this is a budget hearing, obviously I won't talk about the quality of the television opportunities, but I would suggest that could be part of the overall contract. But what are you looking at in terms of revenue for those--?

DAVID YASSKY: Okay, I'm--

COUNCIL MEMBER BREWER: If anything.

DAVID YASSKY: --I'm really glad you raised this. First of all, on the revenue, this is not a revenue item for the City. The, the way those, the economics of those devices are we require taxis to equip themselves with a t-pep [phonetic] device that both has the screen in the back and a computer that keeps track of all the trips, and where they start and where they end. And sends that to some central data collection point, and ultimately onto us at the TLC. They pay for that. They pay a fee that presumably is somewhat less than it would be otherwise because there's some advertising revenue to the vendors, but they pay a fee to one of three vendors. And it's those vendors who are selected by the TLC out roll, and this is, I guess, twofold, it's to number one, require that the cabs have these devices; number two, select the vendors that are approved by us to sell them. That, it's that second decision, what, which vendors are approved to, to do this, and I guess the first one, too, what exactly the devices do, what the, what functionality we require, that that's coming up for review. There are a host of questions here that I really would welcome your, in particular, input, Council Member Brewer, because I want to make sure that we fully exploit the possibility of these devices to improve service to passengers.

Let me give you an example. If these, if the devices were internet enabled, such that a website or an app developer could come up with a, a smartphone application that someone could find where are empty cabs right now, that would be a terrific service improvement. So, I'm using it as one example. What we've, we've actually asked folks from Razorfish and Google and the large, you know, companies in this area, to just help us think through what's possible, but you, certainly from your past experience as Chair of the Technology Committee here, would, you know, I hope that you'll share with us your ideas for what we can do with these devices.

COUNCIL MEMBER BREWER: All right, thinking there's lots to be done. The group ride, can you give us an update on this initiative and what feedback you've gotten from the public?

DAVID YASSKY: Sure. I'm enthused about group ride. We introduced three--Okay, first of all, right, there's one longstanding group ride stand on the far east side, on York Avenue and 79th Street, that's been in operation for several years, works marvelously to bring commuters from Yorkville down to Wall Street every day. Looking to build on that single successful experiment, the Commission introduced three additional group ride locations, I don't know, a couple months ago, a few months ago.

COUNCIL MEMBER BREWER: I, yeah, I know where they are.

DAVID YASSKY: And one of course is on the West Side in the district you represent.

COUNCIL MEMBER BREWER: Two. Two.

DAVID YASSKY: Okay, we could--

COUNCIL MEMBER BREWER: 57th and 7--whatever. Just two.

DAVID YASSKY: Two in the district you represent. Those have not caught on at all. They, they appear to be used minimally, if at all.

COUNCIL MEMBER BREWER: Right. As predicted.

DAVID YASSKY: As predicted by Council Member Brewer--

COUNCIL MEMBER BREWER: Mmhm.

DAVID YASSKY: --et. al. So, we, here's what we're doing now. Because I, I still believe, and the a--forget me, the agency and the

Commission, I think believe, you know, with, with some confidence, that it's a concept that can work. We certainly, here's what we certainly believe, is that we ought to push forward and explore fully the possibility for this concept to work. We're going to roll out three more stands, group ride stands, two at La Guardia Airport, from La Guardia to Midtown, at two different terminals, right, 'cause it's many terminals, two terminals at La Guardia; and one at the Port Authority bus station. Our data tell us that there are a lot of people traveling fairly similar routes from those places, that ought to be interested in group ride. That's, those are places where you have a steady stream of people looking for taxis--

COUNCIL MEMBER BREWER: Right.

DAVID YASSKY: --that you can direct to a stand. Those should be much easier to establish than the locations in the residential neighborhoods.

COUNCIL MEMBER BREWER: That sounds good.

DAVID YASSKY: The thinking is, let's get those up and running, let's see, maybe they won't take off and we say, "Well, tried it, didn't work." If they do, that helps us, I think, get the concept of group ride more established in people's heads, both drivers and passengers, I think if we do get those established, it will be easier to move on to places in residential locations.

COUNCIL MEMBER BREWER: Okay.

DAVID YASSKY: That's the long answer.

CHAIRPERSON RECCHIA: Okay, thank--thank you.

COUNCIL MEMBER BREWER: All right.

DAVID YASSKY: I apologize for the longwindedness.

CHAIRPERSON RECCHIA: That's okay. Thank you.

COUNCIL MEMBER BREWER: And then dollars for taxi accessibility, which is something you know a lot about.

DAVID YASSKY: Yeah, look, there are--did you say dollars? There are none. This is, the funding for program is all but used up. I believe there's about $52,000 left to spend. That will all be spent between now and June 30th. And I don't want to abuse my, my time here, Mr. Chair, so you--but, I can address this topic at length, if you like, or I can shut up.

CHAIRPERSON RECCHIA: No, we have to--

COUNCIL MEMBER BREWER: No, he doesn't want it. Right, so--

DAVID YASSKY: Okay.

CHAIRPERSON RECCHIA: Thank you, thank you.

COUNCIL MEMBER BREWER: Thank you.

CHAIRPERSON RECCHIA: Before we go on, I just wanted to ask one question, David, I know we had spoken, but I wanted to clear the record on this issue regarding the budget. Now, you indicated that TLC anticipates $100,000 in additional revenue from the new $35 vehicle registration, vehicle reinspection program, but the Executive Budget indicates the number is $667,000. Can you clear up this discrepancy and what is the true number that we can expect from the $35 vehicle reinspection program?

DAVID YASSKY: It was probably a

misunderstanding when I answered the questions at the meeting that we were at. The $667,000 number is for the re--charging for the inspections, the $100,000 is for charging for each individual transfer. So, it was, I probably misspoke or confused the two numbers at that time.

CHAIRPERSON RECCHIA: The number is 60, is there an additional charge--

DAVID YASSKY: 600 and--

CHAIRPERSON RECCHIA: --for livery cars? Can I have a total number from this program?

DAVID YASSKY: Mr. Chair, so, for the additional inspections, the fee for every inspection that a yellow cab gets, that item, that will bring in approximately $667,000, or we project $667,000 in revenue. For charging for each livery application, that we anticipate $110,000 revenue. So, all told, $777,000, that's just by coincidence, $777,000 in revenue from those two items.

CHAIRPERSON RECCHIA: Thank you. Council Member Koppell?

COUNCIL MEMBER KOPPELL: Thank you.

Welcome, Mr. Chairman.

DAVID YASSKY: Thank you.

COUNCIL MEMBER KOPPELL: On the RFP on the new taxicab, I'm disturbed, having looked at, at some of the criteria that, that you shared with us, also, there doesn't seem to be a sort of ranking of different criteria. And of course I'm particularly concerned, and I know you are as well, on accessibility. So, I don't, I don't want accessibility to redact, be ranked, for example, at the same level as iconic nature of design.

DAVID YASSKY: Right.

COUNCIL MEMBER KOPPELL: So if we had an accessible cab that wasn't iconic, that should--

DAVID YASSKY: That'd be okay by you.

COUNCIL MEMBER KOPPELL: --it should weigh much heavier that it's accessible.

DAVID YASSKY: Okay, so, and, you know, you and I, we discussed this, you and I discussed this also with the Speaker, and--

COUNCIL MEMBER KOPPELL: Yes.

DAVID YASSKY: --the Transportation

Chair. Hearing that, hearing your feedback, because I heard you very clearly that, you know, it was your view, all three of your views, that that's not, that should not be as important a criteria. We have adjusted our scoring criteria such that the design element is, we're valuing that about half the other elements. So, we're not, we've adjusted our scoring criteria to take that less into account. There are five, I'll call, "major criteria" that we are treating all the same. Those are durability, performance, and they sound related, but they're different--how does a car handle and perform; how durable is it, and serviceable--comfort of both the passenger and the driver, accessibility, sustainability/fuel efficiency. Those five criteria we're treating as all equal in importance. And we could discuss that, but that's, that's, I could see arguing it, but we figure those are roughly all equally important. And then, the design criteria is less so.

COUNCIL MEMBER KOPPELL: Well, I, I appreciate that. I mean, my own view is that unless it was not feasible both technically and economically, that we shouldn't choose a design that's not an accessible cab. I mean, I think that should be a mandate, that's my view. Also, I am disturbed, we had about, three weeks ago we had a demonstration of a potential cab that's apparently going into production, at least the people who came here to City Hall, who I think you know, who had this model that they showed off in the parking lot. I've forgotten the name, but we can go into that later. But they indicated they're not submitting a proposal, and they had certain concerns about certain aspects of the RFP. And what concerned me was that looking at the model, it looked like a very attractive model that they say is actually going into production.

DAVID YASSKY: Well, I'm not, I'm actually not familiar enough with what - -

COUNCIL MEMBER KOPPELL: We can later on get you the information. I don't have the name of the--it's the same people who were building the taxi about two years ago, they thought they were going into production.

DAVID YASSKY: Well, let, let me, you know, council Member, let me tell you what

I'm--

COUNCIL MEMBER KOPPELL: V1?

COUNCIL MEMBER BREWER: [off mic] MV1.

COUNCIL MEMBER KOPPELL: M-MV1.

COUNCIL MEMBER KOPPELL: M--Okay, yes.

DAVID YASSKY: That's what, yes. I, I have seen their, I've seen pictures of their proposal. Let me just say this. Here's how I'm thinking about, 'cause as you know I spent time, not as much as you, but spent time thinking about this as well, when I was on the Council, and people would have designs and mockups and that looked very persuasive. The whole point of this, of this RFP process, was to say to people, you know, not--more elegantly, "Put up or shut up." You know, it's easy to say, "Here's what we can do, here's what can be done." We're serious about it. You come in with a real proposal--and building a car is a big, this is a, it's a serious thing, right, so you have a--

COUNCIL MEMBER KOPPELL: Yes.

DAVID YASSKY: So, it, yeah, I know

it would take time, I don't know what their complaints were. It probably took, you would've had to invest some money to responding to our RFP, absolutely. Because if you're telling us you're going to be building 5,000 or 6,000 cars or year, yeah, you're going to have to invest some money in the, in the proposal. We really want people who, to, who say they can design a car that meets all our needs to respond and we will, if we, if we get a response that, and I hope we will, that meets our needs, including accessibility, you can be sure we're going to do for it.

COUNCIL MEMBER KOPPELL: Well, I would think you should have a staff person look into this--

DAVID YASSKY: We will--

COUNCIL MEMBER KOPPELL: Why these folks are not applying, I mean--

DAVID YASSKY: We will reach out to them.

COUNCIL MEMBER KOPPELL: I mean, there could be a, a defect or a deficiency in the RFP design that is excluding someone who is, you know, a likely good bidder. And I'm not, I'm not saying you should, I'm not saying you should revise it or--but someone on the staff should report to you as Chair why these people aren't applying, because as far as I know, there aren't a lot of people out there building accessible cabs. Maybe there are, maybe I'm wrong. But they had what was a very attractive model, and they had some problem with submitting a bid, and I--there should be a reason for that.

DAVID YASSKY: Council Member, I will track that down and report back to what I learn.

COUNCIL MEMBER KOPPELL: Good, good.

CHAIRPERSON RECCHIA: Okay--

COUNCIL MEMBER KOPPELL: And wait, wait, I--

CHAIRPERSON RECCHIA: All right, we're going to let you sum up, to ask him one question.

COUNCIL MEMBER KOPPELL: No, I'm, I--only one question?

CHAIRPERSON RECCHIA: Well--

COUNCIL MEMBER KOPPELL: I have

another--

CHAIRPERSON RECCHIA: Okay, all right, go ahead.

COUNCIL MEMBER KOPPELL: [laughs]

CHAIRPERSON RECCHIA: Only 'cause the City Council - -

COUNCIL MEMBER KOPPELL: Are you, are you, are you looking into, I notice in your statement you did make reference to the, your local pickup stations. And I had raised with you before the issue of a station that's not on private property. Are you looking into that?

DAVID YASSKY: Yes, we are, and I don't want to get ahead of our self, but we are looking really very, very aggressively at do--at that.

COUNCIL MEMBER KOPPELL: And the other thing is on the TV monitors, does your inspection program, when you inspect he cabs, include inspections of the TV monitors?

DAVID YASSKY: Yes.

COUNCIL MEMBER KOPPELL: Because again, this is very anecdotal, but I find that very few of them work well. If any.

DAVID YASSKY: And by the work well part is the volume control--

COUNCIL MEMBER KOPPELL: Lots of things.

DAVID YASSKY: Yeah.

COUNCIL MEMBER KOPPELL: The volume control, turning 'em off, changing the stations. I was in, I don't use the cabs as frequently as our colleague Gale Brewer says she uses 'em constantly, I don't. But I was in one the other day and it was repeating--the only thing that was happening on the TV was a commercial. I'd forgotten what it was for. But I said to the driver, "You know, I like to watch the news." He said, "Sorry, all that the TV does is repeat the commercial."

DAVID YASSKY: Yeah, this is--

COUNCIL MEMBER KOPPELL: [laughs]

DAVID YASSKY: Okay, I'm getting a look. It's--

CHAIRPERSON RECCHIA: Yeah, we have to sum up because I'm--

DAVID YASSKY: Really--

CHAIRPERSON RECCHIA: --I'm way

behind.

DAVID YASSKY: Really important question for us is do we try and replace the hardware or not? Here's the thing, and this world of iPad, three year old hardware is way old. It's expensive to replace. So, do we force them to replace the hardware, which is expensive, or try and make the best with what we got? That's a hard question.

COUNCIL MEMBER KOPPELL: But you are looking at it

DAVID YASSKY: Yes.

COUNCIL MEMBER KOPPELL: Okay, okay.

CHAIRPERSON VACCA: I wanted to add, I first want to thank you, David, of course, I'm--I do feel that, with you coming to the TLC, we can expect reform. But I do want to make it clear that I'm looking for reform. And--

DAVID YASSKY: I hear you.

