

CITY COUNCIL
CITY OF NEW YORK

-----X

TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONTRACTS

-----X

May 12, 2011
Start: ~1:00 PM
Recess: ~6:30 PM

HELD AT: Committee Room, 16th Floor
City Hall

B E F O R E: DARLENE MEALY
Chairperson

COUNCIL MEMBERS:
Charles Barron
Gale Brewer
Margret Chin
Leroy Comrie
Daniel Dromm
Julissa Ferreras
Lewis Fidler
Daniel Garodnick
Daniel Halloran
G. Oliver Koppell
Robert Jackson
Letitia James
Brad Lander
Stephen Levin
Melissa Mark-Viverito
Michael Nelson
Annabel Palma
Diana Reyna
Ydanis Rodriguez

A P P E A R A N C E S (CONTINUED)

COUNCIL MEMBERS:

James Vacca
Jimmy Van Bramer
Mark Weprin
Jumaane Williams
Ruben Wills

A P P E A R A N C E S (CONTINUED)

Tokumbo Shobowale
Chief of Staff
Deputy Mayor Steel's Office

Euan Robinson
Senior Vice President
Economic Development Corporation, EDC

Francesco Brindisi
Chief Economist
EDC

Ruben Diaz Jr.
Bronx Borough President

Donald Spivack
Retired Deputy Chief of Operations and Policy
City of Los Angeles

Stuart Appelbaum
President
Retail, Wholesale, and Department Store Union

Paul Sonn
Legal Co-Director
National Employment Law Project

Lou Gordon
Business and Labor Coalition of New York

Linda Archer
Member
Northwest Bronx Community and Clergy Coalition

Bill Lester
Assistant Professor
University of North Carolina at Chapel Hill

Mary Ann Rothman
Executive Director
Council of New York Cooperatives and Condominiums

A P P E A R A N C E S (CONTINUED)

Robert Bookman
Counsel
New York Nightlife Association

Andrew Kimball
President and CEO
Brooklyn Navy Yard Development Corporation

Paul Seres
President
New York Nightlife Association

Frank Analante
New York State Association for Affordable Housing

James Parrott
Fiscal Policy Institute

Dr. Jeanette Chadwick-Slim
Assistant Professor
Political Economy Research Institute at the University
of Massachusetts (PERI)

Stephanie Luce
Associate Professor
CUNY

Joan Byron
Director of Policy
Pratt Center for Community Development

Bettina Damiani
Director
Good Jobs New York

Rev. Stephen Phelps
Senior Minister
Riverside church in the City of New York

Lawrence Mendelker
New York Metropolitan Retail Association

A P P E A R A N C E S (CONTINUED)

Lamont Blackstone
International Council of Shopping Centers

Pat Brodhagen
Vice President of Public Affairs
Food Industry Alliance

Hal Fetner
Real Estate Developer

Joe Sabia
Professor of Economics
U.S. Military Academy

Caitlin Kelly
Journalist

Rev. Raymond Rivera
President
Latino National Action Center

Fredy Kaplan
Vice President
Stonewall Democratic Club of New York City

Terry Macfarlane
Rev. John Scott and Rev. Dr. Joseph T Williams

Joel Berg
Executive Director
New York City Coalition Against Hunger

John Petro
Policy Analyst
Drum Major Institute for Public Policy

Stephanie Basile
Organizer
Retail, Wholesale, and Department Store Union

A P P E A R A N C E S (CONTINUED)

John Rostenkowski

Member

CARA

Maureen Dagbow

Member

Retail Action Project

Chris Moll

Member

Retail Action Project

Charles Chesnavich

Religion Teacher

Cardinal Hayes High School

Albert Jimenez

Organizer

Regional Access Project

Troy Brown

Resident

Phillip Mallbranch

Resident

Robert Altman

Queens & Bronx Building Association

Deepack Das

Resident Physician

Jacobi Medical Center

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRPERSON MEALY: We do that just to let people know who's going to testify. For the first panel, Linda Archer, Paul Sonn, Donald Spivack, Mr. Stuart Appelbaum, Bill Lester, and Mark Jaffee. Just letting you know, you'll be speaking next on the panel so could you please come near or be preparing to come in closer. And now the Chair of Contracts, I am Council Member Darlene Mealy and I am opening up this hearing.

Good afternoon. I'm the Chair of New York City Council Committee on Contracts. It is my pleasure to welcome you all here today to discuss proposed Intro 251-A. Thank you all for attending. Before we proceed, I would like to recognize the Council Members who are present today from the Committee; Mr. Mike Nelson, Tish James, I don't have all them but I'm just going to announce, Mr. Robert Jackson and now Mr. Rodriguez, Mr. Dan Halloran.

COUNCIL MEMBER HALLORAN: [off mic]
I know I'm not usually here.

CHAIRPERSON MEALY: I didn't see him. Jumaane Williams, Jimmy Van Bramer, Dan Lander, Mr. Oliver Koppell.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MALE VOICE: [off mic] Brad Lander

CHAIRPERSON MEALY: Brad Lander,
Oliver Koppell, Gale Brewer, Margaret Chin and Ms.
Annabel Palma. Thank you.

And we are also joined by Oliver
Koppell and Ms. Annabel Palma who are sponsors of
this legislation and before I go on I would like
to let them have their opening statement also.
And I am so sorry, Mr. Charles Barron.

COUNCIL MEMBER PALMA: Thank you
Madam Chair and the members of this committee for
holding this hearing. I want to thank Speaker
Quinn for being supportive of us holding the
hearing and to my colleague in the Bronx for being
the lead sponsor in this bill.

Nearly two years ago the
Kingsbridge Armory Project presented a unique
opportunity for the Bronx to set a new standard of
responsible development for New York City. I
along with the Bronx delegation, advocates, and
community members fought for one simple idea; that
millions of dollars in city subsidies for the
development of the Kingsbridge Armory should
translate into decent paying jobs.

1
2 Intro 251-A, the Fair Wages for New
3 Yorkers Act is a direct result of the Kingsbridge
4 Armory battle. The bill would be one solid step
5 in helping to ensure that many of our city's
6 working families are provided the living wage jobs
7 that they deserve and need. I often heard our
8 leaders in government, including this
9 administration, speak of giving individuals the
10 tools needed to work their way out of poverty and
11 towards financial self-sufficiency. Yet I have
12 rarely seen realistic proposals for making this
13 vision a reality.

14 Often time the community is an
15 afterthought. The Fair Wages Act for New Yorkers
16 would require that developers who have received
17 major taxpayer funded subsidies pay living wage
18 for the jobs that they are creating. According to
19 estimates from EDC's own study, this bill would
20 directly result in the creation of between 34,000
21 and 62,000 fair wage jobs. More importantly, the
22 same report confirms that this bill would decrease
23 urban poverty. In the absence of the state action
24 on minimum wage, this bill will be a firm
25 demonstration that we as a city are committed to

1
2 wisely investing both on our workforce and our
3 future and protecting good and decent paying jobs
4 here in the City of New York. Thank you.

5 CHAIRPERSON MEALY: We will have
6 Mr. Oliver Koppell.

7 COUNCIL MEMBER KOPPELL: Thank you
8 very much. I want to thank you Chair Mealy. I
9 want to thank the Speaker for providing for this
10 hearing and giving us an opportunity to state our
11 support and to allow the public to testify on this
12 very important measure and I think the fact that
13 so many people are here today is a demonstration
14 of how important this is in the minds of many New
15 Yorkers.

16 We provide millions of dollars of
17 tax subsidy and other subsidies to support
18 economic development by private developers but the
19 jobs created as a result of these public subsidies
20 often pay what I think is properly defined as
21 poverty wages and include no benefits for
22 employees. Whether it's retail and stock room
23 jobs at shopping centers, mailroom and security
24 jobs in office buildings or food service jobs at
25 stadiums, these jobs are not giving New Yorkers

1
2 the adequate resources needed to provide for their
3 families. And I think it can be shown that this
4 proposal, which says \$10 an hour with benefits or
5 \$11.50 without benefits, even that really,
6 literally, you know, looking at it realistically
7 it really doesn't adequately provide. So we're
8 not even going as far as perhaps we really ought
9 to be going, but we're at least trying to make a
10 start at letting a bread winner, a woman or a man,
11 support their family.

12 In contrast to the policies of New
13 York under current law, other municipalities, many
14 other municipalities, including Los Angeles and
15 Pittsburgh require fair wages for both the
16 construction and permanent jobs created by many of
17 their subsidized projects. These policies create
18 good jobs for low income communities without
19 slowing economic growth. And numerous reports
20 indicate that cities that have begun to guarantee
21 living wages on publicly subsidized development
22 projects found that those safeguards have not
23 slowed growth or preventing projects from moving
24 forward.

25 I realize that the Mayor's report

1

2 suggests the opposite but there's really no
3 documentation in that report. They say they're
4 going to give us that this summer of these
5 contentions. And we have many reports that show
6 the contrary to be the case.

7 As pointed out by my co, uh, prime
8 sponsor, Annabel Palma, the debate over the
9 redevelopment of the Kingsbridge Armory and the
10 city's role in creating living wage jobs
11 highlighted the need for citywide wage policy for
12 developments that are subsidized by taxpayer
13 dollars. And I just might point out, I was very
14 much involved in that battle and the argument that
15 was made by the administration and others in
16 connection with the Kingsbridge Armory was
17 consistently, this is one project. It's not a
18 citywide project and therefore the Related
19 Company, which was the sponsor, would be
20 disadvantaged in comparison with other developers.
21 Well, when that didn't succeed, I said with the
22 strong and enthusiastic and, and, and material
23 support of the Borough President, my colleagues in
24 the Bronx, we said okay let's do it on a citywide
25 basis. Let's answer that argument. This bill is

1
2 an answer to that argument that we shouldn't pick
3 out one project or another, we should have a
4 general policy.

5 And, this is what we are advocating
6 in this, in this bill. The living wage law that
7 we're proposing will help New York City residents
8 to climb out of poverty and toward financial self
9 sufficiency. It will require developers who
10 receive major taxpayer subsidies to pay at least a
11 living wage for the jobs that they, uh, that they
12 create.

13 I want to say that the report that
14 is going to be discussed by representatives of the
15 EDC and the administration is extraordinarily
16 misleading as I've already suggested. Indeed a
17 close reading of that report indicates that even
18 that report recognizes that living wage policies
19 in other places have indeed reduced poverty.
20 Those words are mentioned several times in the
21 report, that living wage requirements reduce
22 poverty; that's our point. The fact of the matter
23 is that that report rests its negative
24 consequences primarily on looking at one
25 particular subsidy policy and that's the

1
2 industrial and commercial abatement program. But
3 the sponsors of this bill did not intend that that
4 subsidy policy should invoke the provisions of the
5 living wage law.

6 If that's ambiguous, and I, you
7 could argue perhaps it's ambiguous in the
8 legislation, this legislation can be amended to
9 provide that ICAP is not covered. If you take
10 away ICAP then the report has no relevance anymore
11 to New York City because the report is focused
12 entirely on the alleged problems of the ICAP
13 benefit applying to small projects in the outer
14 boroughs. Even the report indicates that it will
15 have very little effect, if any, in Manhattan. It
16 says it's in the outer boroughs with the ICAP
17 program that will have an affect. We don't agree
18 with that, we don't concede that but we're willing
19 to exclude ICAP and in fact the sponsors have said
20 they meant to exclude ICAP from the bill entirely.

21 So another conclusion the report is
22 that the effect on the economy of this city would
23 be de minimus, so there would be no major effect
24 on the economy of the city because this bill only
25 applies to projects that are heavily subsidized by

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

public dollars.

Frankly speaking, we were concerned about this report from the beginning because it was written by experts who have previously opposed minimum wage requirements and living wage requirements so it was the deck was stacked against us. And when I indicate, frankly speaking, when I read the report I was surprised that it wasn't more negative because the fact of the matter is it admits that living wage requirements reduce poverty and it rests its conclusions entirely on a program that we didn't intend to cover. So the fact of the matter is that even though they tried mightily to discourage us with this report, it doesn't discourage me and should not discourage this Council at all.

I urge very strongly, Madam Chair, that the Committee work on the bill and I just want to say one more thing. And the administration is here and I want to say this to the administration and to the EDC. This bill is a work in progress. We are interested in the objectives I spoke about. We're happy to sit down and negotiate. We're happy to consider projects

1
2 that should be exempted. It should be pointed out
3 that the bill itself, after discussion, exempts
4 projects sponsored by non-profits, exempts small
5 business projects, business and, it also exempts
6 many of the affordable housing projects in the
7 city so we have already built in some exemptions
8 and we're willing to consider other exemptions.

9 The principle however is that
10 taxpayer money. This is not the Mayor's money,
11 it's not my money; it's the money of the taxpayers
12 of the City. That money should not be used to
13 produce poverty wage jobs. That doesn't satisfy
14 the economic needs of our city. Thank you.

15 CHAIRPERSON MEALY: Thank you, Mr.
16 Oliver. Yes. We are joined by our Council Member
17 Jimmy Vacca of the Bronx. Just talking about
18 Intro 251-A, introduced last May would increase
19 for low wage workers who work at developments that
20 receive financial assistance from the city. The
21 bill would require employers to pay their workers
22 a minimum of \$10 per hour plus health benefits or
23 \$11.50 per hour without health benefits. This
24 applies to developers who build these projects as
25 well as tenants, lessees, contractors and other

1
2 employees who operate on city subsidized
3 developments. The aim of this bill is to lift low
4 wage workers out of poverty.

5 Today we are having this hearing
6 from a number of --. We will be hearing from a
7 number of witnesses who will testify about the
8 plight of these workers and how similar living
9 wage programs and other cities across the country
10 have helped these workers without hurting the
11 overall economy.

12 We will also hear from critics of
13 this legislation who worry that the bill will hurt
14 small and large businesses alike, will reduce
15 economic growth in the city and will lead to fewer
16 jobs for the very communities it is intending to
17 support.

