



This Week in New York

Covering New York State and City Government

A Publication of Pitta Bishop Del Giorno & Giblin LLC
November 1, 2013 Edition



In the News – New York State



NY's Workers' Compensation System Costs to Employers Cut by 26% for 2014

New York's Business Relief Act, enacted as part of the 2013-2014 State Budget, is on track to reduce employer workers' compensation system costs by 26 percent in 2014, saving businesses and local governments \$300 million in annual expenses.

The State Workers Compensation Board has set the 2014 rate at 13.8 percent, down from 18.8 percent in 2013.

"With the cost reductions in the workers' compensation system, we are saving New York employers \$800 million in 2013 and \$300 million for each year moving forward – a tremendous savings that will be felt immediately by businesses, municipalities and school districts statewide," Governor Andrew Cuomo explained. "As we continue to make state government more efficient and take actions to make doing business in New York easier, we are also spearheading a comprehensive review of the current workers' compensation system so that we can continue to find ways to deliver for our employers."

According to the Administration, the Business Relief Act achieves \$800 million in savings by reducing the cost to operate the workers' compensation system – assessments -- in two ways: closing the Re-Opened Case Fund and simplifying the system used to calculate employer assessments.

Closing the Re-Opened Case Fund saves \$300 million annual employer assessments. Governor Cuomo asserted that in recent years, the cost of the Re-Opened Case Fund has grown exponentially "while failing to serve its originally intended purpose." Closing the fund also reduces litigation in the workers' compensation system.

Additionally, the Business Relief Act simplifies the employer assessment system, charging all employers using the same methodology. As a result, self-insured employers in New York State, including most municipalities and school districts, will realize a one-time savings in claim reserves of \$500 million, according to the Governor's estimates. The Worker's Compensation Board is promulgating Title 12 NYCRR Part 500 to implement this new assessment process. The regulation is effective immediately and will appear in the November 6, 2013 publication of the *State Register*.

Along with these measures, the State has launched two other initiatives this year. In late June, New York began implementing the first phases of electronic reporting of injuries, known as eClaims. By March 2014, insurers and third party administrators will submit injury information electronically. In December, the State will hold webinars for municipalities and other self-insured employers to educate them on the new process and ease the transition. Information on the new system can be accessed at BusinessReliefAct@wcb.ny.gov.



Tappan Zee Bridge Financing Taking Shape: Tolls Still Outstanding

New York Receives \$1.6 billion Federal Loan

The financing picture for the \$3.9 billion Tappan Zee bridge project is a littler clearer today, as the federal government yesterday approved up to a \$1.6 billion low interest loan.

"Approval of New York State's request for this loan is great news for the tens of thousands of commuters who depend on the Tappan Zee every day, for communities in the Lower Hudson Valley, and for our entire state," Governor Cuomo said. "This is a huge win for New York State, creating thousands of jobs, and an endorsement of one of the most ambitious infrastructure projects in our history. It shows that despite over a decade of delay, New York can continue to build big. I thank Secretary of Transportation Anthony Foxx for his hard work helping New York secure this loan."

The loan from the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) program will complement \$2.4 billion in bonds the Thruway Authority will issue to cover Tappan Zee replacement costs, Executive Director Thomas Madison said. The rate for the TIFIA loan will be set at the loan closing which is scheduled for December. According to the TIFIA website, the rate is currently 3.62 percent. The loan term is up to 35 years.

On Tuesday, Standard & Poor's Ratings Service downgraded the rating for bonds sold by the Thruway Authority from A-plus to A over concerns about how much tolls will increase. At a teleconference yesterday, Governor Cuomo indicated that officials need to determine actual construction and project management costs before setting the tolls. The Governor said that financing and toll plans are currently being developed.

Formal construction began two weeks ago with installation of the first permanent piles that will comprise the foundation of the new bridge. Completion of the project is targeted for 2018.

New York Implements New Emergency Disaster Protocol for Insurers to Follow During Future Severe Storms

In conjunction with this week's *NY Rising* Superstorm Sandy anniversary tour, the Cuomo Administration has established a new Emergency Disaster Protocol that insurers should expect to follow in the event of future severe storms and other natural disasters.

