



We
Know
What
to
Do

A Political
Maverick
Talks with
America

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DAN BIEDERMAN
PHOTOGRAPH BY EARL WARREN

CHAPTER 8

The Sidewalks of New York

NEW YORK, New York

People who have only heard about New York City, or know it through movies or from television, or by seeing it when they are whisked by taxi from airport to downtown hotel, are usually surprised to learn it has neighborhoods.

I lived in one such neighborhood, Washington Square West in Greenwich Village, when I was a student at the New York University School of Law in the early 1960s. My arrival at law school was my first ever visit to New York City. It was a jarring change for a boy from the Great Smoky Mountains.

I remember that first dinner in the city, sitting alone on Bleecker Street in some Italian restaurant, then staying up most of the night gazing in astonishment from my third-floor window at what was going on in Washington Square. I thought it was the strangest collection of people and activities I had ever seen. I was ready to go home the next day.

I decided to stay, but my sense of security was not helped at all when in contracts class I was called on not just to see how I sounded when I talked (which was what I first suspected was the reason), but to determine whether I had enough sense to talk at all (which is what many New Yorkers doubt about southerners).

I plunged ahead with my studies, and after a while, I began to see Washington Square as a neighborhood and to find within the Village many neighborhoods. I picked up the rhythms of my new neighborhood: breakfast every Saturday morning at The Bagel, a deli so narrow you could barely turn around; McSorley's or the Red Garter on Friday night; the newsstand on Sixth Avenue to buy papers. In fact, in New York, from Carnegie Hill to the Village to Wall Street to Spanish Harlem, there are neighborhoods on top of neighborhoods.

All of these neighborhoods, it seemed to me then, added up to a truly magnificent city. This is not a unanimous conclusion. You love New York City or hate it.

I came to love it. The great newspapers, the yellow cabs, the tall buildings, Broadway, the Lady in the Harbor, the wealth and brainpower, the seemingly unlimited number of free activities that anyone could do, even the Yankees. I remember thinking when I was there in the 1960s that in New York City there was so much greatness all crammed into such a small space, rising up so high, that one day Manhattan Island would surely sink under the weight of it all.

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This past May, I was the commencement speaker at NYU Law School on the occasion of the thirtieth anniversary of my graduation. During those thirty years, the law school has gotten better and living in the city has gotten worse. Over those years the federal government has poured in money. Mayor Giuliani strikes me as just the right medicine, tough enough to turn things around. But I believe it will take more than the federal government, and even more than the mayor, which was why on an especially pleasant warm August afternoon during my drive, I parked the Explorer and walked twenty blocks to the offices of Dan Biederman on East Forty-third, near Grand Central Station. Dan Biederman *knows* it will take more than the government.

I wanted to get an answer to this question: What would New York City be like if it were safe, clean, and the homeless so well served that the streets were relatively free of them at least during the day? Could this be done, and how? I think you would quickly agree that if it could be done, a safe, clean New York City would be instantly regarded as the greatest city in the world.

And let me just say right up front that I went into my meeting with Dan Biederman with a bias. After thirty years of experience in both government and the private sector, I have come to this conclusion: There are very

few things the government can manage better than the private sector. Someone else said it well: Government can be good at steering things, not running things.

The irony for our country is that we pride ourselves on having the greatest free-enterprise system in the world, we have fought wars to preserve it, we insist that everyone else in the world try it, but we don't always practice what we preach. When it comes to turning over our most difficult challenges to the private sector, we are painfully slow. We may be the last country in the world to take our own best advice. In 1987, when our family lived in Australia, the *socialist* government of New Zealand was privatizing virtually every government function. It is happening almost everywhere—but it is only happening sporadically in the United States.

Still, there are some encouraging stories to tell. In Baltimore, a private company has helped turn urine-stenched inner-city public schools into places now fit for children to learn. Privately managed state prisons are now accepted as cheaper and better run than most state facilities. In New York City, I was about to learn another privatization story. The story is one of New York's and America's best-kept secrets—how a private company has actually helped make some of New York City's streets safer and cleaner.

