



**State of the City Address
City Council Speaker Christine C. Quinn
Tuesday, February 15, 2011**

You may have noticed - we're not at City Hall. We've been forced to relocate because the ceiling of the Council Chambers is falling in. But we're rebuilding and restoring it – just like they did here at CUNY. This used to be the great B Altman department store. It's one of the architectural gems of New York City, and it sat vacant for years. Now it's a model of higher education, and proof of what New Yorkers can do.

So even though we can't be in City Hall, our location doesn't matter. The most important work we do takes place outside of City Hall, in every corner of the five boroughs.

In the Bronx, where Council Member Annabel Palma and I hosted an adult education fair. More than 300 New Yorkers came to sign up for GED classes. Turnout was so enormous, we literally couldn't keep up with the demand.

You might think folks would be discouraged by a long line and just walk away. But not these New Yorkers. They were so committed to building a better life for themselves and their children - they waited for hours to take a reading test, and sign up for literacy classes.

In Jackson Heights, the Council worked with more than 75 small business owners. They braved a snowstorm to get help securing loans so they could grow their businesses and hire more New Yorkers. Snow or not, they weren't going to miss an opportunity that might help their families and the families of their workers.

Here's a story I'll never forget. Last spring the Council was organizing New Yorkers to fight cuts to student metrocards. While handing out flyers at the Kingsbridge subway stop, I met a teenage girl from Brooklyn. She was going to a specialty high school all the way up in the Bronx, and studying to become a nurse.

She said she had recently lost her metrocard, and her parents couldn't afford to replace it. She missed a week of school while she waited to get a new one in the mail. She was afraid that if student metrocards were taken away, she'd have to leave her high school for good – and her dream of becoming a nurse might never come true.

But because of that girl and thousands of New Yorkers like her, who shared their stories at MTA hearings, we were able to convince the MTA to restore funding for student metrocards.

There's an important lesson here – government only succeeds when we serve as a microphone for the voice of the people. And when we look outside the confines of City Hall - to the places where New Yorkers live and work – and bring City Hall to them.

When we pay attention to what New Yorkers need, and work with them to solve their problems. Some of those problems are as big as a tenant getting evicted from her home. Others are as small as getting a parking ticket.

Our job is to find a way to balance both the big and the small. Today I'll outline some new commitments and innovative proposals to help us do just that.

Yes we will take on the big challenges, like reforming our city's budget. But those challenges can not – and will not - distract us from our responsibility - making New Yorkers lives a little easier today and a little more secure tomorrow.

Working with business owners to create new jobs - making it simpler to apply for an affordable apartment – or just making it easier to find a parking spot.

In many cases we'll use new technology to better deliver services. In others, we'll draw on the strength of our neighborhoods - partnering with community leaders - and businesses large and small.

So let's start with job number one – balancing the City's budget.

I'm incredibly proud that this City Council, in partnership with Mayor Bloomberg, has helped New York City weather economic turmoil better than any other city in the country.

In the years leading up to the recession, we saw early and clearly where the economy was headed. And we put away more than \$8 billion in surplus revenues. That money has sheltered us in the last three years – helped us avoid major tax increases, or deeper cuts to essential services.

We've still had to make tough choices - and some of those choices had tough impacts. But after nine rounds of budget cuts, we have not laid off a single police officer, not a single teacher, not a single firefighter. And that's something every member of this Council can be proud of.

This year we face our greatest challenge yet. Governor Cuomo has proposed a State budget with over 1.7 billion dollars in cuts to New York City. To put this in perspective – we could shut down every fire house and every senior center in every borough, and that still wouldn't be enough to close a 1.7 billion dollar gap.

New Yorkers understand that Governor Cuomo has little choice. And in the long run, fixing the State's budget will be good for New York City.

But for the immediate future, this puts us in a very difficult position. We need to take a hard look at our finances – not just to balance next year's budget, but to set us on the road to increased financial stability.

It's clear that New York City needs pension and benefit reform.

Many factors have combined to create these long-term strains on the City's budget. There is no single cause, nor any single group that bears all the blame.

But if we want to have money to invest in a safe and livable city – if we want to avoid a tax burden that stifles economic growth – and if we want to safeguard the retirements of the hard working public servants of today – then our current pension and benefit structure is simply not sustainable.

