



This Week in New York

Covering New York State and City Government

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February 17, 2023 Edition



“Obstacles don't define us. Rather, it is the unparalleled courage and character of us that defines us as a people. So my confidence in the future is steeped in our glorious past - in the face of adversity, we always persist. We persevere, we prevail.” Governor Kathy Hochul

In the News-New York State

Economic Concerns Muddy Governor Hochul's \$7 Billion Penn Station Vision

Developer Continues to Cite Interest Rates & Worker Return Impacting Construction

Studies Show Billions Lost in Worker Local Spending



Pressured by tight interest rates and a decline in onsite workers, the developer helping Governor Kathy Hochul to realize her \$7 Billion Commuter-First Vision for Penn Station confirmed that economic concerns will delay the project.

Vornado Realty Trust acknowledged that although work has begun on existing properties, new construction could be delayed up to three years, according to published reports.

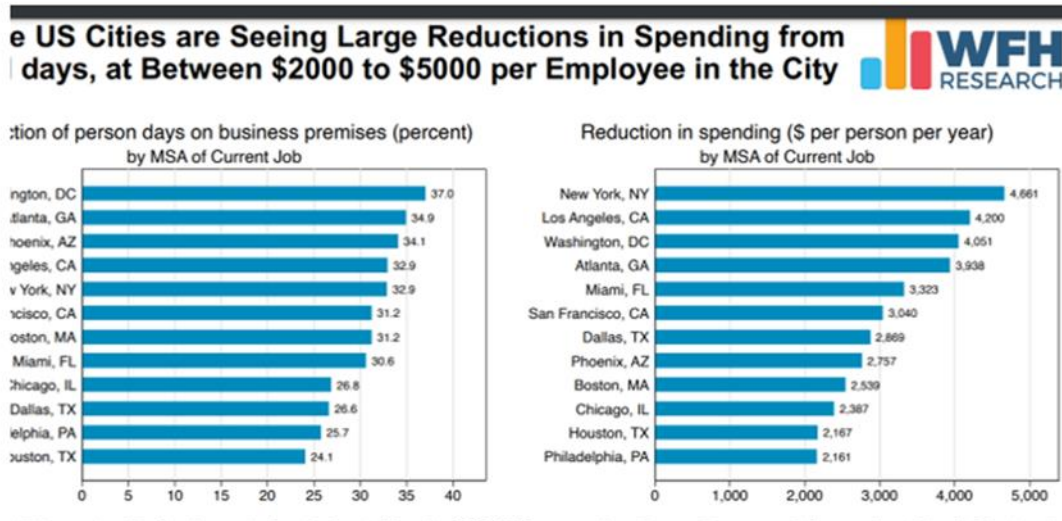
According to the *New York Times*, CEO Steven Roth called the prospect of new construction “almost impossible” because of tight lending. Meanwhile, the company’s chief financial officer said plans for the transit hub could be delayed for at least two to three years.

According to a statement by the company, work continues at Penn 1 and Penn 2, two office towers in the district that are in the process of being upgraded. Vornado is making “significant investments” in existing buildings, and it supports the “State’s general project plan for the Penn District.

Roth also noted the decline of the 5-day work week. “I think you can assume that Friday is dead forever...Monday is touch and go,” he said in this week’s call.

Last November, according to the *Gothamist*, Roth also noted the declining economy in a conference call with investors, projecting that "...the headwinds in the current environment are not at all conducive to ground up development."

An article this week in *Gothamist* cited recent studies by WFH Research which found that Manhattan commuters are spending \$4,661 less around their offices per year than before the pandemic due to remote work and office workers were spending 32.9% fewer days in their Manhattan offices than before the pandemic.



In addition, an analysis conducted by Bloomberg found that Manhattan workers are spending about \$12 billion less on food, beverages, transportation and recreation near their offices compared to pre-pandemic levels.

Despite the economic concerns, according to reports by both the *New York Times* and *Gothamist*, the Hochul Administration’s commitment to the project continues.

