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Razzle Dazzle

For City, Dirty Laundry Comes with the Contract

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LAUNDRY WORKERS NOT READY TO HANG IT UP: Employees of the Brooklyn Central Laundry protest plans to close it and have their duties handled by an outside contractor, even though the Health and Hospitals Corporation has assured them of other positions at a slightly higher salary after they are retrained. 'Where are you going to get such quality of laundry done?' one veteran worker said.

"We're professional," Winston Tai, a longtime worker at Brooklyn Central Laundry, emphasized following a May 25 press conference held by his union, Local 420 of District Council 37, to rally opposition against the transfer of the laundry's work to private contractors.

He continued, "The day New York City was shut down in the winter—the ambulances couldn't run, the Fire Department couldn't run—Brooklyn Central Laundry was open. What more can I say?"

Nothing that was likely to change the minds of Health and Hospitals Corporation President Alan Aviles or Mayor Bloomberg, who say that shutting down the

laundry and giving its work to the contractors will save \$72 million over the next nine years.

This assumption rests on the Mayor's continued belief that private firms don't view the award of city business as a license to steal. That faith has lately been tested on an almost-daily basis. On May 24, the Department of Education's in-house investigations unit revealed that DOE had cemented its reputation as Turnip Truck Central with its former Chief Financial Officer, George Raab, having allegedly hired three consultants to help create what one of them called, believe it or not, the "George Raab Exit Strategy." This consisted of having the consultants—one of them paid \$100 an hour by DOE—create a department at the financial firm Guggenheim Securities where he could work (we're using the word loosely) once he left DOE.

CityTime Euphoria Doesn't Last

This bit of perfidy might have seemed to the Bloombergians to be offset by the happy news they had been able to convey in that morning's Wall Street Journal that their long CityTime nightmare had given way to a new dawn in which the electronic-timekeeping system was finally fully operational. That bubble was popped 24 hours later, however, when City Comptroller John Liu released a letter from the project's primary contractor, Science Applications International Corporation, acknowledging that one of its managers had stolen nearly \$2.5 million from the administration by misreporting the time he spent working on the project.

The irony was as delicious as it was costly. The primary champion of CityTime within the administration was Budget Director Mark Page, who the New York Times two months ago reported wanted a new time-keeping system installed from outside "partly because he did not trust the employee self-reporting aspect of other systems."

The city, however, allowed the ousted CityTime manager, Gerard Denault, to self-report. On May 27, he was indicted for other alleged thievery.

Mr. Page, like most of the 83 Brooklyn Central Laundry workers who soon face a transfer to other jobs within HHC, is a career civil servant and is generally regarded as a dedicated Budget Director. But what has proved to be a self-destructive distrust of city employees who he feared were gaming the system for hours they didn't actually work or, in the case of cops and firefighters, jacking up overtime shortly before retiring to pad their pensions—one anonymous administration official compared him to Captain Ahab in his mad pursuit of Moby-Dick—led him to turn a blind eye to the rampant abuses that swelled CityTime's original estimated cost of \$63 million to something north of \$700 million.

The administration's estimate that CityTime will now save \$60 million a year seems questionable in light of a cost per user of \$4,000; the Times noted that the industry standard is usually no more than \$1,000.

HHC Firm Ran Afoul of Cuomo

All well and good, you might say, but why should this raise concerns about the HHC laundry contract with three firms that have no connection to CityTime? Why should they be tainted with the same brush?

Except... one of those firms, Sodexo, last year paid a \$20-million fine for overcharging state public schools and the State University of New York for its services to settle a case brought by then-State Attorney General Andrew Cuomo.

Surely city officials could have found an outside firm lacking such a recent black mark on its reputation without the Mayor having to pull a Diogenes and set off in a barrel with lantern in hand to search for an honest consultant. But maybe Mr. Bloomberg is just the forgiving type when it comes to those who ran afoul of Mr. Cuomo's investigators. He did, after all, increase that portion of his private fortune he invested with longtime friend Steve Rattner after Mr. Rattner paid tens of millions of dollars to settle complaints brought against him by Mr. Cuomo and the Securities and Exchange Commission for bribing officials of the State Comptroller's Office to win hundreds of millions of dollars in pension investment business.