CHAIRPERSON VACCA: Many of my bills indicate the reform that I would like, but I, I do look to you to correct some of the things that I think should be addressed, and I want to give you that opportunity and give you time. The RFP, David, when is that, when is the RFP, what's the due--

DAVID YASSKY: Thursday, May 27th.

CHAIRPERSON VACCA: It's due on Thursday.

DAVID YASSKY: Yes. Six days, so if you have--yes.

CHAIRPERSON VACCA: If I know of anyone I better tell them fast, right.

DAVID YASSKY: - - get 'em in now.

CHAIRPERSON VACCA: Right, I don't know anyone for the record. I want you to get back to me. I'm interested to know how many people do, do end up applying. And--

DAVID YASSKY: I--if we, yes, we can--

CHAIRPERSON VACCA: A number.

DAVID YASSKY: --we can tell you that.

CHAIRPERSON VACCA: A number.

DAVID YASSKY: Yes.

CHAIRPERSON VACCA: Not individuals. Okay. Thank you, David.

CHAIRPERSON RECCHIA: All right. Anyone else have a question for the new Commissioner of TLC, former Councilman David Yassky.

COUNCIL MEMBER BREWER: [off mic] - -

CHAIRPERSON RECCHIA: What'd you say?

COUNCIL MEMBER BREWER: I said what does - -

CHAIRPERSON RECCHIA: Okay, good, 'cause we have a long, we have a, continue our hearing with NYCHA. We're going to take a two minute break, I want to thank the new Commissioner.

DAVID YASSKY: Thank you.

CHAIRPERSON RECCHIA: And we're going to take a two minute break before we begin the New York City Council Executive Budget for the New York City Housing Authority

COUNCIL MEMBER COMRIE: Mr. Chair?

CHAIRPERSON RECCHIA: --for the Fiscal Year 2011. Could you please get the--

COUNCIL MEMBER COMRIE: Mr. Chair,

you didn't announce I was here. I'm--

CHAIRPERSON RECCHIA: Oh, Leroy Comrie's here.

COUNCIL MEMBER COMRIE: - - committee member's hurt, I'm hurt.

CHAIRPERSON RECCHIA: And Al Vann is here. Okay? [laughs] Al Vann has a question. He needs some more cabs in his district. Okay. We need to bring the NYCHA, head of NYCHA. [long pause] Could everyone kindly find their seats, we're about to begin. [pause, background noise] Good afternoon and welcome to the City Council Chamber. We will now resume the City Council Hearing on the Mayor's Executive Budget for Fiscal Year 2011. We are dealing with the New York City Housing Authority. We've been joined by the Committee on Public Housing, Chaired by my colleague Council Member Rosie Mendez, to hear from the New York City Housing Authority, which will be the last agency to testify today. But before I turn the microphone over to my wonderful colleague and Chair, co-chair, I just want to remind all my colleagues that on Monday we'll be starting at 10:00 o'clock. We have Consumer

Affairs, we'll have the Department of Consumer Affairs and the Business Integrity Commission. Then we'll have the Executive Budget on Education, Chaired by Robert Jackson. So, we'll be starting at 10:00 o'clock Monday morning and Chancellor Klein will be here on Monday. It will be a very lengthy Executive Budget hearing, and I strongly recommend all my colleagues. Before I turn it over, I'd like to recognize all my colleagues who have joined us today, we have Jimmy Van Bramer, Leroy Comrie, Al Vann, Margaret Chin, Gale Brewer, Julissa Ferreras, Rob Jackson, and of course, my wonderful co-chair, Rosie Mendez. And I want to recognize Eric Dilan, the Chairman of Housing. Council Member Rosie Mendez.

CHAIRPERSON MENDEZ: Thank you, Chair Recchia. Good afternoon. Jointly, the Committees on Public Housing and Finance will hear from the New York City Housing Authority about its Fiscal Year 2010 Budget. NYCHA's budget totals $3 billion, and it entered its Fiscal Year 2010 with a deficit of $157 million. NYCHA took successful steps to reduce its deficit, which now stands at $18.7 million. Specifically, the Authority embarked on an ambitious new mixed finance modernization plan, that will leverage federal stimulus dollars in order to federalize the 21 city and state developments, ultimately resulting in $70 million in additional operating subsidies from the federal government. In addition, NYCHA will receive $27 million to help close the Authority's Section VIII budget gap. The federalization of the City and State developments will provide a constant funding stream that will go a long way towards helping, towards helping NYCHA close its structural budget deficit. Despite these measures, NYCHA still have a budget deficit and projects that said deficit will continue to exist in the years to follow. The purpose of this hearing is to review how NYCHA reduces budget gap, how it plans to handle the remaining deficit, to provide short term and long term financial stability. I want to thank everyone for being here today, and just remind everyone on the panel that they should introduce themselves and say their names for the record. Thank you very much.

JOHN RHEA: Chairman John Rhea.

EARL ANDREWS: Vice Chairman Earl Andrews.

MARGARITA LOPEZ: Commissioner Margarita Lopez.

FELIX LAM: Good afternoon, Felix Lam, Deputy General Manager.

JOHN RHEA: Good afternoon, Chairwoman Rosie Mendez, Chairman Domenic Recchia, Jr., distinguished members of their respective committees and to all Members of the City Council, it is indeed a pleasure to be with you today. I am John Rhea, Chairman of the New York City Housing Authority. And joining me today are Vice Chairman Earl Andrews, Commissioner Margarita Lopez, NYCHA's Chief Financial Officer Felix Lam, and other members of NYCHA's senior management team. When I was here in March, I presented NYCHA's Board approved capital plan, as well as last year's five year operating budget, and our forecast for 2010. I am pleased to say that the Board approved five year operating budget I present today maintains the discipline, integrated approach to planning and serving NYCHA families that we projected in March. And presents a strong foundation for the future of public housing in our City. None of this would've been possible alone. Collaboration is a hallmark of any successful undertaking, particularly one as large and comprehensive as the commitment to preserve, strengthen and secure public housing in New York. We have the good fortune at NYCHA to benefit from the leadership of Mayor Michael R. Bloomberg, who's visionary new housing marketplace plan promotes preserving government assisted affordable housing, harnessing the private market to create affordable housing, creating incentives to develop housing for new and traditionally underserved populations, and finding new land for affordable housing development. NYCHA's five year operating budget reflects our commitment to Mayor Bloomberg's vision, and we are encouraged by his support. We also benefit from the City Council's enduring commitment to public housing. Your unflagging energy and dedication year round on behalf of NYCHA families is vital to the work that we do. And we benefit from the Obama Administration's new national urban policy agenda, which recognizes the important role public housing authorities play in creating strong urban communities. As I said when I was here in March, I emphasize that the Authority's 2009 financial plan reflected our core priorities. Specifically, we pledge to invest in elevator modernization and safety, and NYCHA adopted the Elevator Service and Safety Plan. As part of that plan, we hired new elevator mechanics, authorized overtime for existing staff, contracted with third party inspectors, and had our mechanic's undergo qualified elevator inspector training. And we installed door zone locks on all NYCHA elevators. Going forward, we will continue to support current staffing levels and these safety initiatives. Furthermore, we have committed $88 million in funding from the 2009 American Reinvestment and Recovery Act era or stimulus, as it's referred to, the Capital Grant and federalization plan, to modernize 251 elevators at 25 different developments. To date, we have awarded contracts for 22 of the 25 developments, and physical construction work has started at 14 of them. We also implemented a quality assurance program at our customer contact centers to measure the performance of each help desk technician. I am pleased to report that since June of 2009, the customer contact center has dramatic improvements in its level of service, productivity, and quality. For example, between June of '09 and April of this year, the number of customer questions responded to within 30 seconds was up more than 69.5 percent. Additionally, we have expanded the customer contact center's client base to include public housing and Section VIII applicants, Section VIII participants, as well as Section VIII landlords. NYCHA also made a commitment to work with our partners in City government and in the not-for-profit sectors to preserve as many NYCHA community and senior centers, and the important services they provide as possible. Currently, NYCHA operates 66 community centers serving an average of 4,780 individuals daily. We also operate 39 senior centers serving another 1,048 individuals every day. There are 101 Administration for Children's Services daycare centers currently on NYCHA property, 29 Head Start programs running on NYCHA developments, 66 afterschool programs and 67 projected day camps. We know the value these services have in the lives of NYCHA families. But maintaining our community and senior centers and the programs they provide has not been without its challenges. Due to the budget cuts in 2009, the City Council allocated $18 million for the operational transition to the Department of Youth and Community Development, ACS and the Human Resources Administration to immediately allow 19 NYCHA operated community centers slated for closure to remain open. Through the appropriation agreement, DYCD assumed operations management for community centers at 25 developments. DYCD is currently operating programs at all 25 developments as part of the cornerstone initiative. Ono the other hand, the Department for the Aging's recently announced budget cuts are a particular concern. DFTA is slated to close 18 of NYCHA's senior centers and discontinue lunch programs at an additional eleven NYCHA operated centers. Although we recognize the unfortunate need for these cuts, clearly we are concerned about the impact these measures will have on seniors and we will continue to work with DFTA and its leadership to minimize the impact. And finally, we pledge to repurpose underutilized land to generate revenue for the Authority. In the current property market, meeting this commitment required us to be even more enterprising. NYCHA's metro north land lease agreement, for example, will bring in as much as $750,000 per year to the authority per year to the Authority, and we expect to yield $22 million in cash and mortgage revenue over the next 15 years from the sale of property at UAC, which is Arista, UAC, Bronx Pro and East 173rd Street/Fice [phonetic] Avenue. At our budget hearing in March, I also discussed several historic challenges to the Authority's fiscal stability. Not least of these was the Authority's structural deficit. NYCHA's structural deficit was the result of multiyear chronic underfunding of federal operating and capital subsidies, as well as growth in nondiscretionary cost. Furthermore, NYCHA faced additional operating deficits resulting from the management of a now federalized 21 state and city built developments which largely have been unfunded since 1998. The Authority had responded to budget shortfalls by increasing rents, decreasing headcount, and reducing services. Despite these measures, however, sizable deficits continue to be projected. When Mayor Bloomberg asked me to serve as NYCHA's chair almost one year ago, his first charge was to restore long term financial stability to the Authority. NYCHA's five year operating budget not only reflects our efforts to meet the Mayor's charge, but it also exemplifies our core priorities to secure public housing for future generations. To accomplish this ambitious agenda, we must maximize current resources, seek new revenue, and reinvest those funds where it directly impacts residents the most. We realize that in these changing economic times, NYCHA must be even more creative at leveraging our core assets to increase value for residents. As city, state and federal government are less able to provide funding, the Authority must strengthen existing ties with our sister agencies, as well as identify new philanthropic and private sector partners with whom we can enhance the level of service to NYCHA families. To that end, NYCHA's Board approved financial plan begins to present an integrated, multiyear vision to achieve long term financial stability for the Authority, foster new partnerships, and improve resident quality of life. Since 2001, the federal government underfunded NYCHA's operating subsidy by $666 million cumulatively. After almost a decade of receiving less than their eligible funding, housing authorities nationwide can expect to receive 100 percent of requested operating subsidy in Fiscal Year 2010 under the Obama Administration. This increase will provide NYCHA with an additional $70 million to meet service delivery needs this year. NYCHA has positioned itself to take full advantage of opportunities presented by the new political landscape, and our five year operating budget details our actions to both address the current year deficit and significantly alleviate shortfalls in the out years. Just last year, the Obama Stimulus Act presented a one-time opportunity to reinvest in the develop--and develop public housing units. NYCHA capitalized on this opportunity by creating a permanent funding stream for its then unfunded state and city build developments. Through a mixed finance modernization plan, otherwise known as federalization, NYCHA received more than $400 million in public and private funds to address needed capital improvements at the 21 newly federalized developments. Beyond the capital work, these developments are, for the first time, eligible for annual federal subsidies. As a result of this undertaking, the Authority estimates it will receive $65 million in recurring annual capital and operating subsidies beginning in Fiscal Year 2011. Thus, NYCHA will substantially address a portion of its structural operating deficit. In 2010, NYCHA's consolidated budget has revenues of $2.998 billion, and expenses of $3.017 billion, resulting in an estimated deficit of approximately $19 million. As I will discuss, this shortfall is driven solely by deficit in NYCHA's housing choice voucher program, more commonly known as Section VIII. In the previous Board approved financial plan, the consolidated budget deficit for Fiscal Year 2010 was projected to be $137 million, with a structural deficit of the same magnitude predicted for the next four years. The deficit closing plan we implemented reduced the current year operating deficit for NYCHA's general operations and put the authority on the path to achieving structural balance. In addition to the significant funding received from the stimulus act, and the successful federalization plan, NYCHA is implementing the following measures to further abate the authority's budget deficit. First, pursuant to federal statute, housing authorities may transfer up to 20 percent of its federal capital award to their operating budget. This budget projects NYCHA will transfer $34 million for such purposes in Fiscal Year 2010. NYCHA does not assume these transfers in the out years and anticipates future capital funds to be focused on structural upgrades and other property improvements. Second, as part of the Authority's first bond issue in 2005, NYCHA entered into a collateralized guaranteed investment contract, which expired in December of 2009. The interest generated was $8 million over the amount needed to fund the debt service reserve. As a result, NYCHA will use this revenue in the 2010 fiscal year to fund current operations. Third, the Authority intends to generate $6 million from the sale of vacant land on two NYCHA properties: Thurgood Marshall Plaza in Manhattan and Highbridge Gardens in The Bronx. The vacant land in Thurgood Marshall Plaza will be used to construct a school and a community health facility. In Highbridge Gardens, the land will be used to build affordable housing for low income New Yorkers. And finally, to cover the costs of administering the stimulus act, Housing Authorities can charge up to a ten percent management fee. These funds can only be received at the rate at which expenditures are actually incurred. NYCHA will generate $25 million, $11 million and $6 million in fiscal years 2010, 2011 and 2012, respectively, as a result of this initiative. As I discussed in March, a significant contributor to the Authority's annual deficit was the approximately $90 million spent each year to operate the 21 state and city build developments to offset the lack of operating subsidies. Thanks to the stimulus legislation, NYCHA identified and seized an opportunity to take what looked to be a one-time funding infusion and leveraged it to provide ongoing operating support to address the single largest contributor to NYCHA's structural deficit. While we have identified ways to close our 2010 budget deficit and thereby strengthen the Authority's financial position, we have kept an eye to enhancing community development and resident quality of life. We believe that helping residents create strong futures for their families through workforce development, asset building and entrepreneurship, make NYCHA families and NYCHA neighborhoods stronger. That's why I created the Office of Resident Economic Empowerment and Sustainability in August of 2009, just two months after assuming the role as Chairman. Vice Chairman Andrews has taken Resident Empowerment under his office's direct supervision and NYCHA's current financial plan builds on the Board's commitment to foster economic empowerment among its residents. Beginning this year, the Authority is creating employment opportunities for its residents through a collaborative effort with premiere philanthropic organizations to provide career training. Our new partnership with Robin Hood, a proven difference maker in alleviating poverty for New Yorkers, will create a privately funded training academy that will not only prepare residents for careers but will also track their progress so that we can use that data to further improve the classroom to job pipeline. Phase One of the program will train residents for Section III jobs within NYCHA and for construction related jobs with NYCHA's contractors. Later phases will help move qualified graduates into jobs in the private sector. The financial plan provides funding for approximately 200 frontline staff positions related to this initiative, over and above the normal attrition replacement. Beyond investing in NYCHA resident employment, this initiative will greatly enhance service to residents throughout the Authority. NYCHA spends more than a half billion dollars each year on energy costs. Developing and integrative agenda to reduce our carbon footprint and rein in our energy expenses makes not only good environmental sense, but is good economics as well. NYCHA's green agenda does both. In 2007, Mayor Bloomberg named Commissioner Lopez NYCHA's environmental coordinator. And under the Commissioner's stewardship, we have launched a progressive environmental agenda to reduce the Authority's carbon footprint, lower energy and utility consumption, conserve resources, engage residents in adopting low carbon lifestyles, and help to preserve public housing for the future. Much like the Mayor's visionary PlaNYC, NYCHA's green agenda is an integrated initiative that focuses on creating sustainable communities from the ground up, working hand-in-hand with residents, public service partners, and key stakeholders in the private sector. As I have said many times before, at NYCHA we believe deeply in collaboration and the power of partnerships. To that end, we have an ongoing strategic alliance with the Clinton Climate Initiative, and with PlaNYC. We forge partnership with key stakeholders in the environmental, development and energy efficiency sectors on a project by project basis. And we stay in constant conversation with our chief stakeholder, NYCHA residents. NYCHA's innovative investments in upgrading our systems have brought the Authority acclaim from the federal government and around the world. NYCHA's been honored by the

