



Office of the
New York City Comptroller
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COMPTROLLER LIU KEYNOTES CRAIN'S BREAKFAST FORUM

NEW YORK, NY - New York City Comptroller John C. Liu today delivered the keynote address at a Breakfast Forum hosted by Crain's New York Business and the Partnership for New York City. Below is the full text of the Comptroller's remarks as delivered.

Thank you very much for that wonderful welcome. And Kathy, thank you for that incredible introduction.

I need you to come to dinner with my wife so that she can hear what a phenomenon I am. I think she'll be rather surprised.

Kathy is an incredible and outstanding New Yorker and one of the distinguished members of my Transition Committee which really worked tirelessly to help me assemble my administration. And, I know that Bill Mulrow, another member of my Transition Committee, is here somewhere. Bill, thank you very much. Unfortunately, I have not seen everybody here this morning so it's possible that other members of my Transition Committee are here, and I want to thank them publicly for their incredible efforts.

Many thanks also to Crain's New York and the Partnership for New York City for hosting this discussion on building a better New York.

This Saturday will mark my 100th day as New York City Comptroller. It's been an incredible ride. I'm energized by the achievements thus far, intent on strengthening public confidence in government and appreciative of my top-flight leadership team who have brought more than just their formidable resumes, but really an unwavering commitment to getting things done.

I think there are a number of them here. I see Larry Schloss, our new CIO, thank you very much Larry for being here. We have Tina Kim, our new Deputy Comptroller for Audit. Ricardo Morales, our new Deputy Comptroller for Legal Affairs and General Counsel. Geneith Turnbull, our new Deputy Comptroller for Contracts and Procurement. And Alan van Capelle, our new Deputy Comptroller for External Affairs. And, of course our fearless leader in the office, our First Deputy Comptroller, Eric Eve.

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And as we move forward, I will rely on their experience, professionalism and innovation to manage the critical functions of the Comptroller's Office. We move each day knowing that this office should be measured not by rhetoric, but by results. And so for this morning, let's just put aside the political prose, and let me cut right to the chase and report to you how we've sharpened and used the tools of the Comptroller's Office since January 1.

To root out waste and inefficiencies, I've restructured the office and elevated the audit functions as its own department. I've empowered it under a newly created Deputy Comptroller position, Tina right there, to be the most aggressive and active in recent memory. To date, we have completed 13 audits and initiated another 14 — and, in the process, identified many millions in savings in New York City government.

Already, one of the audits has uncovered \$8 million dollars in lost revenue at a City agency due to careless accounting practices. Another audit has uncovered poor procurement practices that paid out nearly \$152 million through non-contracted, unwritten “handshake” agreements.

To eliminate undue influence or even the perception thereof, we've started in our own house and asked everyone in the Comptroller's Office to raise the bar for all of New York City government, implementing a total, no-gift policy for all employees within the office— yes, of course, including myself. And no, not even a cup of coffee.

To maximize pension investments, we brought on a seasoned investment professional — Larry Schloss — to serve as the Chief Investment Officer. And, working with Trustees, we have proposed far-reaching reforms to eliminate pay-to-play, and to ensure both best practices and the highest integrity in our investment-making process.

Larry and I are certainly mindful that should the Funds underperform, the shortfalls will have to be shouldered by our taxpayers. As such, we've already terminated a number of investment managers due to poor performance. Their allocations were redirected to other asset classes and investment managers where the expected return on investment is higher. And, in several cases, we've renegotiated the management fees for more favorable terms on behalf of our pension funds.

To demand accountability to shareholders, and to ensure that corporate contributions are aligned with shareholder interests, we worked together with the Bank of America to disclose and publish its political expenditures online. And, by doing so, the Bank of America is now helping to lead the way toward restoring public confidence in Wall Street.

To strengthen government spending accountability, we launched “My Money NYC”, a powerful online tool to provide unparalleled access to the City's finances. It happens to be one of the most comprehensive initiatives of its kind in the nation, and will soon allow New Yorkers to view — indeed, shed light — on every single City expenditure. Yes, it will satiate curiosities, possibly even some of yours. But more importantly — for City government — the spotlight on our finances will create both inherent incentives for proper conduct, as well as disincentives from potential abuse.

To stop out-of-control projects, we've tossed out the rubber-stamp that accepts mediocrity and the status quo. We rejected a “moneypit” contract associated with the CityTime project — the

cost of which has mushroomed from an original \$68 million dollar estimate to now more than \$738 million dollars.

To get a better deal for taxpayers while meeting the infrastructure needs of tomorrow, we've sold over \$3.9 billion dollars in bonds, including the first-ever competitively-bid "Build America Bond" sale. I've always said it's important to competitively bid our bonds every so often to make sure that we are indeed getting the best rates.