18 Before I turn this over to the
19 proud sponsor is in which we did already, many of
20 the sponsors of the bills are here today and feel
21 very passionately about this legislation and I
22 understand that but the goal of today's hearing is
23 to gather as much information as possible from
24 both advocates and critics of this legislation.
25 We're going to have are respectful to an open

1
2 dialogue with the witnesses who have come here
3 today to testify. In order to give the City
4 Council Members a fair opportunity to ask
5 questions were going to have the following
6 protocol. Could you please turn off your cell
7 phones will put it on vibrate. Is that okay
8 everyone. And we are going to be to 3 minutes for
9 all the council members and 2 minutes for the
10 people who are going to testify. We have about 50
11 people so far that will testify today, so we are
12 going to be --. 50, so far, so we have to do this
13 to make sure that everyone voice can be heard.

14 Clearly, there's a lot of interest
15 in this legislation and we have a large number of
16 people here to testify and I'm going to try my
17 best to keep the hearing moving. So, members if
18 you come in and out and wind up saying the same
19 question over and over I will let you know that
20 that has already been said. I'm also going to let
21 everyone know that you're going to help me help
22 myself to help everyone voice be heard today. Is
23 that okay? All right.

24 So thank you. Before we proceed I
25 would like to note that we have written testimony

1
2 from the following that are not here that put it
3 into our record. The Real Estate Board of New
4 York. Yes. The New York Staff and Association,
5 Mordnic Dogbow [phonetic], The Retail Action
6 Project, and Lloyd Williams [phonetic] of the
7 Greater Harlem Chamber of Commerce, I will
8 announce other submissions as we receive written
9 testimonies through the hearing.

10 Now, we are ready to hear and start
11 the testimony this afternoon from the city
12 Economic Development Corporation. Could you all
13 introduce yourself first before you speak and your
14 title. Thank you.

15 TOKUMBO SHOLOWALE: Sure, thank
16 you. I just want to clarify the my name is
17 Tokumbo Shobowale. I am Chief of Staff to Deputy
18 Mayor Steel so I am not with the EDC. I am in the
19 Mayor's Office.

20 EUAN ROBINSON: My name is Euan
21 Robinson [phonetic] and senior vice president of
22 the EDC.

23 FRANCESCO BRINDISI: I am Francesco
24 Brindisi the Chief Economist at the EDC.

25 CHAIRPERSON MEALY: Say that again

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

please.

FRANCESCO BRINDISI: Francesco Brindisi, Chief Economist at the EDC.

CHAIRPERSON MEALY: EDC. Thank you.

TOKUMBO SHOLOWALE: Francesco.

CHAIRPERSON MEALY: Thank you anyone can precede first.

TOKUMBO SHOLOWALE: Sure.

CHAIRPERSON MEALY: Thank you

TOKUMBO SHOLOWALE: Good afternoon of Chairperson Mealy. Members of the Council as I said I am Tokumbo Shobowale Chief of Staff of the Deputy Mayor of Economic Development Robert Steel. On behalf of the Deputy Mayor would like to thank you for the opportunity to testify before you on an Introductory Number 251-A a bill that would amend the administrative code to impose with wage mandates on businesses that receive city economic development incentives.

To start I like to state unequivocally that the Bloomberg administration is committed to economic development strategy of creating good jobs in all five boroughs, but the

1
2 legislation that we are discussing today is the
3 most far reaching of its kind in any major city in
4 the United States, and while some low skilled
5 workers may benefit if Introductory Number 251-A
6 gets passed it would also result in a loss of
7 thousands, and thousands of jobs for low skill of
8 New Yorkers, and that is of cost we simply cannot
9 afford to pay bear.

10 Since the economic downturn the
11 Bloomberg administration efforts to create jobs
12 have been successful relative to the rest of the
13 country. We have consistently outpaced the rest
14 of the nation in terms of economic growth and
15 efforts to diversify our economy have also been
16 successful with four different sectors each
17 representing more than 10 percent of the jobs of
18 the city, but the unfortunate reality that many of
19 the areas of the city and our economy are still
20 suffering from the impact of the recession. The
21 official unemployment rate in the Bronx is nearly
22 13 percent. 14 percent and 12 percent
23 respectively of Black and Hispanic New Yorkers are
24 unemployed. And keep in mind that those numbers
25 do not taken account the impact of

1
2 underemployment, or people who are working but not
3 as much as they would like. Altogether we know
4 that too many New Yorkers are suffering
5 unemployment has fallen from a high of 10 percent
6 in January 2010 to 8.7 percent today but this
7 still unacceptably high.

8 From the beginning of the crisis,
9 we in the Bloomberg administration have been
10 implementing an aggressive plan to get the Yorkers
11 back to work. My boss, Deputy Mayor Robert Steel
12 has consistently said his top high year priority
13 is his Deputy Mayor for economic development our
14 jobs, jobs, and jobs. However, a plan for
15 economic developments does not include supporting
16 a policy like the one proposed in this bill that
17 would increase unemployment among our neediest
18 citizens.

19 This bill would have a number of
20 unintended consequences. Including eliminating
21 the construction of affordable housing, driving
22 more manufacturing industries and distribution
23 businesses across state and county lines, and
24 further harming our construction industry which is
25 already facing a 14 year lows in employment.

1
2 While we agree wholeheartedly with aspirations of
3 Intro 251-A to increase the standard of living and
4 lift New Yorkers out of poverty, we strongly
5 disagree by the means proposed in the bill would
6 achieve them. In fact, the opposite is true some
7 unfortunate New Yorkers as a result of this bill
8 lose employment opportunities. As I mentioned,
9 despite our initial recovery from the recession
10 unemployment remains too high and private
11 investment remains too fragile to erect additional
12 barriers for job creation.

13 Unfortunately that is exactly what
14 wage mandates like those proposed in Intro 251-A
15 will do, driver unemployment up and drive private
16 investment in the city down. The proposed bill
17 will also essentially imposed a city mandated
18 minimum wage for certain segments of the economy.
19 Wage policies determined at the federal and state
20 levels not the local level. Imposing wage
21 mandates here would only push more businesses to
22 flee to other lower cost jurisdictions.
23 Furthermore, attempts by the city to impose
24 minimum wage requirements in this manner have been
25 held improper by the state's highest court.

1
2 But before I talk in detail about
3 our perspectives on this bill, I think it's
4 important to step back and frame why our system of
5 economic incentives exist in the first place. On
6 a fundamental level it's important to recognize
7 that private developers and private businesses
8 have a choice about where they do business and
9 where the vast they do not have to do business in
10 New York just like they do not have to do business
11 anywhere else and make their decisions based on
12 where they can earn economic return just as you I
13 would do if you are deciding where to open a store
14 or a restaurant.

15 The unfortunate reality is that on
16 a stand-alone basis in many parts of the city it
17 is not as economically attractive to open a new
18 business as it would be in larger markets or
19 places with higher tourist volume like Midtown
20 Manhattan but we do not believe in letting the
21 free market operate without regard to vitality of
22 our neighborhoods. We believe for example as the
23 Speaker has argued that every neighborhood in
24 every new Yorker should have access to healthy
25 fresh from what we believe that the Yorkers should

1
2 have to commute to another part of town to buy
3 close or household necessities, and so our systems
4 of incentives is designed to help it more
5 Attractive for private sector businesses to open
6 and expand in every neighborhood throughout the
7 city. Incentives remove a critical barrier. This
8 bill would erect a new one, moving us in the wrong
9 direction.

10 In my testimony today, I will
11 outline the key findings of the study conducted on
12 the effects of living wage mandates on employment
13 income levels, and real estate developments in the
14 five boroughs.

15 CHAIRPERSON MEALY: Excuse me. If
16 you can give us a little synopsis also the length
17 of that --, because everyone should have the whole
18 statement, you know. Could we please make some
19 copies for everyone, but a summary also some
20 things that you can just go straight into.

21 TOKUMBO SHOLOWALE: Actually, to be
22 fair I think we were told that we would have a
23 chance to speak. I think this is a very important
24 matter and it merits serious discussions, so.

25 CHAIRPERSON MEALY: I was just

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

asking.

TOKUMBO SHOBOWALE: I don't want to assume that everyone has read this, because I think they have it to be honest.

CHAIRPERSON MEALY: Okay then.

TOKUMBO SHOBOWALE: In my testimony today I will align the key findings from the study we conducted on the effects of living wage mandates on employment, income levels, real estate development in the five boroughs. The findings of the studies show that, if enacted, this bill would increase unemployment and reduce private investment in the very communities is intended to help.

I would like to start by explaining why we chose to conduct this comprehensive study, and this touches on the comments that Council Member Palma mentioned earlier. In December 2009, the City Council voted to reject a developer's plan to invest \$310 million into the vacant Kingsbridge Armory in the Bronx. That plan would have transformed the site into a dense retail center with more than 2200 jobs. Half of those jobs would have paid more than \$10.00 an hour, but

1
2 some elected officials were seeking a requirement
3 that every job in the armory pay at least \$10.00
4 an hour. The developer, the Related Companies,
5 one of the few firms willing to invest in the
6 armory and the ones selected with the help of the
7 task force comprised of local in citywide
8 representatives would have been prevented them
9 from attracting tenants, securing financing with
10 such a requirement.

11 It is worth noting that the RFP to
12 identify developers stated a preference for
13 improving a living wage provision in the proposals
14 and we did so at the request of local
15 representatives, and yet, not one developer
16 responded that such provision was feasible, so
17 instead of 2200 jobs being created, zero jobs were
18 created and the construction jobs that would have
19 been created were lost as well.

20 As you all know the site still lays
21 vacant today. Particularly given the current
22 unacceptably high level of unemployment
23 particularly in the Bronx, we wanted to avoid a
24 replicating in that situation a potential
25 development sites across the five boroughs if this

1
2 legislation was enacted. That was a disappointing
3 and painful episode for the administration, the
4 real estate community, the Council, and the city
5 as a whole. During debate around defeated the
6 armory it became clear that there not been a
7 significant and comprehensive analysis of existing
8 living wage policies across the country. Instead,
9 the debate around the armory relied on incomplete,
10 anecdotal evidence and ill-conceived assumptions.

11 The Bloomberg administration as a
12 strong record of testing hypotheses with historic
13 data on important policy issues. An issue as
14 important as this affecting hundreds of thousands
15 of potential jobs and the bill with implications
16 as far reaching as Intro 251-A certainly requires
17 that type of analysis.

18 So, through the EDC, the city
19 issued a public request for proposals in the
20 summer of 2010 for a team to conduct the most
21 comprehensive survey to date on this issue. We
22 received a number of responses from qualified
23 academics and consultants. The best proposal
24 coming from the Charles River Associates a leading
25 global consulting firm with strong in experience

1
2 in economic and financial analysis the team
3 responsible for the research included Charles
4 River Associates, vice presidents Marcia Coreshane
5 [phonetic] and Matthew Thompson [phonetic],
6 Professor David Neumark of the University of
7 California Irvine, Professor Timothy Riddiough of
8 the University of Wisconsin, Madison, Professor
9 Anthony Yezer of George Washington University.
10 They have spent the past eight months conducting
11 some the study and are continuing to finalize
12 their report out.

13 CRA is an internationally respected
14 consulting firm with expertise in labor economics
15 providing clear, dated driven, unbiased analysis.
16 Much of CRA's work involves providing expert
17 testimony and litigation under oath. Employees
18 hold themselves to the highest standards of rigor
19 and evidence based approach in their work.

20 The team members are tenured
21 published professions at leading universities and
22 are experts in their field of labor and real
23 estate economics. Over the course of the last
24 several months, the study team have also met with
25 an external group of balance stakeholders in

1
2 colluding both advocates and opponents of living
3 wage mandates who suggested that data sources and
4 published studies to review and provide general
5 feedback.

6 The scope of the study includes,
7 first a comprehensive review of existing research
8 impacts of living wage laws of labor markets and
9 real estate development outcomes including a
10 review of studies which support living wage laws
11 and those which oppose them.

12 Second, a survey of 113 cities and
13 100 of law in metropolitan all areas of the United
14 States and a detailed statistical analysis of 39
15 cities are studied in the group.

16 Third, an analysis of the economic
17 impact of those laws.

18 Fourth, a development of a model to
19 estimate the impacts of such a level wage laws on
20 real estate investment levels and economics and
21 associated jobs.

22 And fifth, the simulation of the
23 impacts of the proposed level wage laws on labor
24 market outcomes and real estate development in New
25 York City.

1
2 Please note, that although the bulk
3 of the work is completed before the amended
4 revision version of the bill was proposed, the
5 office reviewed the amendments can believe that
6 the findings generally hold true with the amended
7 version. A number of changes included in the
8 amendment were dissipated in the models.

9 The final report is being completed
10 with more than 350 pages in length, but the
11 request of the City Council we produced the key
12 findings to inform this hearing. I would like to
13 discuss these key findings and implications and
14 this is simple and grief and then as possible
15 before taking your questions.

16 The first key finding is that while
17 dozens of cities around the country have some type
18 of living wage law the proposed legislation that
19 were discussing today is unique. In no uncertain
20 terms, there's no wage mandate in the country that
21 is as sweeping has Intro 251-A. Due to A, the
22 penalizing - - obligations associated with this
23 proposal, and B the number of businesses in New
24 York City that require incentives because of a
25 uniquely high costs and tax structure. This bill

1
2 will result in larger negative impacts of
3 investment and employment.

4 The study used real data from 39
5 cities and sought to discover the effect of the
6 city's policies on employment and poverty
7 reduction. By real data I mean statistical data
8 collected by the federal government, which would
9 analyze shows what actually happened when living
10 wage laws passed the most significant finding,
11 meeting the statistical finding with the most
12 certain evidence, should the living wage policies
13 have a negative effect on employment for low
14 skilled workers.

15 Put simply and unequivocally, the
16 data shows that living wage mandates have
17 eliminated low skill jobs losing opportunities for
18 the neediest citizens. The statistical evidence
19 from the 39 cities shows that \$10 dollar wage
20 mandate would cause a 2.2 percent unemployment
21 decrease among low skilled workers. Say you ask
22 yourself why would employers shed low skill jobs
23 when the wage mandate is imposed. There are two
24 the first, some projects like the Kingsbridge
25 Armory that would have had added jobs would not go

1
2 forward with this legislation in place. Second,
3 forced to pay higher than market great salaries
4 some employers would hire fewer higher skilled
5 workers to do the same jobs. This is particularly
6 easy for employers to do when unemployment is high
7 and many people are looking for jobs.