U.S. Environmental Protection Agency, and the Department of Energy, with the Energy Star Award for Excellence in Affordable Housing. The U.S. Department of Commerce has commended our environmental agenda. And just this week, a delegation from the U.S. Trade and Development Agency in South Africa visited the Castle Hill Houses to see firsthand the work we're doing to modernize our lighting and boiler system, boiler systems. NYCHA administers the largest Section VIII program in the nation, with approximately $100,000 active families and 33,000 participating landlords. As I stated earlier, NYCHA's $19 million deficit in Fiscal Year 2010 is completely attributable to a shortfall in the Authority's Section VIII program. It is the result of greater demand for housing assistance, significantly reduced levels of participants voluntarily leaving Section VIII, and a funding formula which will not meet program needs in Fiscal Year 2010. Earlier this year, NYCHA originally forecast approximately a $45 million deficit primarily due to HUD's funding formula, not recognizing NYCHA's program costs. Annually, HUD calculates program renewal funding based on the prior federal fiscal year, which runs October through September. On those October through September leasing costs, while NYCHA operates the Section VIII program on a calendar year basis, January through December. As a result, HUD's formula provides funding based on the lower average cost than NYCHA's actual program cost. Fortunately, Congress set aside a $150 million to assist housing authorities nationwide that experienced voucher leasing rates at the end of the calendar year that exceeded the average leasing for the twelve month period used to establish the 2010 allocation. Of this amount, NYCHA was eligible for $35.6 million. However, after national proration, we were awarded $24.7 million. As a result, NYCHA's remaining Section VIII deficit is $19 million. In addition to supplementary federal aid, NYCHA's expanding our fraud recovery efforts, thereby generating an additional $1.5 million in 2010 savings. But these efforts are clearly not enough to close the gap completely. Should we not receive additional funding beginning in September, NYCHA will have to take perhaps severe steps to address the Section

VIII shortfall. We could have to terminate approximately 4,400 families from the program. However, we are not currently pursuing this course of action. Another way to close the gap would be to reduce the Section VIII payment standard to 95 percent from today's current 110 percent, thereby lowering the amount of subsidy we provide to tenants and requiring residents to pay an average and additional $115 each month in rent. This action would impact approximately 47,000 families currently receiving Section VIII subsidy. Fortunately, the structural imbalance in the Section VIII program is for one year only. With additional funding, which would be only used to preserve housing assistance for families currently under lease, we feel confident that our Section VIII budget will be in balance by Fiscal Year 2011. But for this year, it is clear that we need local help to develop a solution to ensure that the Section VIII program will continue to be there for New Yorkers who need it most. In conclusion, we have accomplished much, but more remains to be done. NYCHA's five year operating budget will serve as an ambitious road map to ensure that public housing not only survives in our City, but thrives. To that end, we have better leveraged federal funding while pursuing alternative resources to increase our resiliency during times of uncertainty. We have strengthened existing partnership, and formed new alliances to emphasize the value of collaboration. And we have refocused our efforts on leveraging NYCHA's assets to create more value for the Authority. We remain as committed today as at any time in our history to preserve, strengthen and secure public housing in New York City. We know that is the commitment of Mayor Bloomberg, it is the commitment of the City Council, and it is the commitment NYCHA makes every day to the families we serve. Thank you and I look forward to taking your questions.

CHAIRPERSON RECCHIA: Thank you, Chairman. Yes, you want to say something else?

JOHN RHEA: I do. Just to provide some additional data, that may help the Council and the Committee with a number of their concerns and questions, we have a very brief PowerPoint document that I'd like to share with you.

CHAIRPERSON RECCHIA: That scares

me when they say "brief." [laughs]

JOHN RHEA: It actually is brief. It has plenty of information in it, but it's only--

CHAIRPERSON RECCHIA: That's good, we love information.

JOHN RHEA: --les than ten pages. So, just at a top line level, the sources of funds that NYCHA receives to operate both our public housing and Section VIII programs for Fiscal 2010, are projected to be the largest, is our Section VIII program--

CHAIRPERSON RECCHIA: Excuse me, Mr. Chairman, I don't mean to interrupt you, but do you have extra copies of these, so there are some Council Members that do not have copies. Council Members in the front, they don't have extra copies, do we have extra copies?

JOHN RHEA: Brian?

CHAIRPERSON RECCHIA: Yes, Brian. I don't mean to interrupt you. [background noise] Okay.

JOHN RHEA: Okay. The largest component of NYCHA's sources of funds, as the

Section VIII program continues to grow, not just in New York but across the country, is our Section VIII subsidies. So, $1,085,771, approximately 36 percent of the overall budget is related to Section VIII. We receive federal subsidies for public housing of $873 million, roughly 29 percent. The next largest component, obviously, is the rent we receive directly from our tenants for public housing of $846 million, or 28 percent. And then there is a range of other revenues that are less than $200,000, or excuse me, $200 million. $200 million, seven percent. In terms of our uses of funds, not surprisingly our largest single line item in our operating statement are salaries and benefits at $1.1 billion a year, which is roughly 38 percent of the uses. The next largest are the Section VIII payments directly to the landlords on behalf of tenants, which is 33 percent. Followed by a very big line item which is solely utilities at public housing, which is $530 million. Although it's the third largest here, it's obviously the second largest line item in the public housing side of the equation at 17 percent of our cost. Followed by contracts, various contracts NYCHA has, which I'll be happy to discuss in detail and a range of other expenses that come in at five percent, for a total uses, as I said in my testimony, slightly over $3 billion, versus the $2.99 billion we receive in sources for the $19 million deficit. The budget, you know, highlights of the plan, many of which I reference, first and foremost from the fiscal stability side, we are balancing our 2010 plan, except for the $19 million shortfall in Section VIII, which we'll discuss further. Out year deficits, although still substantial, as you'll see in the next slide, you know, around the $50-60 million mark, are substantially reduced from closer to $140 million in more recent budgets that the City Council has reviewed and received from NYCHA. So substantial progress there. And establishing a framework for the next plan to preserve public housing, which we've begun to launch internally at NYCHA, that will really look to address the remainder of the structural deficits that we need to close in the out years. On the federalization side, I discussed it, obviously being able to give to 21 city and state developments under a long term funding formula, as well as to raise capital to invest in them today, will not only begin to arrest the traditional drain that we receive from not having an operating subsidy, but the immediate capital investments will go a long way to not only getting them up to standard, but reducing the ongoing maintenance costs, which then drives our P&L in a very important way. Resident empowerment, collaboration with philanthropic and private sector organizations, is a very important piece of how we're going to manage our budget going forward. NYCHA spends roughly $75 million operating a series of community programs. Our goal is to be able to attract that same kind of money from the private and philanthropic sectors to be able to continue and expand those programs, but to do it in a way in which NYCHA doesn't have to take money away from our operating budget that could be used for hiring more staff to serve our residents at the housing level. And we are creating at least 200 positions in this budget above and beyond our attrition that will be funded by NYCHA, but the training component of that, as I mentioned in my testimony, will come from philanthropic sources. And we're very much focused on emphasizing direct services, bringing more partnerships into our communities that can serve our residents directly, even if NYCHA is not receiving the funding. And then lastly, leveraging additional revenue sources, we have roughly $70 million of additional revenues that are showing up in this plan, above and beyond the additional 100 percent funding that we plan to receive from full funding from HUD this year. And obviously, the work that we're doing on repurposing our land is a big piece, not just from a financial standpoint but from the benefits we believe it derives from educational resources and health facilities that are taking advantage of NYCHA's land, to develop new facilities for our residents. You look at the actual kind of, what I call the puts and takes, the, the inputs and outputs that got us to where we are projecting a balanced general fund ledger, and slightly less than $19 million in the Section VIII program overall. Baseline adjustment, we started the year, as we said, with $137 million projected deficit. To show you how we closed that gap, $20 million of baseline adjustments actually make that gap even larger, and we can go through those adjustments. But then the federal operating subsidy at 100 percent projects us receiving an additional $70 million from HUD. We are moving $34 million into capital, from capital into the operating budget, which is substantially less than what we moved in prior years. We had investment earnings that were greater than our requirements of $8 million. We had asset sales of almost $6 million. The ARRA management fee of roughly $25 million. And then obviously the investment we're making in resident training and employment again is a negative, it would increase the budget gap as opposed to close it. The general ledger, as I said, will be completely balanced and we're seeking additional support for our $18 million Section VIII deficit. This gives you a projection of 2010, the plan for 2010, and then the projections in the out years. And as you can see, numbers that used to be closer to $130 to $140 million in the red, we project in the out years will be closer to $40 to $60 million. So, substantial improvements in those deficits. You look at historical funding levels from the federal government, as we've testified before, and as you all, you all know too well, since the earlier part of the last decade, we were no receiving 100 percent support. It's bounced around, but it's been particularly pronounced in the middle of the last decade, where we were receiving less than 85 percent funding of HUD's reimbursement. In 2007, it picked up a couple of points over the past two years, and this year for the first time in almost a decade, we anticipate receiving 100 percent funding. However, I want to make this clear, it does not, 100 percent funding does not include many of our employee benefits that remain unfunded, and it doesn't include any of our costs of social services that I mentioned to you, whether that be social services we provide for victims of domestic violence, or whether that's a community center operations. None of that is funded by HUD. On the Section VIII side, as I mentioned, after a number of years in which NYCHA had two things. One was lower utilization on an annual basis in terms of our program costs, versus the annual allocations from HUD, plus a substantial reserve that had been built up over many years. We now find ourselves in exactly the opposite situation, with program costs that exceed our annual allocation by roughly $19 million, and no reserves to make up the slack in the program. As we ramped up our program, as discussed before, in our Section VIII hearings, to increase our utilization rate we were able to use reserves to fund a substantial portion of that, but obviously now that the reserves have been completely exhausted, and we've seen some substantial reductions in, in what we had anticipated to receive, and we are over our cap with 102,000 families, we have a $19 million projected deficit. And lastly, here, I mentioned that we're working on the plan to preserve public housing, which really focuses on how do we address the out year deficits that will continue to challenge NYCHA financially in 2011 on. There are a couple of, from an opportunity side of the equation, that we're excited about, what's happening at HUD and in Congress right now, in terms of the proposed changes to many of our programs. One would give us the ability to access the credit markets and attract private capital in a more flexible way, to invest in public housing. We also are continuing to have conversations about NYCHA becoming a moving to work agency, which would allow us to have fungibility across our programs. So for example, in this year, where we have a $19 million Section VIII deficit, and we actually have no deficit in the public housing operating fund, if we had Moving to Work, we would have the ability to address that issue directly at NYCHA without having to find third party resources to help us close that gap. Without being a Moving to Work agency, we have no ability to move any funding into the Section VIII program, even on a one-time measure, to support what is a short term challenge. Real estate development, we've been working with partners, private developers, plus not-for-profit developers, developers focused on not just general affordable housing, but affordable housing for seniors, and affordable housing for some of our other populations in need. We're very excited about the opportunity not only to put new housing in place as part of the Mayor's new marketplace plan, but also to generate revenues both one-time revenues up front for NYCHA, as well as ongoing revenues as we remain in partnership in some of these real estate development transactions that would generate ongoing revenues in the future. And transformation of rental assistance, which is something that HUD is proposing now, which would harmonize the regulatory environment between public housing, between Section VIII, and between contract subsidies for non-public housing landlords, we believe can give us an opportunity to take those Section VIII rents and use them to raise capital in the credit markets, to enhance our existing buildings that need particularly large investments in their capital requirements. And then lastly, I talked about public/private partnerships, and we think we're only scratching the surface there. Big risk, appropriation shortfalls. Now, we are projecting in 2010 100 percent funding, but we all recognize the challenges that Congress is under to balance competing program demands and we've taken a conservative approach in our budget for the out years, where we haven't assumed 100 percent funding can be maintained long term. So we've, which we'll go through in our, in our plan, but in the out years, we've reduced it to 95 percent funding. Increased repair and maintenance costs. NYCHA has roughly, although we're working on an updated comprehensive needs assessment for our capital requirements, we know that number is north of $5 billion in unmet capital needs. The longer those capital needs are gone, go unmet, the increased cost it is for NYCHA to try and maintain those buildings on a day-to-day basis. It makes common sense, if you don't fix the roof, the leaks turn into damage in the apartments, which turns into more work for NYCHA as it relates to ongoing maintenance. So, not being able to make the capital investments long term drives increased costs on the maintenance and repair side, insufficient frontline staff will continue to be a challenge, underfunding of our community and senior centers, which I discussed, and availability of Section VIII vouchers to support our development needs, are a risk in our plan. But obviously we believe in addressing each of these in a comprehensive and integrated way in the plan to preserve public housing. We look forward to coming back to you in future discussions to lay out our full framework. Thank you.

