THE CITY OF NEW YORK CONFLICTS OF INTEREST BOARD X In the Matter of The Financial Disclosure Appeals of: Isabel Acevedo Hans Arntsen Dubravko Cebalo Jose Concepcion Dante Espiritu FD No. 2013-01 Denis Huderski George Mascia George Pardo Himanshu Patel Suresh Patel Monica Rich Alexander Santana Jamil Sheikh

FINAL FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

Upon consideration of all the evidence presented in this matter, and upon the full record herein, including all papers submitted to, and recommended findings of, neutral arbitrators of the Office of Collective Bargaining ("OCB"), the Conflicts of Interest Board ("COIB" or "the Board") adopts the recommendations of OCB neutral arbitrators Jane Morgenstern and Earl R. Pfeffer that Isabel Acevedo, Dubravko Cebalo, George Pardo, Himanshu Patel, Suresh Patel, and Monica Rich are required to file a financial disclosure report for calendar year 2011 pursuant to section 12-110(b)(3)(a)(4) of the New York City Administrative Code and 53 RCNY § 1-15 and that Hans Arnsten, Jose Concepcion, Dante Espiritu, Denis Huderski, George Mascia, Alexander Santana, and Jamil Sheikh are not required to file a financial disclosure report for 2011. ¹

¹ At the outset, the Board notes that these DCAS employees appealed the designation that they were required to file a financial disclosure report for calendar year 2010. The Board granted those appeals on default, finding that an agency's failure to set forth any reasons for its denial of an employee's appeal is, in effect, a failure to respond within the required time frame. See Matter of Acevedo, et. al, April 19, 2012.

This financial disclosure appeal involves Isabel Acevedo, Hans Arntsen, Dubravko Cebalo, Jose Concepcion, Dante Espiritu, Denis Huderski, George Mascia, George Pardo, Himanshu Patel, Suresh Patel, Monica Rich, Alexander Santana, and Jamil Sheikh, employees of the Department of Citywide Administrative Services ("DCAS").² Each was notified by DCAS of the requirement, pursuant to Section 12-110(b)(3)(a)(4) of the Administrative Code of the City of New York, to file a financial disclosure report for calendar year 2011.³ Each employee fully and timely appealed the designation as a required filer to the agency head and the Board, and the matters were heard before two OCB neutral arbitrators.⁴

During the reporting period (calendar year 2011), the aforementioned DCAS employees worked in the Asset Management Line of Service or the Engineering and Architectural Services Units reporting to DCAS's Executive Director for Design and Project Management, Glenn Pymento. DCAS is responsible for securing private office space when needed by City agencies, and it consults with the tenant agency, determines its specific needs, locates appropriate space, and negotiates the terms of the lease with private landlords. Pymento's units are responsible for all architectural and engineering services for DCAS, including the architectural and engineering supplements to a scope of work that outline the division of work between the City and the private landlord. After a lease is signed, Pymento's units manage the construction and approve construction costs. As explained herein, the appealing employees have various duties and responsibilities in regard to these tasks.

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Acevedo's civil service title is Associate Project Manager and her office title is Project Manager. The office title of Arnsten, Conception, Mascia, Santana, and Sheikh is Project Architect, although they have various civil service titles: Arnsten, Concepcion, Mascia, and Sheikh's is Architect; Huderski's is Architect II; and Santana's is Construction Project Manager. Espiritu performs the same tasks and has the same duties as a project architect although his office title is Project Manager and his civil service title is Assistant Architect. Cebalo's civil service title is Architect II, and his office title is Project Architect. Pardo and Rich's civil service title is Architect II, and their office title is Assistant Director. S. Patel's civil service and office titles are both Associate Project Manager II. H. Patel's civil service and office titles are both Mechanical Engineer.

³ Financial disclosure reports pertaining to a particular calendar year are filed in the next calendar year. For example, reports relating to 2011 were filed in 2012.