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Dan Biederman is in his mid- to late thirties. A few years ago, he saw a niche and filled it with two start-up companies that provide private maintenance, job placement, and security services. He is a Harvard MBA, with an undergraduate degree from Princeton; serious face, dark hair, glasses. His rate of speech would gnarl the fingers of the swiftest court reporter.

You have to brace yourself for his vitality and candor. He does not mince words. "The first thing anyone needs to know," he said, "is that money isn't the only answer [to solving a city's problems]. The funding isn't there. We have to accept the fact that some benign, kindly president isn't coming in and making sure that more money goes into the pipeline."

His company, he said, can do supplemental security work to assist New York City's police officers. They cost up to \$70,000, which limits the number of officers that can be put out on the street.

"The city's cost of seventy thousand dollars to a police veteran with benefits is above the market."

Now Biederman was not criticizing New York City cops. He has ridden in cars with big-city cops at night, as I have. He has a sense of what they go through. But he also seemed to understand how city government works. So I listened.

"Fifty thousand people are waiting for sanitation jobs in this city. That probably means that city jobs are above the market cost. A sanitation man or woman can work for twenty years and, at age forty, get half-pay the rest of their lives and go on to something else."

I have to admit I was taken aback. I have for years been fighting to transfer money and decisions from

Washington, D. C., to state and local governments, and if this is what big cities do with the money when it gets here, it doesn't help my argument much. If the cities can't serve the people, who can?

The answer is: The people can, in the private sector. This is what Dan Biederman and his associates have been proving. They argue that there are jobs that civilians in the private sector can do the assist government—not just administrative and clerical jobs, but neighborhood cleanliness and security as well.

It should be said right here what you must have already suspected: Biederman is controversial. Not everyone likes his methods or the money he makes. The media have accused the former homeless he hires of using unnecessary roughness to clear out the present street people from the parks. Some former trainees recently alleged they were instructed to rough up homeless people.

If that were true, it would be terribly wrong. But the theory behind what Biederman has been doing is well worth hearing because it is obviously working where nothing else seemed to.

In short, this is about polishing the Big Apple—and a model program for any city short on funds, long on problems. I asked: "What should the next president do to help?"

Biederman doesn't so much answer your questions as pounce on them: "First, he should encourage cities that are attacking their management problems, including six or seven cities that are run by really smart people: Bret Schundler in Jersey City; Giuliani in New York; Ed Rendell in Philadelphia; Richard Riordan in Los Angeles; Michael White in Cleveland; Steve Goldsmith in Indianapolis, to some extent Richard Daley in Chicago. The are several others."

The walls of his office are literally covered with charts and graphs, architectural drawings and enlarged maps of the areas where his districts operate. With funding from property owners, his districts spend \$20 million a year helping the city stay clean and safe.

He pushed his chair back, walked over to the maps, and pointed. "In these two sections of New York City, two districts in midtown, we are, in effect, providing a large amount of the visible service. When you see a person in uniform, he or she is likely to be a district employee. Policing the streets, sanitation, helping the homeless, removing graffiti, removing stickers from poles, planting flowers, caring for trees—we are doing all of these.

"When Mayor Schundler of Jersey City came to New York, someone told him there was an incredible park he had to see [Bryant Park . . . run by his companies]. We showed him around. He said he couldn't believe this was an urban park. It's not that hard. We just modeled ourselves after the people who really know how to run public spaces like Rockefeller Center.

"We are totally reacting against the way these neighborhoods looked before we came in. But we don't run the infrastructure: the water, the subways, or the schools. We don't haul that trash we collect out to

dump on Staten Island. The Sanitation Department does. We just clean small things that offend the senses."

The districts are called the Grand Central Partnership and the 34th Street Partnership. The financing is so simple that even an economist can explain it. Three quarters of their budget comes from assessments of the property owners: among them Metropolitan Life (formerly the Pan Am Building), the Chrysler Building, and the Empire State Building. The buildings occupy fifty million square feet in one district, thirty million in another. The assessment is roughly thirteen cents a square foot. "Few of our members resent paying the thirteen cents," says Dan. "They pay the city as much as eight or ten bucks a foot in real estate taxes."