8 Another finding of the study that
9 living wage mandates to modestly increased wages
10 amongst some laws skilled workers, the average
11 income increase of 1.9 percent was observed in the
12 statistical evidence. That there is any wage
13 increases less statistically significant, meaning
14 the evidence is less assured, but even if there is
15 there is as it outlined, it will come and
16 extremely high a price.

17 The consultants then sought to
18 understand the implications of these two findings
19 on reducing poverty. Put simply, some workers
20 realized increases in income but did so at the
21 direct expense of many workers who would no longer
22 employed as a result of the wage mandates. The
23 wage pie was essentially the same size, but it has
24 split among fewer people. And while wage mandates
25 may have caused a modest reduction in the number

1
2 of households with the earnings below the federal
3 poverty line of the order of 0.9 to 1.8 percentage
4 points, with the evidence been highly variable.

5 The mandate also decrees household participation
6 and income support programs therefore offsetting
7 some extent the increase in household earnings
8 caused by the mandates. Specifically the study
9 found that the overall impact of the wage impacts
10 on poverty levels of New York City would be very
11 small, and the number of households in extreme
12 poverty would actually increase.

13 Following the interpretation of the
14 historical record of living wage mandates on
15 cities across the country, the study sought to
16 apply these findings to New York City and to
17 project how a living wage mandate would affect New
18 Yorkers. Simulations show that between 6,000 and
19 13,000 low skill jobs would be eliminated. Let's
20 repeat that, between 6,000 and 13,000 low skill
21 jobs would be eliminated as a result of the
22 enactment of these wage mandates.

23 Simply put the number of job
24 opportunities for low income New Yorkers would
25 shrink as a direct result of this legislation, and

1
2 the distribution of these job opportunities is not
3 even across the five boroughs. In fact, 90
4 percent of the jobs lost would be the areas
5 outside a Manhattan with the greatest losses in
6 the Bronx, Brooklyn, and Queens. The projections
7 also demonstrated that some New Yorkers would see
8 their wages increase, but that this increase is
9 only experienced by 10 percent of the low skilled
10 workforce. Using the 2009 city poverty threshold
11 has estimated by NYC CEO, the simulation showed
12 the wage mandates would decrease the fraction of
13 household with earnings below the poverty line by
14 between 0.01 and 0.02 percentage points. I'll say
15 that again to emphasize the number of households
16 in poverty declines by only one one-hundredth to
17 two-hundredths of 1 percent. At the same time the
18 employment losses increased the fraction of
19 households in extreme poverty by between 0.05 and
20 0.12 percentage points. Again, the average
21 household income in gains a roughly cancel out by
22 the average household income losses due to fewer
23 over all skilled job opportunities.

24 Projections also demonstrated that
25 some New Yorkers would see their wages increase

1
2 and that this increase was only experienced by 10
3 percent of the low skill work force. Simply put,
4 this policy would help some New Yorkers by pushing
5 some of the neediest residents even further into
6 poverty.

7 The study also considered that
8 proposed legislation profound impact on the city's
9 real estate market as I've mentioned because of
10 our city's unique cost and tax structure a number
11 of city incentives programs are required to incent
12 investment and development particularly in areas
13 outside Manhattan and industries like
14 manufacturing and retail where margins are thin.

15 The proposed legislation imposes
16 far more substantial monitoring costs and
17 penalties that create risks, expenses, and
18 disadvantages for developers and business owners.
19 In fact, the study found that for almost all types
20 of assistance the cost of wage been dates would
21 exceed the value of financial assistance.
22 Therefore, some private investments that would
23 have previously gone forward with financial
24 assistance would no longer be financially
25 feasible. If this legislation were enacted many

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

projects would never get built.

A study found that this disinvestment in fact was not evenly distributed across the five boroughs. Again as I mentioned earlier, it would be concentrated in neighborhoods that most needed development. In fact, we would see the unfortunate outcome of the Kingsbridge Armory repeated many times over.

The study found that the only investments remaining financially feasible without assistance would be likely proceed and in places which would likely be located in the wealthy areas of the city, because the developers would proceed without the incentives they still will not been be obligated to paying workers the living wage.

Overall real estate market as a result of fewer real estate investments, the study shows the aggregate employment in the city would decline as a result of proposed legislation. That consultants estimated that this could result in over 20 years between 33,000 and 100,000 jobs not being created in New York City. These job losses would not be limited to low skill jobs it would be spread among workers of all levels of compensation

1
2 and wages. This estimate only includes direct job
3 losses that doesn't factor in additional
4 opportunities such as construction jobs or
5 projects not being built nor does it account for
6 the economic activity associated with those that
7 would have worked of those projects spending their
8 wages at local cafes, shops, and so on.

9 For 20 years the EDC estimates that
10 more than seven billion dollars in investment will
11 not happen as a result of this legislation. We,
12 in the administration, have been analyzing these
13 findings closely as well as the findings of other
14 relevant studies and we've been briefed several
15 times with the study's authors

16 It appears that this legislation is
17 designed to channel money from wealthy real estate
18 developers to the city's working poor. Despite
19 this intent, the actual impact will be quite
20 different. After this thorough review, we
21 recognize that wage mandates may help some New
22 Yorkers but they will simultaneously hurt some of
23 our neediest residents. The policy will pay for
24 some wage increases on the backs of the poor.

25 Accordingly, we have grave concerns

1
2 about the overall impact of wage mandates in New
3 York City and the chilling affect the city would
4 have on job creation and economic development
5 throughout the five boroughs due to these
6 concerns, we cannot of support this bill.

7 As I mentioned beginning of my
8 testimony and as I know you're all aware
9 unemployment is unacceptably high. We cannot
10 allow it to. We cannot allow families outside of
11 Manhattan to suffer higher rates of unemployment
12 than they already do. We cannot allow private
13 investment to be scared away. We cannot allow
14 real estate development to stop in its tracks.
15 Unfortunately, all of these things will happen
16 with the this bill.

17 I would like to focus for a few
18 minutes on several immediate and tangible impacts
19 that this legislation would have. First, it is
20 important to note that many of the projects that
21 receive city assistants are in the industrial
22 sector. The city's industrial manufacturing
23 centers have been weakened by years of
24 macroeconomic changes and the private sector has a
25 weak appetite for financing new industrial

1
2 manufacturing businesses. In recent years, we
3 have several examples of these types of companies
4 moving to neighboring states or cities to avoid
5 our city's high costs. Industrial manufacturing
6 businesses rely on the support investment and this
7 bill represents a real threat to them.

8 Let's focus for a moment on one
9 real life New York City business. Hinderstone
10 Granite [phonetic] is the fabricator and
11 distributor of marble in stone products that was
12 leasing 20,000 square feet in Greenpoint with 10
13 employees. The company was at full capacity space
14 and looking to grow. They explored real estate
15 options in New Jersey and they saw that they could
16 achieve cost savings by moving across the river,
17 but they also identified a larger facility in
18 Greenpoint, by taking advantage of abatements
19 including the sales tax relocation tax credits the
20 company was able to acquire the larger modern
21 production warehouse facility creating 12 new
22 jobs.

23 A majority of industrial
24 development incentive programs go to unknown
25 industrial businesses like Hinderstone Granite

1
2 that none of us have heard off. These kinds of
3 businesses typically rely an apprenticeship system
4 to train employees. Entry level employees start
5 at a relatively modest wage often below \$10.00 an
6 hour as they learned the trade but can earn
7 several times that wage if they trained and move
8 up the ladder. There are dozens of businesses
9 that rely on our support and industrial areas like
10 Williamsburg, Bushwick, Sunset Park, and East New
11 York in Brooklyn, and Long Island City, Maspeth,
12 Jamaica, Queens and of the north end of Staten
13 Island and Bathgate, Hunt's Point, Port Morris and
14 Zuniga in the Bronx. Imposing a living wage
15 mandate of the struggling businesses would largely
16 cancel out the value of their incentive packages.
17 It would make it virtually impossible for them to
18 stay and grow here in New York City.

19 Later today, we will hear testimony
20 from a small business owner at the Brooklyn Navy
21 Yard, Mercedes Distribution Center, will tell you
22 that the added administrative costs imposed by
23 this legislation will cut into his already razor
24 thin margins. It would make it more vulnerable to
25 his competitors and New Jersey and Pennsylvania.

1
2 Their businesses like this it would be adversely
3 impacted by the legislation are many city owned
4 properties. From the city owned markets in the
5 Bronx and Manhattan, the Brooklyn Armory Terminal,
6 Bush terminal or soon to be developed federal
7 building in Brooklyn.

8 In other areas where the city must
9 maintain his level of competitiveness with
10 neighboring states and cities, this bill would
11 weaken the city's position versus its competitors.
12 For instance as you know we're currently working
13 on with a plan to rebuild the Hunts Point Produce
14 Market. As we work with local, state, federal
15 partners and the market to come up with a feasible
16 plan, we're constantly met with competitive
17 threats from across the Hudson. We know that New
18 Jersey elected officials, senior officials, are
19 aggressively courting the produce market. They
20 have made no secret about their willingness to
21 spend freely on major incentive packages like
22 those for Panasonic or the giant Zanadu shopping
23 mall. With those types of offers on the table a
24 living wage mandate could be the proverbial straw
25 that breaks the camel's back, sending the produce

1
2 market packing for the Meadowlands. We feel that
3 passage of Intro 251-A would create another
4 significant hurdle in our dealings with Hunts
5 Point Produce Market and efforts to keep them here
6 in the Bronx.

7 In addition to forcing an existing
8 businesses, wage mandates would also cause mixed
9 use developments in areas outside of Manhattan to
10 never break ground much like the Kingsbridge
11 Armory. [a sneeze] Bless you.

12 For instance,

13 [background noise]

14 CHAIRPERSON MEALY: Can you sum up
15 a little because now I'm hearing you're going over
16 some of the same things that's already been said.

17 TOKUMBO SHOLOWALE: No, actually
18 speaking about specific projects. I think it's
19 important to understand this because if the
20 project-

21 CHAIRPERSON MEALY: [interposing]
22 We're going to hear that.

23 FEMALE VOICE: We will hear that
24 from other witnesses.

25 TOKUMBO SHOLOWALE: Again I think

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

that this is a serious matter-

CHAIRPERSON MEALY: [interposing]

It is a serious matter but it shouldn't have been 12 pages long also just because everyone we have now over 60 people would like to testify and some people would like to give you questions that we can get a better clear understanding.

TOKUMBO SHOLOWALE: I can be here as long as you like this is a very important matter and merit serious consideration. We have been eight or nine months working on this study and I think it merits a full discussion. I willing to stay here-

CHAIRPERSON MEALY: [interposing]

That is why we are here to hear the clear discussion also in people can still read this also. We have the original everyone you can still sum up, but I'm just asking keep things you can just highlight that is all we are asking.

TOKUMBO SHOLOWALE: Okay.

CHAIRPERSON MEALY: I thank you. I can understand that's why so many people came here today. To make sure that they hear what you have done we have more than enough information you gave

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

us so many different instances of what you're trying to propose, so now we want to make sure that we have enough people that can actually ask you questions also.

TOKUMBO SHOLOWALE: I understand that and like I said I am willing to stay here as long as you all would like, this is a very serious matter and deserves as much time as it takes.

CHAIRPERSON MEALY: The same way people would like to, and let everyone hear their discussion both ways. That's what we need so I'm asking you can you summarize.

TOKUMBO SHOLOWALE: Yes.

CHAIRPERSON MEALY: Some of the paragraphs. Thank you.

TOKUMBO SHOLOWALE: I am going to point out a few specific examples.

CHAIRPERSON MEALY: That's it.
Thank you.

TOKUMBO SHOLOWALE: What I want to point out I think is particularly relevant is a project that was just announced last week. It is the hub at Fordham, 149th Street. It is a new potential development in the Mott Haven section.

1
2 This site has been underutilized, several projects
3 have fallen through here over the last decades,
4 but finally last week the city announced that a
5 private developer was selected to purchase site
6 and build a variety of amenities: a school, a
7 supermarket, a community center, public retail.
8 This project will create 58 new jobs and they have
9 agreed to work through HireNYC, which is a
10 training program of hire disadvantaged residents.
11 Unfortunately, with this legislation this project,
12 was very project which was just announced would be
13 threatened.

14 Another one I think is very
15 important to point out is Fresh. As we all know
16 we worked very closely with many members of the
17 council and it's very important initiative to
18 counter the food deserts that exist in many
19 disadvantage neighborhoods across the city. This
20 program too would be impacted. We have a ribbon
21 cutting coming up in the next couple of weeks of
22 the Bronx. Projects like that would be stopped in
23 their tracks.

24 And again I think that that theme
25 is consistent for small projects, supermarket.

1
2 And the other big area I think that is important
3 to note is affordable housing. Despite mention
4 that this is excluded until it is not excluded is
5 the retail as we know in our current affordable
6 housing projects it's very important that we not
7 have lower income residents isolated from services
8 and food. So, one of the important components of
9 our affordable housing is to have retail and the
10 base. Those projects that would also be swept up
11 by this legislation eliminating this important
12 community serving housing projects, but also
13 weakening the economics of these projects because
14 absent that with the higher cost burden projects
15 would less likely happen, would be less
16 financially viable, or they simply would have to
17 build fewer affordable units.

18 I think it's important to note that
19 several council members have noted in advance
20 proponents argue that other recent studies
21 disagree with our findings that it will not come
22 at a job loss. And I reiterate that this is the
23 most comprehensive and up to date study the
24 effects that this major policy in major cities.

25 A study also models using publicly

1
2 available benchmarks and inputs that real estate
3 investments and employment impacts of the proposed
4 legislation on workers outside of the low wage
5 workforce, so this is something that no previous
6 study has ever done. A lot of the other studies
7 use a variety of methodologies, a lot of and
8 anecdotes or innuendo. This is the most thorough,
9 comprehensive study to date.

10 The one thing I want to just touch
11 quickly upon and I don't want to spend time is the
12 quickly upon but I will spend time is the legal
13 perspective on this. And a lot of and the Law
14 Department has given us a fair analysis to the
15 legislation and there are several very serious
16 legal concerns about the bill. But I'll be that,
17 you have that here in the testimony.