⁴ The appeals were heard pursuant to the Financial Disclosure Appeals Process, the procedure for hearing appeals that was previously agreed to among COIB, the City's Office of Labor Relations, and DC 37. The matter of Hans Arntsen, Jose Concepcion, Dante Espiritu, Denis Huderski, George Mascia, George Pardo, Monica Rich, Alexander Santana, and Jamil Sheikh was heard before Earl R. Pfeffer on January 11, 14, and 23, 2013. The matter of Isabel Acevedo, Dubravko Cebalo, Himanshu Patel, and Suresh Patel was heard before Jane Morgenstern on January 9, 2013, and January 30, 2013. Ms. Morgenstern submitted her report on February 14, 2013, Mr. Pfeffer his on February 22, 2013.

Section 12-110(b)(3)(a)(4) of the Administrative Code of the City of New York requires the filing of a financial disclosure report by:

Each employee whose duties at any time during the preceding calendar year involved the negotiation, authorization or approval of contracts, leases, franchises, revocable consents, concessions, and applications for zoning changes, variances and special permits, as defined by rule of the conflicts of interest board and as annually determined by his or her agency head or employer, subject to review by the conflicts of interest board.

The rules of the Board clarify which employees with the responsibilities set forth in that Section are required to file financial disclosure reports ("contract filers"). Any employee who is involved in the substantive determination of any aspect of the contracting process, whether in the drafting of a contract, the evaluation of a bid, the approval of documents relating to a contract, or the determination of contract policies, rules, or regulations, is required to file. Included in the category of contract filers is any employee who "[n]egotiates or determines the substantive content of a contract, lease, franchise, revocable consent, concession, or application for a zoning change, variance, or special permit or change order," "[r]ecommends or determines whether or to whom a contract, lease, franchise, revocable consent, concession, or application for a zoning change, variance, or special permit or change order should be awarded or granted,"7 or "[alpproves a contract, lease, franchise, revocable consent, or concession or change order on behalf of the City or any agency subject to Administrative Code §12-110."8 Exempted from this particular category of employees required to file financial disclosure reports are clerical personnel and other public servants who perform only ministerial tasks.⁹ Charter §2601(15) defines "ministerial matter" as "an administrative act . . . which does not involve substantial personal discretion."10

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⁵ Board Rules § 1-15.

⁶ Board Rules § 1-15(4)(emphasis added).

Board Rules § 1-15(5)(emphasis added).

⁸ Board Rules § 1-15(6)(emphasis added).

Board Rules § 1-15(b) (emphasis added). For example, "public servants who are under the supervision of others **and** are without substantial personal discretion, **and** who perform only clerical tasks ...shall not, on the basis of such tasks alone, be required to file a financial disclosure report." (*Id.*; emphasis added) Examples of ministerial tasks include "typing, filing, or distributing contracts, leases, franchises, revocable consents, concessions, or zoning changes, variances, or special permits or calendaring meetings or who identify potential bidders or vendors." (*Id.*)

The Board concludes that the Charter definition of "ministerial matter" shall apply to the interpretation of "ministerial tasks" referenced in Board Rules § 1-15(b).

Isabel Acevedo

During the reporting period, Isabel Acevedo served as a Project Manager who, after the lease was signed, worked to insure that construction was "proceeding smoothly and according to plan." She was the sole DCAS representative at meetings with the landlord, the contractor, and other stakeholders, and she participated in periodic meetings with these individuals during the construction period. Acevedo advised Pymento what stage construction was in "or if a field condition required approval of a change order request," and "explained the particulars of a change order request to ... [the] Assistant Director of the Unit, who reviews and approves it, as does Pymento." She also ensured that the landlord had complied with lease requirements and, after a punch list of outstanding items is created, "does a walk-through with the consultant architect, tenant representative, and landlord to see if the work on these items has been completed." 14

The Board first concludes that Acevedo's role in managing construction on DCAS projects, including advising her supervisors whether a change order should be granted, involves her in recommending whether a change order should be awarded and granted, and in approving a change order. Therefore, her role falls squarely within Administrative Code §12-110(b)(3)(a)(4) and Board Rules §§1-15(a)(5) and (6).