I urge both the Mayor and our city's labor leaders to be equally open to negotiating and making fair and responsible changes to meet the difficult challenges ahead.

Pensions have been a big part of this year's budget conversations, and rightly so. But they're far from the only spending area that we need to address. Another is the mounting debt we continue to accrue on previous capital spending.

Now capital spending is critical – it's how we build schools, repair bridges, and buy fire engines. The problem is that all these things get paid for with borrowed money – and re-paying that money gobbles up more and more of our budget each year.

Right now 12 cents of every tax dollar New Yorkers pay - goes to covering our debts from past projects. By 2014, that will jump to 16 cents - or a grand total of \$6.9 billion dollars spent on debt service. And if we don't take action now, that number will just keep getting bigger.

I propose that we begin paying for a portion of our capital budget up front. We'll make a commitment that as our finances improve, we'll steadily increase the amount we pay out of pocket – until we're investing a billion dollars per year, instead of borrowing that billion dollars and leaving our kids with the bill.

We'll designate this pay-as-you-go spending for items that need to be routinely replaced. Things we can plan for, like garbage trucks, water mains, and new roofs. The mundane but necessary task of keeping the City running smoothly and efficiently.

It's an ambitious goal, and in light of our current financial troubles it may seem impossible. But it has to be done. Think about it this way. If we had made this billion dollar commitment a decade ago, we'd have nearly 500 million dollars less in debt service next year. 500 million dollars is a lot of money – that's half the annual budget for the entire Department of Sanitation.

Now Mayor Bloomberg has proposed a more traditional way to lower our debt costs – a 20% cut to capital spending. That kind of across the board cut comes with serious consequences - and I simply can not support it.

As Assistant Majority Leader Lew Fidler has often pointed out, our capital investment doesn't just build us roads and tunnels, parks and playgrounds. It also employs 50,000 New Yorkers – in an industry that's been among the hardest hit by the recession. Under my pay as you go proposal, we can keep these New Yorkers hard at work, while still reducing the debt we leave for future generations.

Reforming how we pay for our capital projects will provide significant savings down the road. But it isn't going to help us close this year's gap. For that, I propose we take a harder look at one of our biggest expenses – contracts.

As I've said before, CityTime and other contracting problems have made crystal clear - we need to be much more aggressive in overseeing the City's outside contracts - not just the billion dollar deals, but every single one of them.

In the last 5 years, spending on contracts has gone up at nearly twice the rate of overall spending in our budget. New York City now spends over ten billion dollars on so-called “contractual services” - for everything from security guards to computer consultants.

Now if you were spending ten billion dollars on something, you'd probably want to know exactly what you're getting for your money. Well -- you'd have your work cut out for you.

This is just one city contract. It's the City's contract with a company called CEMUSA. Finance Committee Chair Domenic M. Recchia, Jr. recently spent weeks poring through its 1500 pages, and discovered that CEMUSA is obligated to clear snow around bus shelters. He also discovered that the Sanitation Department was spending hundreds of thousands of dollars – hiring people to do that work – work that CEMUSA was already required to do.

There are more than 17,000 contracts in our budget. Not all of them are as long as this one. But as you can imagine, that makes it nearly impossible to do a comprehensive analysis and find mistakes, or places to cut.

So Contracts Committee Chair Darlene Mealy is introducing legislation - to require key financial elements of all city contracts to be summarized in plain language, and made available online. That way both the Council and the public can see exactly where our money is going, and where we can cut back.

At a time when some City workers face layoffs, and the rest have been asked to do more with less – it's only fair that we make the same kind of effort to reduce costs in other places. Just holding contract spending flat next year could save 100 million dollars – enough to protect the jobs of 1700 teachers.

These budget challenges – they remind us that the effects of the recession on our city are far from over. And you don't need to look that hard to find other reminders.

Nearly 9% of New Yorkers are still unemployed - and in communities of color, that number is significantly worse. Many folks haven't had a job in 18 months or more, and others have stopped even looking.

Last year in my State of the City, I outlined a series of initiatives to get New Yorkers back to work. Twelve months later we have taken steps to create an economy of innovation, and attract the employers of the future. We've launched programs that help our best minds turn their ideas into businesses, and make it easier for tech companies to get their products tested and approved.

We've worked with GED students and advocates, to give more New Yorkers the skills they need to get good jobs. And we've created public private partnerships with many of our city's biggest corporations and non-profits, using their resources to help working New Yorkers.