"The city taxes go to run playgrounds out in Queens, hospitals, subways, and a lot of things that are very important to them. But just as important is the fact that the path to their entrance right here is clean, and that no crimes are being committed around the corner, and there is no graffiti."

In 1980, Biederman was working for a consulting firm, American Management Systems, when his new career sought him out. He was, in his word, "a kid," in his early twenties, not long out of college.

"The Rockefellers hired me to redo Bryant Park," he said. "The New York Public Library needed major restoration work in 1980, and the board went to the Rockefellers for a three-million-dollar grant to fix the deferred maintenance on the building. And it started with David Rockefeller. He actually went and looked the place over. Then he called Andrew Heiskell, who was going to become chairman of the library, and he said, 'You must also take care of that park that surrounds the library.'"

So the matter went to the library board. "When they hired me to do the job," said Dan, "they said, 'We don't know how to do it, but you have to fix the park.'"

At the time, he was the youthful chairman of a local zoning board in Manhattan. "A very contentious form of local government," he said, "which constantly criticized the mayor [Ed Koch] for dealing with business growth at all.

"I was a know-it-all and I was chairman of the board as an unpaid job. I had to deal with Donald Trump and the like—what the zoning requirements were, what kind of bonuses they got for doing more than the code required. I wanted to get into this. I took the park job and then I had to look for ways to supplement my income because review processes delayed the park renovation for ten years."

Listening to Dan was like trying to keep up with the bidding at an auction. My notes looked like chicken scratchings.

"We found that under state laws," he said, "you can establish a business improvement district, or a special services district, very much like a water or sewer district. You have your own source of revenue. The city collects all the money, keeps it for about ten seconds, then relays it to a private nonprofit entity run by someone like me. If an owner doesn't pay, he risks los-

ing his property. Nobody is going to give up the Chrysler Building over an assessment of thirteen cents a foot.

"I co-founded two of these districts in New York City," he went on, adding a touch of wry humor, "with real estate owners who observed that their assets couldn't be moved. They weren't mobile. They had to stay with the buildings they owned. You can't move the Empire State Building to Fairfax, Virginia."

He has boards of directors for the two partnerships consisting of eighty members, mostly the people who own, operate, or occupy the real estate.

Biederman thinks the private sector will eventually manage a big-city school district. "The education community spends more before breakfast," he says, "than the entire electronics industry spends all year. We believe we can manage differently than the public sector. We pick people with good skills, but I am very tough on them. I have real control. I can fire people who don't do the job. We have merit pay. My directors help. I have really smart directors, who crack down on me if I don't do the job. I'm worried about doing a good job.

"[Mayors] get cracked down on if they say the wrong thing about the St. Patrick's Day parade. The public doesn't really view mayors as managers. They see the role as partly symbolic, like being king or queen. I'm hired on a different basis. Am I doing a good job of cleaning this neighborhood? Am I making it attractive for real estate people to rent their space?"

I asked about how his companies keep the streets cleaner and safer, and deal with the homeless.

He started in again: "Let me give you the conventional wisdom versus the truth. Security. Conventional wisdom: 911 is a good thing. True. But 911 is one of the major reasons we have terrible crime in America's cities. Why? Because when 911 was put in, police departments had to respond to all these calls, and our cities are huge. You can't respond on foot. Most 911 calls today are unfounded. You could get a list of every 911 call made in New York last year and just look at, say, page 117. You would be looking at 'Cat in a tree,' and 'Unfounded report of a man with gun.'

"People know by now that if you want to get a cop to your house, you say there is a man with a gun outside. Ninety percent of the time, there isn't any man with a gun. A knife won't do it, see. The report says, 'Report unfounded. Guy with gun no longer there.' All the police can do all day is sit in patrol cars in most American cities and follow up these 911 calls.

"My head of security is a former two-star assistant chief of the New York City Police Department, who had to audition for the job. I asked him what police work is like today. He said, 'We arrive at the scene, find out what has already happened, write reports that are very erudite, take a lot of care in doing our research, fill it out and file the report on the shelf and go on to the next job.' This isn't what we need.

