

TESTIMONY FROM NYCHA GENERAL MANAGER VITO MUSTACIUOLO
EXAMINING THE DOI REPORT ON NYCHA MISMANAGEMENT AT THE THROGGS NECK HOUSES
COMMITTEE ON OVERSIGHT AND INVESTIGATIONS WITH THE COMMITTEE ON PUBLIC
HOUSING
MONDAY, MARCH 14, 2019 – 11:00 AM
250 BROADWAY, 16th FLOOR COMMITTEE ROOM, NEW YORK, NY

Chair Torres, Chair Ampry-Samuel, members of the Committees on Oversight and Investigations and Public Housing, and other members of the City Council, good morning. I am Vito Mustaciuolo, NYCHA's General Manager, and I am pleased to be joined by Cathy Pennington, Executive Vice President of Operations, and Kerri Jew, Executive Vice President and Chief Administrative Officer.

I would like to thank the Chairs for postponing this hearing until the conclusion of the Department of Investigation's (DOI) investigation. I would also like to thank the Commissioner of DOI and her entire team for providing a detailed and comprehensive report. I appreciate the opportunity to have the facts presented to the Committees and the public, especially given the many unsubstantiated allegations that were initially reported.

On February 26, 2018, Mayor de Blasio appointed me General Manager of the New York City Housing Authority (NYCHA). Each day I have a renewed appreciation for the responsibility he entrusted me with. On a daily basis, I strive to improve the agency and provide a better living environment for all our residents.

It is unfortunate that events such as those that occurred at Throggs Neck both distract us from the work that needs to be accomplished and portray widespread mismanagement and abuse. I can tell you that is not the case. Except for a few bad actors, NYCHA employees are overwhelmingly some of the most dedicated, proud, and hardworking employees I have met in my long tenure in public service. We can and must do better to weed out those bad actors and restore our residents' and the public's confidence in us. This body has in the past focused on improvements such as employee performance evaluations. We are open to these ideas and will work with our partners in labor to make them happen.

In my first few months, I made a point of visiting as many developments as I could throughout the five boroughs. One of the first developments that I toured was Throggs Neck Houses in the Bronx. I still have a vivid recollection of my reaction to what I observed within just minutes of stepping foot in the development. There was a pond of raw sewage that had accumulated in front of one of the high-rise buildings, with sump pumps running 24/7 to prevent overflow. I saw pigeon nests inside the stairwell of one of the low-rise buildings. My decades of experience in enforcing the NYC Housing Maintenance Code at HPD made me realize immediately that this was a troubled property. I had to ask myself: Where was the management and staff charged with maintaining these buildings? The conditions were totally unacceptable, and I needed immediate answers and solutions.

At the conclusion of the tour, I went straight to the property management office and instructed the borough director and the regional asset manager (RAM) to provide daily progress reports with details on how they would correct the sewage stoppage and other unacceptable conditions at Throggs Neck. At the same time, we began looking at overtime reports, maintenance logs, work order history, and service level standards.

In early May 2018, during another visit to Throggs Neck, Resident Association (RA) President Monique Johnson brought to my attention allegations of misconduct, including abuses of overtime and parties during work hours involving several staff members. It was at that time that I had NYCHA's Office of Safety and Security begin an investigation, which included unannounced visits, interviews, and surveillance of staff. During the investigation, I provided regular verbal status reports to NYCHA's Inspector General (IG).

By mid-July, we were not able to verify the RA president's allegations but had enough information about the operations at Throggs Neck to have serious concerns. These concerns mirrored the issues identified by DOI in its report: abuse of overtime, lax oversight of supplies, lack of procurement planning that led to overuse of micro-purchasing, and general mismanagement. It was clear that we had to execute a complete

top-to-bottom overhaul of the development staff. By the end of August, without prior notice, senior management went to the development and informed all 40 on-site employees that they were being transferred to other properties and an entirely new team was being brought in. Within hours, we secured the buildings and equipment, and we provided notification to incoming staff and ensured they had the tools needed to succeed. All of this had to be done with the least amount of impact to residents. In an effort to smooth the transition, I also made sure to notify both the leadership of Local 237 and the resident association the night before the personnel changes went into effect. At this point, both the NYCHA IG and I agreed that this was the proper time to hand off the investigation to DOI.