To further save taxpayers money, we completed two refinancings which generated over \$60 million in present value savings.

To promote civil rights and fight discrimination, the Funds have successfully convinced a number of Fortune 1000 companies to amend their employment policies and include protections based on sexual orientation and gender identity.

And to ensure equal opportunities, we've undertaken a thorough review of City agencies' performance under Local Law 129, specifically with regard to eliminating significant disparities in government contracting opportunities for minority- and women-owned business enterprises.

To protect hard working New Yorkers, we've insisted on compliance with prevailing wage laws, collected hundreds of thousands in back wages and penalty fines from municipal contractors and debarred companies who just don't want to play by the rules.

To secure capital funds for public schools, we successfully argued for a 100% subsidy rate for Qualified School Construction Bonds. This essentially serves as a zero-interest financing tool for the construction, repair and rehabilitation of our public schools.

And to improve the public school system itself, we've started by examining the process for school closures, including a detailed audit of the Department of Education's School Progress Reports.

And finally, to examine publicly-subsidized economic development, I've launched a Task Force to draft a framework on a more effective and equitable process to guide such development. Public benefit agreements have too often proven to be great tasting but less filling. They are in need of mechanisms to ensure a fairer and more predictable process for developers, and to ensure that the promised benefits to the public and community — such as jobs, housing, parks — actually get delivered.

These are some highlights of our accomplishments since January 1. But make no mistake: there is still a lot more work to do. Every day, I am grateful to New Yorkers for this incredible opportunity to serve.

I was born in Taiwan, immigrated to New York City at the age of five, went to New York City public schools from kindergarten through 12th grade, and graduated from SUNY Binghamton upstate. My wife Jenny and I, and our son Joey — who's, some of you know him, age 9 going on 19 (boy, and just started school yesterday after we took a quick vacation) — we've been here as New Yorkers our entire lives. I live a few blocks away from where I grew up. And some people even say, a lot of my constituents in Flushing, say: "Eight blocks? You haven't gotten very far in life!"

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But in any event, in all seriousness, this city has afforded me so many incredible opportunities, and I want to make sure that those opportunities are provided for many generations to come. But realistically, this has become increasingly difficult. We entered this New Year confronting a hard truth — that for many New Yorkers — the prospect of a better life for themselves and their families have been dimmed.

The Mayor's latest projected budget continues to outline plans to close a \$4.1 billion budget gap. Thankfully, the City has benefited from prudent actions taken by Mayor Bloomberg and the City Council — from an exceptional cushion created by surpluses accumulated during the boom years — as well as recent gap-closing initiatives.

Yet the facts are clear: The city lost about 147,000 payroll jobs last year. Our unemployment rate is 10.2%, according to the latest figures. And, my office estimates that tax revenues will fall far short of City projections starting next year due to a weaker recovery. Our aid payments from New York State are in jeopardy. And we're still not budgeting for overtime costs.

These and other challenges have a real impact on the lives of everyday New Yorkers.

Challenges like cost overruns even as schools, subways, firehouses and hospitals are threatened with closures.

Challenges like the persistent disparities that prove that minority- and women-owned business enterprises still lack a level playing field when competing for City contracts, even at a time when we should be encouraging new ideas and developing new markets.

Challenges like the City's VENDEX system, which maybe was useful 30 years ago, but is now in need of a radical overhaul from what it has become: a bureaucratic jungle gym — whether you are a small business or a non-profit organization — where you're now spending too many resources complying with the requirements instead of actually delivering the services you had intended for.

Now, these issues didn't develop overnight. It's just that during good times, it was easier – and to some extent, affordable – to overlook the systemic problems in government. Now, in much leaner times, the inefficiencies of City government are much more apparent and much more deeply felt.

And this contributes to the growing belief that government has become part of the problem, and not the solution. Confidence in government is at an all-time low. In fact, we are entrenched in a credibility deficit.

But, I have no doubt that New York will be back. Every single generation of New Yorkers has experienced similar downturns before: the Great Depression, the fiscal crisis of the 70's, the market crash of the 80's and, of course, September 11th.

Our challenge now is to reform government to be an effective instrument of change for people today. A 20th century government can never accommodate the needs of the 21st century City.

So, moving forward, the question is, as we get through this economic downturn, what changes can we make to better prepare for future downturns?

Upon us now is a rather uncomfortable opportunity to apply innovative solutions to eliminate wastes, inefficiencies and potential for abuse... so that government, even in the toughest of times, can still be responsive, credible and reliable to the people we serve.

New York can still be a city of innovation, opportunity and compassion.

And my team and I, we are committed to helping transition this city from an era of excess to a new era of responsibility, and to work with communities across the city to craft real solutions that will build a better New York for tomorrow.

So, once again, I want to thank Crain's New York and the Partnership for inviting me to be with you today. I look forward to continuing our discussion.

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