"We need prevention. We don't believe in hiring armed security guards, so we need guys who are in uniform, of some size. We need guys who are intimidating without using guns, who can stop wrongdoers from

preying on the rest of us. They ought to be six feet two, two hundred pounds, and fast, if possible, because a guy who arrives at a scene who is six two and weighs two hundred has a much better chance of subduing someone than someone who is five three and weighs one fifty."

People who run for political office hear all kinds of things. But I've seldom heard such blunt candor. If I looked a little uncomfortable, it certainly didn't stop Biederman.

"This is all politically incorrect, of course, because we also need to have women cops and we can't discriminate according to size. But some feel women cops don't do as well in these situations because, generally, they are not as big. We decided we would put guys in uniforms very much like the ones used by the police and have them circulate throughout these districts on routes that were small enough that you would have a definite chance of seeing them.

"And we tell them: 'These are the crimes on post and we want them prevented.' When we started, the level of drug selling up and down Vanderbilt Avenue was horrible. The drug selling in and around Bryant Park was horrible. We removed these bad conditions. How did we do it? We put ourselves in the middle of them: guards with bulletproof vests, unarmed but preventing the conditions by being visible, with a direct radio link to the cops; not through 911 but through their dispatchers. So the response time can be fifteen seconds or it could be two minutes, but it won't be twenty-seven minutes later."

I'm not sure anyone would be willing to place a bet that you could reduce crime in New York City with unarmed patrols. They do it in London. Why not New York?

"Except for the supervisors, who are mostly former NYPD sergeants and have pistol permits, everyone else is unarmed," said Dan. "They just do it by the wisdom of their training and temperament. Our force is almost entirely made up of minorities. No one has ever said to me, 'You have a bunch of racist cops' or 'You're going in and making life miserable for minorities.' Our guards are nearly all members of minority groups themselves. That's the market for security. They might cost half the money an NYPD officer does, but they are extremely well trained."

Without pausing, Biederman moved to the next subject:

"The homeless. There are two conventional wisdoms: One group believes that these are very unlucky people who are in this predicament because of the callousness of our society and the oppressive economic system that put them on the streets. The second group believes that these are crazy people who are just hopeless. They all want to be on the streets. They can't be worked with, and should be treated as criminals.

"Both of these judgments are ridiculous. The truth is, yes, many are troubled, some had a terrible upbringing. Many are mentally ill to some extent. But if you

put me out on the street and told me I couldn't go home, to live for a month, I'd be mentally ill by the end of that time. It is a very hard life out there. They are out there for a lot of reasons.

"One is to get away from the system. A lot of them are hiding on the streets. Very few want to be there. A lot of them have drug and alcohol problems. The way to get them off is to give them a better alternative. I would say ninety-five percent of them make rational choices. If you give them a better alternative to being on the street, they will come off the street. We started with food, good meals, far better than the meals they were getting on the streets."

On my drive across the country, I had been in big cities and small, had visited shelters and talked to police chiefs about their solutions to this problem. The cost to society and to human dignity can't be measured. It violates our sense of order; it grates on our conscience; it leaves us brooding about the fate of our cities.

Dan Biederman's partnerships take a different, more positive approach. In a building they lease from the archdiocese, they serve five-course meals to the homeless. Inside a very pleasant dining room, they sit at a table for eight. It is a social environment.

"They eat good meals," he said. "They get to know each other. That was part of the lure—showers, humane treatment, reading material, videos. They are just off the street. The next step is to use peer pressure. Everybody wants to do better than the next guy. So we issue membership cards. When they hit the first month in our center, we give them a card that says they have reached the blue level. This means they are allowed to get meals and showers at the center.

"Then we separate the blue-card members from the rest, those who have established with us that they want to get out of homelessness. We make a speech the first or second week they are there: All of you who don't want to be on the streets anymore, we will get you jobs and apartments if you want them. Those who raise their hands, we ask to be here at three-fifteen tomorrow. Half the people show up. We tell this group, these are the things we want you to do, and give them another meeting time. We say, we've gotten to know you, we've explained the rules to you, we want you to get to the next level.