18 So I'll just go to the conclusion.
19 The short of it is that we believe they are better
20 ways of achieving that goal of reducing poverty
21 without the collateral damage or increased
22 unemployment and lower private investment. The
23 administration is focused on creating jobs in a
24 variety of sectors, investing in training to help
25 people raise their skills and incomes, and

1
2 undertaking the largest affordable housing
3 programs anywhere in the nation, 165,000 units.
4 These efforts directly benefit the low skilled
5 workers and their families.

6 The city's proactive approach to
7 workforce development and job placement services
8 has paid significant dividends and represent our
9 commitment to helping gift New Yorkers back to
10 work. Through SBS, our administration has a
11 network of 5000 career centers in all five
12 boroughs. The centers provide job seekers a full
13 array of employment services including job
14 placement, career counseling, professional
15 development, and access to training opportunities.

16 In 2010, the center's connected New
17 Yorkers with more than 31,000 jobs, up from fewer
18 than 500 in the early days of the administration.
19 We're also committed to helping more New Yorkers
20 find better paying jobs. In the first quarter of
21 2011 I'm happy to say that, we've grown the number
22 of New Yorkers placed in jobs with wages of \$15.00
23 an hour or better in the center's by more than 40
24 percent. More than 40 percent of growth this
25 quarter. Three of our career centers for

1
2 specialized sector based centers focused on
3 transportation, health care, and manufacturing.
4 The centers, in particular, have been very
5 effective in connecting New Yorkers in sustainable
6 and good paying jobs. The health care center
7 placed people with average hourly wage of \$19.85
8 and our transportation center has facilitated more
9 than 3000 placements averaging more than \$12.00 an
10 hour, but as we know we must do more. The Mayor
11 in just the last few months has committed to
12 expanding our efforts even further with the land
13 of 10 new Workforce Express Centers this year.
14 These additional centers will increase our job
15 placement capacity and allow was to meet the
16 Mayor's goals of at least 40,000 placements this
17 year.

18 Another critical component of our
19 strategy to tackle unemployment has been in skill
20 development to help out of work New Yorkers learn
21 the skills that will allow them to get back to
22 work and earn higher wages. The modern economy
23 has put a premium on these kind of skills, so
24 we're really focusing on the skills gap. As an
25 example Deputy Mayor Steel met and HVAC family

1

2 owned business in Queens and they had received one
3 of these training grants.

4 COUNCIL MEMBER KOPPELL: Point of
5 order Madam Chair. I am delighted to know that
6 the city is doing all kinds of things to increase
7 jobs we've heard your comments on the bill those
8 were relevant this is simply talking about other
9 things that you're doing which is fine but I think
10 we've really should get to the point of this
11 legislation, Madame Chair, I think these comments
12 on other things that the city is doing is out of
13 order.

14 TOKUMBO SHOBOWALE: With respect to
15 the Chairman the only point I would make though
16 the discussion here is that we in the
17 administration share, I think I, I think when we
18 have the point of agreement is that we share the
19 goal of helping hardworking New Yorkers and their
20 families increase their earnings-

21 CHAIRPERSON MEALY: [interposing]
22 We understand.

23 TOKUMBO SHOBOWALE: And I think,
24 the relevance here is that while we agree with
25 that goal we strongly disagree that this

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

particular vehicle is the means to achieve it. So I think relevant in this context what are the alternatives to achieve the ends that we're all talking about here which I think we all care so strongly about.

CHAIRPERSON MEALY: Yes. Thank you.

TOKUMBO SHOBOWALE: But, I'll defer. I appreciate the time that you all devoted to this. I think there's a shared purpose to help New Yorkers, hardworking New Yorkers, and we look forward to working together and said in an unhappy to answer any questions that you have.

CHAIRPERSON MEALY: Thank you so much. We have one question and we're going to have our --. Mr. Koppell, do you still what I had that question?

COUNCIL MEMBER KOPPELL: My question yes.

CHAIRPERSON MEALY: And then that Mr. Jackson and then Ms. James.

COUNCIL MEMBER KOPPELL: You heard in my opening statement that the sponsors did not intend to cover the ICAP subsidies for various

1
2 reasons which I won't go into. Does that not
3 change your opinion of the validity of the
4 conclusions of the report since the majority of
5 the report on the effects to the city look at that
6 program?

7 TOKUMBO SHOBOWALE: Absolutely not.
8 The study looks at a comprehensive review of these
9 kinds of policies across the country. And the
10 general findings are not specific to a particular
11 kind of incentive, because obviously no other city
12 has ICAP, that is a unique New York City program,
13 but it's the kinds of wage mandates that we're
14 considering here are similar or analogous to the
15 kinds of wage mandates that are been proposed in
16 other cities. So the methodology is not specific
17 to ICAP, the are the same logic, the same findings
18 apply whether it be ICAP or IBA or other kinds of
19 incentives.

20 COUNCIL MEMBER KOPPELL: But, just
21 to follow up with one thing the report, in dealing
22 with other cities I agree with what he said. And
23 my problem with that part is that we don't have
24 any backup, you said they're going to get it this
25 summer and if we don't get this passed before then

1
2 look at it, but with respect to the city the
3 analysis, because it particularly points out that
4 ICAP is more important in the outer boroughs than
5 it is in Manhattan and that's probably true, but
6 if ICAP is not in this the whole analysis falls
7 down because the whole analysis is based on ICAP.

8 TOKUMBO SHOBOWALE: No, the whole
9 analysis is not based on ICAP. If you excuse me
10 please I'll defer to my colleagues who are the
11 experts in this matter, but the study is about
12 this type of wage mandate, it's not about a
13 particular type of incentive. The reason why ICAP
14 is more important in the outer boroughs is
15 because, as we discussed, that is where these
16 investments are the hardest to make. And so, the
17 disproportionate share of ICAP, but this is also
18 true of IDA and any of the other incentives the
19 bulk share of these incentives are in the other
20 boroughs other than Manhattan because that is
21 where these investments are most required. That
22 is where these incentives programs are directed
23 because we really, strongly agree with you that
24 this kind of job creation is essential in the
25 other four boroughs, and that's the reality of

1
2 where these programs are directed. But I'll defer
3 to Euan and Francesco as to the methodology.

4 EUAN ROBINSON: So, just to
5 elaborate what Tokumbo said, there are many
6 different parts to this report as I said there's a
7 general analysis, there are results from that
8 general analysis of what's happened in other
9 cities that are applied to create a model for New
10 York City and determine what might happen
11 specifically to the low income and employment, to
12 low income wages, and to the households in our
13 sectors.

14 There is another part of the
15 analysis that is based on real estate that is
16 based on ICAP because that is the way the
17 legislation is written, but however ICAP program
18 is used as a baseline against which a lot of the
19 discretionary benefit programs are measured or
20 made equivalent. What you see is the driven
21 essentially by some of the facets of this
22 legislation, in particular the scope of penalties,
23 the reach of the legislation to sub tenants, sub
24 leases, and tenants means that there is a job loss
25 and an investment in loss because the value of the

1
2 benefit received through the program is more than
3 wiped out by the increased cost, so essentially
4 you're going to see the same type of results. The
5 question that it raises is simply one of what's
6 the scale of those results. You're still going to
7 get a tradeoff between loss of investment and the
8 loss of employment associated with that because of
9 the real estate projects that don't go forward.

10 COUNCIL MEMBER KOPPELL: But, we
11 could certainly look at the enforcement provisions
12 and see if those are excessively expensive or
13 punitive, that's hardly the center of this. And
14 to the extent that the report really highlights
15 that, I think it's a remediable. Thank you Madame
16 Chair I want to let others ask questions.

17 TOKUMBO SHOBOWALE: I just want to
18 respond to that last point though, the job laws
19 analysis from the other cities that don't have as
20 extensive of the penalties and requirements, those
21 job losses are that the 6,000 to 13,000 in job
22 losses apply irrespective of the penalties. That
23 analysis is based on the other legislation and the
24 other 39 cities, so that job loss, that cost, that
25 extreme cost is the same regardless of the

1
2 enforcement penalties. The additional penalty
3 show all in the additional 33,000 to 100,000 so
4 that number calibrated, but the 6,000 to 13,000
5 jobs lost would be the same regardless of the
6 penalties that are included in the legislation.

7 COUNCIL MEMBER KOPPELL: Madame
8 Chair I'm not going to respond, I hear what he
9 saying, but I do not agree with it.

10 CHAIRPERSON MEALY: Thank you. But
11 now that we have this million dollar case study
12 has EDC considered a counterproposal to come back
13 to the way and to lower poverty?

14 TOKUMBO SHOBOWALE: I was just
15 actually, I thought we weren't supposed to talk
16 about that because that with what I was trying to
17 do in the latter part of my testimony and I was
18 cut off.

19 CHAIRPERSON MEALY: So that was
20 with all the programs.

21 TOKUMBO SHOBOWALE: Yes.

22 CHAIRPERSON MEALY: Okay thank you.
23 We're going to have Mr. Jackson.

24 MALE VOICE: [off mic] Three
25 minutes, three minutes on the clock.

1
2 CHAIRPERSON MEALY: Three minutes
3 please we're going to give the elected officials
4 five for right now and then three.

5 COUNCIL MEMBER JACKSON: First let
6 me thank the committee for holding this very
7 important hearing and I like to thank all of the
8 officials from the administration and, labor, and
9 the community for coming out especially of Borough
10 President from the Bronx Ruben Diaz Jr. Let me
11 thank you for coming out and let me just say no
12 one is aware that I as a member of the City
13 Council supported the position of the entire, my
14 understanding, the entire Bronx delegation when
15 they stood loud and clear and said that they
16 wanted living wage for the people of the Bronx,
17 and so I am proud to sit here knowing that I
18 supported that particular position, because when
19 you look at it and what we don't want, we don't
20 want people working like they're indentured
21 servants earning pennies and scrambling two or
22 three jobs in order to support their families.
23 We, we don't want that anywhere in our country not
24 at the least here in the greatest city in the
25 world. And, if you don't know the minimum wage

1
2 right now is \$7.25 an hour and is an individual
3 was working 40 hours a week they would be earning
4 \$290 a week \$15,080 per year at the minimum wage.

5 Now let's talk about the living
6 wage proposed in this bill. At \$10.00 an hour
7 with benefits you're only taking home gross not
8 net \$400 a week yearly gross \$20,800. And I asked
9 one of you officials for EDC you live off of that
10 for a year and you come back and tell me we don't
11 need a living wage bill. And I say that loud and
12 clear because when it, and I'm not trying to be
13 funny, believe me I'm not, I am very serious about
14 this. When it came to individuals, for example, I
15 remembered my colleague Eric Joyner [phonetic] who
16 was with the City Council and he lived off of one
17 week of food stamps and had to survive off of
18 that. And let me tell you if you just look at the
19 history, he was scrambling to try to make sure he
20 had healthy foods and tried to live. It is not
21 easy, and I say that as an individual who grew up
22 on welfare in New York City, scrambling to survive
23 with my family. Going and waiting on line to get
24 the welfare cheese and powdered milk.

25 Not --, you know, understanding

1
2 that I know loud and clear that education is the
3 key to uplift all people, clearly without a doubt
4 and I am sure that the three of you sitting up
5 there, you all have degrees. I am sure that each
6 one of you finished high school, probably college,
7 graduate school, you may be attorneys, Ph.D.s,
8 MD's are whenever the situation. I am absolutely
9 sure.

10 So, I am saying loud and clear that
11 even though this study came out and it's
12 appreciated com. Obviously, in my opinion it's
13 one side and unless you prove me wrong. But I say
14 that, Oliver Koppell and Annabel Palma said loud
15 and clear, they are willing to work with you, so
16 let's sit down and work on a solution that will
17 benefit all New Yorkers. Loud and clear. And
18 clearly one of the excuses that was given as
19 Oliver raised not to support this particular
20 matter in the Bronx is because it would have a
21 negative impact on the developer, and now it's
22 going to be citywide so whoever builds in New York
23 City who gets a subsidy is on the same level
24 playing field.

25 But let me ask you a question,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

since I didn't ask a question as of yet-

CHAIRPERSON MEALY: [interposing]

All right now. Keeping up.

COUNCIL MEMBER JACKSON: I am

looking at the time too. I looked at here and it said that if the penalties for noncompliance as stated currently, they are too severe. The two violations of the six years would financial assistance recipients willing we failed to ensure compliance. You're saying that's too severe. A and let me tell you it's not too severe we've had just recently where developers violated the law as far as MWBE and have been fined, okay, because they basically violated the law and they knew it and anyone who violates the law should be severely punished, and so I don't think it's too severe when anyone intentionally violates the law they should be fined and punished according to the law. And that will make sure that they will comply just like we passed the taxi law yesterday that anyone discriminates against taking someone anywhere in New York, they should be fined and if necessary their license should be revoked. So I thank you for doing the study but my colleague said to you,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

please sit down and negotiate.

CHAIRPERSON MEALY: Thank you and I have to announce that our Council Member Leroy Comrie, Steve Levine, Mark-Viverito is here, Mark Weprin Blackman and Danny Dromm, and Steve Levin. We'll have Tish James.

COUNCIL MEMBER JAMES: Thank you.

TOKUMBO SHOLOWALE: So, I'm sorry, there was no question?

CHAIRPERSON MEALY: No, he wanted to make a statement.

TOKUMBO SHOLOWALE: He did have a question at the end.

COUNCIL MEMBER JACKSON: [off mic] About the severity.

TOKUMBO SHOLOWALE: Yeah, right. So, thank you. All your comments, as I said we share wholeheartedly the goal that you and your fellow Council Members have to address the needs of hardworking New Yorkers, and the situation you describe is very serious and something we need to work together. I agree with you wholeheartedly that skills, training, education is the way for people to get a leg up. And that is why the Mayor

1

2 made public education his number one priority, and
3 that also applies to workforce development.

4 And the one thing I do want to
5 address is that you mentioned as Council Member
6 Koppell mentioned earlier that this would be a
7 level playing field for all businesses. And that
8 simply isn't true. The sense is that even if you
9 cover all projects that leases city assistance,
10 that is only a small fraction of the city's
11 economy, so a employer covered by this, say it's
12 Hinderstone Granite covered by this would be
13 covered by this, these mandates, would have to
14 change their business a similar business not in a
15 city project.