We've also had a laser-like focus on growing our city's small businesses. They represent some of our greatest potential to create new jobs.

We've helped small businesses get loans, created more space for small manufacturers, and started to change the way our city does inspections.

But talk to any small business owner, and they'll tell you we've got a long way to go before our city is truly business friendly.

Just ask Oliver Stumm. Oliver owns a small restaurant called Café Select. Last year he wanted to turn a space behind his kitchen into a private dining room. The Department of Buildings told him all he had to do was build a partial wall to enclose the kitchen – it's what's referred to as an open kitchen design. He hired an architect to draw up plans, and got them approved by DOB.

Then the Health Department came to inspect. The first inspector told Oliver that an open kitchen was in fact illegal, and he'd have to build a wall from floor to ceiling. The next inspector said an open kitchen was OK, but the wall had to be five feet high. A third inspector said the wall had to be six and a half feet high. A fourth said it had to be eight feet - and when asked why, he said – “Do you know how tall some people are these days?”

So how does this ridiculous story end? Six months and thousands of dollars later, Oliver still doesn't have final approval.

It sounds crazy, but sadly it's far from unique. We hear stories like this from small business owners every day. City Agencies just aren't communicating with each other - they aren't even communicating with their own employees.

We don't have to settle for senseless bureaucracy any more. We've already proven that we can do better. Two years ago the Council proposed that we coordinate and streamline the inspection process for new businesses, and a lot of folks said it was impossible.

But we worked with Mayor Bloomberg to create a pilot program. It's already helped more than 200 small restaurants – reducing their startup time by an average of nine weeks. Now we're

taking that idea and applying it to small businesses at every stage of their development. Working with Deputy Majority Leader Leroy Comrie, Minority Leader Jimmy Oddo, and Small Business Committee Chair Diana Reyna, we're creating a new program. It's called NYC Business Link.

With NYC Business Link, all you have to do is call 311. You'll get connected to a Link Coordinator – and that one coordinator will help you get every permit, every license, every inspection – everything short of a date for Saturday night. They'll get to know your business and your needs, then coordinate with each City agency on your behalf.

They'll be able to tell you when it's time to renew a permit, or what new licenses you need to expand. Anything you need from us will be just a phone call away.

This kind of fundamental change won't happen overnight – but working with Mayor Bloomberg, we're going to make it happen. Starting now, and phasing in over the next two years, we'll dramatically redefine the way government interacts with small business.

Business owners know their success depends on the quality of their customer service. With NYC Business Link, we'll finally hold ourselves to that same standard.

When we talk about small businesses, we usually think of mom and pops – the dry cleaner, the deli, or the hardware store. But many of our city's small businesses are the cutting edge of new industries and new technologies.

Remember, the small businesses of today could grow into the major employers of tomorrow. Facebook started in a dorm room. Google started in a garage. Of course, if you tried that in New York City the Department of Buildings would shut you down.

But all joking aside, New York has seen remarkable growth in the high tech sector. We're home to some of the fastest growing companies - like FourSquare, Gilt Group, and Etsy – and brand new startups are born every day.

We're now second only to Silicon Valley in the amount of venture capital going to tech startups every year. And for those of you keeping score at home, that means Boston has been knocked down to number three.

In fact the two fastest growing occupations in New York are in this sector. Even in a bad economy they can't fill these jobs fast enough.

If we're going to keep New York City's economy growing, we can't just prepare New Yorkers for the jobs of today. We need to stay a step ahead of the market, and make sure our colleges are preparing students for the biggest jobs of tomorrow.

The challenge is this industry evolves so rapidly. By the time you finish printing a textbook, it's already out of date.

So working with Council Members Gale Brewer, Fernando Cabrera, and Karen Koslowitz, we're creating a citywide partnership. A partnership between the tech industry and New York City's universities – CUNY, Columbia, Pace, Parsons, NYU and St. Johns. Together we're going to create a pipeline between the jobs that are out there, and the New Yorkers who need them.

And we're not going to force the industry into a traditional academic mold. We'll help them break the mold and bring in their own innovative structure.

We won't just have these tech companies send reps to career development offices or job fairs. We'll also organize meet ups and networking events on our college campuses. And we'll work with engineering and computer science departments - to make sure students are up on the newest technologies and the newest programming languages.