To be exempted from the filing requirement, public servants performing contracting responsibilities must perform **only** ministerial duties. Acevedo is directly and substantially involved in the discretionary process of deciding whether change orders should be awarded or granted, and approving them, and, thus, does not perform merely ministerial tasks. Thus, as the Morgenstern Report correctly concluded, "Acevedo's duties and responsibilities are such that they fall within the applicable guidelines of the Administrative Code and 53 RCNY 1-15." ¹⁶

Hans Arnsten, Jose Concepcion, Dante Espiritu, Denis Huderski, George Mascia, Alexander Santana, and Jamil Sheikh

Arnsten, Concepcion, Espiritu, Huderski, Mascia, Santana and Sheikh serve as DCAS Project Architects ("Project Architects"). ¹⁷ In that capacity, "by providing extensive technical assistance which ultimately leads to the creation of the Scope of Work that is affixed to the City's lease for the new space," ¹⁸ they identify the client agency's programmatic requirements, a

¹¹ February 12, 2013, Report of Jane Morgenstern at page 7 ("Morgenstern Report").

 $^{^{12}}$ Id.

¹³ *Id*.

¹⁴ *Id*.

¹⁵ Board Rules § 1-15(b) (emphasis added).

¹⁶ Morgenstern Report at 7.

Although Espiritu's office title is Project Manager, the parties stipulated that he performed the same duties as a Project Architect. February 22, 2013, Report of Earl Pfeffer at 6 ("Pfeffer Report").

¹⁸ *Id.* at 8.

decision that will assist in determining the location of adequate and appropriate space. They follow "guidelines established in DCAS worksheets in order to prepare a Site Report and, ultimately, the Scope of Work." The Project Architect's role is limited to the architectural component of the Site Report; once the agency's needs are identified therein, 20 the Project Architect chooses from a boilerplate scope of work from those options that apply to the Client Agency's needs.²¹ Once approved by various individuals,²² the Scope of Work becomes a lease attachment.

Once all necessary approvals for a project are obtained, DCAS negotiators, who are also called Project Representatives, will seek appropriate sites. The Project Architects do not typically participate in seeking locations. However, once a site is selected, the Project Architect will visit to review it for "usability and code compliance" and "provide technical analysis and support which ultimately leads to the Scope of Work."²³

Project Architects also do not communicate with the landlord or the landlord's representatives. Any lease negotiations that determine the allocation between the landlord and the City of the costs for the work described in the Scope of Work are conducted by the DCAS negotiators (the Project Representatives), so "[t]he moneys spent by the City and the landlord for the work outlined in the Scope of work are outside the purview of the Project Architect."24

The Board concludes that, while the Project Architects' work involves lease responsibilities, the Project Architects do not negotiate or determine the substantive content of a contract or lease, or recommend or determine whether or to whom a lease or contract should be awarded or granted, and they do not offer judgments that are relied on to make those

The Client Agency's needs are identified by a questionnaire that aims "to create an objective assessment of the space, design, infrastructure, and equipment which are necessary for the Agency to satisfactorily perform its function." (Pfeffer Report at 14.) Based on the information obtained in this questionnaire and interview with Client Agency representatives, the Project Architect will create "a spreadsheet which generates, among other things, square footage requirements, which translate into cost." (Pfeffer Report at 16.) These spreadsheets are reviewed internally at DCAS and externally at the Client Agency.

²¹ Pfeffer Report at 8. In doing so, the Project Architect "is applying DCAS policies and standards within a pre-defined and pre-approved range of options." Id. at 10. "Any requests by the client Agency outside the pre-determined options ... would have to go to the Director" of the unit. *Id.* at 17.

²² Pardo and Rich are among those approving the work of the Project Architects. See Pardo and Rich discussion, infra.

²³ *Id.* at 16.

²⁴ Id. at 12. In addition, these negotiations are finalized after the Project Architect's work is completed. As the arbitrator indicated, "[t]he Project Architect does not negotiate, and is not in a position to give the landlord more value than what he ultimately agrees to pay for." Id. at 12.

determinations.²⁵ Their role is to provide technical assistance in the formation of lease documents (the Scope of Work), which is basically limited to selecting pre-determined items from a DCAS approved checklist to meet the Client Agency's needs.²⁶ In fact, the Project Architects translate into technical terms the needs of City Agencies within presubscribed limits. While performing those duties requires a level of professional expertise, it does not require the exercise of "substantial personal discretion." Accordingly, they are not required to file a financial disclosure report pursuant to the Administrative Code § 12-110((b)(3)(a)(4) and Board Rules § 1-15(a).²⁷