16 You know, taking another, take a
17 store a drugstore covered by this and a drugstore
18 not covered by this would have to pay a different
19 wages for the same work, competing for the same
20 customers, so conceivably two grocery stores for
21 example one covered would not the one is competing
22 add a higher cost bases and still selling the same
23 customers, and I think you and I and both if
24 you're paying the same thing for the same apple
25 you going to go for the cheaper apple so that

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

store is put at a competitive disadvantage.

So to your question about the severity of the penalties I agree with you wholeheartedly that people that break the law should be penalized, no disagreement with you whatsoever there, and I think that the work that you and your fellow members have done on the taxis and the MWBE. We could have a discussion whether the MWBE penalty should be higher because certainly that's a very, very important program and we work hard to make it work, and we work hard to make it better.

The issue with the penalties in this case is that because of these penalties projects receiving assistance would find it difficult time receiving financing. The penalties give the bank, so if I'm the bank and Euan has a project and then Euan is --, Council Member Williams is one of his tenants essentially Euan is responsible for what Council Member Williams pays his tenants. So that penalty so basically what happens is if Council Member Williams doesn't pay he gets penalized and I, the bank, can lose all my money, so knowing this in advance I'm not going to loan him the money, because I know that he has no

1

2 control over what Council Member Williams is
3 doing. And so-

4

COUNCIL MEMBER JACKSON: And that
5 is what Oliver Koppell invited you to come and sit
6 down and negotiate this particular matter. I mean
7 the door was clear wide open in his statement and
8 let me just say that concerning the drugstore
9 situation. The bottom line that if I'm in
10 business and if I'm going to ask for a city
11 subsidy then I have to take all things in
12 consideration. That's a businessman would have to
13 take that into consideration, and if I want it, if
14 I want a handout on that or assistance then
15 there's, this is you know-

16

CHAIRPERSON MEALY: [interposing]
17 Consequences, yes.

18

COUNCIL MEMBER JACKSON: You get
19 nothing free. In the one that's going to give you
20 \$100,000, be wary.

21

CHAIRPERSON MEALY: Thank you
22 Council Member.

23

COUNCIL MEMBER JACKSON: Thank you.

24

CHAIRPERSON MEALY: Tish James.

25

COUNCIL MEMBER JAMES: First let me

1

2 begin by saying this hearing should've been held
3 in a larger room.

4

CHAIRPERSON MEALY: We tried.

5

6 COUNCIL MEMBER JAMES: A room with
air conditioning.

7

[applause]

8

CHAIRPERSON MEALY: We tried.

9

10 COUNCIL MEMBER JAMES: I think we
11 should have held it on campus. The fact that it's
12 in crowded room to me undermines the importance of
13 this issue, and we should have done all that we
14 could and all that we have in our power to do to
15 find another, more appropriate space to hold a
hearing of this importance. That being said.

16

17 Let me just say, that there is a
18 tension and a conflict in the literature, in the
19 empirical literature, in all of the reports that
20 have been done on living wage effects overall. So
21 I'm not going to get into the two reports because
22 one can dispute kind of report based on its
findings.

23

24 But let me just say that there's
25 one thing that can not be argued with, and that is
all over the past 20 years real wages in New York

1
2 City have gone down, and that there is more
3 poverty in New York City than ever before, and
4 that there are more families and more children
5 relying upon food stamps and more children who go
6 to bed tonight at a homeless shelter, and if that
7 does not move you to action, I don't know what
8 will.

9 So, I'm not here to convince
10 anyone, but I'm here to tell you factually what I
11 know that a woman who took care of my mother until
12 she died last year. A woman who came to work
13 every day to take care of my mother's so that I
14 can go to work on a woman who could not afford to
15 pay rent. A woman who had to struggle every day
16 who I had to feed every day, and that is the woman
17 until she died because she was not paid a living
18 wage. A woman did the work of the angels. A
19 woman who lived in poverty who lived in a room but
20 nonetheless came to work even in the snowstorm to
21 take care of my mother. So in memory of my mother
22 I am doing this on behalf of Norma, Norma and her
23 husband who came to work for four years to take
24 care of my mother and who could not, could not
25 make ends meet living in New York City up but

1

2 nonetheless had passion and had a commitment
3 caring for my mother. That is why I step up to
4 this play too loudly on behalf of this bill and in
5 support of this bill.

6 And I also know that we give
7 developers countless amounts of money, and so
8 don't talk to me about Fresh Direct, don't talk to
9 be about the Navy Yard, don't talk to me about
10 affordable housing. It was not the intent to
11 cover them it wasn't meant to cover major
12 developers like for instance, Bronx Gateway Mall
13 that receives \$10 million and the average wage is
14 \$8.80 an hour. Yankee stadium \$50 million, 326
15 million in city capital improvements and more than
16 \$1.2 billion in tax exempt financing, yet the
17 workers there make \$9.00 and the list goes on and
18 on and on and on, and you mean to tell me that
19 they cannot pay individuals \$10.00 an hour in the
20 City of New York where the gap between haves and
21 the have nots has grown.

22 There's just no defense to this.
23 There's just no argument to this. In a city, the
24 richest city on earth when people living with
25 poverty can't survive this whole chicken little

1
2 argument I reject. I just reject, and just to say
3 at this point in time we're going to do something,
4 we're going to expand and increased earned income
5 credit, something that I have been fighting for
6 the last six years. For the administration to now
7 come forward and say, well go do this will expand
8 the earned income credit when I have been talking
9 about this every day since I've walked through
10 these doors. And now, all the sudden you want to
11 pay attention to it.

12 And what affordable housing. In
13 Downtown Brooklyn you have gentrification on
14 steroids, and countless number of low income
15 people and working class people have been
16 displaced and if we're so concerned about wages
17 then why are we focusing so much on retail
18 business as opposed to high wage just earning
19 jobs. It seems that the only way that the city is
20 investing in the only economic development
21 initiative that they're focusing on is retail.
22 Retail after retail after retail. What about high
23 wage jobs? What about higher education? What
24 about jobs that can sustain families instead of
25 retail jobs? No, there is no question here today.

1

2 I am doing this on behalf of Norma. Raise the
3 living wage, pass the bill, pass it now then go
4 see the problems and again I believe that the
5 profits particularly as a result of what has been
6 reported recently as the profits on Wall Street
7 and the profits by these major real estate
8 developers clearly, they can afford to pay the
9 workers a living wage-

10 CHAIRPERSON MEALY: Thank you.

11 COUNCIL MEMBER JAMES: And raise
12 people out of poverty.

13 CHAIRPERSON MEALY: Thank you we
14 have now Annabel Palma.

15 TOKUMBO SHOLOWALE: I'm sorry to I
16 have a chance to-

17 [crosstalk]

18 CHAIRPERSON MEALY: She didn't ask
19 a questions.

20 TOKUMBO SHOLOWALE: Thank you.

21 CHAIRPERSON MEALY: I'm glad we
22 have you here.

23 FEMALE VOICE: And then say,
24 followed by Mark-Viverito.

25 CHAIRPERSON MEALY: Followed by,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

just before Ms. Palma, we have been joined by
Ruben Wills and Council Member Dan Garodnick.

COUNCIL MEMBER PALMA: Thank you
Madam Chair. Mr. Shobowabe

TOKUMBO SHOLOWALE: Shobowale. Yes
thank you.

COUNCIL MEMBER PALMA: Mr.
Shobowale, thank you. I have one simple question
and you, in your statement you kept bringing up,
well I mentioned it in my state and your testimony
also mentioned the negotiations the Bronx
delegation had with this administration and, you
know, in your testimony it alluded to we just
rejected, you know, a project in the Bronx. And,
that was not the case we spent, you know,
countless hours in rooms, in this building, in
City Hall, offsite, Saturday mornings, you know,
meeting discussing trying to get to a real plan
that was going to benefit the people of the Bronx
and eventually the people of New York City,
because we know everyone was going to benefit from
that project.

And numerous times we heard the
Related Companies which, you know, besides, EDC

1
2 were at the table because they were the ones that
3 were going to get this property, allude to
4 "whatever is the law we will follow." So, I ask
5 you and I propose to you and to your boss is
6 living wage is the law, the Related Companies said
7 they will follow it. They do so in San Francisco.
8 They have build two projects on the living wage
9 law that exists in San Francisco, so if it's the
10 law in San Francisco and they've done it and they
11 have been successful, it becomes law here in New
12 York City, they will follow it and they will do
13 it, so why isn't this administration listening to
14 the investors that have brought jobs and this
15 administration has rewarded them by passing this
16 living wage law or be supportive of this living
17 wage law.

18 TOKUMBO SHOBOWALE: Thank you for
19 your question. I think that clearly Related and
20 the vast majority of employers in our city are law
21 abiding and will follow it and again I think
22 Council Member Jackson's earlier comments we
23 should have appropriate penalties for companies
24 that break the law, and I think the city and the
25 EDC have been active, for example in recapturing

1

2 benefits where employers have not lived up to the
3 end of the bargain.

4

5 I think the issue is they would
6 follow the law would ever were, but in this case
7 their actions speak very loudly so given that
8 option of having that law they found that the
9 project was not financially feasible. And that is
10 why, they cannot proceed with it. And that's why
11 those 2200 jobs to not exist today in the Bronx
12 and the side remains vacant.

12

COUNCIL MEMBER PALMA: If

13

CHAIRPERSON MEALY: - -

14

15 COUNCIL MEMBER PALMA: I only have
16 one question. Okay. So, what, I mean, it boggles
17 me, right because in a large city like San
18 Francisco they are able to do this not once but
19 twice. What was it that we would not bringing to
20 the table that was attractive enough for them?
21 When a piece of property they're going to obtain
22 was clearly going to obtaining and much lower cost
23 than what it was worth, so they're going to end up
24 making the money that they need to make.

24

TOKUMBO SHOBOWALE: I would guess,

25

that if they're going to make a lot of money they

1
2 would have preceded. I mean, they are a profit
3 making company, if there was an opportunity for
4 them to make a lot of money under the deal as
5 proposed would have taken it. I think there are
6 few companies that would walk away from making a
7 lot of money. So the fact that they walked away
8 shows that they couldn't make money. So I think,
9 again, the study-

10 COUNCIL MEMBER PALMA:

11 [interposing] But I think we will disagree.

12 TOKUMBO SHOBOWALE: Can I finish my
13 thought. I don't want to interrupt you but if you
14 could let me finish please.

15 COUNCIL MEMBER PALMA: Okay. But I
16 think we're going disagree on that because I don't
17 think the Related Companies have ever walked away
18 from money because they were going to make money
19 they walked away from this deal because we were
20 demanding that they paid or attracted businesses
21 that would pay a living wage to New Yorkers.
22 That's why they walked away from the deal. Not
23 because they're going to make money. They just
24 didn't want to pay a living wage to New Yorkers.

25 [background noise]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TOKUMBO SHOBOWALE: Actually Related and any other developments walk away from deals all the time. Doing this project could be very difficult, and many developers lose money on projects. And so this happens in our businesses and my colleagues and EDC can speak to this there are many, many negotiations that we have to try to get projects to start that fall through and the project's simply don't happen.

I mean, it may not be noticeable to the general public because it's hard to know, it's kinda like a tree falling in the forest when no one's there. You don't see it; you may not hear it, but it doesn't mean that it's not happening, so the fact that people to open stores doesn't indicate that just the fact that there's a requirement in that case that requirement would not affect other stores. So in some ways it may seem like a victimless crime because you don't see the projects, the developments, the investments that are not happening, but that happens all the time. If you look at, you know, your district in the seventies and eighties, we see the impacts when there's a limited investment. We have seen

1

2 the impact of limited development in New York City
3 and it's not something we want to return to.

4 CHAIRPERSON MEALY: Thank you. We
5 have Mark-Vivierito.

6 COUNCIL MEMBER MARK-VIVIERITO:
7 Didn't expect to be up that quickly, but I thank
8 you for the consideration since I am a committee
9 member.

10 CHAIRPERSON MEALY: Committee
11 members are speaking first if that's okay.

12 COUNCIL MEMBER MARK-VIVIERITO:
13 First of all, I do want to add on to what
14 basically my colleagues have said, and support
15 their comments and I got to say that you indicated
16 that you wanted to go through your exhaustive
17 testimony because this is you was so important yet
18 it's not important enough to have the Deputy Mayor
19 here or someone else, maybe, to speak on behalf
20 not that you are not eloquent enough to speak on
21 his behalf, but I think that the level of
22 importance of this at least maybe the Deputy Mayor
23 should have been here to advocate for it.

24 Also, you know, you talk about the
25 require events of the legislation and the fact

1
2 that it's asking for so much reporting of the
3 corporations as a barrier, yet there was a report
4 that came out yesterday, if I'm not mistaken,
5 about all the barriers this administration puts
6 for people who are looking for public assistance
7 and the barriers that prevents them from getting
8 public assistance because of the fact that there
9 is so much of a rerun around or inaccurate
10 information that is presented yet for someone who
11 is seeking, sort of, assistance for their families
12 it's not burdensome for this administration to put
13 so many reporting requirements, yet it is when we
14 are talking about private businesses. I think
15 that the priorities here are a little bit skewed.

16 The other thing also, you know, I
17 did most of us are making comments because we
18 believe very strongly that the arguments being
19 made are not valid. We, as legislators, we as
20 municipalities, as governments that have a
21 responsibility to set what the priorities are as
22 indicated by Council Member James the majority of
23 jobs that are being added to our retail jobs which
24 are low paying jobs. We should be sending a
25 message that just as much as we want to support

1
2 corporations who do business in this city, we want
3 to support our citizens and our constituents and
4 New Yorkers to be paid a decent fair wage that is
5 going to move eye for their families.

6 I really didn't understand the
7 messaging this is Mayor is unfortunately speaking
8 of both sides of his mouth when it comes to the
9 priorities. And that's not something that is
10 acceptable to me. So the question is. Do you
11 consider the grants take a public subsidy is to
12 businesses is government intervention? Because
13 that's really what this when you providing public
14 subsidies is governor intervention in the private
15 market and what principle do you make the
16 distinction to adhere to free market ideology when
17 it comes to workers' wages but you're not doing so
18 when it comes to subsidizing corporations and
19 that's really the essence what you're promoting
20 here? So if you could just answer that quickly I
21 have maybe one other quick question.