CHAIRPERSON RECCHIA: Thank you very much, Mr. Chairman. We have, many of my colleagues have questions. I'm just going to start off by asking one question. But before I do that, I want to recognize we've been joined by Melissa Mark-Viverito, and Maria Carmen Arroyo, and I also would like to welcome back Margarita Lopez, a former colleague of ours, and you know, she's greatly missed, she was a great Council Woman, and we welcome you back to this wonderful chamber. Mr. Chairman, you first started off, I'm going to jump right to Section VIII. My colleagues have a lot of questions about it, you have a $19 million gap. Where do you expect to get that $19 million from?

JOHN RHEA: Well, that's not an easy--

CHAIRPERSON RECCHIA: I--

JOHN RHEA: --thing to answer. We have focused on, first and foremost, working with HUD to close what was a $45 million gap.

CHAIRPERSON RECCHIA: Right. And you did a great job, you and your staff should be awarded, you did a really great job. I was--

JOHN RHEA: But again recognizing constraints in Washington, although we were entitled to $35 million, we only received closer to $25 million. And, so had we received the full $35, we'd have a smaller gap to close, $10 million, but we, we are looking at $19 just given the realities of proration. We only have two options at the Housing Authority. As I said, because we're not a Moving to Work agency, we can't use public housing and other federal funds to, even in a short term, loan money to our self to arrest this deficit. So that leaves us with taking actions within the Section VIII portfolio to generate the $19 million in savings. So, that basically comes out of the rents that we pay to landlords, via the subsidies that we provide to those tenants. The two actions we could take are one, to try to minimize the impact on as few families as possible, which means roughly 4,400 families would basically--and I want to be clear about this 4,400 number, that's an average number, that number says, "If you take the average amount of subsidy a family receives, which is roughly $800 and something dollars, how many families, given the amount of time that's left in the year, would you have to terminate as of August 1 is the time, is the timing we were looking at, to make up the full $19 million. And so, an average family means you'd have to terminate 4,400 families. I want to be clear about that, though. If, you know, some families receive $100 in subsidy; other families receive $1,100 in subsidies.

CHAIRPERSON RECCHIA: But you did the average. We understand that.

JOHN RHEA: We did the average, but I just wanted--so when I say 4,400, I want to be clear--

CHAIRPERSON RECCHIA: Yeah, that's the average.

JOHN RHEA: It's an average, so it could be more than 4,400 or less than 4,400.

CHAIRPERSON RECCHIA: Or less, right.

JOHN RHEA: Depending on how we would select those families to terminate. That would impact the fewest families, but obviously in a very austere way, going from some subsidy today to no subsidy at all. The other option is to reduce subsidy to a larger number of families. The way that's managed is through what's called the "payment standard." In New York, NYCHA, HPD and DHCR, that all operate Section VIII programs in the City of New York, all have a payment standard reimbursement rate of 110 percent of fair market rents. We can adjust that standard down from 100 percent to as low as 90 percent by HUD guidelines. The work that we've doing with HUD has made it very clear that as you begin to reduce that reimbursement rate, obviously the rent burden on families receiving Section VIII subsidy increases.

CHAIRPERSON RECCHIA: Increases.

JOHN RHEA: The analysis that we worked on jointly with HUD makes it very clear that going below 95 percent reimbursement would increase the rent burden to, for many, many families, north of 40 percent--in the high 30s and low 40s. And so that's not an acceptable outcome for HUD. So, even if we were to use the payment standard as a methodology to try an address the $19 million, which is what NYCHA can do on its own without any third party support, the rent burdens will increase fairly dramatically on a number of NYCHA families. And we believe that 95 percent would be the lowest that we could reduce it and have HUD support for the impact on families. On average, as I mentioned in my testimony, rent would go up on 47,000 families by $115.

CHAIRPERSON RECCHIA: Okay.

JOHN RHEA: A month.

CHAIRPERSON RECCHIA: So, basically you need $19 million, and that is like a one-shot deal? Just for this year and this year only?

JOHN RHEA: That's correct. Because both our attrition rates that--we're not issuing vouchers anymore, as everyone knows, right, NYCHA's not--

CHAIRPERSON RECCHIA: Yeah, we'll get into that.

JOHN RHEA: Yeah. So, so obviously, as people attrit off the program, the number of people being supported reduces. And it gets us back into alignment with our actual cap.

Just let me finish. And secondly, we are projecting, based upon the proposed plan that HUD has submitted, that we will receive substantially more money in 2011 for our Section VIII program, based on HUD's funding formula and the way they will look at the number of families that are currently being served by NYCHA. So, one time.

CHAIRPERSON RECCHIA: One time. So--have you asked the Administration for that, for part of, either all or part of that $19 million?

JOHN RHEA: Are we referring to the Obama Administration, the Bloomberg Administration?

CHAIRPERSON RECCHIA: The Bloomberg Administration.

JOHN RHEA: The Recchia Administration. Which one do you--

CHAIRPERSON RECCHIA: No, no, no, I have no administration, it's the Quinn Administration. [laughs]

JOHN RHEA: I've, we have asked everyone to support our efforts to keep as many families protected on the Section VIII--

CHAIRPERSON RECCHIA: If we were able to get this $19 million, no one, no rents would have to go up and next year you'd have a zero deficit.

JOHN RHEA: That's correct. That's what we project, that's correct.

CHAIRPERSON RECCHIA: And what about those 2,600 people that did not get vouchers?

JOHN RHEA: They are not included in the calculation.

CHAIRPERSON RECCHIA: They're not included. Is there a future, do you have a plan in the future that maybe you could start taking these people back in?

JOHN RHEA: So, the plan would not begin to take people back in, the 2,600 families whose vouchers were terminated, but who were not receiving Section VIII subsidy. Would not be reconsidered until we actually had vouchers to issue, which we project would happen sometime in 2011, and they would be first priority for receiving those vouches. And we said--

CHAIRPERSON RECCHIA: So if--

JOHN RHEA: --and we said we would go in order of where they were on their original eligibility, you know, kind of first in, first served.

CHAIRPERSON RECCHIA: So, if we're able to come up with some of that $19 million, with the Bloomberg Administration, there is a possibility in the next year, year-and-a-half, that those 2,600 people could start--

JOHN RHEA: Yeah, absolutely.

CHAIRPERSON RECCHIA: --coming back into the program.

JOHN RHEA: Absolutely.

CHAIRPERSON RECCHIA: Okay. I have, my colleagues have questions, I'm going to start taking questions. Robert Jackson's first. He's not--? Maria Carmen Arroyo.

COUNCIL MEMBER ARROYO: Thank you, Mr. Chairman. And welcome, Mr. Chairman. I'm over here. Hi.

JOHN RHEA: How are you Councilwoman?

COUNCIL MEMBER ARROYO: Okay. I, every time I hear you speak, I, I get a greater sense of calmness about the hope that we will be able to do the right thing for NYCHA residents across the board. I just want to follow up with our Chairman's. The last question, and in your testimony on page seven, the, the last paragraph, you need local help to develop the solution. Is that coming up with that nine--just what our Chairman indicated before, if we can come up with some of the $19, that would--

JOHN RHEA: That's correct, the--

COUNCIL MEMBER ARROYO: That's the kind of local help that you're referring to?

JOHN RHEA: That, that is indeed correct, yes.

COUNCIL MEMBER ARROYO: Okay. On page three, you referenced the announcement made by the Department for the Aging, and the concern. And it's also listed as one of the risks on your PowerPoint presentation in the system, and the impact that it's going to have. And I want to focus primarily on the NYCHA sites. Some have been identified for closure because of the condition of the physical space that the centers are in. I mean, there are 50 throughout the City, but some are in NYCHA facilities. And they're being identified for closure not because they're poorly run centers, and not because they're not needed in the community, but because the center space has sewer backups, a couple of, you know, other things. I came from one in my district, the Patterson House's Senior Center. These, these seniors are very, very concerned, very upset. They don't believe NYCHA doesn't have the money to fix the centers. But, depending on who I talk to, I get a different response about whether or not the condition of the center is fixable, for lack of a better term. Is it possible that we can get, from your office, a report that gives us the condition of each of those centers that the Department for the Aging has identified for closure because it has physical plant issues, whether or not those conditions are conditions that can be remediated, and which ones are absolutely not possibly remediated, so that we can in community begin to have conversations and plan for the future of those centers. Because what Commissioner Paoli saves with closing those 50 centers is negligible in the City budget. And like everything else, we can work together to come up with the funding that DFTA needs to keep those centers in the communities functioning so that we can continue to provide services to seniors. So, the management of the facility or the, of the development says one thing, DFTA has one understanding. I want to be able to go back to Patterson Senior Center, in the middle of June, and say to them, "This place, we can't save it because physically it's just in bad shape, we have to move the center," and then expend my energy on trying to find another location for them. To have a center and, and not anything else.

JOHN RHEA: We can provide that to you, center by center. There are certainly, as I've looked at the rationale for each center that's being impacted of the 20 NYCHA centers, seven of them have chronic issues, as a box that's checked, not necessarily as the sole reason. But there are seven of the 20 in which chronic issues are being listed as part of the challenge there. Not all of that chronic issue refers to NYCHA's underinvestment in the upkeep. In many, in many cases, that is what it refers to. I, there are I couple I identify again, like sewage backup that continues to create very difficult operating conditions for, for the centers themselves. Many of the chronic issues refer to operator issues that are again not NYCHA related capital issues. But we can provide you with that list and we would be happy to go through what NYCHA would need to be able to do from a, from its perspective to address DFTA's concerns and what he economic and financial requirement would be on the Authority to be able to meet that, that objective.

COUNCIL MEMBER ARROYO: I appreciate that. And, and I think our Chair, the Committee Chair, will certainly, because as we deal with this issue of senior centers closing in the City, our Aging Committee Chair and our Public Housing Chair, working in tandem with, with the two agencies, I think are in a great position to help us prevent this from happening. As I said before, what Commissioner Paoli saves by closing these 50 centers is not a drop in the bucket when you consider the overall City budget. If there are centers that ought to move because the physical plant is creating a safety and health hazard, we don't want them there, and we will work to find another location--

JOHN RHEA: Yes.

COUNCIL MEMBER ARROYO: --for them, but losing a center because we did not do our due diligence, because physically they're not a good place for centers to be at, is unacceptable. And we need to do this really quickly so that as we discuss our budget deliberations internally, we're identifying funding for things that we know will be able to happen.

JOHN RHEA: We'd look forward to work with you on that.

COUNCIL MEMBER ARROYO: Thank you.

[pause]

CHAIRPERSON MENDEZ: Council Member Melissa Mark-Viverito, followed by Council Member Brewer.

COUNCIL MEMBER MARK-VIVERITO: Thank you, Madam Chair, and good afternoon, Commissioners. And I know it was good to see some of the representatives of NYCHA in my district this morning, at Clinton, at the Council of Presidents Legislative Breakfast. I have a couple of questions, I--this one issue has been kind of an issue of importance to me, and of, of interest, which is the, the decision of, of NYCHA deciding where to sell land, and in terms of lease options and sale options. I know when this had been brought up initially, and I understand, you know, we've, I've been a very strong proponent of my, of NYCHA in general, been very supportive. And I understand the budgetary constraints historically that have been happening more recently under the Republican Administration. It's really a sigh of relief to see that there is some more serious consideration being given by this Administration to public housing and what it represents to affordable housing in this country. So, that's good to see, but as you said, it's, it's maybe not something that is 100 percent assured moving forward. But as you make these decisions and deliberations, as these underutilized land that's been identified in different developments, as you move forward in deciding, you know, how, how do you decide which ones to sell, which ones to lease? You talk about Fiscal Year 2010 budget generating $5.8 million in revenue by selling

NYCHA land. And then there's other cases like the Metro North, which is a lease arrangement. So if you could just talk about that criteria first. I sometimes get very concerned about these one-shots and, and considering the mission of NYCHA, that it really is about low income housing and affordable housing, selling off any of its assets, so to speak, to something that may not be dedicated to that mission, concerns me. So, why don't you just talk a little bit about the criteria first and how you make that decision.

[pause]

JOHN RHEA: So, the, the process and the strategy of looking at using underutilized land at NYCHA for either the generation of revenues or to develop new housing is actually relatively new for the Authority. As you all are very aware, it's really only been in the past couple years that NYCHA has pursued this strategy in any sub--you know, substantial way. And so, quite frankly, a comprehensive criteria, thinking about it, doesn't exist today at the Authority, what I would describe as a true comprehensive, you know, integrated plan around what to do with

NYCHA's underutilized land. It is something that the Authority's done a lot of work on, in terms of the first piece of it, which is to do an inventory on what land has true developmental, develop potential at the Authority. And a lot of work has been on that, focusing first and foremost on areas where there's a belief that the land has a high value, in terms of "market value"; and secondly, has a high utility for development. And so that's the first piece of it, which is for NYCHA to really do an inventory analysis on what it owns and what the development possibilities could be. And to think about dimensionalizing that in, in real economic terms. So that was--

COUNCIL MEMBER MARK-VIVERITO: And that was done.

