

TESTIMONY FROM NYCHA GENERAL MANAGER VITO MUSTACIUOLO
PREPARING FOR THE WINTER: HEAT AND HOT WATER AT NYCHA DEVELOPMENTS
COMMITTEE ON PUBLIC HOUSING
WEDNESDAY, OCTOBER 24, 2018 – 1:00 PM
COMMITTEE ROOM, CITY HALL, NEW YORK, NY

Chair Alicka Ampry-Samuel, members of the Committee on Public Housing, and other members of the City Council: good afternoon. I am Vito Mustaciuolo, NYCHA's General Manager. I am pleased to be joined by Cathy Pennington, NYCHA's Executive Vice President for Operations; Deborah Goddard, Executive Vice President for Capital Projects; and Javier Almodovar, our newly appointed Director of the Heating Management Services Department.

Delivering services such as heat and hot water are at the heart of NYCHA's responsibility as a landlord. As part of our NextGeneration NYCHA mission, we are changing the way we do business to become a better landlord for residents. We've recently brought on board a new Senior Vice President for Operations Support Services, Joey Koch, whose responsibilities include overseeing the management of heating systems at NYCHA. With new leadership at the helm, including Interim Chair Stanley Brezenoff, we have undertaken significant steps to improve heat and hot water service for residents. Thank you for this opportunity to discuss those efforts today.

Historic Challenges

Last winter presented the longest stretch of below-freezing days the city has experienced in nearly 60 years. The failures in our equipment put a spotlight on the unfortunate reality we've been discussing for years: that NYCHA's aging infrastructure has been starved of the investment and resources it desperately needs. A \$3 billion reduction in federal funding since 2001 has contributed to a nearly \$32 billion backlog in capital improvement needs.

Taking Action to Improve Service Delivery

Despite the magnitude of these issues, NYCHA remains committed to doing as much as we can with limited resources, including making operational improvements that enable us to restore service as quickly as possible. And we are thankful that Mayor de Blasio has stepped up to help us begin to tackle the significant challenges. He committed \$13 million in January and another \$200 million shortly thereafter for our heating systems, money we're putting to good use in advance of the coming winter season.

Here are some of the actions we've taken since last winter to improve heat and hot water service at NYCHA:

- We performed annual preventative maintenance on our heating equipment, including making welding repairs and repairs to boiler controls. We have overhauled 1,918 boilers citywide (98 percent of our boilers) in preparation for this heating season. The remaining 48 boilers are currently undergoing repairs that we expect to complete by the first week of November.
- During the heating season, as the weather gets colder we increase the number of off-hours personnel. These "Roving Teams" include Supervisors, Oil Burner Mechanics, Electricians, and Plumbers.
- We determined that new skills were needed for our heating response, in addition to the positions I just mentioned. As part of a pilot program for this winter, we added Stationary Engineers – who can better diagnose and repair issues that affect service disruptions. Stationary Engineers help NYCHA to immediately make the necessary repairs and thus lessen the time our residents are without service.
- We've invested in heat-related improvements that target 87,000 residents:

- Twelve heating plants have received new boilers, with several receiving complete upgrades. Two more plants will receive replacements soon;
 - New mobile boilers at six developments;
 - We will also have five new mobile boilers to be used as contingency and for vulnerable sites; and
 - New window balances (to help retain heat) at our buildings for seniors (7,600 apartments).
- As of October 1st, 2018, boilers at 41 developments are being serviced and repaired by third-party vendors, and a 42nd site is coming online later this year.
- When freezing temperatures are expected, we're adding additional heating and emergency services staff, enabling faster repairs for residents. This includes permanent staffing lines for eight Plumbers, eight Plumbers Helpers, and six Oilers.
- We improved the way residents can report heat and hot water issues, and enhanced the notification process after a service interruption, through automated calls that allow for instant feedback from residents. This provides us more detailed information, enabling resident complaints to be identified and addressed quickly.
- We accelerated the design process for nine heating plants funded for replacement by Mayor de Blasio, meaning that they'll come into service six months faster than is typical for such work.
- This past spring, we worked with the FDNY to streamline the notification process for staff whose certificates will be expiring; 274 staff have received their certifications to work in the boiler plants.

Introducing Modern and Efficient Technology

Long overdue technological improvements are helping NYCHA better connect with and serve residents. Since last heating season, we have implemented multiple new measures, with more coming online soon, to speed our responses to service interruptions. For instance:

- We are digitizing boiler room inspections and fuel requests, which will provide real-time, centralized updates on where repairs are needed and increase accountability.
- We enhanced heat-related work order data, providing visibility into the root causes of service disruptions. This allows staff to perform predictive and preventive maintenance and proactively address problems.
- We improved the Heating Metrics System by integrating data into one dashboard. This provides visibility into the functioning of the heating systems and enables us to identify trends. The data informs preventative and predictive maintenance, improving the operation of heating systems and allowing NYCHA to provide better service to residents.

Delivering Capital Repairs Faster

Our work to replace outdated boilers and modernize heating system controls and hot water-making technology continues. Additionally, the 32 new boilers at 9 heating plants (serving 11 sites) that were funded by Mayor de Blasio earlier this year are on track. The bids for these boilers are due back by November 5th. We hope to begin construction on these plants this spring. To be clear, these boilers are not off-the-shelf purchases, but traditionally take one year to scope and design before they go out to bid. There is an additional four to six months

included for the procurement process before we can award the contracts. Finally, construction takes two to three and a half years, depending on the size of the boiler plant. That means, historically, boiler plants take three and a half to five years before they are fully renovated.

This timeline has presented many issues, but the most serious is that we cannot deliver a new, permanent heat source to our residents faster. In March, we announced an expedited timeline to streamline the process. We were able to cut one to two years out of the total timeline, depending on the size of the heating plant. We are keeping our promise – NYCHA scoped and designed the heating plants in six months, on schedule – and boilers are coming faster than ever before.

As part of our five-year capital plan, we are investing a total of \$808 million in heat-related programs with federal, State, and City funding as well as investments from our Energy Performance Contracts (EPC). HUD's EPC program enables us to replace boilers and modernize heating systems with assistance from energy service companies, without spending capital dollars upfront (the improvements are funded by the cost savings from reduced energy consumption).

Conclusion

It must be reiterated, however, that despite our best efforts, a fundamental fact remains: NYCHA needs more funding to replace outdated infrastructure and to maintain our buildings in a state of good repair. Our portfolio requires billions for heating plants and related infrastructure alone. This includes 1,100 boilers that need to be replaced. These boilers, at this stage of their life cycle, are unreliable and will not deliver the level of service that our residents deserve.

We appreciate that the Mayor has identified heating as a critical need and provided additional funding to help us make these repairs. The State, for the past two budgets, has included funds dedicated specifically to boiler replacements, but

these funds have not yet been released, and the residents living at developments in the State pipeline continue to depend on aging, unreliable boilers.

But we are not letting these financial hurdles limit us. While there is no silver bullet that will ensure there will never be an outage at NYCHA, we are doing everything we can, making substantive changes to provide residents with the services they deserve.

We look forward to our continued work with the City Council and other partners to get the resources NYCHA needs to best serve our residents. And we will continue to use our limited resources wisely, to the maximum benefit for residents.

Thank you for your support. We are happy to answer any questions you may have.