22 TOKUMBO SHOBOWALE: Sure thank you
23 for your question. A clearly incentives are a
24 government intervention in the marketplace, and as
25 I mentioned earlier the rationale for that

1
2 intervention is that in many of these
3 neighborhood's the investments and the job
4 creation would not happen but for that
5 intervention, so that is why. That is the purpose
6 of many of these incentive programs, the IDA the
7 program, ICAP, Fresh up to promote supermarkets,
8 the industrial business zones etc., To get this to
9 so it's. These are all interventions to get to,
10 spare investments were but for that intervention
11 the investments in these neighborhoods and these
12 communities would not happen.

13 COUNCIL MEMBER MARK-VIVIERITO:

14 Where is it the reporting that validates that
15 argument? Where's the statistics, the reports,
16 that validates that argument?

17 TOKUMBO SHOBOWALE: Again, I didn't
18 come prepared to discuss is that.

19 COUNCIL MEMBER MARK-VIVIERITO: I
20 mean that's the essence of why your opposing this.

21 TOKUMBO SHOBOWALE: No, no, no.

22 COUNCIL MEMBER MARK-VIVIERITO:

23 You're saying that the subsidies our critical to
24 making these jobs are to making this business
25 succeed in this city, yet you telling me you don't

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

have the proof to validate that argument.

TOKUMBO SHOBOWALE: So, and we'd be happy to follow up on that. I think, the evidence is looking in many of these neighborhoods where these investments have not occurred. And so, unfortunately we're not at full employment, we don't have vibrant retail or industrial businesses in many places across the city. I would prefer that we had many, many more industrial businesses, retail available in all of the neighborhoods of the city and we don't have that yet. I think that there have great progress, but we're not there. And so, to say that all of these investments will happen absent intervention the facts in the ground don't show that because these businesses, in many cases, don't exist.

The difference, as to the second part of your question, of what's the difference in our philosophy. Why do we oppose this legislation as opposed to the incentives. It's not a philosophical difference it actually looking at the data. So looking at the evidence, looking at this data across the city 39 cities across the nation, the data again, we share the goal at work

1
2 and increasing their income, but the data has
3 showed that there is increases in income when
4 these laws have been up for wide and other parts
5 of the country but at the cost of job loss by
6 other low income workers.

7 COUNCIL MEMBER MARK-VIVIERITO: Let
8 me just say this. I know, I think that, in your
9 testimony you say there are better ways to achieve
10 the goal of reducing poverty. You haven't really
11 indicated what this administration is doing to do
12 that, in fact I believe that you have been using
13 the new measure that Mayor put forth poverty is on
14 the rise in this city and then you talked
15 extensively about job placement and all the
16 workforce development centers in the job placement
17 that's being done to place people in what jobs?
18 What jobs are we talking about in jobs that cannot
19 provide a living wage for families in the city?
20 Retail jobs? Low end jobs? That is not what we
21 are promoting. I think that this legislation is
22 critical and is unfortunate that you as if
23 administration don't feel the same way. Clearly
24 we know where your priorities are so thank you
25 Madame Chair.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRPERSON MEALY: Thank you.

Thank you. Brad Landers then Rodriguez then Halloran.

COUNCIL MEMBER LANDERS: Thank you very much Madame Chair. Thank you Mr. Shobowale for being here. I wonder if you're familiar with this report that I'm holding, The Annual Investment Projects Report, that EDC provides to the counsel pursuant to local law 48 on economic development subsidies made by EDC.

TOKUMBO SHOLOWALE: Yes.

COUNCIL MEMBER LANDERS: Where is the section on the industrial and commercial assistance program?

TOKUMBO SHOLOWALE: I'm not sure.

COUNCIL MEMBER LANDERS: That is because there isn't one. This reports to us on the economic development subsidy programs it's about 600 in it, billions of dollars being given out. It doesn't report on the 7000 plus industrial and commercial assistance programs because I take it that your counsel believes local law 48 which mandated this administration to provide this doesn't cover ICAP and-

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TOKUMBO SHOBOWALE: [interposing]

Is that a question?

COUNCIL MEMBER LANDERS: Yeah, I guess so if you want to tell you why it's not in here, sure.

TOKUMBO SHOBOWALE: As you know, ICAP is a state --, is an as of right incentive which the EDC does not administer-

COUNCIL MEMBER LANDERS:

[interposing] Which is exactly why we can't cover it which is exactly what you said in your testimony which is exactly why it's inappropriate to be the sole focus of the survey it over to estimate by 10 times the impact, the reach of the program which inflates your job loss numbers 10 times on a program that you know isn't covered because you don't put it in your local law 48 report and you know we don't have the power to cover it because you testify to it today.

And honestly, it's consistent with the core fallacy of all the Neumark a research that massively overstates jobs lost in packs by arguing that 90 percent in L.A. or in some cases 100 percent of private sector workers are covered

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

by a requirement when you know they are not required.

And while, I have great respect for you and for the administration I generally find the studies you put out to be thoughtful, good economic analysis. This in my opinion is a one million dollar white wash. It really does not live up to the standards of the Bloomberg administration.

Now, I want to ask a little bit. In your testimony, you focus on manufacturing and that I understand and others, I fully support investments in manufacturing and industrial investments. But could you tell me what percent of EDC's investments go to manufacturing and industrial businesses?

TOKUMBO SHOBOWALE: I don't know the percent of investments. I know it's roughly 50 percent of the IDA deals are for industrial businesses.

COUNCIL MEMBER LANDERS: How about of the 10 year capital strategy of EDC?

TOKUMBO SHOBOWALE: It's a smaller percentage. There are large amounts for the

1
2 things like the Brooklyn Army Terminal, Bush
3 Terminal, there are large investments there, but a
4 lot of the investments are in the infrastructure
5 in other areas like Coney Island.

6 COUNCIL MEMBER LANDERS: When the
7 EDC President Pinsky was here a couple months ago
8 for our preliminary budget hearing he told us that
9 6 percent of the EDC 10 year capital strategy goes
10 to manufacturing. You want to guess when you told
11 us with percent goes to large scale real estate
12 and retail development?

13 TOKUMBO SHOBOWALE: I will defer to
14 him.

15 COUNCIL MEMBER LANDERS: 66
16 percent. 2/3 of it so, we didn't hear anything
17 about the 2/3 EDC capital subsidies that go to
18 large scale real estate and retail development in
19 your testimony. And I do find any of it in the
20 executive summary of the Neumark report, maybe
21 we'll get some of it over the summer, but I guess
22 and what it has a couple of questions about that.
23 Council Member James, in addition to that they
24 were 10 million, one of those projects the Bronx
25 Gateway Mall, \$10 million in subsidies. You a

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

venture a guess at the entry wage for a cashier there?

TOKUMBO SHOBOWALE: I'm sure you'll tell me.

COUNCIL MEMBER LANDERS: It would be great if EDC reported, in this report actually told us, but it doesn't tell us which I think it's supposed to, but folks went out and surveyed is \$7.44 an hour barely above minimum wage, project that you put \$10 million into. That project is not discussed in the Neumark study it's not discussed in your testimony, and that's what we're here to talk about, can we have a program that says if the Bronx Gateway Mall is going to get \$10,000,000 in city subsidy that issues shouldn't be making \$7.44 an hour. And I don't see that for one million dollars you even asked that question. It is not clear to me that developers in Los Angeles who have been required to do that would have done to 150 plus projects that anyone picked up the phone to call them.

Can we expect some analysis from the administration of the large scale real estate and retail projects and what the impact would be

1
2 for those projects. Not the manufacturing of 6
3 percent of the capital investments but of those
4 projects to boost those cashiers so they don't
5 have to live in poverty New York City.

6 TOKUMBO SHOBOWALE: I would differ
7 sharply with your characterization that this is
8 not covered those large projects. In fact, the
9 survey of the other cities cover all the projects
10 of all types that are covered there, so it's not,
11 as I said earlier, it's not all about ICAP. It is
12 not-

13 COUNCIL MEMBER LANDERS:
14 [interposing] Are you aware of the criticisms of
15 the Neumark study' methodologies?

16 TOKUMBO SHOBOWALE: Let me finish
17 my thought please.

18 COUNCIL MEMBER LANDERS: I'm sorry
19 continue.

20 TOKUMBO SHOBOWALE: So, it's not
21 all ICAP. The methodology and has Euan spoke to
22 this earlier, it applies broadly speaking because
23 ICAP, obviously does not exist in L.A., San
24 Francisco, or the other cities that were studied.
25 It was about the type of wage mandate no about the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

specific incentive that is in New York.

COUNCIL MEMBER LANDERS: Which is indeed the broad flaw with the Neumark methodology all together, the claim in Los Angeles that 90 percent of private sector jobs are covered by the way each event dates when, probably 1 percent of the jobs of Los Angeles are covered by the wage mandates.

So, I agree that there is the same flaw in Los Angeles and is in New York and they chose ICAP in order to, kind of, provide some New York City hook for their methodological flaw, but it's not covered. And, on jobs lost numbers here, anyway.

CHAIRPERSON MEALY: Thank you.

COUNCIL MEMBER LANDERS: I have a couple of questions.

CHAIRPERSON MEALY: We're going to do a second round.

COUNCIL MEMBER LANDERS: Great. I'd like to state my questions about the legal. I think you raise some issues about whether we have the authority to do this-

CHAIRPERSON MEALY: Yes.

1
2 COUNCIL MEMBER LANDERS: But I'm
3 delighted to save those for second round. Thank
4 you very much.

5 CHAIRPERSON MEALY: Mr. Rodriguez.

6 COUNCIL MEMBER RODRIGUEZ: Thank
7 you. Thank you Chair. I can share with you the
8 story, the reality, of my district.

9 I represent district 10, Washington
10 Heights, you talk about how this will living wage
11 can hurt the major plan of building affordable
12 housing for 165 unit that he committed his
13 administration. There's only one building of
14 affordable housing that I have in my district
15 that's 228-238 Nagle Avenue in this 11 years.

16 We don't have a living wage yet
17 had; however, we cannot attach passing this living
18 wage in a negative impact of building affordable
19 housing because in my district we don't have. We
20 don't have any benefit. It's only one building
21 and that's at Nagle and 204; that's the only one
22 that is all affordable, and you can go back to the
23 data and see that that building was built in 2005.

24 In my district, we have a bus
25 terminal on 178th and Broadway that project is

1
2 supposed to build 500 jobs. The stores were
3 closed couple of months or years ago. We don't
4 have a living wage; however, that project has not
5 been developed. And a talk about my district
6 because what I believe is happening in Northern
7 Manhattan is the same thing that happened in many
8 places city.

9 Here and the City Council and for
10 me from the working hard to approve and I'm so
11 proud to be one of the 29 Council Members that has
12 signed on this bill already, and I believe that if
13 there's one thing that the Mayor should do in his
14 last months in office is to work on his legacy.

15 And I believe that it is our
16 responsibility to work with the business sector,
17 you are important. Those of you that represents
18 that sector you are our partners to develop the
19 city, but also it is a responsibility to do a
20 better investment in the human capital and when we
21 look at a city that by putting the living wage of
22 11.50 per hour a person would have a \$23,300 a
23 year salary. It is not much.

24 I don't see what is a sacrifice
25 from the business sector perspective. I believe

1
2 that it is a responsibility that we should share
3 while we're saying is that we are putting billions
4 of dollars of incentives and land, in tax credits
5 and we're asking for a little bit more to the
6 businesses to contribute so that they could have a
7 better human being in the city. People who could
8 afford to bring food to their family. People that
9 can afford to get their son and daughter also
10 having the minimum days that is needed. Even with
11 that salary those New Yorkers will be living under
12 the line of poverty in the city, so what is wrong.

13 Mayor Bloomberg in his last months
14 as Mayor he should be looking at. I mean we
15 should know how the future in the city compromise.
16 We are talking about hundreds of thousands of
17 hardworking people. That they have not been what
18 is required in order to provide the minimum that
19 they'd need for their family, so I think that
20 someone who came to this country when I was 18
21 that did not speak even one word in English that
22 my first job was at O. Henry restaurant at West
23 Fourth and Sixth avenue and even with the support
24 of my people, my family I moved on. We have
25 hundreds of thousands of New Yorkers that they

1
2 deserve a better support. He was because I got
3 that support that I did become a teacher for 15
4 years and it was because I got the support that
5 are now I hear one of the 51 and it's because of
6 that support that I am so proud to say that I am
7 one of the 29. The majority of the City Council
8 who are saying it is time. The time is now to
9 approve a living wage and the business sector they
10 should compromise with us and pass this bill.

11 Thank you, sí se puede.

12 CHAIRPERSON MEALY: Thank you. Mr.
13 Halloran.

14 COUNCIL MEMBER HALLORAN: Thank you
15 Madame Chair. I'm going to ask you a series of
16 questions first so that you can have time to
17 actually answer them after I'm done because we're
18 under a clock.

19 There were 39 cities under in which
20 living wage was studied and became mandates
21 including the cities of Los Angeles, Pittsburgh,
22 and Detroit. Detroit has a version of the living
23 wage which is almost identical to the New York
24 City living wage, and the city of Detroit has a 45
25 percent unemployment rate, 25 percent reduction in

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

its population and 45 percent illiteracy rate.

The city of Pittsburgh which is also touted as one of the great bastions has experienced a 10 percent reduction in population hasn't 9 percent unemployment rate and an almost 34 percent illiteracy rate.

Los Angeles has a 12.2 percent unemployment rate and a 27 percent illiteracy rate. And Los Angeles is the city with the wage law as closest to the formulation here in New York, but it still radically different.

Can you explain the difference between the Los Angeles law and its provisions which I understand are somewhat different than New York? That's one.

Number two, legal analysis, that Los Angeles bill has been up and down in the courts on numerous occasions. I understand that in this version of the bill there are questions about whether preemption, prevents us from enforcing this against public authorities or other creatures created by federal or state law. Is that a problem?