Dubravko Cebalo

Dubravko Cebalo works in DCAS's Asset Management Line of Service, reporting to Pymento. During 2011, his duties "entailed verifying tenant representatives' measurements of square footage in floor plans based on DCAS standards and rules, or, where there was no tenant representative, doing the measurements himself." A Project Architect reviews his measurements to insure that they are based on the correct layout but does not certify or check them. If there is a discrepancy between Cebalo's measurements and those of the tenant representative, Cebalo certifies his own measurements. Pymento signs the final form, which contains Cebalo's measurements, but does not check them; this form becomes part of the lease documents. If questions arise after Pymento signs off on Cebalo's numbers, Pymento relies on Cebalo's explanation to resolve the matter. Cebalo's measurements affect the price of the lease.

The Board first concludes that Cebalo's role in verifying or measuring square footage for DCAS leases involves him in determining the substantive content of a lease. Therefore, his role falls squarely within Administrative Code §12-110(b)(3)(a)(4) and Board Rules §§1-15(a)(4), and he performs the duties outlined in this provision.

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²⁵ This stands in contrast to other DCAS employees who did not actually have final authority but whose recommendations were relied on to the extent that those employees effectively had actual authority. *See* discussion of H. Patel and S. Patel, *infra*.

Testimony by witnesses from the City and the Union were consistent on this point. The City's witness stated that "the Project Architects do not draft; they add and delete to meet the Client Agency's site specific needs." Pfeffer Report at 11. The Union's witness stressed "that the various options the Project Architect may select from, like types of carpets, are pre-approved based on DCAS purchase policies" and his or her "options are limited by what is in the boilerplate language of what has been previously allowed." Pfeffer Report at 17.

Furthermore, as the arbitrator found, "the restrictions on the authority of the Project Architects are in place precisely to remove them from the level of decision-making which coincidentally also triggers financial disclosure." *Id.* at 30.

²⁸ Morgenstern Report at 5.

²⁹ *Id*.at 6.

To be exempted from the filing requirement, a public servant involved in contracting responsibilities must perform **only** ministerial tasks. 30 Although Cebalo is supervised, his measurements are checked only to insure that they are based on the correct layout, and no one, including the individuals who sign off on his measurements, verifies or certifies his numbers, which help determine the price of a lease. He clearly does not perform merely ministerial duties. Thus, as the Morgenstern Report correctly concluded, Cebalo "falls within the applicable guidelines of the Administrative Code and 53 RCNY 1-15."31

George Pardo and Monica Rich

George Pardo and Monica Rich are Assistant Directors who supervise the Project Architects. Their duties include signing the Scope of Work, insuring that work of the Project Architects is timely and accurate, and functioning as team leaders for approved projects.³² In addition, their work plays an important role in the landlord's selection of an outside architect. Before the lease is signed, the landlord proposes a list of architects to perform the work for which the landlord is responsible. While "DCAS has no role in creating this list, [it] reserves the right to accept or reject architects on the proposed list"33 and "[t]he Assistant Directors ... play a substantial role in reviewing bids made by Architects based on the Scope of Work." 34

Pardo and Rich are responsible for a task called "leveling" bids, or the "leveling process." They review the architectural firms' bids "to ensure the entire 'list of deliverables' from the DCAS Consultant Guide are included in every bid."35 If proposals contain omissions, they are returned to the appropriate architectural firm "for revision and resubmission." The leveling process "equalizes the bids and ensures the Consulting Architects are competing on a level playing field."³⁷ Documents created during the leveling process identify the lowest responsible bid to the landlord. DCAS does not select the landlord's consulting architect, and remains

³⁰ Board Rules § 1-15(b) (emphasis added).

Morgenstern Report at 6.

Their responsibilities surpass those of the Project Architects, as the evidence adduced demonstrates that they often represent DCAS at meetings outside the agency that the Project Architects do not attend. See City Exhibit 11 (like Acevedo, Pardo is sometimes the only DCAS representative at meetings with outside personnel); Pfeffer Report at 18 (with DCAS Negotiators, Pardo attended meetings with the City's Office of Management and Budget). ³³ *Id at 18*.