JOHN RHEA: That has, there's a lot of work--

COUNCIL MEMBER MARK-VIVERITO: 'Cause I remember two years ago, I was met, they, I had representatives in my office identifying those developments that they were going to identify.

JOHN RHEA: NYCHA's done a lot of

work on that. That was the first piece. Then it was taking what I call a larger portfolio of hypothetical value and then begin to try to understand, "Well, take specific sites and look at what the challenge is to development would be at those, at those existing sites. And what are some of the needs of the community? And how do you begin to balance those things?" That's a process that NYCHA is still undertaking. Although we've looked at a number of, of sites to kind of, what I would describe as create categories of different types of developments, different types of community needs, and different metrics. It's, we're still in the process of what I would call truly segmenting the entire NYCHA portfolio and beginning to put it into various buckets. Okay, what do I mean by that? So, there are some buckets where you would say, "Development for housing the utility is very high. Needs of the community for additional affordable housing. The footprint can accommodate high numbers of affordable housing. The economics of that market allow you to cross subsidize rents, i.e., have some not necessarily all deeply discounted, low income rents, but, but people who would be in the 50 percent, for example, area median income category, with, with some who are in the 30 percent, with some who are in the 20 percent. And using the different economics to cross subsidize each other. Some communities can support that; other communities can't support that because the market rents versus the deeply discounted low income rates actually are right on top of each other, and so you have no cross-subsidy. So, a lot of financial elements about housing and each community that has to get analyzed in order to decide what could possibly be done there from a housing perspective. Then there's looking at what additional resources does that community need beyond housing? We have food deserts, as the City Council has so well documented, with the help of the Bloomberg Administration. So, should we use NYCHA property to develop resources to bring supermarkets, as an example, commercial opportunities, into those communities which are underserved today. And what does the economics of that look like for the Housing Authority? Should the Housing Authority do what it's done in a couple of instances, develop additional educational resources in underserved, under resources communities, that it will give us financial benefits as well as additional community benefits. So we are taking a comprehensive approach to really look at community needs, the economics of the individual sites and communities, as well as one of the fundamental driving things that started the process for NYCHA to look at this in the past, which was a need to close a chronic structural deficit. So, to go back to the first part of your question. The deals that have been done to date have been one-off transactions. They've been generated from various places, they've been generated by members of the City Council, they've been generated by advocates in the community for additional affordable housing, they've been generated by NYCHA because there's substantial economic value to be created to close the structural deficit. Looking at those one-off development deals is very different than looking at the total portfolio on a comprehensive level. And that piece of work that we are doing right now is an arduous piece of work, it takes a lot of time, it takes a lot of input from various stakeholders, and ultimately it all, it is also relatively dependent on the state of the financing markets. And right now there are a number of projects that we would argue would make a lot of sense, both from the communities perspective and from NYCHA's perspective, to develop more affordable housing, that won't actually generate real economic, you know, incremental economics to NYCHA. Or you just can't get 'em financed because of the state of the current economy and the financing markets. But that shouldn't stop us from putting the plan in place, recognizing the execution around the plan may take multiple years, given some of the variables involved.

COUNCIL MEMBER MARK-VIVERITO: Oh, yeah, no, and I appreciate, you know, the response and the thoroughness that's being undertaken. And right now, you're basically saying that these deals that are highlighted here is a $5.8 million, and basically has been kind of a in a piecemeal way, so to speak.

JOHN RHEA: Correct.

COUNCIL MEMBER MARK-VIVERITO: And

one-by-one. Now, are there any, it's on the--say all of--

JOHN RHEA: And let me just, just let me, 'cause you asked a specific question that I didn't answer. You asked about taking the money up front versus receiving it over time in the form of a lease agreement versus a full sale. That again wasn't a, a comprehensive, you know, if a deal looks like this, then we'll lease it; if a deal looks like this, we'll take the money. It literally was looking at the transaction, and seeing what we will receive in the respective scenarios, and the Board, and the management team, having very thorough conversations about which one produced the largest value, value both in terms of economic terms, in terms of number of housing units, in that specific transaction. So some of those have been the money up front, and some of those have been the money up front wasn't compelling, and we decided the right way was to participate and realize that money over time, which reduced the cost of the developer up front, but we were able to then benefit from the cash flows of the project going forward. So, those have been looked at again, transaction by transaction.

COUNCIL MEMBER MARK-VIVERITO: Now, are there, on the sale, these, this $5.8 million for these two transactions that you talk about in your testimony, were there any restrictions placed on the land? And deed restrictions--

JOHN RHEA: Yes, that--well, that, that the land would be used - -

COUNCIL MEMBER MARK-VIVERITO: For a specific purpose.

JOHN RHEA: --indicated, as a school, or would be used for a health facility.

COUNCIL MEMBER MARK-VIVERITO: Yes.

JOHN RHEA: Yes.

COUNCIL MEMBER MARK-VIVERITO: The answer is yes?

JOHN RHEA: The answer is yes.

COUNCIL MEMBER MARK-VIVERITO: That there were deed restrictions put on the land, that it has to be--

JOHN RHEA: Yes.

COUNCIL MEMBER MARK-VIVERITO: -- for that specific purpose and--

JOHN RHEA: Yes.

COUNCIL MEMBER MARK-VIVERITO: --if it's flipped or anything else or whatever, I don't know, I mean, it did - -

JOHN RHEA: I'd have to give you the exact contracts and have discussions, but the short answer to your question is yes.

COUNCIL MEMBER MARK-VIVERITO: Okay. 'Cause that clearly is, is of the utmost concern is, is that--Now, the other, going back to the issue of--You indicate in one of your slides, and understood that moving forward it's great to hear that at 2010, 100 percent funding. We can't assure that that's going to be the case moving forward. But is, does that also apply, that logic also apply to the Section VIII situation? You said that if it's, right now we have this shortfall. Next year you don't project it. Is it projected, moving forward from next year onward that the Section VIII program will be covering all the costs associated with it.

JOHN RHEA: Yes, the--

COUNCIL MEMBER MARK-VIVERITO: From the federal government.

JOHN RHEA: --we are not taking the same approach, and--

COUNCIL MEMBER MARK-VIVERITO: Okay.

JOHN RHEA: --haircutting the Section VIII program. Our belief is that the Section VIII program is being, the funding is being increased, is point one. Point two, what we said, actually, is we're being conservative in how we're proposing to manage the Section VIII program. What we did highlight as a risk here is availability of Section VIII vouchers. And not so much that we're concerned that Congress will cut the number of vouchers that we're currently receiving, but that they won't necessarily make more vouchers available, which will then impact some of the plans that we would have around, for example, development, and being able to do some of what you and I are discussing right now around new affordable housing development on NYCHA property. If there are not Section VIII vouchers made available for that, or transforming rental assistance, or something that is incremental money to the existing Section VIII program, incremental vouchers, then those are the kinds of things that would be at risk in our plan. We have not assumed substantial risk to haircuts to the existing level of funding in Section VIII.

COUNCIL MEMBER MARK-VIVERITO: And, one additional, actually two very quick questions. The, the issue with the centers that have been identified for closure on the part of DFTA that are in obviously in NYCHA, but there's also the concern about DYCD programs that are in NYCHA facilities and that being--what, can we engage in a level of conversation about to do? Like, what, I was asking Mr. Andrews this morning about, you know, what is going to happen with that space, if it comes to a point where it's not being utilized, it's going to be dead space, so to speak. I have a very serious concern, as many of us do, with the level of cuts that we're seeing, how youth programs in general and senior programs are being impacted. But our young people don't have things to do. I don't know if there's an ability for communities to come together and whether, on a volunteer basis, etc. If that space were to be utilized, is there an opportunity to have conversations about positively using that space for purposes that could be community based and community generated?

JOHN RHEA: I can't sit here and tell you today that we have a plan to repurpose the centers if they're not going to be operated as senior centers. And in many cases, they're shared space. You know, NYCHA has a community center that's collocated with a DFTA senior center, or senior operated center. And so it's not--many centers wouldn't do dark because there are other community based NYCHA programs already operating there. But the short answer is, we have not had enough time to start to think about--first of all, obviously, we like to, as you suggested, do all that we can to preserve as many centers as possible, to the extent that they can be preserved. What we are contingency planning on now is the assumption that the centers will be closed. And then we've been focused on how can we provide a similar level of service to the seniors who are going to be impacted by that? What's the closest resource and facility? How do we ensure that those seniors who would lose their center have access to the services that they've had in the past? So, that's, that's our focus right now. And I can tell you that for each center, we've gone through a plan on how we will do that. So that we have had time to do, and we have a plan for. What we don't have at this point is, assuming a center would go dark that is solely a DFTA sponsored center today, what might you do with that in the future. That would be for a follow up conversation.

CHAIRPERSON RECCHIA: Okay.

COUNCIL MEMBER MARK-VIVERITO: Well, I mean, I would hope that that's, you know, seriously--

CHAIRPERSON RECCHIA: Can we just sum up?

COUNCIL MEMBER MARK-VIVERITO: Yes, I will. That, that's something that really, you know, those communities like mine, and others here, that have real concerns about engaging our young people, providing options, sometimes that stuff has to come generated from the community level.

JOHN RHEA: So, so let me, so let

me, let me be very clear, as I, the bullet that says "Opportunity, Public/Private Partnerships," we are focused now not just on, because, you know, there's some DFTA centers that are going to close, or some DYCD challenges around, or NYCHA existing community centers. We're very focused on looking at how can we get the community partnered up with third party funders, to bring more resources to those communities. So these, these centers would be a natural place for us to think about, you know, what can we do with agencies, organizations, private funders that are focused on aging in our country, aging in the City, and helping to make sure that those resources are being applied where they're most needed. So we're committed to that irrespective of what happens with these centers. And we'd like to work with you on that.

COUNCIL MEMBER MARK-VIVERITO: No, definitely, and I think, I mean, community based perspective are important, and particularly in these challenging times, you know. And I know that sometimes, you know, we're agencies and bureaucracies, but, you know, there's a certain sense of urgency, too, in our communities, about what we're seeing, already in terms of violence. And we need to engage and have positive outlets and if the community comes up with some positive ideas, I think that, that's something we should explore. So thank you, - - fine.

CHAIRPERSON RECCHIA: Thank you. Council Member Gale Brewer, and followed by Julissa Ferreras.

COUNCIL MEMBER BREWER: Thank you very much, and you're doing a great job, Mr. Chairman.

JOHN RHEA: Thank you.

COUNCIL MEMBER BREWER: And your staff is very responsible, we drive them crazy.

JOHN RHEA: Thank you.

COUNCIL MEMBER BREWER: My question is, I have a lot of the city and state developments, and I know you've got a very creative plan. How do you decide who gets what when? Is that something that's in the works? You know, just generally, how will the developments be selected, etc.?

JOHN RHEA: So we, we have, the plan is complete, and it was complete, and had to be complete, in order for the financing to be closed. So, each of the 21 city and state developments that are part of the federalization have specific projects that are, that are, that are funded, as, as part of that. The--

COUNCIL MEMBER BREWER: You don't have to go through it all, so in other words just--

JOHN RHEA: No, I was--okay, I'm sorry, go ahead.

COUNCIL MEMBER BREWER: That's okay.

JOHN RHEA: I was just going to say that they're, I was going to take you through just the, the total amount--

COUNCIL MEMBER BREWER: Okay.

JOHN RHEA: --of projects. Felix? [pause]

COUNCIL MEMBER BREWER: Our notes here say two, 20,139 units, I don't know.

JOHN RHEA: [pause] Bear with me one second.

COUNCIL MEMBER BREWER: That's okay. I--you're fine. The Chairman makes us crazy, 'cause he wants us to go fast. Not Chairwoman, Chairman.

CHAIRPERSON RECCHIA: Just trying to keep everybody on schedule.

COUNCIL MEMBER BREWER: Yes, we know, sir.

CHAIRPERSON RECCHIA: And I just wanted everybody to know Monday morning--

COUNCIL MEMBER BREWER: We love you anyway.

CHAIRPERSON RECCHIA: Monday morning, 10:00 o'clock--

COUNCIL MEMBER BREWER: We know that already.

CHAIRPERSON RECCHIA: I'm just making sure everybody else knows for those who weren't here--

COUNCIL MEMBER BREWER: You told us.

CHAIRPERSON RECCHIA: --Consumer, Consumer Affairs and Education.

COUNCIL MEMBER BREWER: Six times already. [laughter]

JOHN RHEA: Okay, I was trying--

there, there were, what I was trying to get at was the exact number. We have 76 projects we're doing with stimulus, but there were 27 additional projects that we were able to add as a result of the, of the federalization, so there, there are 27 projects in the 21 city and state developments. Obviously, the, the over $250 million that we're investing is a range of projects. The biggest one is, is elevators.

COUNCIL MEMBER BREWER: Right, I remember that, yep.

JOHN RHEA: In, in the plan, so there were, for example, five additional elevator projects that we were able to add as part of the federalization at Chelsea, Drew Hamilton, St. Mary's, Murphy's and 344 East 28th Street.

COUNCIL MEMBER BREWER: Okay.

JOHN RHEA: So that was, that's the largest, for example--

COUNCIL MEMBER BREWER: Okay.

JOHN RHEA: --category.

COUNCIL MEMBER BREWER: All right. And then we can call staff if we want briefings specifically on our area. Would that--

JOHN RHEA: I can go, I mean, I can--We have a list--

COUNCIL MEMBER BREWER: Okay.

JOHN RHEA: --by project if you wanted to know--

COUNCIL MEMBER BREWER: All right, we can do that, I just wanted to be--Number two, maintenance is always an issue. Bedbugs are my issue. And so my question is, do you, are you putting more, less, same, into maintenance? It's a large issue, it's what keeps the buildings going, this quality of life, etc. And I just didn't know in all of these numbers--

JOHN RHEA: Mmhm.

COUNCIL MEMBER BREWER: --how the rubber hits the road on that issue, just generally.