Two, as of right tax in centers

1
2 which are provided by state and federal law
3 mandates would be interfered with in a manner that
4 is probably unconstitutional by this legislation,
5 is that true? It changes the obligations of the
6 general business obligations law which only
7 requires companies to maintain records for three
8 or seven years respectively depending upon the
9 type of their organization and this would increase
10 their obligation to a 30 year period of time which
11 I don't believe in the form of constitutionality
12 be found legitimate. And it interferes with a
13 delegation of powers between them there, the
14 controller, and the city council. Are those legal
15 and analyses that I gave you accurate?

16 In addition, it indicates that
17 there will be a health benefits carve out of a
18 \$1.50 an hour which based on my math, assuming
19 fulltime work which it should be because as a
20 supposedly part time employees but at 40 hours a
21 week that equals \$227 a month. Below is possible
22 health care plan that includes any form of major
23 medical than I was able to find is approximately
24 \$580 a month, so not a single business owner is
25 ever going to opt for the health care give side of

1
2 this when they can simply they are \$1.50 an hour
3 more, so that's just a red herring thrown in there
4 to make it look like we're giving people health
5 care.

6 And secondly, it looks like the Los
7 Angeles bill and you can correct me if I'm wrong
8 applies to only businesses under, over \$1,000,000
9 for five years not 30 years. It's not a blanket
10 policy. There are plenty of exemptions including
11 small businesses who have been operating under a
12 year. It has no application to leasees or sub
13 leasees. There is no payback penalty simply a
14 termination of contract. Is that accurate?

15 And that you did the mathematical
16 equations-

17 CHAIRPERSON MEALY: [interposing] I
18 have, hello. Thank you we need to hear this.

19 MALE VOICE: [off mic] Quiet
20 please.

21 CHAIRPERSON MEALY: You have a
22 little bit more time because you have questions
23 that they need to answer also. Thank you.

24 COUNCIL MEMBER HALLORAN: Thank you
25 Madame Chair. I'd appreciate it.

1
2 When you looked at the potential
3 ramifications is there a single others study other
4 than yours, and I'm not saying that you don't have
5 sociological issues with your study, because
6 believe me anything that references Dr. Merriman
7 [phonetic] I am incredibly skeptical of. If you
8 don't believe me please see his testimony at the
9 hearing that we had not so long ago on Wal-Mart.

10 But, it seems to me that none of
11 those studies accounted for the real estate market
12 for its impact, the level of diversity of New York
13 City businesses including the subleasing and
14 leasing of businesses so in other words the
15 throughput that this will create, and it didn't
16 take into account any form of the previously the
17 existing city subsidies and city programs that
18 will be impacted by it. So are you aware of any
19 other study that to postings into account?

20 And finally, with regards to
21 Kingsbridge Armory which I know everyone's been
22 back and forth at. At this point how long before
23 the developer showed up at Kingsbridge Armory's
24 area sat fallow not doing a thing, and how long
25 has it been since, and is there any hope on the

1
2 horizon that anything will happen with that area
3 or have we just simply killed a bunch of jobs both
4 on the construction side and on the retail side
5 for the sake of what seems to be at the end of the
6 day after taxes probably about 75¢ an hour?

7 CHAIRPERSON MEALY: Thank you. Let
8 him answer.

9 TOKUMBO SHOLOWALE: That's a lot to
10 take in.

11 [laughter]

12 COUNCIL MEMBER HALLORAN: That is
13 why I'm the Republican on the Council.

14 TOKUMBO SHOLOWALE: I wouldn't have
15 guessed by your comments. I'm just going to
16 answer the last question first sets that's easy
17 and then make a general statement about your
18 comments about Merriman and then all that
19 Francesco and Euan who the real experts in this
20 respond to the methodological questions.

21 The answer would Kingsbridge is
22 that it's been sitting vacant for many, many,
23 many, many years, many years. And it's now been
24 18, 19 months since the deal died and nothing has
25 happening and no one is stepping forward and say

1
2 they want to develop it with any sort of --, that
3 would not require a much more massive investment
4 for the city that has ever been contemplated.

5 The second thing of note and then
6 I'll handed over to my colleagues, I think it's
7 interesting to note that your comments and your
8 concerns about Professor Merriman and his support,
9 or his criticisms of Wal-Mart. And to me I think
10 that points out that the studies are actually
11 extremely balanced that folks who criticize the
12 report's authors have pointed to those very same
13 offers results when they have been convenient in
14 criticizing Wal-Mart in other areas and I think
15 the fact is that the studies are very balanced
16 that's being attacked from both the left and the
17 right. But I'll handed over to Francesco De
18 answer the first question and Euan to tag team.

19 FRANCESCO BRINDISI: So, to make a
20 comment about whether there is another study that
21 looks and real estate impacts the answer is no.

22 There is a study that was mentioned
23 by Council Member Lander about employment pre and
24 post the passage of the legislation in Los
25 Angeles. It looks at the 150 firms not 150

1
2 projects, and it founds employment declines 19
3 percent of those firms will attempt to a control
4 group. By the way it doesn't measure employment
5 in this survey it just says that employment
6 declines. So, it's a little coarse way of looking
7 at the impact.

8 As for what regards L.A. And New
9 York City, L.A. covers, as you mentioned receiving
10 assistance above a million and it does not cover
11 tenants act projects that receive assistance. It
12 only covers discretionary assistance and not as of
13 right assistants. And they're all sorts of
14 caveats is as you mentioned for small businesses
15 within the first year of operation, businesses
16 that hire disadvantaged portion of the workforce,
17 and that's the extent of, you know, the
18 differences New York City would cover tenants and
19 subleases and as of right and discretionary
20 benefits.

21 EUAN ROBINSON: Incidentally just
22 of type of methodological point there is one of
23 the study. Which I think you are aware of and
24 will be discussed today and I think one of the
25 coauthors is giving testimony which looks at a

1
2 range of cities and does that kind of comparative
3 analysis that the Center for American Progress
4 study. Council Member Landers earlier commented
5 about flaws in the Neumark methodology and the
6 chap's name is Dr. Merriman. I think that the
7 interesting thing there is that that study uses
8 exactly the same methodology so would what it does
9 takes groups of cities that pass legislation in
10 the past and looks today the statistically and
11 tries to detect effects from before and after the
12 effects from when the legislation was passed.

13 Interestingly, this is an
14 absolutely standard academic technique. It is
15 exactly, probably speaking, the same technique
16 that you use if, for example you aren't
17 undertaking a clinical trial of a new drug. You
18 create a treatment group. You create a control
19 group. You look at the -. You create a treatment
20 group you create a control group and you look at
21 the differences between the effects. Would you
22 wouldn't want to do, which I think some of the
23 other literature or so called studies do is pick
24 an isolated case give someone the drug and say
25 "look nothing bad happened" to them so therefore

1
2 this thing "this treatment is okay." So, that's
3 on the methodological point.

4 So I think one of your other
5 questions was about the preemption.

6 COUNCIL MEMBER HALLORAN: The legal
7 analysis, yeah.

8 EUAN ROBINSON: The legal analysis,
9 so from the analysis before and by the city Law
10 Department. There's a concern that that city
11 cannot condition receipt of benefits through
12 additional requirements not authorized by state or
13 federal enabling long. And did this bills in
14 explicit attempt to cover particularly such a
15 broad portion of the economy combined with the
16 terms and provisions in that legislation which are
17 vague and difficult to interpret, as I think
18 admitted by Council Member Koppell.

19 I think earlier in his statement he
20 said that the law was difficult to interpret or
21 not entirely clear. They are virtually certain to
22 leave to controversy and litigation. There is
23 also concerned about the law unlawfully
24 reallocating parts that have been delegated to
25 elected officials by the city charter, but those

1

2 of the legal concerns.

3

4

5

6

7

8

9

10

11

COUNCIL MEMBER HALLORAN: Thank you. Thank you Madame Chair for indulging me on the time and I just like to say there should be regional federal minimum wage is then taken account the disparities in various communities. I don't think that's something we shouldn't be talking about but that is not the City Council issue that's an issue for the Congress of the United States.

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CHAIRPERSON MEALY: Thank you. Jumaane Williams, Council Member Barron and Levin.

COUNCIL MEMBER WILLIAMS: Thank you Madame Chair. First I just want to apologize if I am curt because I have a little bit of time and I want to make sure that I get through all of this. To come by I have a great respect for you and surprisingly I have a great respect for the Mayor privately because he's much different person. I do have to say that publicly the administration, I think is so full of it you can consider a high fiber diet because it may help with that situation.

[laughter]

1
2 What I learned according to this
3 testimony is it seems that the Mayor is a champion
4 of the poor in the working class, which surprised
5 me because most of all the policies that I've seen
6 are actually point to different, to something
7 different. And I think one of them said that you
8 are unequivocally the Bloomberg administration is
9 committed to an economic development strategy of
10 creating good jobs in all five boroughs, and I
11 really have not seen that yet.

12 These was few things that were
13 mentioned. One, that it's the most far reaching
14 bill. The other living wage bill was however have
15 higher amounts and what we're asking here. I
16 believe in San Francisco it's even asking for a
17 \$11.82 so it's not the most far reaching.

18 You mentioned about job losses most
19 comprehensive actually research is creating good
20 jobs in our communities how higher wages standard
21 affects economic development and employment. That
22 research shows that there are actually no job
23 losses. You mentioned the wage gains come across
24 in other lows skilled workers. I believe that
25 spurious we narrative. There's no way to prove

1
2 that. I'm not sure how you proved it. And you
3 said it reduces development going forward, again
4 that previously referenced report shows that there
5 is nothing to that effect. Also it does not take
6 in to affect any of the money that will be spent
7 by the wages that are actually going to be
8 increased, so the money that's going to go into
9 the economy.

10 I took extreme offense to one thing
11 in particular that was sent on page five. That
12 suggested that the problem with the living wage is
13 it would be a wash because if we give them more
14 money they will lose their subsidies and therefore
15 their income would be less, if I understood
16 correctly. Which suggests conversely we should
17 not do it because it continues to get the
18 subsidies which are not surprised here because
19 that is what Wal-Mart does actually, but I don't
20 think that's the methodology that we should use
21 when we're figuring out how to pay.

22 Also on frustrated that the
23 administration always comes here and never comes
24 to discuss how it can actually work. So from the
25 jump this administration said that this won't work

1
2 so I'm not surprised that the following report did
3 not suggest that. Just like this snow hearings,
4 they came and said that everything we did was
5 wrong, at some point I'm hoping you'll come in and
6 provide a way that actually can work., So at the
7 end one of my questions is a way that you can see
8 that we can get living wage in there and a way
9 that will actually work.

10 This is actually just about money.
11 That's all it's about. And the single thing that
12 could help get people out of poverty is putting
13 money in their hands, and I believe you agree with
14 that. That is why you want to give subsidies and
15 corporate welfare to the corporations, but what
16 we're saying is that the people actually should
17 get some of that money. We have cycles of poverty
18 from generations from policies that do not work.
19 And we keep continuing to try to do the same
20 policies, so we risk and take risks on the
21 corporations and people who are rich without
22 taking the same risk on the poorer people on the
23 working families and the middle class. And I
24 don't understand one will have the opportunity to
25 take the same risks that we take on the

1
2 corporations and rich people to people who
3 actually need it. Because I'm sure you would
4 agree with me and you can tell me if I'm wrong,
5 but all companies have made record profits. Wall
6 Street has made record profits. Bankers have me
7 that the profits real estate has made record
8 profits. Mayor Bloomberg has doubled, tripled his
9 profits, so rich people where there's upturn for a
10 downturn have made profits. The people who have
11 not are the poor working, middle class of the
12 city.

13 Also, you can check the census, but
14 there are no millionaires who have left the City
15 of New York, the people who are leaving in droves
16 are again the poor and the working, in the middle
17 class people of the city is, so the cycles of
18 poverty are continue and continue and continue.
19 And I don't see why we're saying we have to do the
20 same thing give the sub cities to people who are
21 not, as Reagan mentioned trickling down the
22 savings that their earning. The money does not go
23 down. That is where the government's has to step
24 in to make sure that people I'm living
25 appropriately. Because poverty cannot change

1

2 until people have money to spend on food, to spend
3 on housing, to make sure that they have the same
4 educational opportunities, that's a whole other
5 thing.

6 But we really have to consider this
7 and when we give the subsidies to the corporations
8 and all these other things we don't do a whole
9 bunch of studies all the time. We used empirical
10 data. [timer sounds] That we do the same thing
11 with a living wage. Let's use some empirical data
12 let's take a risk on the working poor and the poor
13 people and the middle class-

14 CHAIRPERSON MEALY: Thank you.

15 COUNCIL MEMBER WILLIAMS: And let's
16 see how that works out. So, my questions were-

17 CHAIRPERSON MEALY: No, he you
18 don't have any questions now sir.

19 COUNCIL MEMBER WILLIAMS: I did I'm
20 just repeating it I said I had two questions.

21 CHAIRPERSON MEALY: He'll answer
22 the question now.

23 COUNCIL MEMBER WILLIAMS: I said it
24 is there any way that this living wage can work,
25 and I wanted to make sure he agreed with me about

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

the profits that were made and the census.

TOKUMBO SHOBOWALE: The last question is about the census is?

COUNCIL MEMBER WILLIAMS: Yeah, the profits that were made by bankers they were record profits did you agree with that? And according to the census the people who are leaving our middle class poor and working poor.

TOKUMBO SHOBOWALE: So to answer your first question is there a policy that could work? Again, as he said several times it's not that it's particularly because this policy is focused around penalties for focused around ICAP. It is the basic finding that is confirmed across the 39 cities that were studied that this basically involves the Faustian bargain that certain people earning more at the expense of others whose employment opportunities.

The second in response to your question about record profits-

COUNCIL MEMBER WILLIAMS:
[interposing] Is it a yes and no?

TOKUMBO SHOBOWALE: At this point I don't see it working in a way, because that's the

1

2 fundamental compromise. That's some benefit at
3 the expense of others.

4

5

6

7

8

Your second question about record profits I think varies largely by sector of the economy and so there are some companies in some sectors that are doing quite well and others that are not.

9

10

11

COUNCIL MEMBER WILLIAMS: Actually three, are those three, bankers, Wall Street, real estate.