The Emergency Disaster Protocol includes a number of measures the Department of Financial Services (DFS) put in place in the wake of Superstorm Sandy — such as expedited claims processing procedures, emergency licensing of new claims adjusters, a mediation program for disputed claims, and other steps — to help accelerate claims payments to consumers and ensure New Yorkers receive their promised insurance benefits. DFS notified insurers of the protocol this week.

“During Superstorm Sandy these steps helped us speed up relief to New York families and businesses, and they will now become a standard part of our storm response arsenal,” said Governor Cuomo. “Insurance companies have a vital responsibility to promptly process claims for consumers hit by a natural disaster and this new emergency protocol will help make sure that they live up to that standard.”

Emergency Disaster Protocol for insurers includes:

- Creating an expedited process for temporarily licensing new claims adjusters to help ensure an adequate supply of qualified adjusters in affected areas when large losses create a spike in demand for adjusters.
- Establishing a new online report card to hold insurance companies publicly accountable for their performance processing claims in Sandy-affected areas.
- Putting in place a temporary moratorium on insurers canceling policies in storm-stricken areas for non-payment of premiums.
- Creating a voluntary mediation process for homeowners and businesses disputing their insurance claims or dissatisfied with denials of their claims arising from Superstorm Sandy.
- Protecting the health and safety of New Yorkers by permitting immediate, necessary repairs and the discarding of dangerous debris; and broadening proof-of-loss-documentation to include photographs, video recordings, material samples, receipts and inventory listings.

In the News – New York City



Comptroller Liu: NYC Economic Growth Improves Despite Superstorm Sandy

New York City's economic growth improved in Fiscal Year 2013 compared with the previous year despite the strains of Superstorm Sandy, according to City Comptroller John Liu's Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2013. Overall, the City's economy grew by an estimated 1.8 percent in FY 2013, slightly faster than the 1.3 percent recorded in the previous fiscal year.

"Unemployment edged downward and the City's workforce saw healthy wage growth for the first time since the financial crisis," Comptroller Liu explained. "But the City must remain vigilant against growing budget gaps, the continuing cost impact of Sandy recovery, and potential risks from the dysfunction in Washington as exemplified by the recent shutdown."

The CAFR, which provides a detailed look at the City's finances, shows that for the 33rd consecutive year New York City completed its fiscal year with a General Fund surplus, as determined by the Generally Accepted Accounting Principles (GAAP).

The CAFR shows the General Fund had revenues and other financial sources in Fiscal Year 2013 totaling \$71.029 billion and expenditures and other financing uses of \$71.024 billion, resulting in a surplus of \$5 million. It also shows that as of June 2013, \$1.7 billion had been spent on the Sandy recovery, and the City continues to incur costs associated with the storm.

Among other important economic findings, the report contains updates on New York City's finances, including:

- The City Pension Funds paid benefits totaling \$12.0 billion during FY 2013. As of June 30, 2013, the City pension funds had an aggregate value of \$137.4 billion, an increase of \$15.3 billion from the June 30, 2012 value of \$122.1 billion.
- The Comptroller's Bureau of Audit issued 84 audits and special reports in FY 2013 identifying approximately \$184 million in actual and potential revenues and savings. Reviews of claims filed against the City identified another \$15.7 million in cost avoidance.
- In FY 2013, the City paid \$562.4 million in settlements and judgments (tort and non-tort).

- The City and its blended component units issued \$10.15 billion in long-term bonds in FY 2013 to finance the City's capital needs and refinance outstanding bonds for interest savings. As of June 30, 2013, the City's outstanding General Obligation debt totaled \$41.59 billion, consisting of \$33.93 billion in fixed rate bonds and \$7.66 billion in variable rate bonds.
- From June 2012 through June 2013, the City added more than 76,400 private-sector jobs. Although the number of new jobs created was lower than that of the previous 12 months, the gain still represented a solid 2.3 percent increase in the City's jobs base.
- The City's unemployment rate fell to 8.9 percent in FY 2013 from 9.3 percent the previous year. The average weekly earnings of private-sector workers in New York City increased by 4.9 percent in the fiscal year. The combination of rising employment and higher earnings produced an estimated 6.3 percent increase in year-over-year income tax withholdings.

School Kids Ride Free: City Council Approves Staten Island "Big Wheel" Project

The City Council this week gave its stamp of approval to the Staten Island North Shore development project, estimated to bring over \$600 million of investment in the borough's waterfront.