JOHN RHEA: Why don't you take - - budget?

FELIX LAM: Sure, Felix Lam, Deputy General Manager of Finance. The, the budget that NYCHA, the NYCHA Board has passed, keeps maintenance expenses the same. There are no cuts planned over the next five years in maintenance expenses.

COUNCIL MEMBER BREWER: Okay.

FELIX LAM: You know, as you know, over the past several years, NYCHA has reduced its staff considerably--

COUNCIL MEMBER BREWER: Yes.

FELIX LAM: --from like 2001 levels, we've lost, you know, almost 4,000 staff--

COUNCIL MEMBER BREWER: Yep.

FELIX LAM: --to help balance the budget. So clearly there have been impacts and, and residents have seen a decline, quite frankly--

COUNCIL MEMBER BREWER: Yes.

FELIX LAM: --in the level of services at the properties.

COUNCIL MEMBER BREWER: That's correct.

FELIX LAM: But the budget that is before you today keeps services the same, and there are no reductions planned in the budget over the next five years.

COUNCIL MEMBER BREWER: Okay. And obviously--

JOHN RHEA: We spent four, it was

$473 million in regular, ordinary maintenance and operations.

COUNCIL MEMBER BREWER: Okay. MNO.

FELIX LAM: And, and I'd also like to add, a point that the Chairman had made earlier in his testimony, that in this budget, the, the Board took a unique opportunity, as a result of its partnership with a philanthropic organizations to create some resident training--

COUNCIL MEMBER BREWER: Robin Hood, yeah.

FELIX LAM: Right. And the graduates of that program are going to go into direct service positions at the developments. And so here we have, really, a unique opportunity. And for the very first time in a very long time, we're seeing the Housing Authority invest more resources in direct frontline staff, and hopefully this will be a trend and residents going forward will see some improvements.

JOHN RHEA: So, obviously, the first big upshot is jobs for NYCHA residents. And equally important, as Felix just mentioned, is additional services to our residents, in the form of maintenance and operations. And third, because you asked about it specifically, the reference to bedbugs and pests, one of the areas that we're looking to train residents in as part of this training academy, is in extermination.

COUNCIL MEMBER BREWER: Mmhm.

JOHN RHEA: Because we believe obviously it could accrue very big benefits to the Housing Authority by using those trained extermination, exterminators in our developments, but also it gives them marketable skills that are in high demand in the private markets. And Commissioner Lopez wanted me to mention, as part of the Green Agenda, we're doing a pilot program where we are looking at substantial pest control, given that, you know, both chemicals and other things, and their impact on the environment--

COUNCIL MEMBER BREWER: Mmhm.

JOHN RHEA: --as well as asthma for children and other things, can be exacerbated by pests.

COUNCIL MEMBER BREWER: And that'll all come out of the $473? This additional training and people who will go into the community and, you know, to be working in the developments?

JOHN RHEA: We've added more money to support that.

COUNCIL MEMBER BREWER: You've added more money to support it--

JOHN RHEA: Correct.

COUNCIL MEMBER BREWER: --in addition to the $473.

JOHN RHEA: That's correct.

COUNCIL MEMBER BREWER: For the special program.

FELIX LAM: Yes.

JOHN RHEA: Correct.

COUNCIL MEMBER BREWER: Okay. Harbor View, status update. I don't like that public/private partnership. I never did, but-- Just wondering if there's an update. You could get back to me if it's, if you need to. Just everybody knows I don't like it. I'm hoping it goes away.

JOHN RHEA: I was going to say, and I had mentioned this to you once before, you know, a few months back, and as part of my answer to Council Member Viverito's question, that one is highly dependent on the financing markets and the deal doesn't work.

COUNCIL MEMBER BREWER: Yes. Maybe they will collapse. [laughter] Okay. Rent delinquency, this is just an issue of savings, perhaps. I think it's an area that you probably are looking at, your legal staff does the best they can. But legal aid, legal services, all the nonprofit groups working with residents, feel that it could be tighter, and that would make a difference in terms of your, the time and money, in terms of what you produced with the court, who pays what. I'm just saying, that's an, a--and organizational issue that I think could be tightened. And I assume you're aware of that. People go to court, the papers aren't there, gets delayed. Apparently there are mistakes that people make on different sides. It could be tighter.

JOHN RHEA: We, we are working with the courts and to try, and obviously within--

COUNCIL MEMBER BREWER: And your staff.

JOHN RHEA: -- NYCHA's process--

COUNCIL MEMBER BREWER: Yes.

JOHN RHEA: Right, I mean, we are not, you know, obviously, perfect. At the same time, we have a vested interest to minimize the, the speed in which rent delinquency issues are resolved.

COUNCIL MEMBER BREWER: Correct.

JOHN RHEA: Every time they get defaulted or delayed or extended, it means it's either money that NYCHA's not receiving, or it's, you know, more staff that has to show up on the same case. So we have a, we have a vested interest in solving this.

COUNCIL MEMBER BREWER: Okay. There was, and also--

JOHN RHEA: And not everybody has the same goals.

COUNCIL MEMBER BREWER: I understand.

JOHN RHEA: Some people want to extend the time it takes to resolve.

COUNCIL MEMBER BREWER: I understand, but I'm just saying there are people who actually care, 'cause people care about NYCHA, in addition to the residents, in this case.

JOHN RHEA: Correct.

COUNCIL MEMBER BREWER: Not the private owners, but NYCHA they do care about. And then, you know, so you might want to have some conversations with some of the legal services outside groups, to see how it could be improved. That might be unusual bedfellows on this issue.

JOHN RHEA: Okay.

COUNCIL MEMBER BREWER: Finally, we have a lot of family days, and I hope you show up on the west side. Thank you very much.

JOHN RHEA: Thank you.

CHAIRPERSON MENDEZ: Council Member Ferreras, followed by Council Member Chin.

COUNCIL MEMBER FERRERAS: Good afternoon. I actually wanted to see if you can help me better understand the seven percent, or the $202 million break--or if you can give me a general breakdown on the contractual services, and what they consist of.

JOHN RHEA: Yes, we have that, we'll give it to you right now. [pause]

FELIX LAM: I'm going to get you

some more detail, but out of the $200 million in contractual resources, $70 million of that are payments to the NYPD for their police subsidy. Approximately $15 million are payments that the Housing Authority, the Housing Authority makes to private managers. We have a portfolio of properties that are managed by private managers. So those are payments to those companies. Also, we have more than $30 million in contracts that the Authority issues for painting and floor tiles. You know, obvious critical components of maintaining the properties is, especially when apartments turn over and family move out. And the next two largest categories that fall into that bucket are fire safety contracts, to make sure that the sprinklers are working, and all the, and the, for instance, the lights, the emergency lights are all, are working. And then, lastly, security contracts. The Housing Authority has a variety of security contracts, especially at senior buildings where they're most concerned about security, those contracts total approximately $7 million. And those are the, the large categories of spend that make that category up.

CHAIRPERSON MENDEZ: Mr. Lam--

JOHN RHEA: Then I will get $130, $131 million I think it's 60, almost 70 percent of that contract bucket.

CHAIRPERSON MENDEZ: What was the amount for fire safety and what was the amount for the security contracts, please?

JOHN RHEA: $8.1 for fire and safety--

FELIX LAM: Mmhm.

JOHN RHEA: And security cameras--

FELIX LAM: $7 million.

CHAIRPERSON MENDEZ: And, I'm sorry, and I'll turn it back over to the Councilwoman, on the security about how many senior buildings would that be?

FELIX LAM: I would have to get back to you about the number of buildings.

CHAIRPERSON MENDEZ: Thank you. Council Member Ferreras?

COUNCIL MEMBER FERRERAS: And my last question is, if we, if you were to go ahead with the payments standard reductions [pause] sorry. If you were to go ahead with the payment standard reductions to the 95 percent, is there at any point, if there's a situation that you see that families really cannot pay the $115 additional, is there an alarm that goes off that you may have to rethink this? Is there any assistance that's going to be provided? Where do you--?

JOHN RHEA: Unfortunately, from NYCHA's resources, we, we wouldn't have an ability to step in and provide additional housing assistance to those families. 'Cause again, as I had mentioned earlier, we can only use funds that we have in Section VIII to support either direct payments to landlords for Section VIII rents, or to support even the administrative components of the Section VIII program. We don't have fungibility between public housing--We can't even, for example, use funds that we generate from selling of assets and other things like that, to fund the Section VIII program. So we have very limited flexibility. So, we project the $19 million deficit, we, that, that's real, with no additional levers to, to supplement that. So, to the extent that families would run into rental challenges with, you know, challenges paying their rent, obviously they could appeal to HRA and to other sources within the City locally, for additional rental assistance, but that would be on a one-off basis. And we know already today, that there's not enough assistance there to even help existing public housing residents and others who are struggling with maintaining their rent, their rent payments. So, we don't have, we wouldn't even have an early warning alarm. What we would hear through landlords is that their con--that the rents are not, that the leases are being violated, and that rent is in arrears. We would hear it through our leased housing management activities. But it would be, as is reported to us on an ongoing basis.

COUNCIL MEMBER FERRERAS: Now, how, can you tell me the timeline, because I know you said this would cover us for about a year. But--

JOHN RHEA: Well, no, it would cover, it would cover us through the balance of 2010.

COUNCIL MEMBER FERRERAS: So this

would be $115 potentially, for how many months? Can you just--?

JOHN RHEA: We, we would look, if we had to take the drastic step of changing the payment standards, it would become effective August 1--No, excuse me, September 1, and so it would be for four months: September, October, November, December. Now, the issue is, once you change it, it's changed, unless you change it back. So, it actually would be not just for 2010, but it would affect all families that are impacted by it, all families on, that who, the 47,000 families who now would receive less in perpetuity, on an ongoing basis.

COUNCIL MEMBER FERRERAS: So there's no, you have no intentions of changing it back to the percentage that it is now.

JOHN RHEA: We would hope that we don't have to change it at all. But if we had to change it, we would have to then take another action to change it back.

COUNCIL MEMBER FERRERAS: Okay.

JOHN RHEA: Am I clear?

COUNCIL MEMBER FERRERAS: I got it.

But I just hope that you're--

JOHN RHEA: Our preference is to leave the payment standard where it is, given the impact it would have on so many families, and given the cost of apartments and average rents in New York City. And that's why our payment standard is consistent with HPD's payment standards, and consistent with DHCR's. So, we have made the decision till now to have 110 percent reimbursement rate for a reason, payment standard for a reason. If we don't have a choice, then we would have to reduce it. But we would have to then make another decision in the future to raise it back to a higher level if we decided that he only way to deal with the deficit currently is to reduce the payment standard.

COUNCIL MEMBER FERRERAS: Okay, thank you very much.

CHAIRPERSON RECCHIA: Council Member Chin.

COUNCIL MEMBER CHIN: Thank you, Chairman. Thank you, Chairman Rhea, and--

JOHN RHEA: Thank you.

COUNCIL MEMBER CHIN: --thank you

to your staff for meeting with my office and assisting us with individual cases.

JOHN RHEA: A pleasure.

COUNCIL MEMBER CHIN: I just wanted to follow up on, on that question. So, if the $19 million deficit is cover, then you would not have to institute that change.

JOHN RHEA: We're in conversations with, with HUD now. Obviously, it's one of the levers that HUD expects local housing authorities to evaluate to manage their program. In conversations with them around receiving the, NYCHA's portion of the $150 million set aside, which is how we received the $25 million, there have been a number of discussions with HUD about NYCHA's current payment standards, and we are obviously making our position, and the argument that we're making to HUD is that all of the things being equal, meaning we don't have a deficit, we think that the payment standard that we currently have at 110 percent is the right way to manage the program. Obviously, it is still a discussion with HUD, and they've expressed some of their views, and obviously they're waiting to see what solution

NYCHA will be able to come up with, with the short term deficit, and obviously that will influence their feeling about the payment standard as an alternative overall.

COUNCIL MEMBER CHIN: In the payment standard that you talked about early in your testimony, that actually you could go above 100 percent?

JOHN RHEA: We’re at 110 percent today. You have been 90 and 110 is the, is the flexibility that HUD allows.

COUNCIL MEMBER CHIN: Okay, and you're at 110, not 100?

JOHN RHEA: We're at 110. That's correct.

COUNCIL MEMBER CHIN: And that's what you want to stay at?

JOHN RHEA: That's where we want to stay, yes.

COUNCIL MEMBER CHIN: Okay.

JOHN RHEA: NYCHA, DHCR and HPD are all 110 percent.

COUNCIL MEMBER CHIN: Okay. The question I have, looking at your, your chart, is that how, do you know the percentage of, of tenant that lives in NYCHA, that uses the Section VIII voucher?

JOHN RHEA: The percentage of tenants who live in NYCHA?

COUNCIL MEMBER CHIN: Yeah, that has--

JOHN RHEA: That's, that's a low number, right, we have 2,200 families of NYCHA's 176,000 families, that use Section VIII to live in a NYCHA development. Then we have another 100,000 families that use Section VIII to live in non-NYCHA owned buildings. We administer the Section VIII program, but they use the housing subsidy to rent an apartment from a private landlord.

COUNCIL MEMBER CHIN: Oh, so there's only 2,200?

JOHN RHEA: That are in NYCHA buildings.

COUNCIL MEMBER CHIN: Yeah.

JOHN RHEA: But the families that would be affected by this payment standard change are all families, including those who live in the, the 2,200 who live in NYCHA buildings. It would affect all 102,000--well, actually it would not affect all 102,000, it would affect 47,000 of the 102,000, because some people, based upon their reimbursement levels today, would, are already being reimbursed at a lower rate, and they wouldn't be--

COUNCIL MEMBER CHIN: Now, okay, now, in terms of your collection of rent, right, now, does NYCHA, do you get a higher reimbursement from the federal government for the Section VIII tenant? If somebody comes in with a Section VIII voucher, they paid 30 percent of their income for rent--So, is there--

JOHN RHEA: The short answer is yes.

COUNCIL MEMBER CHIN: Yeah.