"Half of this group drops out. A lot of them have problems that keep them from continuing. But at the door you keep admitting more and more people. You look for those who are truly ready to go into an employment program. Then we put them through a four- to nine-month work-training program, with a stipend, which we call a pathway to employment. The entire philosophy of the program is peer pressure, a desire to be better than the next guy. If they get a job, the other problems will go away. You rarely hear this from the so-called homeless advocates. They say, 'Oh, the mayor doesn't have enough drug placement slots' or 'The feds cut this.' We believe the homeless want something to

do. It's not only that it's a job. It's the fact that they need to be somewhere from four P.M. to midnight, or all day on a steady basis.

"When we first set up the program, five years ago, we started out with thirteen people. I walked over to the center and kept track of how it was going. They said, 'It's amazing. Of the thirteen, ten are pretty good workers and of those, four are stars. We're ready to move them into regular employment.'

"To the surprise of those in charge, the homeless would show up early for work—not ten minutes, but often six hours early. When they were asked why, the reply was invariably the same: 'I'm afraid I would miss my chance, I'd screw it up. I'm sleeping in a park in Queens and I was worried I wouldn't make it on time. I wanted to be here so I wouldn't miss my turn.'"

The all-business Dan Biederman was beaming. "We saw that these guys really wanted a chance to get out, and they wanted something to do. They were so proud. They would grab me and say, 'I'm on a green card now and I'm getting to the next level. I'm going to make it. And I want you to raise my salary.'" He laughed, "They always hit me up for salary increases.

"Another interesting twist. We polled the homeless on the streets. The conventional wisdom was, well, they are all out there because of the callousness of our society, of Reagan and Bush and the mayor and governor. We gave the homeless a questionnaire that asked why they were homeless. It contained the one key question, which was, who do you blame for your situation? We gave them a multiple choice: your family, the government, Mayor Koch, your last landlord, your last employer. In the middle of it, buried in there, was 'yourself.'

"They picked it out. Seventy-two percent of them said, 'I'm responsible. Myself. I'm out here because I screwed up in some way. Turned out to be a list of things, such as stole from an employer, hit my wife, stole from my mother, was hooked on drugs . . ."

I found myself agreeing with Dan Biederman, with his message and his methods, which can best be described as blunt as a shovel. Both his actions and his success say exactly what we as a nation are supposed to believe: that the government should not impose itself where private citizens can serve each other.

If we are to recapture our confidence about our future, to rekindle the promise of American life that tomorrow will be better than today and every one of us can have a part in that better future—then it is essential that experiments like this one in New York City succeed.

The question I wanted to explore was whether big cities are really governable anymore—and how? Could what Dan Biederman is doing in two districts of Manhattan be done all over Manhattan, all over New York City, in other great cities of America? After all, Biederman's successes have occurred in a very small segment of a very large place.

But when you measure progress in people, no number is small. Biederman's program has taken six hun-

dred vagrants off the street and into apartments. He says over two hundred and fifty of them are fully employed and paying their own way.

"One argument," he said, "is that there are no apartments for these people. But if they can have an income of even nine thousand dollars a year, minimum wage, there are market-ready apartments in New York City. We start them in YMCAs. They behave in rooms. When they pass through the YMCA standards, we think we can confidently represent them to a real estate broker as being apartment-ready.

"The other thing is, we know these people, so we look for them on the streets. The six hundred I mentioned, we don't see them anymore. That leads to another conventional wisdom. According to the advocates, there are hundreds of thousands, even millions, of homeless in the country. The truth is, there are far less than the advocates say. Sometimes, people inflate the numbers for their own purposes. In New York City, they argue that there are over a hundred thousand homeless. Our research says there are about ten thousand who are really on the street.

"Look at our districts. We have Penn Station, Grand Central. This is where everybody thinks the homeless are. In our districts, we can count them. The number is now less than twenty-five who don't get fed, don't get a place to sleep, who go unserved. The figure is low because we have persuaded hundreds of them to come into our center and get started toward jobs and apartments."