And it's not just about the classroom – it's about getting these students out in the field - to use these skills in the real world. Even if that means working with a few other people - with a garage and a dream. Who knows? They could be helping build the next Google or Facebook.

These are just a few of the ways we're working to create jobs and help people get them. It's an issue on every New Yorkers mind - but it's far from the only challenge they face in a bad economy.

In fact, if you were to rank the biggest problems in New York City based on the number of calls and emails we get at the Council, then housing would be number one.

We can't keep New York City a place that is growing and diverse if people of every income can't find an affordable place to live. And when I say a place that's affordable, I don't mean a place that's falling apart.

So let's talk about one of the most frequent housing calls we get. Even as we work to create more affordable units, New Yorkers tell us it's incredibly difficult to access the ones we've already built.

That's because in a 21st century world - where you can do everything online - we still make people apply for housing using 18th century technology.

If you want to enter an affordable housing lottery, in most cases you actually have to send a postcard to the developer – of each individual building - then wait for them to mail you the paperwork, fill it out and mail it back.

So we came up with a common sense solution – a one stop online application for affordable housing. Your information will be saved, so you can apply for any housing lottery with the push of a button. We'll be able to update you when new buildings are available – and you can check the status of your application online.

This will help New Yorkers find an affordable apartment more quickly. But what about those who live in places where rent protections are about to expire?

Buildings in many programs, like Mitchell-Lama, are only guaranteed affordability for 20 or 30 years. That means for every unit we build today, an affordable apartment that was built in the 80s is being lost. As we speak, there are buildings out there about to lose their affordability – and tenants might not even know.

At the heart of this issue is something that may surprise you. There is no official system for tracking affordable housing in New York City.

Even Nathan's in Coney Island has a countdown clock - to tell you how many minutes until the next hot dog eating contest. But we don't have anything to tell us when thousands of rent protected apartments are about to become market rate.

We find out at the last minute, and have to scramble to work out a deal with the building owner. Sometimes we're successful, like when we were able to preserve 419 apartments at West Village Houses, or 76 homes at Mother Zion Apartments in Harlem. Sometimes we're not, like when 1300 affordable units were lost at Independence Plaza in Tribeca. And all too often, we're left saying – if only we had more time.

That ends today. Majority Whip Al Vann, Public Housing Committee Chair Rosie Mendez and I are partnering with NYU's Furman Center. And we're creating the first ever red alert system for affordable housing.

It will let us know how many affordable units we have, what program created them, and when their affordable protections run out. Then we'll work with Council Members and tenants to develop a targeted preservation strategy – before it's too late.

As we're working to save individual buildings, we're also going to be up in Albany – fighting harder than ever before – to renew and strengthen the rent regulations that protect a million households in New York City. Working with Council Member Sara Gonzalez, we'll push to repeal vacancy decontrol – where apartments can lose their affordable protections when the current tenant moves out. And we'll work to expand the reach of these protections – so when buildings leave programs like Mitchell-Lama and Section 8, those apartments are still covered by rent laws.

Making sure housing in our city stays affordable has been a challenge for decades. But it seems like new housing problems are popping up every day.

We've all seen how the subprime mortgage crisis cost families their homes, in neighborhoods from Canarsie to Queens Village.

Well there's a new kind of foreclosure crisis. Picture this. You live in an apartment, and you've been paying your rent on time every month. One cold February day your heat turns off. So you call your landlord to complain.

Turns out your landlord isn't your landlord anymore. He stopped paying his bills months ago, and now your building belongs to a bank. Now you don't know who to call, and conditions just keep getting worse.

This scene is playing out in neighborhoods all over the country, and it affects more than 100,000 apartments in New York City alone. We're one of the first cities in the nation to aggressively take this problem on – and I want to recognize our Distressed Housing Task Force Chairs – Inez Dickens, Annabel Palma, and Erik Martin Dilan.

Every day we learn more about how to fight this complex problem. We learned that if we're going to protect these tenants, we need to respond much earlier.

So we launched a Proactive Enforcement Bureau at HPD. Their job is to watch for signs that a building is headed towards foreclosure – and take steps to intervene before it's too late.

They'll offer resources to good building owners. And for the others, let me be clear - the Proactive Enforcement Bureau is coming to get you.