³⁴ Id at 19. As Pardo testified in regard to his role in this process, he has the opportunity to give an opinion on each of the bidding firms, 'based on prior experience or what I heard. If there's a history of problems I know about I will mention it." Id. at 21. Evidence at the hearing was not consistent about any specific leveling duties Pardo performed in 2011. However, it was not disputed that he and Rich perform the same work. *Id.* at 6.

³⁵ *Id.* The Project Architects do not participate in this process. ³⁶ *Id.* at 20.

³⁷ *Id*.

³⁸ See City Exhibit 11.

silent if the landlord selects "someone else." However, its reservation of the right to reject architects on the landlord's list of candidates means that the architect who is ultimately chosen has effectively been approved by DCAS, even if that approval is expressed only by the failure to reject that architect from the proposed list.

The Board first concludes that Pardo and Rich's task of leveling the bids of the landlord's consultant architects involves them in "the negotiation, authorization, or approval of ... leases" entered into by the City through evaluating a bid, recommending whether the contract between the landlord and an architect should be awarded, and granting and approving of such a contract, pursuant to Administrative Code § 12-110(b)(3)(a)(4) and Board Rules §§ 1-15(a)(3), (5) and (6). The Board notes that the contract in question is not one to which the City is a party – it is between the landlord and the architectural firm – but finds that the contract is directly related to the lease to which the City is a party: without the lease, there would be no contract between the architect and the landlord. Accordingly, the Board finds that the work of Assistant Directors Pardo and Rich fall squarely within the provisions noted above, and they perform the duties outlined in those provisions.

Pardo and Rich are not exempted from the filing requirement as public servants involved in contracting duties who perform **only** ministerial tasks. They are directly and substantially involved in the process of determining to whom the landlord may award a contract, evaluating the bids received, and enjoying veto power of the landlord's choices. In addition, since the architectural firms cannot respond to their determination of who submitted the lowest responsive bid, Pardo and Rich conduct "essentially unreviewable evaluations." Accordingly, they do not perform merely ministerial duties but instead exercise personal discretion in their work. As the Pfeffer Report correctly concluded, "[t]hey are in a position to strongly influence the selection of outside architectural firms for multi-million dollar contracts" and are thus required to file a financial disclosure report for calendar year 2011.

Himanshu Patel and Suresh Patel

Although they have different civil service positions and office titles, 43 Himanshu Patel and Suresh Patel have "essentially the same responsibilities, S. Patel attending to electrical matters and H. Patel to those mechanical." They were each responsible for preliminary and final review of landlords' or tenants' scopes of work or construction drawings, 45 and "each

⁴³ H. Patel's civil service and office titles are Mechanical Engineer. S. Patel's civil service and office titles are Associate Project Manager II.

³⁹ Pfeffer Report at 20.

⁴⁰ Board Rules § 1-15(b) (emphasis added).

⁴¹ Pfeffer Report at 32.

⁴² *Id*. at 31.

⁴⁴ Morgenstern Report at 5.

Final review was after they had "made comments on items they determined needed to be inserted or modified." *Id.*

verified the validity of requests for change orders by the client agency and/or the landlord to insure that the work requested was not duplicative of that already in the scope."⁴⁶

The Board first concludes that H. Patel and S. Patel's work in verifying the validity of requests for change orders involves them in recommending whether a change order should be awarded and granted and in approving a change order. Therefore, their role falls squarely within Administrative Code § 12-110(b)(3)(a)(4) and Board Rules §§ 1-15(a)(5) and (6), and they perform the duties outlined in those provisions.

To be exempted from the filing requirement, a public servant involved in contracting responsibilities must perform **only** ministerial tasks.⁴⁷ Although H. Patel and S. Patel are supervised, and "neither had final approval authority on change orders and other documents, their supervisor, Glenn Pymento, relied on their comments and determinations of the validity of change order requests to the extent that S. Patel and V. [sic] Patel effectively recommended their approval." Therefore, H. Patel and S. Patel are directly and substantially involved in the process of deciding whether change orders should be awarded or granted, and in approving them. Neither performs merely ministerial duties, and both exercise substantial personal discretion. Thus, as the Morgenstern Report correctly concluded, H. Patel and S. Patel are required to file a financial disclosure report for calendar year 2011.

