



**U.S. Department of
Transportation**

The Inspector General

Office of Inspector General
Washington, D.C. 20590

**Office of the Secretary
Of Transportation**

January 17, 2007

The Honorable Jerrold Nadler
Member, House of Representatives
Washington, DC 20515

Dear Representative Nadler:

This letter responds to your April 6, 2006 correspondence that questioned whether the Metropolitan Transportation Authority (Authority) provided adequate relocation planning, advisory services, and coordination of assistance to the individuals and businesses being displaced by the Fulton Street Transit Center Project (Transit Center). The Transit Center receives funding from the U.S. Department of Transportation Federal Transit Administration (FTA) and oversight from FTA's Lower Manhattan Recovery Office (Recovery Office) in New York City.

You requested that we investigate claims that the Authority and two of its consultants, Cornerstone and Universal Field Services, were negligent in their duty to provide the services required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act). When my staff met with you and Borough President Scott M. Stringer, on May 12, 2006, you noted that tenants were directed to move out by May 31, 2006, even though they had not received adequate assistance.

In response to your concerns about the tenants' complaints, FTA had its relocation specialist, Peck Associates, conduct two reviews of the problems with the services and suggest improvements. Peck Associates' first review found that the Authority met statutory and regulatory requirements of the Uniform Act in the areas of relocation planning and general relocation advisory assistance, but that the Authority, Cornerstone, and Universal Field Services did not adequately communicate with each other or with the tenants. Based on Peck Associates' findings, the Recovery Office recommended that the Authority and its consultants provide the tenants with replacement property listings that were more current and more responsive to their needs, and improve communications between all parties.

Control No. 2006-037

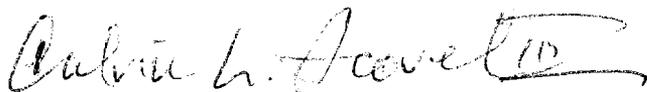
We asked FTA to ensure that the Authority was taking sufficient and prompt action on Peck Associates' recommendations. Subsequently, the FTA Deputy Administrator called the Authority to emphasize the need to address Peck Associates' recommendations. Shortly thereafter, according to your staff, the Authority Chairman notified you that it had implemented all of Peck Associates' recommendations and that the Authority would give the tenants an additional 3 months—until August 31, 2006—to vacate the buildings required for the Transit Center. Further, Peck Associates conducted a second review to confirm that the Authority had taken acceptable corrective actions, and concluded that the program was more responsive to the tenants' needs, provided more up-to-date listings of replacement rental properties, and better communicated with the tenants.

Additionally, Borough President Stringer had suggested that if the tenants' complaints about relocation assistance were validated, then the Authority should release the tenants from their lease payments. We reviewed the tenants' agreements with the Authority and noted that tenants were not charged rent after March 29, 2006 (the date that the Authority took ownership of the buildings), provided that tenants moved out of their space by an agreed-upon date. We also note that as of September 8, 2006, all 149 tenants had moved without the Authority having to evict anyone.

Finally, to address your concerns whether the contractors' billings were appropriate in relation to the value received, we will ask FTA to instruct the Authority to audit the costs billed by both Cornerstone and Universal Field Services.

If I can answer any questions or be of further assistance, please feel free to contact me at (202) 366-1959, or Deputy Inspector General, Todd Zinser, at (202) 366-6767.

Sincerely,



Calvin L. Scovel III
Inspector General

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cc: The Honorable Scott Stringer, Manhattan Borough President
Federal Transit Administrator
Director, Lower Manhattan Recovery Office