“Quarterly conditions may fluctuate, but Gov. Hochul’s commitment to revitalizing Penn Station and the area surrounding it will not,” ESD wrote in a statement. “We have always said that this was a long-term project – to be built out over more than a decade – designed to withstand temporary market adjustments and that the revenues generated through redevelopment were just one of several funding sources to support the reconstruction of Penn.”



NYS Legislative Fiscal Committee Executive Budget Hearings



<u>Date</u>	<u>Time</u>	<u>Hearing</u>
February 27	11:30 a.m.	Higher Education
February 28	9:30 a.m.	Health
March 1	9:30 a.m.	Housing
		Workforce Development/Labor

In the News-New York City



Mayor Adams Brings His Funding Concerns to Albany

Mayor Eric Adams and his Administration representatives traveled to Albany this week to detail the City’s financial needs for Fiscal Year 2024. Speaking before the State Legislative Fiscal Committees, he lauded the Executive Budget as promoting many shared priorities—public safety, affordable housing, and mental health—and thanked Governor Kathy Hochul for her \$1 billion pledge to assist asylum seekers. But he asserted that the cuts and cost shifts in other areas outweigh the State’s financial assistance.

“The governor’s budget contains over \$1 billion in new cuts and cost shifts to the city starting in Fiscal Year 2024...new MTA requirements and Medicaid cuts alone are massive and more than cancel out all the proposals in this budget that benefit the city, especially since those new costs would be permanent and annual,” Mayor Adams said. “The city cannot possibly carry the weight of such big commitments without cutting essential programs that support New Yorkers.”

According to the Mayor, the impacts of these cuts and cost shifts are most pronounced in three areas: schools, public transit, and Medicaid.

With respect to education, Mayor Adams indicated that if the State raises the charter school cap as proposed, it will cost over a billion dollars to site these schools and cover the required per student tuition. In addition, the charter school mandate is coupled with last year’s new law requiring New York City to reduce class sizes. Mayor Adams reminded the Legislature that this bill did not provide

additional funding to build schools and hire teachers. The City estimates that this new law would cost the city \$1.3 billion by year five.

Turning to public transportation, Mayor Adams detailed the recurring impact of Governor Hochul's Metropolitan Transportation Authority (MTA) proposed financing plan on New York City. Currently, New York City government contributes \$2.4 billion in direct and in-kind contributions annually. The Executive Budget proposes new contributions from New York City that would cost \$526 million in the next fiscal year and more than \$540 million every year thereafter.

"This current proposal hits New Yorkers twice — once through the higher fares that riders will still face and once through diminished service delivery by their local government, which will have at least half a billion dollars each year going to subsidize a state-run authority," Mayor Adams said.

With respect to Medicaid and health care spending, Mayor Adams outlined the declining New York City support in the Governor's Medicaid proposal. In the Executive Budget, Governor Hochul proposes cuts to Medicaid support by retaining 100 percent of enhanced Federal Medical Assistance Percentage funding. This cut totals \$343 million in Fiscal Year 2024 and would end a longstanding cost sharing arrangement. This action would effectively transfer costs from the State to localities.

Finally, Mayor Adams again stumped for reform of State's sales tax intercept for the distressed hospitals fund. Approximately \$150 million of the city's tax revenues are intercepted yearly for this fund. New York City is the only locality that loses this sales tax revenue for its hospitals.

The legislative fiscal committees continue their hearings on the Executive Budget through March 1st. This will be followed by the Governor's 30-day amendments and the release of the Senate and Assembly one-house budgets. The State fiscal year begins April 1st.



Comptroller DiNapoli: Audit Recommends Stronger Oversight of NYC's AI Programs

Lack of Policies for AI Use Could Open NYC to Risk of Inaccurate or Biased Data

New York City lacks needed guidelines and policies for agencies' use of artificial intelligence (AI), leaving it vulnerable to misguided, inaccurate or biased outcomes in several programs, [an audit](#) released this week by New York State Comptroller Thomas DiNapoli found.

The city's Office of Technology and Innovation (OTI) was created by the Mayor's Executive Order 3 in January 2022 and was charged with the oversight and governance of AI. Comptroller DiNapoli's audit looked at governance policies on AI use at four agencies: the Administration for Children's Services (ACS), the Department of Education (DOE), the New York City Police Department (NYPD) and the Department of Buildings (DOB). The audit results varied by agency.