Conclusion

Board Rules § 1-15 was enacted to, among other things, "limit financial disclosure filing to those public servants who are at risk of conflicts of interests ... [, and] to ensure that rules for determining who is a 'contract' filer are uniform and uniformly applied throughout the City." That objective is furthered by requiring Isabel Acevedo, Dubravko Cebalo, George Pardo, Himanshu Patel, Suresh Patel, and Monica Rich to file financial disclosure reports, and by concluding that Hans Arnsten, Jose Concepcion, Dante Espiritu, Denis Huderski, George Mascia, Alexander Santana, and Jamil Sheikh are not required to file financial disclosure reports.

The work performed by Isabel Acevedo, Dubravko Cebalo, George Pardo, Himanshu Patel, Suresh Patel, and Monica Rich is exactly the type that might pose a conflict of interest. No DCAS employee should be evaluating bids, recommending or approving lease or contract documents, or recommending or determining to whom they should be awarded with a party with whom the employee has a financial relationship. To determine whether such financial relationships exist, and thus to avoid such conflicts of interest violations, is precisely why financial disclosure by these employees is crucial and is required. ⁵⁰

 $^{^{46}}$ Id

⁴⁷ Board Rules § 1-15(b)(emphasis added).

⁴⁸ Morgenstern Report at 5.

Conflicts of Interest Board Notice, The City Record, January 30, 2004, at 276.

⁵⁰ The Board notes that its previous financial disclosure appeals decisions have addressed whether personnel whose duties involved settling claims against the City or recommending the settlement of such claims were contract filers required to file financial disclosure reports

WHEREFORE, IT IS HEREBY ORDERED, pursuant to Administrative Code §12-110(b)(3)(a)(4), that Isabel Acevedo, Dubravko Cebalo, George Pardo, Himanshu Patel, Suresh Patel, and Monica Rich file a financial disclosure report for calendar year 2011 no later than May 31, 2013.

WHEREFORE, IT IS HEREBY ORDERED, pursuant to Administrative Code §12-110(b)(3)(a)(4), that Hans Arnsten, Jose Concepcion, Dante Espiritu, Denis Huderski, George Mascia, Alexander Santana, and Jamil Sheikh are not required to file a financial disclosure report for calendar year 2011 "or in future years until or unless the employee's title, position, duties, or responsibilities change such that he or she should be a required filer."⁵¹

Isabel Acevedo, Dubravko Cebalo, George Pardo, Himanshu Patel, Suresh Patel, and Monica Rich each have the right to appeal this Order to the Supreme Court of the State of New York.

The Conflicts of Interest Board

By: Nicholas Scoppetta, Chair

Monica Blum⁵² Andrew Irving Burton Lehman Erika Thomas-Yuille⁵³

Dated: April 10, 2013

pursuant to Ad. Code 12-110(b)(3)(a)(4) and Board Rules § 1-15. See Matter of Horne, et. al., FD No. 2012-3 (September 20, 2013) (conciliators in the Department of Finance's Conciliation Bureau who negotiate or recommend the resolution of a tax dispute with a taxpayer are required to file a financial disclosure report); Matter of Tirado, et. al. (July 14, 2009) (Claims Specialists in the Comptroller's Office who negotiated settlements in the amount of up to \$2,000 were required to file a financial disclosure report because negotiating such a claim is the negotiation of a contract requiring the filing of a financial disclosure report), aff'd, Tirado v. New York City Conflicts of Interest Board, Index No. 112955/2009 (Sup. Ct. N.Y. Cty. 7/1/10).

⁵¹ Financial Disclosure Appeals Process § D14.

Monica Blum participated in the consideration of this matter before her term expired on March 31, 2013.

⁵³ Anthony Crowell, who joined the Board on April 1, 2013, did not participate in the consideration of and decision in this matter.

Cc: Isabel Acevedo
Hans Arntsen
Dubravko Cebalo
Jose Concepcion
Dante Espiritu
Denis Huderski
George Mascia
George Pardo
Himanshu Patel
Suresh Patel
Monica Rich
Alexander Santana
Jamil Sheikh

Shameka Boyer, DCAS Sheryl Presser, DCAS

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