Sodexo is partnering with Unitex, a laundry vendor based in Mount Vernon that has what Local 420 spokesman Michael Yellin called "a parking-lot address" in The Bronx to make it appear city-based. The third firm involved in the project, Nexera, has failed to live up to commitments made under an HHC food-service contract, according to Beryl Major, the union's director of membership development.

"A leopard doesn't change its spots," she said outside Brooklyn Borough Hall, where Borough President Marty Markowitz had joined Local 420 President Carmen Charles in decrying the plan to close Brooklyn Central Laundry.

The union survived one previous move to shut down the facility on the campus of Kings County Hospital, when then-Mayor Rudy Giuliani in 1998 sought to shift laundry services to a private vendor named Angelica. After a court battle, a compromise was reached under which half of the 16.5 million pounds of laundry used annually by HHC hospitals and nursing homes remained with the BCL while the rest was farmed out.

Old Contractor Washed Out

Over the past 13 years, the BCL staff has out-performed Angelica, even though, as laundry chapter chair Patsy Carter pointed out, the laundry facility "has not been repaired in 10 years." Other union officials said there had been instances where linens cleaned by Angelica were returned to hospitals still soiled, and that finally the firm subcontracted much of its business to a small Long Island company last year.

HHC has noted that it is not using Angelica in the new operation and believes it will avoid the problems that New Jersey-based firm encountered. But union officials and activists are skeptical about the projected savings—"a private company can always raise the price," said Christine Fico, who has worked for more than six years at the BCL—and particularly about an arrangement they say will cost HHC millions that will go to the contractors.

The savings the three-headed contractor can deliver will come primarily because it will have a group purchasing officer demanding discounts from vendors in return for the large volume of business being offered. The purchasing officer can also ask for a rebate as a kind of reward for that business.

That practice was actually what got Sodexo into trouble with the Attorney General's Office: over a five-year period it received rebates from vendors averaging 14 percent but did not pass the savings on to school districts and SUNY. As Mr. Cuomo put it, "This company cut sweetheart deals with suppliers and then denied taxpayer-supported schools the benefits."

Ms. Major said HHC is sparing the contractors the legal worry by permitting the GPO to keep the entire rebate from the cleaning suppliers, which she said could be as high as 13 percent. In this case, the union said, it is HHC that is entering into the sweetheart deal.

HHC: Workers Getting Raise

HHC spokeswoman Evelyn Hernandez, who said the retrained Local 420 members will receive "slightly higher salaries," emphasized the \$72-million savings from closing the BCL "was not contingent on the vendor's deal with subcontractors."

So all the gravy will be going directly to the contractors, rather than dribbling down to the workforce. While the contractors will be using a unionized staff, it will be paid between \$8 and \$10 an hour, where Local 420 members average about \$7 more as their hourly rate, Ms. Major said.

"They're creating a group of second-class citizens," she said.

Mr. Markowitz was also less than enthused about the deal, which he said "doesn't make any sense. They say that they can save money...and [the Local 420 members] are not living high on the hog here."

Ms. Carter, standing with two dozen union members, said her job had been good enough to her over a 24-year career to be able to buy a house while raising three children.

Emma Lampkin, a Laundry Worker with the same length of service, said, "I'm really saddened about the whole idea" of closing the BCL and working somewhere else in HHC's housekeeping department. "This job has been my life and everything," she said. "Where are you going to get such quality of laundry done? We are the best."

‘Work Tirelessly, Don’t Complain’

Ms. Charles told those taking the sun in Borough Hall Plaza, who far outnumbered the media present, that it was that pride in their work that had allowed the BCL to outperform private contractors until now and would continue to produce such results if given the chance. “These workers have worked tirelessly, they have worked understaffed,” she said. “They do not complain.”

That work ethic doesn’t always carry the day with this administration, where a Budget Director’s cynicism about city workers trying to cheat the city out of thousands led him to ceaselessly push a time-keeping system in which consultants allegedly stole \$80 million and miscalculations wound up costing hundreds of millions more.

“We will continue to fight,” Ms. Charles declared. “We will send a message to Alan Aviles that this will not continue.”

They’ll have to deliver it via lawsuit. The next afternoon, the HHC board approved the farm-out by an 8-2 vote