Details of each agency's policies include:

ACS: ACS has taken steps to remove certain types of racial and ethnicity data from its Severe Harm Predictive Model, which is designed to identify children most at risk of abuse and prioritize quality assurance reviews of cases. ACS has internal guidelines specific to the use of AI and officials said they were developing a more formal policy to ensure the guidelines are followed.

DOE: DOE does not require an assessment for its use of AI tools, such as those that use voice technology to analyze classroom discourse patterns, as professional development tools that can help educators improve their communication skills.

NYPD: Auditors found that the NYPD has created an impact and use policy for certain tools which recognizes the potential for bias in facial recognition software, particularly for groups other than white males. However, it has not set a standard of acceptable accuracy. The impact and use policy describes appropriate use of facial recognition technology, but the guidelines are part of NYPD's broader surveillance policies and not specific to some of the unique risks posed by AI.

DOB: DOB officials said they have no governance policies or responsibility to oversee the use of AI, because they do not use it. However, DOB does allow the inspectors that carry out its facade safety inspection program to use AI tools to identify facade defects in addition to any required hands-on inspection. DOB does not require facade inspectors to report whether they used AI tools during inspections, which are required every five years for buildings over six stories tall.

The audit also found that none of the agencies keeps a formal inventory of AI systems and tools they use and have in development, and that only ACS keeps an inventory of all of the data sets that its AI tools use.

In response to the audit, OTI agreed that more work was needed to further the city's AI governance and offered examples of what already exists which they will build on. Among the four agencies in the audit, ACS and the NYPD stated that they had governance measures in place or were in the process of addressing risks or concerns raised in the audit findings. DOB stated that it was researching ways to introduce AI in accordance with building codes but has not adopted a formal framework for its use.

Briefs

Statewide Health Care Facility Transformation Program to Provide Funding for 127 Projects and Initiatives

Governor Kathy Hochul this week announced more than \$658 million in state funding to support 127 projects that will protect and transform New York State's health care delivery system. Administered by the State Department of Health and the Dormitory Authority of the State of New York, the Statewide Health Care Facility Transformation Program aims to improve patient care by supporting facilities serving the inpatient, primary care, mental health, substance use disorder and long-term care needs of communities throughout the state.

Awardees include:

Nassau Health Care Corporation: Capital improvements to establish a Comprehensive Psychiatric Emergency Program, relocate dialysis program, and install automatic sprinklers, to improve services and promote safety - \$16,160,375.

Care for the Homeless: Construct four new health clinics in communities with housing shelters without health services - \$10,441,914 & develop four new patient centered health care centers and purchase telecommunications equipment - \$900,000.

Community Health Center of Richmond Inc: Construct a new facility in New Dorp, Staten Island to increase access to family medicine, pediatrics, women's health, integrated behavioral health and co-located dental services - \$2,000,000.

Public Health Solutions: Construct a new health care facility and community space to improve maternal and child health outcomes for people of color living in underserved neighborhoods - \$3,900,960.

Governor Hochul Launches Initiative to Offer Fully Paid Parental Leave to New York State Employees

Governor Kathy Hochul this week launched an initiative to offer fully paid parental leave benefits to New York State employees. The Governor announced in a [policy bulletin](#) that more than 10,000 unrepresented State employees will be eligible to receive 12 weeks of fully paid leave to use for “bonding with a newborn, fostered, or adopted child.” The majority of employees will be able to take leave effective immediately. Employees are not required to have Attendance Rules coverage to be granted this benefit.

Under the initiative, Paid Parental Leave is available for use once every 12-month period. A qualifying event begins the 12-month period. Paid Parental Leave may begin on the date of birth, the day of adoption or foster care placement or anytime thereafter within seven months. An employee’s ability to use Paid Parental Leave ends seven months from the date of the qualifying event. If a qualifying event occurred within seven months before the effective date of this bulletin, an employee may use Paid Parental Leave, however the employee’s use of Paid Parental Leave must end within seven months of the qualifying event.