JOHN RHEA: We, we receive more money from Section VIII than we do, at the operating level, than we do from what we call the ACC subsidy, which is the Annual Contribution Contract that we receive for public housing. However, Section VIII doesn't have a corresponding capital subsidy. So, analysis has to be done on, you know, whether Section VIII or ACC plus capital is, is higher.

COUNCIL MEMBER CHIN: Okay, all right.

JOHN RHEA: It's not as simple as--

COUNCIL MEMBER CHIN: Okay.

JOHN RHEA: But the short answer is, on an operating basis, we receive more from Section VIII.

COUNCIL MEMBER CHIN: Okay. I guess the, my, my last questions is on the utility costs. I know that Commissioner Lopez is working on this Green program. So, are you anticipating, I guess for, for example, right now, are there tenants right now in NYCHA, percentage of tenants, that are paying their own utility costs?

FELIX LAM: Yes, that's right. We have--the vast majority of tenants don't pay their own utility bills. NYCHA pays for it. And that's principally a function, quite frankly, of the age of the buildings that they live in. When the buildings were, were built, and the buildings were master metered. Now, there are some buildings that, in NYCHA's portfolio, that are of more recent construction, where they are individually metered, that where you would normally expect in a standard residential building. And in those cases, my recollection is, is there's about 13,000 tenants who pay their own utility bills. And in those cases where the tenants do pay their own utility bills, what NYCHA does is give them a utility allowance, which essentially functions as a rent credit in order to avoid those families and individuals from being burdened with monthly expenses.

COUNCIL MEMBER CHIN: Okay, that, that's good to know. So, I just, I guess anticipating with the Green Program, that are you anticipating some cost saving in the utility budget?

FELIX LAM: What, what we're, what we're anticipating is to contain our costs. The, in the, in NYCHA's five year plan, we have $530 million in the budget for utility expenses, and that's all utilities. Heating oil, cooking gas, heating gas, water, electricity, and with all the measures that we're, we're putting in place, that we have put in place, and, and measures that we can, that we plan to put in place, what we're hoping is to contain costs, 'cause you know that it's difficult to predict utility rates from one year to the next. And with rates fluctuating from one year to the next, our ultimate goal is one, managed consumption, make sure they're from year-to-year, NYCHA's total consumption of energy doesn't go up. We want it to go down. We have targets for different properties of close to five percent, hopefully, of yearly consumption reduction. And we monitor that closely. But with respect to having built into the plan a numeric value for budget balancing purposes, we don't have that--

JOHN RHEA: Let me say it a little differently, which is we've been conservative in what's in the five year plan. The five year plan basically has utility expenses straight lined. Now, we say we're being conservative, but as Deputy General Manager Lam said, you know, energy spikes and, you know, hopefully, you know, if we conserve usage across the board, it's more than just NYCHA, it's what going on in the country and globally on energy demand and consumption. But we've been conservative in our view in keeping it flat, because we believe that the Green Agenda will reduce consumption and usage. As well as allow us to produce and acquire energy cheaper. However, the other part of the story is that we would love to capture those savings to allow us to make more investments in additional energy efficiency. So, instead of seeing some of the savings reflected in the operating line that we project, many of those savings would be captured to pay for the investments that we have to make in these buildings to upgrade them as part of the energy Green Agenda. And that's a whole separate program that we're working on with HUD around energy performance contracts, upgrading of hot water heaters and boilers, and how we would pay for the capital costs of that. That's billions of dollars, hundreds of millions, billions of dollars in capital investments, and part of the way we would address paying the debt service and for those capital investments, is by capturing energy savings to pay it down. So you wouldn't necessarily see it show up in the form of our operating expenses today.

COUNCIL MEMBER CHIN: Thank you.

JOHN RHEA: Okay.

CHAIRPERSON RECCHIA: Ms. Chairman, I have to be excused, I have to go to a meeting to deal with the budget. I leave you in good hands with my Co-Chair, Rosie Mendez. But I just want to thank you and your staff, and we'll be working, we'll be in touch with you and follow up - -

JOHN RHEA: And I just would like to thank you for not only your support on our current challenges, but on your support throughout this past year in helping us get to where we are, Council Member Recchia.

CHAIRPERSON RECCHIA: Thank you.

CHAIRPERSON MENDEZ: Thank you, Chair Recchia. Mr. Chairman, in your testimony, page two, you talk about the quality assurance program at the Customer Contact Center. That is in fact the place where all the tenants call to get repairs. Is that correct?

JOHN RHEA: That is correct, the Central Call Center.

CHAIRPERSON MENDEZ: Okay. And in your testimony, you say that you've brought down the response time to questions. Is that correct?

JOHN RHEA: Say, I'm sorry, I missed the last bit, we brought down our response time, and then you said something, I didn't hear.

CHAIRPERSON MENDEZ: To--you brought down the response time to customer questions.

JOHN RHEA: Yeah, so, in June of '09, we had 54.5 percent of calls that came into the call center that their call was answered within 30 seconds. And today, in April of 2010, 92.4 percent of all those calls are being answered within 30 seconds, which is a 69 percent improvement, which is what I think I quoted in my testimony.

CHAIRPERSON MENDEZ: Okay. That's, that's great. That's wonderful in terms of response time.

JOHN RHEA: And to make it even more, to make it even more pronounced, the average answer back in '09, was two minutes and 17 seconds. Now, it's down to 18 seconds.

CHAIRPERSON MENDEZ: Thank you. Now, can you tell me, of all those numbers, how that response time is not just to questions, but to actually get repairs. I believe my biggest frustration is when I hear from residents that they called the other day, and they have to wait until 2012 to get a leak repaired.

JOHN RHEA: Totally--

CHAIRPERSON MENDEZ: That is more the norm than not.

JOHN RHEA: And, and unfortunately, that is the norm. And I wish that I could tell you that there is a corresponding, you know, 70 percent improvement in our ability to address our residents' needs faster. The reality is, what we were communicating in our metrics around the response time is that one of the issues that we've heard from our residents in the past is that they call the customer center and they can't get through to anybody. You know, they get tired of waiting, they have, they hang up. And so they're not even getting to talk to someone to express what their need is, and to schedule an appointment to have it fixed. And we know that a year ago, in June, the abandon rate, people who finally said, "I can't take this anymore, I've been waiting too long," was almost seven percent. Seven percent of the people who called, you know, gave up. We know that abandon rate now is down to less than a half, is about a half of one percent. So, even though we believe that that is a reflection of improved customer service, which is our residents at least getting through to a NYCHA personnel to explain what their issue is, for that person to, within less than three minutes on average, to deal with their problem and to give them a plan for addressing it, that's different than your question which is, "Okay, so, then what do you tell them?" And in many cases, particularly if it's a carpentry related matter, right, given the number of carpenters that NYCHA has on staff, and the budget constraints, often what we tell them upsets them.

CHAIRPERSON MENDEZ: Okay, but what about a leak? I mean, what determination is made as to what gets done in 2010 when you make the call, or in 2011 a year later, or in 2012, two years later.

JOHN RHEA: So, they're, they're categories, right, so there are certain, certain items that are deemed emergency items, to which we commit to respond within--Yeah. Within 24 hours. And obviously, therein lies the rub, you know. Many tenants will tell you, well what NYCHA considers emergency, you know, is not what I consider an emergency, and therefore instead of them responding in 24 hours, they're giving me a date that's, you know, two weeks or two months, or in, in certain small categories, obviously, you know, literally you may get a date that's, you know, 18 months out.

CHAIRPERSON MENDEZ: Okay, well, what about a leak? I mean, a leak in two years can become a flood.

JOHN RHEA: Well, the prob--the problem, Council Member, is that many leaks are symptoms and not the actual problem. So, if the leaks are truly a result, for example, of roofs, which, which is an example that is often a prevalent reality in, in our buildings, that are, you know, on average 40-50 years old, if the roof of the building is causing the leaks, or compromised envelopes to buildings' brickwork, fixing the leak in the apartment is actually not going to address the issue. The real issue, when we go out and we do our diagnostic of it, is that it's not the apartment itself at all, it's the brick or the roof, you know, we, and we don't have the roof in the capital plan over the next, you know, two to three years. The reality is that leak is going to persist in that resident's apartment for that period of time. And we all know that that's "unacceptable," and that's why we have to address the things that I have right up there on the top, which is increase access to the credit markets, so that we can raise more capital to do the $5 billion plus dollars of major renovations that are really what drive most of the persistent problems that residents are encountering.

CHAIRPERSON MENDEZ: That, that certainly makes sense, but what if it's a leak coming from their pipe or from their neighbor's pipe? And, and that has often been the case in some of our constituent complaints. And they still have to wait two years. And that just, it seems like that's--

JOHN RHEA: That I have to take some issue with, you know, granted, and I get these calls often, and you get a lot of 'em, too, so I'm not in, like going tit for tat, but if it is plumbing, you know, even if it's a non-emergency plumbing situation, we're not giving residents, you know, 18 months or two years to respond to those problems. It's when we go out, you know, within a two week kind of a period to fix it, and we realize that it is actually, you know, the leak in the neighbor's apartment is actually not the real leak. The leak is really the neighbors on the top floor, or the leak is really the roof, it's coming down what they perceive to be through the neighbor's apartment, but truly it's actually coming from a root cause that has very large capital investment requirements. And that's, I know that, that's really what we're dealing with. And--

CHAIRPERSON MENDEZ: Okay. But--

JOHN RHEA: --in an aging housing stock, that is exactly the reality.

CHAIRPERSON MENDEZ: That's--and that's not always the case, and I promptly called, or my staff called someone in your office--

JOHN RHEA: And, and when it's not,

and you call, we address it.

CHAIRPERSON MENDEZ: Absolutely. Absolutely. Talk me through federalization. So now the 21 city and state developments have been federalized. Is that correct?

JOHN RHEA: Yes, that is correct.

CHAIRPERSON MENDEZ: So, are there any benchmarks or milestones that have to be reached, that might compromise that federalization, or rescind it, or cause the Authority not to get the money that it's expecting with this federalization?

JOHN RHEA: Okay, so, so, in some respects, the federalization work is no different than the work NYCHA has to do all the time, which is we have a requirement to obligate money by a certain deadline, and we have a requirement to expend the money, to actually spend it and complete the work by a certain deadline. In this case, the federalization has very similar requirements. The timelines are somewhat compressed in that stimulus projects, which the federalization was captured under, 'cause we use stimulus money as part of the federal piece of the mixed financing, we have to complete the work on those more compressed stimulus requirement deadlines. So instead of the normal two years to obligate and four years to spend, it was one year to obligate and three, and another, an additional two years to expend. So, that is, you know, NYCHA's normal challenge, which is get the money, obligate it, get the work done; or have fear of recapture from HUD. So, that's one challenge that we are very used to having to manage. The second challenge is we received tax credit financing from, that, that was the form that the private money took. And that money, again, has to be invested in the rehabilitation and drawn down on a second schedule in order for, we have to complete the work in order to complete the work in order to draw the money down, and as the money is drawn down, then that makes them, the, the project eligible for the tax credit benefits. So, if we were to miss those schedules, then we would run the risk of compromising the tax credits. At some point, you know, in the short term, you know, missing one milestone or two milestones, doesn't compromise the entire project, or the tax credits completely, but at some point, obviously, if the project was way off schedule, we could run the risk of the tax credits not materializing.

CHAIRPERSON MENDEZ: And so far, everything's on schedule?

JOHN RHEA: So far we're on schedule.

CHAIRPERSON MENDEZ: Excellent. In your testimony, page two, you talk about the $88 million that has already been committed, that is $88 out of the $423 that you got in stimulus funding for capital, or--?

[pause]

JOHN RHEA: One second.

CHAIRPERSON MENDEZ: Sure.

[pause]

JOHN RHEA: Yeah, so, the $88 million that I referred to is money that has been, all the money has been obligated, all $423 million has been obligated, and I was referring to what's actually been expended.

CHAIRPERSON MENDEZ: Okay, so $88 has been spent out of the $423.

JOHN RHEA: Correct.

CHAIRPERSON MENDEZ: Correct. Okay, wonderful. And, and of the remainder that's been obligated, and, and you're well on your way to meeting those milestones or benchmarks so that you will be receiving that money. Is that correct?

JOHN RHEA: Yes.

CHAIRPERSON MENDEZ: Thank you. In your PowerPoint Presentation, so I just want to capture this for the record, 'cause I don't have my notes here, there was something I asked the other day. On your first pie chart, NYCHA 2010 source of funds, you have the darker blue color that says "Other Revenue."

JOHN RHEA: Yes.

CHAIRPERSON MENDEZ: Can you just tell us what the other revenue would be?

JOHN RHEA: Yes, we can.

FELIX LAM: The, the other revenue--

CHAIRPERSON MENDEZ: The microphone needs to capture your voice, it wasn't capturing it.

FELIX LAM: Okay. The $192 million

on the source of funds pie chart, $15 are, call it $16 million of that is revenue from operations. So, that includes things such as excess utility charges, that are imposed on the residents, washing machine fees, sales and services, that's generated really from repairs that, after an assessment's done, and we realize there was damage done by the resident. And the next large category there is another $18 million is generated from other revenues, such as the sale of land. So, in the budget balancing plan, there was $5.9 million from asset sales that would fall into this category. We also have rents that are generated from commercial storefronts, as well as the leasing of rooftops to various cellular phone companies.

CHAIRPERSON MENDEZ: And how much would that be for the commercial rents on the rooftop?

FELIX LAM: The storefronts generate approximately $4.2 million. The roof--

CHAIRPERSON MENDEZ: Can I just, now storefront means the ones that actually have like a window in your developments, not one that just has a door that you have to walk into. Is that, or is it--

FELIX LAM: That's right, the, the--

CHAIRPERSON MENDEZ: Okay.

FELIX LAM: --the pharmacies, the pizzerias, that, the beauty salons, that are all on the main roads around the developments.

CHAIRPERSON MENDEZ: Okay. And, and there is some other commercial that is not in a storefront, and that would also be captured in this other revenue, is that correct?

FELIX LAM: We have, in addition to that, we have rooftop rentals that occur to cell phone companies. That's more than $3 million. Also, another considerable category is the renting of community center spaces. And that generates $2 million a year for the Housing Authority.