We also realized that banks are the first to know when buildings are in trouble. And guess what? They don't tell anyone. That's why we're introducing legislation – sponsored by Council Member Dilan – requiring banks to notify us and HPD when they initiate the foreclosure process. Then we'll work with tenants to make sure these buildings are maintained - not just sold to another slumlord looking to make a quick buck.

Now a lot of tenants don't know that while their building is in foreclosure, it gets managed by someone called a receiver. They're essentially a temporary landlord – and just like a real landlord they have tremendous power over tenants' lives.

They collect the rent, have the authority to evict tenants, and decide what gets fixed and what doesn't. And right now, there's no qualification or experience required, which means there's no guarantee conditions will improve.

That's why Council Member Helen Foster and I have asked State Senator Adriano Espaillat and Assembly Housing Committee Chair Vito Lopez to introduce legislation in Albany. This legislation will require any receiver to come from an approved list of qualified professionals. We'll make sure they have a good track record and the necessary experience to meet the needs of tenants.

Keeping New Yorkers homes from falling into disrepair. Getting New Yorkers back to work. Balancing our budget. Focusing on these kinds of big issues is part of the Council's job.

But as the level of government closest to the people, part of our job is also addressing the day to day problems we hear from New Yorkers.

We've taken on everything from potholes to bedbugs, noise complaints to stalled construction sites. This year we'll focus on an issue that plagues New Yorkers in many neighborhoods – parking.

Look, we still want to get more folks out of their cars and onto public transit. But for families in many neighborhoods, that's simply not an option. So under the leadership of Transportation Committee Chair Jimmy Vacca, we'll pass a package of legislation to make their lives a little easier.

First, we'll take simple steps to free up additional parking space. For example, many blocks have more than one day of alternate side parking restrictions. Cars have to clear the way for street sweepers, even if the street isn't dirty. We'll change the law, so areas that receive the highest cleanliness rating for two years in a row will have the option of one less day of alternate side.

We'll also help you find out where you can and can't park – before you get a ticket. We'll pass legislation sponsored by Council Member Dan Garodnick creating an interactive online map. It'll show what blocks are closed for filming, construction, or street fairs – and where parking rules have temporarily changed.

Making it easier to park is only part of the equation. We're also going to take on drivers' biggest complaint – unfair tickets. Ticketing is supposed to help us enforce the law – not help the city make a quick buck. But almost every New Yorker has a story about getting tickets they clearly didn't deserve.

Here's one that's especially infuriating. Have you ever parked your car, then gone to the munimeter to pay – only to come back and find an agent is writing you a ticket? And when you complain, they say they're not allowed to cancel a ticket once they started writing it – and you'll have to fight it in court.

This is bureaucratic red tape at its absolute worst – the stuff that makes New Yorkers think government is just out to nickel and dime them. We're going to pass a bill sponsored by Council Member Jim Gennaro, so if you show your receipt to the agent, they have to tear up your ticket on the spot.

These problems may seem small – after all, searching for a parking spot can be frustrating, but it's hardly a matter of life and death.

But when you stop to think about it, you realize most problems seem small – until they happen to you.

A 65 dollar parking ticket seems like a small problem – until it makes you 65 dollars short on the rent.

Waiting two extra weeks for an inspection sounds like a minor inconvenience – unless it’s two weeks your restaurant isn’t open, and your employees aren’t earning a paycheck.

And just as small problems can have a big impact, small actions can spark incredible change.

For 300 people in the South Bronx, signing up for a GED class was the first step on a journey to a better life.

For 75 people in Jackson Heights, getting a small business loan would mean the difference between laying off workers or being able to hire new ones.

And for that nursing student from Brooklyn, having a metrocard was the key that allowed her to pursue a dream.

As my father said – the simplest of improvements can make the most profound difference – not just in the life of an individual, but an entire community.

Working together, we can be that difference for countless New Yorkers. We can help them find an affordable apartment, or stay in the home they’ve had for years. We can help them learn new skills today, and connect them with the jobs of tomorrow.

We can balance our budget and reign in our debt, while still having a city that’s safe, and vibrant, and growing.

We can do all this and more. As long as we remain focused on the needs of New Yorkers – as long as we remain true to their voice – then working together we can overcome the small problems and the big problems, not just here today, but every day, in every corner of the five boroughs.

Thank you.

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