NY Sees Record Attendance at New York State Parks for 2022

Governor Kathy Hochul this week announced annual attendance at state parks, historic sites, campgrounds and trails operated by the New York State Office of Parks, Recreation and Historic Preservation saw a record 79.5 million visits in 2022. Total visits statewide increased by more than one million compared to the previous year.

New York State Park attendance has been steadily climbing for more than a decade, rising nearly 43 percent since 2008. Among the most-visited State Parks in 2022 were Niagara Falls State Park (9.4 million visits), Jones Beach State Park (8.5 million visits), Robert Moses State Park (3.8 million visits),

Saratoga Spa (3.5 million visits), Sunken Meadow State Park (3.1 million visits) Denny Farrell Riverbank State Park (3 million visits) and Bear Mountain State Park (2.4 million visits).

Manhattan DA Bragg Forms Worker Protection Unit to Investigate Wage Theft & Worker Harassment

Manhattan District Attorney Alvin L. Bragg, Jr. this week announced the creation of the Office's first-ever Worker Protection Unit to investigate and prosecute wage theft and other forms of worker harassment and exploitation across Manhattan's many industries.

In addition, D.A. Bragg also announced the creation of a Stolen Wage Fund for Manhattan victims of wage theft, funded through the D.A.'s Criminal Justice Investment Initiative and operated in partnership with the New York State Department of Labor.

"...on behalf of our 20,000 members, we applaud Manhattan District Attorney Bragg's creation of a Worker Protection Unit and Stolen Wages Fund. I've seen firsthand the abuse contractors commit, and New Yorkers deserve better," said David Caraballoso, Vice President of the New York City District Council of Carpenters

According to the Manhattan D.A.'s Office, with this new unit, the Office will significantly expand its focus to include other industries with high rates of worker exploitation and wage theft, such as home healthcare agencies, fast food and restaurants, hotels, and more. The Unit will also enforce workplace safety labor laws and pursue charges ranging from reckless endangerment to manslaughter when an employer creates dangerous or deadly work environments. It will also work to recoup stolen wages and debar companies from city contracts.

Adams Administration Announces Selection of Legends Hospitality as New Operator of the Loeb Boathouse in Central Park

New York City Mayor Eric Adams and New York City Department of Parks and Recreation (NYC Parks) Commissioner Sue Donoghue this week announced that the city has selected Legends Hospitality as its new operator for the Loeb Boathouse in Central Park, for a 10-year term. If approved by the Franchise & Concession Review Committee (FCRC), the venue will reopen to the public this summer.

First opened more than 150 years ago, the Loeb Boathouse closed in December 2022. In August 2022, NYC Parks launched a competitive concession process in which operators were invited to submit their plans and interest in operating, renovating, and maintaining a high-quality restaurant, snack bar, and rowboat rental at The Loeb Boathouse.

The license agreement with Legends Hospitality will go before the city's FCRC for a public hearing on March 3, 2023. If approved, the Boathouse could be open as early as summer of 2023.

As part of their agreement, Legends Hospitality has committed to a \$3,250,000 capital investment into The Loeb Boathouse, along with \$250,000 for structural maintenance improvements.

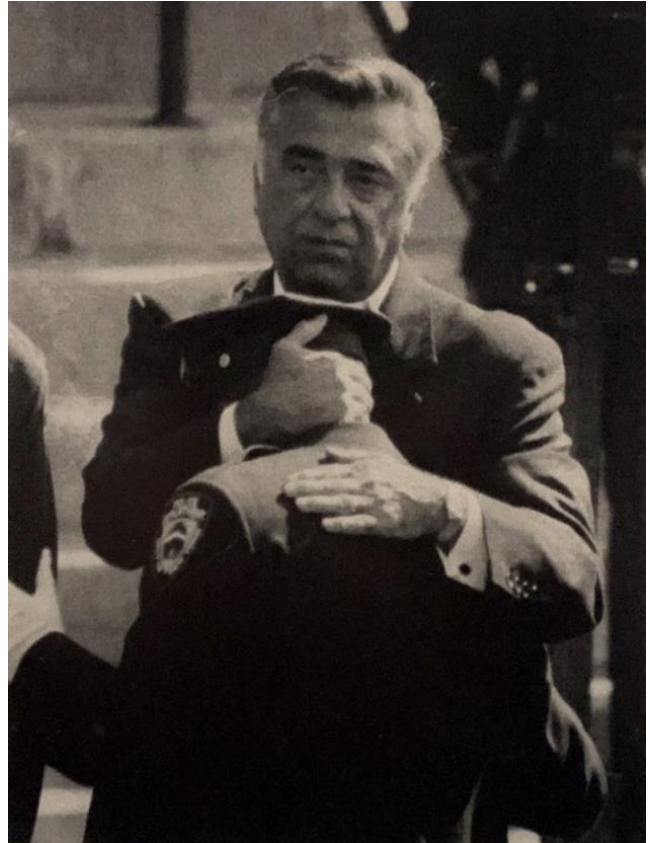
Legends Hospitality is a division of global premium experiences company Legends. Within New York City, they currently operate at One World Observatory, Yankee Stadium, the Intrepid, Circle Line, and Oculus Beer Garden.