"This vote is a tremendous victory for the residents of the North Shore, for Staten Island, and for New York City.," Council member Debi Rose said. "This will be a transformative project and a boon to economic development for Staten Island. It is worth over \$580 million dollars in private investment, with an additional \$52 million in commitments from the City, EDC and the Developers."



With approval of this project, the North Shore of Staten Island will have the world's tallest observation wheel on its waterfront, at 625-feet-tall, and will also have the first "high-end" outlet mall located in New York City, with up to 125 retailers, eating and drinking establishments, and a 200-room hotel with catering facility. The project is estimated to generate over 1,150 construction jobs and 1,350 permanent jobs. It also will generate over \$101 million in return to the City. The plan includes complementary ridership for Staten Island school children on The Wheel.

According to Council Member Rose, the project includes:

- A \$1,000,000 traffic mitigation fund.
- \$700,000 for a Planning Study for the replacement of the Cromwell Recreation Center.

- Parking rates will be capped.
- 100% union hiring for The Wheel and Outlet Mall.
- \$500,000 for capacity building for M/WBE contractors.
- \$2 million for repair to the Richmond Terrace Esplanade and aesthetic upgrades.
- \$750,000 for the development of a Staten Island Greenway Trail from the Verrazano Bridge to the Goethals Bridge.
- \$35 million in City Capital funds for new ferries.
- A Comprehensive Signage Plan for the Staten Island Ferry and its Ferry Terminals (up to \$200,000).
- Wi-Fi service in the ferry terminals and on the ferry.
- \$75,000 for the creation of a Jersey Street LDC.
- Rezoning of the New Brighton community from manufacturing.

“For years Staten Island's businesses and cultural institutions have been asking our elected officials for a way to get the millions of visitors who ride the Staten Island Ferry out of the terminal and onto Staten Island,” Council Member Rose said. “This project will meet that long awaited goal. Staten Island will no longer be the ‘Forgotten Borough!’”

Briefs

NYS Bans 18 Doctors and Other Health Service Providers for Abusing No-Fault Auto Insurance System

The Cuomo Administration this week banned the first round of 18 doctors and other health service providers from billing New York’s no-fault auto insurance system as part of an extensive and ongoing Department of Financial Services (DFS) investigation. This action is part of the Administration’s statewide initiative to stop fraudulent health service providers and medical mills that abuse the no-fault insurance system, and cost New Yorkers hundreds of millions of dollars in unnecessary insurance costs.

An ongoing DFS investigation uncovered evidence of doctors and other health service providers giving unnecessary treatment to car accident victims, billing insurers for unnecessary treatment or treatment that was never provided, and “renting” their taxpayer ID number to fraudulent medical practices run illegally by laypersons who submit fake bills to insurance companies.

Last year, Governor Andrew Cuomo announced a statewide initiative to combat no-fault insurance fraud. As part of that initiative, DFS issued regulations enabling it to ban health service providers who engage in illegal or dishonest practices or fail to respond to the Department's inquiries from billing the no-fault system. This week's actions are the first ban under that regulation. DFS is collaborating with law enforcement officials on these and other cases.

Sergio Paneque Tapped as Chief Procurement Officer for the Office of General Services

Chief New York City Acquisition Officer Sergio Paneque has been appointed Chief Procurement Officer at the New York State Office of General Services (OGS). Mr. Paneque will join the Cuomo administration on November 7. He succeeds John Traylor at OGS who was recently appointed Executive Deputy Comptroller of Operations at the Office of the New York State Comptroller.

As Chief Procurement Officer, Mr. Paneque will lead the New York State Procurement (NYS Pro), an arm of OGS, and be responsible for overseeing state contracts for core goods and services and the continued implementation of strategic sourcing purchasing practices.,

In January 2011, Sergio Paneque was appointed the Chief Acquisition Officer for the City of New York at the Department of Citywide Administrative Services. Previously Mr. Paneque served as the Director of Procurement and Real Estate Services Administration in Michigan's Department of Technology.

Mr. Paneque has a Juris Doctor from Thomas M. Cooley Law School and both a Bachelor of Arts in Accounting and a Bachelor of Science in Building Construction Management from Michigan State University.

NY Smoking Ban Expands to Outside Hospitals & Nursing Homes

A law making it illegal to smoke on the grounds of New York's hospitals and nursing homes went into effect this week.