The events I just described demonstrate how seriously we take allegations of inappropriate behavior by staff and mismanagement of our developments. We have zero tolerance for misconduct, shirking of duties, and any disregard for the safety and wellbeing of the residents we are charged to serve. Disciplinary actions have been taken against three staff members formerly assigned to Throggs Neck. Two of those actions have led to additional charges, and proceedings are still underway. I am not at liberty to discuss the status of these cases until their hearings have concluded.

In the last year, we have made several significant changes to how the agency operates. Each experience, such as what we dealt with at Throggs Neck, serves as a learning tool. We are committed to making additional changes where and when necessary to improve our ability to become a more responsible landlord.

While the use of overtime is often necessary to fulfill our duties, it cannot and should not be abused. To prevent such abuse, we implemented interim controls over the approval process, which require a vice president or senior manager to pre-approve all overtime for anything other than immediate emergencies.

We recently reached an agreement with the Teamsters on a new work schedule for caretakers and will begin rolling out the new schedules at 13 consolidated developments by the beginning of April. Caretakers will now work seven days a week from 6 a.m. until

7 p.m. on a regular schedule as opposed to Monday through Friday from 8 a.m. until 4:30 p.m. We accomplished the new work schedule and added 210 new caretakers within our existing regular and overtime budget. And we are not finished. Negotiations are now underway to create a similar work schedule for our maintenance staff. This is particularly important, as we know that choosing between work and staying home to get repairs done can be a financial hardship for residents.

I want to thank Greg Floyd and Local 237 for their continued collaboration on these very important changes. Both NYCHA and Local 237 are aligned in the goal of not only delivering a higher level of service to residents but also creating a better work environment for staff.

Over the last few years, there have been a number of reports issued and oversight hearings held by this body that identified deficiencies in NYCHA's inventory and supply management controls. Despite NYCHA making significant progress in addressing these deficiencies, we have more work to do. Moving forward, we will have a better system for tracking materials. We are transitioning the management and oversight of development storerooms to the Materials Management Department. The new staffing model will commit employees exclusively to the management of materials, assigning a full-time staff person to each storeroom – and only that employee will have access to the storeroom. We are also implementing new procedures and policies along with new inventory technology such as automated inventory updates and tracking of materials by serial numbers. These efforts will enable management staff to better focus on building maintenance while strengthening inventory controls and improving the availability of materials needed to serve our residents. Again, these changes are being driven by the desire to improve accountability and independent controls and the belief that property managers need to get back to basics and not be concerned about how to get the supplies and materials they need.

Our Procurement and IT departments made enhancements to our data systems to provide fair and proper processes for purchasing goods and services. These changes will help address any concerns about abuses of the micro-purchasing process and improve

our ability to detect any effort to split bids, which is a way of breaking up larger contracts. We are strengthening and tightening our controls, including automated alerts for our Procurement and Audit departments and senior level staff as a means of early detection when policies are being violated. Through better planning, our objective is to substantially reduce the need for micro-purchases with greater use of requirement contracts. These contracts eliminate the need for individual job scoping and bidding and generally provide better pricing based on volume. We have already started getting these contracts in place.

Today, NYCHA has a staff review process unlike most other City agencies, which is a form of performance-based evaluations. We have service level standards, instructional and counseling letters, and a robust disciplinary process. This process includes monthly meetings of executive-level staff and the NYCHA IG that review and decide on certain disciplinary cases. NYCHA is committed to providing a higher level of service to residents and at the same time providing staff with the tools necessary to do their best. There is always room for improvement and absolutely no room for those who are not about change or do not want to be part of the team. The last year has been challenging. But we are slowly changing the culture, and I am confident that we have a team in place that is up for the challenge. We have renewed and built stronger relationships with partners who share our goals and desire to improve NYCHA and the lives of our residents.

I thank you all for supporting the important work we do and for offering your advice as to how we can better transform NYCHA. Like you, I listen to residents and I hear their voices. I look forward to our continued partnership as we move forward. I am happy to answer any questions you may have.