In Memoriam: Louis Matarazzo Former NYPD Officer & Union Legislative Director

Former NYPD Officer and longtime legislative representative of law enforcement officers of all ranks, Louis F. Matarazzo passed away on February 12, 2023 at the age of 83. Lou served New York's Finest for more than a half-century.

Lou joined the New York City Police Department in 1964 and was a long time Board member and then President of the Police Benevolent Association, retiring in 1999. Lou became the Legislative Director for the Detectives' Endowment Association in 2000. He also became the Legislative Director for the Lieutenants' Benevolent Association and the Captains' Endowment Association.

Lou was a member of the Legislative Committee of the New York State Association of PBAs (now merged into the PCNY, Police Conference of New York), as well as the Legislative Director of the Public Employees Conference of the State of New York (PEC). He also formerly served as the Chairman of PEC.



As Legislative Director, Lou played a key role in the passage of numerous laws to protect municipal workers' salaries and pensions, as well as health and welfare benefits. Among his proudest achievements was his work on the passage of legislation affording disability pensions and line of duty death benefits for those who become ill and/or died as a result of their work related to the World Trade Center 9/11 attacks and the rescue and recovery efforts. In 2006, Lou was appointed to the Governor's 9/11 Worker Protection Task Force and he served as the Vice Chairman of the Board. He also spent decades on the Board of Directors of COP-SHOT.

Lou is survived by: his wife of 61 years Fran; his children, Anna Maria (Tommy), Louis (Pasqua), Carla (Mark), John and Peter; his grandchildren, Brianna (John), Thomas, Gabriela (Zach), Olivia, Sophia, Angelina, Louis and Elena; and his great grandchild Lily Mae.

Coming Up

New York State

No Scheduled Hearings

New York City

Tuesday, February 21st

Committee on Fire and Emergency Management, Council Chambers – City Hall, 10 a.m.
Oversight – Fire and Life Safety Inspections.

Wednesday, February 22nd

Joint - Committee on Sanitation and Solid Waste Management, Council Chambers – City Hall, 10 a.m.
Oversight - Preparing NYC Businesses for Commercial Waste Zones.

Thursday, February 23rd

Joint - Committee on Health & Hospitals, Council Chambers – City Hall, 10 a.m.

Subcommittee on Landmarks, Public Sitings and Dispositions, 250 Broadway - Committee Room, 14th Floor, 10 a.m.

Committee on Housing and Buildings, Council Chambers – City Hall, 1 p.m.
Oversight - Social Housing.

Subcommittee on Zoning and Franchises, 250 Broadway - Committee Room, 14th Floor, 1 p.m.

Friday, February 24th

Committee on Consumer and Worker Protection, Council Chambers – City Hall, 10 a.m.
Oversight – The Use of Facial Recognition Technology in New York City Businesses.

Joint - Committee on Transportation and Infrastructure, Mental Health, Disabilities and Addiction, & Aging, Committee Room - City Hall, 10 a.m.
Oversight - Access-A-Ride.

Committee on Environment Protection, Council Chambers – City Hall, 1 p.m.
Oversight - New York City's Water and Sewage Testing Infrastructure.

Committee on Public Safety, Committee Room – City Hall, 1 p.m.

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