Although many hospitals already have outside "smoke-free" areas, the new law will make it illegal to smoke on the properties, including within 15 feet of a building's entrance or exit and 15 feet from the start or exit of the property of the facility. An exemption is provided for nursing home patients who are allowed to smoke in designated areas or buildings on the grounds.

The state Department of Health is expected to notify hospitals and nursing homes of the change. The legislation was sponsored by Assemblywoman Ellen Jaffe (D- Rockland) and Senator Jack Martins (R-Nassau County).

Governor Appoints Long Island Utility Debt Restructuring Board

Governor Andrew M. Cuomo this week announced his appointments to the Utility Debt Securitization Authority, which was created by the Long Island Power Authority (LIPA) Reform Act to restructure a portion of LIPA's debt and reduce interest costs for Long Island electric ratepayers. The appointees of the three-member board will serve terms no longer than six years. The members are:

Paul Francis is a Distinguished Senior Fellow of the Guarini Center on Environmental and Land Use Law at NYU Law School. He was previously the Director of Agency Redesign and Efficiency and the Vice-Chair of the SAGE Commission under Governor Cuomo. He previously served as Governor Spitzer's Budget Director and Director of State Operations, a position he continued under Governor Paterson.

Bruce Levy is a Principal and serves as President of Oak Ridge Power LLC, a power project development and advisory firm. Prior to his current position, he served as President and CEO of International Power's North America region and held key positions at the U.S. power company GPU Inc.

Robert Gurman is Chief Financial Officer of Pocono Manor Investors. He is also a Principal of Gurman Capital Group, LLC and serves as Managing Director and Chief Credit Officer of Mariner Infrastructure Investment Management.

JCOPE Selects Letiza Tagliafierro as Executive Director

The Joint Commission on Public Ethics (JCOPE) this week named Letizia Tagliafierro as the agency's new executive director. Prior to her appointment as Executive Director, Ms. Tagliafierro served as JCOPE's Director of Investigations and Enforcement. In that role since mid-2012, Ms. Tagliafierro oversaw all investigative and enforcement matters.

Her public service includes appointment as Governor Andrew Cuomo's Director of Intergovernmental Affairs. In addition Ms. Tagliafierro served as Special Counsel/Public Advocacy Attorney at the Office of the New York State Attorney General and Special Counsel to the Commissioner of the State Division of Criminal Justice Services.

Ms. Tagliafierro received her Bachelor of Arts degree from the State University of New York at Albany and her law degree from the Albany Law School of Union University.

The Joint Commission operates with a 2013-2014 fiscal year budget of \$4.6 million with a full-time staff of about 45.

City Launches System to Electronically Issue RFPs and Receive Funding Proposals from Non Profit Organizations

The Bloomberg Administration today launched HHS Accelerator, a web-based system maintained by the City of New York for use by human services providers and City agencies to manage procurement and financial activities.

In 2013, human services contracts accounted for 33% of the total contract dollars awarded to providers, typically nonprofits. Annually, competitive contracts account for approximately 5,600 contracts, which are held by over 1,600 providers. Services range from mental health counseling, workforce training, foster care, and after school programing to senior centers, shelters and housing. Over the next year, City health and human services agencies will release nearly two dozen RFPs that will result in contracts with a total value of approximately \$100 million.

Participating City agencies are Administration for Children's Services; Department for the Aging; Department of Corrections; Department of Health and Mental Hygiene; Department of Homeless Services; Department of Probation; Department of Small Business Services; Department of Youth and Community Development; the Housing and Preservation Department; Human Resources Administration and the Office of the Criminal Justice Coordinator.

Coming Up

New York State

There are no meetings for the week of November 4th

New York City

Thursday November 7th

Committee on Governmental Operations, 250 Broadway-Committee Rm, 14th fl, 10 a.m.

T2013-6947- in relation to the regulation of lobbying, and repealing section 3-214 of the administrative code of the city of New York, relating to the monthly docket of statements of registration required to be compiled by the city clerk.

T2013-6946- Resolution calling on the New York State Assembly and New York State Senate to introduce and pass, and the Governor to sign, legislation requiring the Joint Committee on Public Ethics (JCOPE) to accept filings pursuant to the City's lobbyist registration laws from lobbyists who are required to file by the State Lobbying Act with JCOPE solely due to their lobbying of New York City officials.

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