I was curious. Did they ever actually go out and try to count the homeless?

"That's what we did the first night, March thirty-first, 1989, when we did our poll. We counted six hundred and twenty-two people, including children, and that covered Grand Central Station, even the bowels of the terminal. Of those, we think about twenty or thirty of them are still out there today. Some have died. Some may have moved to South Carolina, but the vast majority are off the streets because that is the group we worked on. Some of them are still in our center right now, sitting up in chairs. Unfortunately, some have been there for years.

"It's not a shelter. It's a drop-in center. We tell them, we don't want you sitting in a chair forever. We don't want you to just hang around here. We want you to have a home. We can get you an apartment. Some don't have the aspiration to do it, but a hell of a lot of them do and you can help them. It takes awhile. The best way is to give them something to do."

A dozen or so banks, including Chase Manhattan, Chemical, and Citibank, pay a premium to have the street patrols monitor their automatic teller machines. "We go to the machines," said Dan, "and see if anybody is in the vestibule. If they are, we talk them out of there. NBC News did a show on it. The work is done by guys who used to be homeless, who now make anywhere from ten to thirty thousand. Some of them are really on a management track. We have one married couple who now have a joint income of around forty-four

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thousand. They were homeless two years ago. I'm trying to be objective when I say this is the most successful social service program in New York City.

"It's controversial. The advocacy community doesn't like us. They don't think businesses should be allowed to run these programs."

I asked him what his customers expected. If he had to make a list, what would be the first objective?

"They want Bryant Park," he said, "to be as safe as the Luxembourg Gardens in Paris. We've done that. There were one hundred forty-four robberies a year back in 1979. We haven't had a crime in here since we reopened it two and a half years ago. We used as our model all the good urban parks in the world. This is no secret. You go and look and see what they are doing that works. Excellent maintenance. No graffiti. Bathrooms better than the ones in Union Station in Washington, D.C. We keep them really clean, with flowers here and there. Now we schedule concerts, lectures, plays, readings.

"When you draw people, the security becomes self-enforcing. We are supplemented by the NYPD, but it's basically us, our security force in the same kind of uniforms. They walk the park, a staff of fourteen people, three or four to a shift. They cover nine acres, including the library. We restored five acres of lawn and beautiful gardens.

"There is a way to tell if people believe that a facility is safe. You count the number of men and women who use it. Rockefeller Center draws fifty percent men and fifty percent women. That means women haven't made a decision to stay away because of personal security fears. We have great lighting. So even at nighttime, we don't give it back to the bad guys."

I tried to put myself in the role of a property owner. If I supported Dan's districts, what are the first three

things I would want achieved? His response:

"In these districts [meaning in the middle of Manhattan] the answer is clearly safety, sanitation, and clearing of the streets. Sanitation is maintenance, graffiti, and trash. The conventional wisdom is, New Yorkers aren't neat, no way you can keep this place clean. Also, there is no money from Washington. The truth: It's very simple. And it isn't high technology. What do we see outside? Brooms, shovels, people in white uniforms emptying cans, sweeping. Inside, we give them a schedule, hire good managers, make sure they enforce the standards, use computers, give merit pay, make sure they work eight hours, don't let them chat.

"If you see something wrong, you go out there. In our district, if you look out on the curbs, our force is through sweeping at seven P.M., so it gets dirty after that. This is mainly an office district. We start the next morning at seven A.M., before the commuters return. It's clean when they arrive, clean when they leave. When they go home, they don't complain anymore about the filthy place they just left. This area, in the downtown blocks, is cleaner now than where they live in the suburbs.

"Everybody told me we couldn't fix these neighborhoods," said Dan Biederman. "Every time we did, they said we couldn't do the next one." But they kept cleaning them up, with a plan that can be applied to the problems of any city in America. The political priority should be to find the people with the skills to get the job done, then get out of their way.

Biederman says: "Let us focus on the substance. No politics. Just make the decision. *You* take the credit and give us the money to do the job."

That formula sounds to me like free enterprise at work.