CHAIRPERSON MENDEZ: Thank you. In your next pie chart, "Use of Funds," can you tell us what "Other Expenses" would be?

FELIX LAM: Sure. Of the $143 million in the use of funds, the, the largest categories there are--comprise insurance, leases, commercial leases that the Authority enters into, and payments in lieu of taxes, are the largest categories in that--

CHAIRPERSON MENDEZ: What was the last item you--?

FELIX LAM: Payments in lieu of taxes.

CHAIRPERSON MENDEZ: And can you tell me the dollar amounts for those?

FELIX LAM: Absolutely.

CHAIRPERSON MENDEZ: More or less.

FELIX LAM: Sure. Insurance costs for the Housing Authority is $45 million of that figure. Leases is $36 million. Pilot payments are $20 million. And the other, the other categories that are in there are supplies and equipment that the Authority purchases to provide services either at the developments or services in the community centers.

[pause]

CHAIRPERSON MENDEZ: I'm assuming these lists are not exhaustive, right? 'Cause my staff is adding them up and it just doesn't--

FELIX LAM: No, no, I'd be glad to-

-

CHAIRPERSON MENDEZ: So it's just giving me the big ticket items.

FELIX LAM: Those are the highlights.

CHAIRPERSON MENDEZ: In each category.

FELIX LAM: That's right, that's right.

CHAIRPERSON MENDEZ: Okay.

FELIX LAM: And I'd be glad to give your staff a detailed reconciliation.

CHAIRPERSON MENDEZ: That would be wonderful.

FELIX LAM: Absolutely.

CHAIRPERSON MENDEZ: Thank you. [pause] In, in a case, Casavo v. Marcus [phonetic], it invalidated the poor tax rent increase that NYCHA had had to absorb for Section VIII voucher recipients, that were subject to the rent guidelines, order back in 2008 and 2009. The first apartment ruled that this, that there is no stay in effect. Has NYCHA recalculated the rents and tried to retain, get back the money from these landlords?

[pause]

JOHN RHEA: Well, you may have heard that, but the short answer is no, we have no attempted to get money from landlords until the case I resolved.

CHAIRPERSON MENDEZ: So it's not, the case has not been resolved. Is that correct?

JOHN RHEA: That's correct.

CHAIRPERSON MENDEZ: Can the Authority estimate if once the case gets resolved, do you know how much revenue you would be getting if you went back to get that money? [pause] Mr. Chairman, you--

JOHN RHEA: So, for the record, for the record, we have not done that estimate as of yet. But we will. And we can and we could provide it to the Council.

CHAIRPERSON MENDEZ: Thank you very much. [pause] Mr. Chairman, in your testimony, or maybe in the PowerPoint presentation, there was an item about capital funding that was transferred over to the operating budget. And if you can just talk me through how much you've been transferring during the last five years for each fiscal year, and then reiterate the amount that you're transferring this year.

FELIX LAM: Yes, I'd be glad to. In, in this budget that's before you today, the Housing Authority plans on transferring from capital $35 million. Last year, the Housing Authority transferred $76 million. The year before that, the Housing Authority transferred $20 million. And then on average, for several years before that, it's been on average an, $70 million from capital to operating. Which represents close to the maximum of 20 percent. So, if that's to give you some sense of the magnitude.

JOHN RHEA: And so, in the past five years, I don't know if you went through all five years, it's $317 million cumulatively. Since 2005 of capital transfers to NYCHA's operating budget.

FELIX LAM: Right. So, I'd just like to point out that in this budget here, we're planning on two, two important things. One is that we're planning on transferring half as much, more than, less than half as much as we had done the year before; and two, is that there's no plans in our, in our plan, to do any more of that over the next five years.

JOHN RHEA: But I want to be very clear, that's what we have on our plan, and we need to obviously address those out years. But our goal is to not address those out years by transfers from the capital plan, given the kind of capital needs that I described earlier.

CHAIRPERSON MENDEZ: Thank you. So, this year at $35 million, that means you're only transferring about ten percent, is that correct?

JOHN RHEA: That is correct.

CHAIRPERSON MENDEZ: And back in 2008, when you transferred $20 million, how much was the percentage there? I mean, how much could you have transferred?

JOHN RHEA: In, in that year, that was a relatively low year, where we only transferred, you know, about five percent. Yeah. [pause] Just want to be clear that on average, as you, as I said from the $317 million, we were transferring almost a full 20 percent in many of those years.

CHAIRPERSON MENDEZ: Mmhm.

JOHN RHEA: Yeah.

CHAIRPERSON MENDEZ: And if you can tell me the amount of funding that has gone toward contracts, if that has changed, or remained constant from the previous fiscal years.

FELIX LAM: The--Are you referring to contract spending or the capital grants, contract spending.

JOHN RHEA: The year over year number, so if you just want to look at a point in time, from Fiscal Year '09 to Fiscal Year '10, we estimate that it decreased from $216 million to the $202 million that we have up here. The reduction of the $13 million represents a six percent decrease for contractual services, and the major types of contracts that we reduced were professional services which were roughly $8 million, computer contracts that were roughly $3 million, and telecommunication contracts which were roughly $1.5 million.

[pause]

CHAIRPERSON MENDEZ: Okay. I know

I was going to ask something, and it just went. But I think, if you give me one second, Mr. Chairman, you ended--Oh! On, on these contracts, is there any of that work that can be done in-house that might bring down those expenses, or your outsourcing some of these contracts because it is cheaper to do it by outsourcing them?

JOHN RHEA: Well, there are two drivers to our decision to go with a contract as opposed to do it in-house. One is whether or not we have the ability to provide the, the services, and in many cases, you know, technical services that I just described, like telecommunications and, and IT, and things like that, we need to go outside to vendors to contract with us in order to get it done. In many cases, for example, in IT, one of the reasons why those numbers are coming down is our new Chief Information Officer took a very hard look at all of our IT contracts and made a decision to bring a lot of those services in-house to NYCHA, and aggressively targeted hiring the talent at a cheaper level than what we're paying to have third party vendors provide it, and in a way in which we can have more control over the quality of it. So, that's an exact, direct example of what you just described. In other cases, obviously, we are looking at the financial impact of outsourcing versus doing it internally. And if we have to add staff and add professionals in order to provide certain resources, particularly resources that aren't necessarily long term and ongoing, and the infrastructure that we'd have to build up to support 'em is more expensive than getting the external vendor to provide it, then we would obviously outsource in those situations. And then the third piece, obviously, deals with insuring that, that we can do it on the timeline that is required for operational purposes. And so going to a third party vendors at times allows us to meet a very important time schedule that we wouldn't be able to do to try to mobilize the resources, hire the staff in-house, and then execute the project.

CHAIRPERSON MENDEZ: Thank you. And if you can explain to me the transformation of rental assistance and how that would, or might be a cost saving measure.

JOHN RHEA: Well, conceptually, we

think transforming rental assistance has some promise. It obviously is a new program that's being proposed by HUD, that they have been in dialogue with, both housing authorities as the operators, and those who would have to administer transforming rental assistance, as well as with advocates and tenants who would be impacted by the proposals. Right now, it's being proposed to only impact roughly 300,000 assisted housing units, and as I said, you know, the Section VIII program is a multi-million unit program. In New York alone, we have over 100,000 families who, units that are participating in Section VIII from NYCHA alone; another 30 plus thousand, I think, from HPD; and then another five or ten thousand, I think, from DHCR. So, so, 300,000 across the whole country is a relatively small part.

CHAIRPERSON MENDEZ: 300, that was what I was going to, three--

JOHN RHEA: Across the whole country.

CHAIRPERSON MENDEZ: Across the whole country.

JOHN RHEA: Whole country, is the--

CHAIRPERSON MENDEZ: And that's going to be--

JOHN RHEA: That would be the test that's being proposed. And so, the, the administration believes that by making a small portion of, of the money that it historically has committed to the capital budget available for transforming rental assistance, as a way to give housing authorities flexibility to leverage those dollars, to raise private capital, to both invest in new housing, as well as to rehabilitate existing housing, and that's one of the things that they've been taking a lot of feedback on in terms of where and how would transforming rental assistance be applied, you know. Would it be applied to just new units? Would it be applied to new plus rehabilitated units? We believe, given the demands that I mentioned earlier, on both for new subsidized, low income housing in New York, as well as the need to rehabilitate and preserve what we have, that transforming rental assistance could be a very effective way to leverage the Section VIII, this would be a basically harmonizing with Section VIII now and contract rental assistance in non-Section VIII buildings, and making it all basically one regulatory framework, one flow of money that housing authorities would be able to use, both for operating support and to attract dollars for capital improvements. We believe that that has a lot of promise. Our experience with our mixed financing project that we just announced with our 21 city and state developments, actually took some Section VIII because we have 2,200 of 'em in our public housing, took a, an ability to leverage that and raise money in the capital markets for needed repairs today. And so, that's the kind of flexibility that transforming rental assistance would allow. It also gives residents the kind of portability that obviously are very important to, to many residents to be able to take that rental assistance and to use it with choice in the marketplace. Which also then forces landlords, you know, to ensure that their properties are kept up to appropriate levels of both service and maintenance, in order for residents to feel like that's where they want to live, and use their house of choice voucher. So, we think it both, in terms of the residents benefit around portability and choice, in terms of being able to take that money and match it up with private money, to do both new unit development and rehab, as well as to give housing authorities, you know, much more of a harmonized way in which they manage their overall budgets, flexibility, we think there's a lot of promise in it, but obviously it, it's a new program in which the details of it are still being ironed out. But we're very supportive of the Administration in testing this. And our experience with our mixed financing strategy tells us that it could be a very important lever in giving a housing authority more flexibility to raise capital and provide better service to residents.

CHAIRPERSON MENDEZ: I think I have a future hearing topic brewing up.

JOHN RHEA: Great.

CHAIRPERSON MENDEZ: So, my last question is in Moving to Work. And Mr. Chairman, under your leadership, and I just want to have you say on the record, in fact, what I hope to hear, you know, there was lots of detrimental aspects of moving to work, and other authorities. There was residential time limits, residents had to move out, you know, after a certain amount of time of residing in public housing, and, and other things like that. I know that the fungibility and being able to interchange money would be helpful, but if you're looking at Moving to Work, would you be looking to implement it as we've seen it in other housing authorities, or, or would you work to eliminate those very burdensome aspects?

JOHN RHEA: So, we--we were absolutely, through a lot of hard work with advocates, residents, elected tenant leadership, the Housing Authority, elected officials, at a point where we were very comfortable removing some of the more, you know, "arduous elements" of Moving to Work, as it applied to the local New York market. So, we don't have a problem with continuing to make those representations and to have an agreement that would reflect that with, with the New York community. But we would like to get Moving to Work as quickly as possible. So that, if that meant getting us legislatively, you know, kind of written in and designated as a Moving to Work agency, then we would look to have certain carve out agreements that would not have certain portions of Moving to Work apply, for NYCHA. If it's, happens through SEVRA, the Section VIII Voucher Reform Act, that's slowly but surely being taken up by Congress and the Senate, then that may actually be incorporated in some of the new agencies that are designated as Moving to Work, that they call it Hip Lite, which is, which is a term that was coined to reflect some of the components of the Moving to Work wouldn't exist in the designation. Our goal is to get it as quickly as possible, and then we're prepared to put restrictions on it to the extent that locally, the things that we had negotiated around that table, need to be adhered to in order to give the local market comfort. But we really are looking forward to being designated as quickly as possible, because the benefits in our viewpoint far outweigh making certain commitments and affirmations that would make the broader market comfortable.

CHAIRPERSON MENDEZ: Thank you. And my last question, regarding tenant participation funds, in the last couple of years, the Authority has been taking an administrative fee for managing and administrating the tenant participation fund. Can you tell me how much NYCHA is receiving through that fee this fiscal year? And if you could also tell me, going back for the last couple of years since you started taking it?

FELIX LAM: The, as you correctly point out, the regulation allows housing authorities to take up to 40 percent of the tenant participation funds that are made available by HUD, to cover costs associated with implementing programs. So, I don't think it's, it's completely accurate to describe it as some type of administrative overhead that the Housing Authority's necessarily looking to recover. Those are for costs associated, for instance in NYCHA's case, with community operations and their expenses associated with administering programs and providing the support necessary for residents to develop programming and to get additional services to the people who live in their buildings. To answer your question directly, last year, the Housing Authority took a million-four for those costs, and they went to community operations.

CHAIRPERSON MENDEZ: And can you tell me the previous years, please?

FELIX LAM: They were about the same amount.

CHAIRPERSON MENDEZ: Okay, so, I, I lied, that was not the last question, 'cause now I, you know, started thinking. So, has all of the tenant participation funds, have they been obligated? No.

FELIX LAM: No, they have not.

CHAIRPERSON MENDEZ: So, if in a housing authority development, where let's say a senior center is scheduled to close, and if that development had enough TPF funds, and if, you know, we're hearing that some of these senior centers is as low as $40,000, some $60, and some higher, you know, but, but if the tenant participation funds in that development could cover the cost, is that something, if the Association was willing to do that, it could be used for those, to keep those senior centers functioning?

FELIX LAM: Well, I really would have to defer to the program people who know this subject matter best, but I can say that in theory, that might be possible. The cautionary note that I would, I would impart here is that the programming would need to be structured to specifically comply with the tenant participation requirements. So, I, I'm sure, in most instances, if not in all, it wouldn't be the same model of services that I think the community was accustomed to, if it were converted into a TPA type of model. So, that would be my only cautionary note in that regard.

CHAIRPERSON MENDEZ: Thank you very much. That's been very helpful. I want to thank everyone on this panel, and I want to thank everyone who stayed here to the bitter end. Thank you very much, and I look forward to seeing you, and--and we will follow up with some of the requests that we made here today.

JOHN RHEA: Absolutely.

CHAIRPERSON MENDEZ: Thank you very much. [gavel]

JOHN RHEA: Thank, thank you.

FELIX LAM: Thank you.

C E R T I F I C A T

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

John David Tong

Signature_________________________________

Date June 4, 2010