12

13

14

15

16

17

18

19

TOKUMBO SHOBOWALE: Bankers and Wall Street are, sort of synonymous I actually don't know what the profit levels were last year. Real estate actually has not had record profits that I know for sure has been, these have been quite bad years and a lot of people in real estate have gone bankrupt or done extremely poorly. Thank you for your question.

20

21

COUNCIL MEMBER WILLIAMS: The census?

22

23

24

TOKUMBO SHOBOWALE: The census again I'm not prepared to give detailed census analysis. I don't know.

25

CHAIRPERSON MEALY: Thank you.

1

2 Council Member Barron.

3

COUNCIL MEMBER BARRON: Thank you.

4

I just want to say, Madame Chair please I don't

5

want him to respond to anything I say I've heard

6

enough of him for the day and I agree with Council

7

Member Jumaane Williams. About the high in fiber

8

diet.

9

I have no questions for you and

10

matter of fact the reason why the Deputy Mayor is

11

not here is because he's White, so they bring

12

forth the person of color, and I know you don't

13

like to deal with race but they bring forth a

14

person of color to deal with a policy that's going

15

to impact us greatly so that it doesn't seem like

16

there's any racial dimension to this and it always

17

is.

18

But let me say this now that we

19

have the Borough President from the Bronx here

20

that were rather proud of you. I don't care how

21

many times they sit here and say they lost 2000

22

jobs, good. It was good because you stood up to

23

them. You said you're not going to exploit our

24

people. That place was without work years before

25

you came and someone's going to come there and

1
2 because of you and your stance and the people in
3 the Bronx they're going to get a decent wage and
4 they're going to have something decent on that
5 property. [applause] So we're proud if you know
6 many times he tries to run down that because you
7 did that 2000 jobs are lost, so we're supposed to
8 be the 21st century slaves so that we don't lose
9 jobs and let businesses maximize their profits,
10 we're proud of you.

11 And you stand tall and we want to
12 give you applaud I applaud you today I don't want
13 anybody coming in here just disrespecting you.

14 [applause]

15 Secondly, about the profits on Wall
16 Street, everybody knows that Wall Street profited
17 in 2009, \$61.4 billion. In 2010, \$28 billion.
18 And their projected in 2011 another \$20 billion.
19 So we're living in a society where there's an
20 unknown equal distribution of wealth and income,
21 and living wages, you can save 50 more times, not
22 after I speak but after somebody else you can say
23 50 more times living wage jobs, I repeat they do
24 not hurt low income jobs they do not.

25 These are statistics that they're

1
2 putting out there throwing stuff out there
3 skillfully and I have to give Council Member Brad
4 Landers, I think put it out there beautifully to
5 show that that is just not true. They just say
6 stuff. And they say these studies and they
7 interpret the studies. I guarantee you anybody
8 can get a study to say anything you wanted say.
9 There's a study for it somewhere the bottom line,
10 and I'd ditto know everything Jumaane Williams
11 said that this is about raising the quality of
12 income level and wealth level particularly poor
13 people, but Black and Latino people in particular.
14 We're at the bottom of everything.

15 And if this administration was
16 really about jobs, you know what they could have
17 done, we did a disparity study to show that those
18 companies that were on the administration's list
19 that got contracts, capable of getting contracts
20 in the construction business, remember Council
21 Member Jackson we did it in the construction
22 business \$1,000,000 or less for the contracts. 16
23 percent of the businesses that had bonding,
24 insurance, qualified was on the Mayor's list and
25 they only got 1 percent of the contracts. So, if

1
2 you were so concerned about jobs for Black people,
3 well Black businesses made up 16 percent of the
4 business is qualified to get the city contracts,
5 they got 1 percent of them. According to a
6 spending. White Males that head up the
7 businesses, White males are 42 percent yet they
8 got 72 percent of the contracts. Straight of
9 racism. Straight up racism that's a study shows
10 so there's no intent for this administration to
11 take care of people of color working class
12 families.

13 Jumaane he is right. They say the
14 middle class and the lower income people are
15 leaving New York because they can't afford to live
16 here no more. Every time we want to raise the tax
17 on the rich, they're going to leave, can't do it.
18 If we water raise wages for our people, can do it,
19 is going to hurt business. We're talking about a
20 business that's making \$1,000,000 to more, they
21 will not be hurt. But they'll get less profits
22 and they got to get away from this philosophy of
23 the maximization of profits even if it's at the
24 cost of our people. Council Members, we have the
25 power. The Mayor doesn't even have a vote on a

1
2 piece of legislation. He doesn't have a vote on
3 the budget, we've got 29 more we need to get six
4 more and pass this bill and the hell with the
5 administration.

6 CHAIRPERSON MEALY: Thank you.

7 Gale Brewer.

8 COUNCIL MEMBER BREWER: Thank you
9 very much, two things during the Kingsbridge issue
10 I was negotiating with some developers and my
11 neighborhoods on different projects, and I ask
12 them if you will working Kingsbridge in the Bronx,
13 Related which you sign it be said of course this
14 is not a big deal. I just want to make a point
15 that that was not a problem.

16 Number two, to the credit of the
17 Speaker, we're talking to her as you know about
18 pay a sick time and looking at the issue of
19 whether the economy is doing better and so on.
20 And one of the issues is that a lot of the new
21 jobs in our city, as you know, are in the lowest
22 paying industries. I know that from friends who
23 are in the retail, food service, particularly. So
24 my question to you very specifically is without a
25 lot of extra verbiage what specifically are you

1
2 proposing to address this issue because I think we
3 all know that retail and restaurant in particular
4 you cannot live on those salaries. So what
5 specifically you know how I know, because I've had
6 35 foster care kids, and pay a lot of people's
7 rents every single month because they are in
8 retail and restaurants and they cannot make the
9 rent even at a rent stabilize unit, particularly
10 with kids. I know the numbers.

11 How do you specifically, one, two,
12 three address this issue?

13 TOKUMBO SHOBOWALE: Thank you for
14 your question. I think that as I alluded to in
15 the part of the testimony that was truncated the
16 real solution to this, and I think this is
17 something that Council Member Jackson also alluded
18 to the real answer to this problem is skills
19 development and education. Ultimately our
20 citizens who are better skilled, better educated
21 have greater opportunities to provide more value
22 and earn more and that, ultimately, is the answer
23 here. And that is why the effort with career
24 centers, placement as I mentioned the sector
25 centers and health care, transportation it is by

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

training people in the other sectors and they have the skills to earn more.

COUNCIL MEMBER BREWER: I don't want to belaboring; I spent all morning with NYCHA on the topic. It doesn't happen that fast. You've got to figure out a way to do something for those people who are trying to survive right now. I think you have some ideas, I believe this bill is one of them, but you absolutely have to come up with a better answer. I respect you, but it's got to be a better answer. Thank you.

TOKUMBO SHOLOWALE: Thank you.

CHAIRPERSON MEALY: Thank you. And we have to announce that Ms. Julissa Ferreras is with us now. Ms. Chin.

COUNCIL MEMBER CHIN: Thank you Madame Chair. I have two questions. One is that relate to what you talk about skill development and education in any study. I mean in this study that you do did you think about, in terms of the effect of this bill where, if the worker gets better pay the amount of benefits that the city will get in terms of tax revenue, in terms of the amount of time this person will have to spend time

1
2 with their children so that they can help their
3 children's education, or be able to get the skill
4 training to upgrade their skill because if they're
5 getting it least a minimum wage, they might not
6 have to work two jobs or three jobs, so that they
7 will have the time. Because right now a lot of
8 families who are making these low wages have to
9 work weekends, evenings, they don't have time to
10 go learn English for a lot of the immigrants, they
11 don't have time to watch their kids do their
12 homework. So in the study, did you really take a
13 look at that kind of affects up in terms of on our
14 economy if people are making a better wage.
15 That's one question

16 The other one is that in your study
17 you're looking at projecting into the future.
18 That in the next 20 years this bill is passed
19 we're going to lose about 23,000 to 100,000 jobs
20 and the question I have with that is did you take
21 into consideration of the economy getting better
22 that more jobs would be created so that is not
23 such a bleak picture and blame it all on this bill
24 that hopefully we will create more living wages
25 jobs, better jobs and the economy gets better more

1
2 people will be getting jobs. And, in terms of
3 EDC's development, I mean economic development if
4 we are using tax dollars to subsidize businesses
5 to create jobs and in the last year's EDC report
6 we are creating over 20 percent of the jobs
7 created are low wage poverty jobs that's less than
8 25,000 dollars a year then why is government help
9 creating poverty jobs. Private sector is doing a
10 already is in fact our responsibility as
11 governments to use tax dollars to create the
12 better paying jobs?

13 TOKUMBO SHOBOWALE: Thank you for
14 your questions so I'll take the first question and
15 defer the second one to Francesco or Euan and then
16 I'll answer the third one.

17 The first question, in terms of the
18 time impacts of the impact on residents time
19 available for other activities as a result of the
20 legislation was not considered as part of the
21 scope of the study. So it was employment impacts
22 and wage impacts not other impacts outside of
23 that. And then for the second question I don't
24 know which of you.

25 COUNCIL MEMBER CHIN: I think

1
2 that's why it's really important not just when we
3 look at data, data is just number we have to
4 locate people. The effect on people and on
5 family. We just see all these numbers but we have
6 to see what happened to people's lives and when we
7 look of fact see if they could spend more time
8 educating themselves, working with their kids, and
9 also the extra money that they spend in their
10 community what is the economic effect on the it
11 community and those things need to be included in
12 the study. Otherwise I don't think is
13 comprehensive enough.

14 TOKUMBO SHOLOWALE: All the
15 questions you asked I think our fair questions to
16 ask and I think it's important to consider the
17 broader impacts, as we understand the legislation
18 here has been directed at increasing wages that
19 these to the employment and wage effects that is
20 how we directed the study to address those very
21 same questions, so I'll defer to, I guess,
22 Francesco to answer the next question.

23 FRANCESCO BRINDISI: Thank you.
24 Regarding the economic cycle question of the
25 33,000 jobs lost as estimate. Those would be

1
2 lower employment opportunities due to fewer, lower
3 real estate development that due to the cost of
4 the legislation that would outweigh the amount of
5 financial assistance that is provided.

6 The consultants looked at data for
7 the city's economy over a long period of time and
8 that includes both downturns and upturns so this
9 is truly a 20 year estimates of what's likely to
10 happen in the next 20 years.

11 As far as economic activity
12 generated by higher wages the consultants to not
13 take into account the so called multiplier effects
14 on either side both for the households that would
15 gain income and for the households who would lose
16 income because of a lower employment
17 opportunities.

18 COUNCIL MEMBER CHIN: Thank you
19 Madame Chair.

20 CHAIRPERSON MEALY: Thank you. Van
21 Bramer.

22 COUNCIL MEMBERS VAN BRAMER: Thank
23 you, thank you. I wanted to ask you about one
24 particular line in your testimony I was a bit
25 startled when you read it you said this policy

1
2 would pay for some wage increases on the backs of
3 the poor, and that struck me as us pinning people
4 who have very little against people who have
5 nothing. And I think that's a false choice and it
6 seems to me ironically enough part of your
7 opposition to this bill is a concern for the poor
8 and I would argue that as one of the 29 members
9 who are on this bill that's our concern. Maybe
10 we're talking about a few other things, that they
11 are related. I find it hard to believe that your
12 opposing this because you're concerned about the
13 poor and yet when you have the opportunity to
14 increased taxes on millionaires and billionaires
15 we can't do that even though doing so would help
16 the poorest in our city. Would help those with
17 the least in our city, so I don't really believe
18 that your opposition is based on protecting the
19 poor because taking as a totality that's not where
20 you seem to be with your policies and your
21 positions. And, you know, I think that we have as
22 a city and you in the Deputy Mayors Office and EDC
23 got to find a way to lift all boats in these
24 scenarios and not pit people who are making \$7.50
25 an hour against those who are on welfare or those

1

2 who are food stamps or both, or those who are
3 homeless. That cannot be what we're about; it
4 can't be what you're about. We've got to do more
5 for all of these folks and this legislation is
6 intended to do that.

7 And, particularly given the fact
8 that Council Members Koppell and Palma have talked
9 about the willingness to negotiate and discuss it
10 further and talk about ways that we can get it
11 done, you know, I would hope that there would be
12 less talk about how this would hurt the poor and
13 more about how you can move further and our
14 direction to bring more people out of poverty, and
15 those who are working at \$7.50 an hour to bring
16 them up, you know, not every job is a good job.
17 It certainly can be in some instances better than
18 having no job, but we've got to make sure that the
19 jobs are good jobs and better jobs for our people
20 and that's why I support this bill, and I would
21 hope that you would continue to talk and it be
22 interesting to hear you talk more about what you
23 would like to see so that the administration can
24 get to a point where you're back in the room with
25 Council Members Koppell and Palma to make this

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

actually a reality.

TOKUMBO SHOBOWALE: You are correct in that were motivated by the same concern we really do at the same aspirations of helping hardworking families and so there we are of the same mind. I think the real difference is in the belief that supporters of the bill have and that our bill that this would be helpful and hours we believe that as evidenced by the very extensive analysis of across 39 cities that impact is not what we wish.

I wish the answer were that this legislation would not cost any jobs and that there was only a positive impact. I wish that were the case, but sometimes it's not as the world is not as we wished. I wish it were Denzel Washington, but [laughter] it would be great if we can have our cake and eat it too. It's a great concept that we can raise wages are no be no ill effects but the data and this is years of analysis across many cities shows and simply not the case and so again the same impact but this is actually the most comprehensive study of its kind to look at the actual empirical evidence across many cities

1
2 and the impact is negative and the fact is there
3 are people who gained. And this is a balanced
4 study we will, --. The studies clearly shows that
5 some people's income does increase there are
6 demonstrable increases but that is at the expense
7 of others who lose their jobs entirely, and that's
8 the Faustian bargain we don't want to accept that
9 is not something the except when we have such an
10 unacceptably high unemployment.

11 COUNCIL MEMBERS VAN BRAMER: I
12 guess my basic premise is that we really don't
13 have to have that Faustian thing wrapped also,
14 Council Member Lander asked you some pretty
15 pointed questions about this particular study, and
16 the holes in it and the exaggerations and job
17 losses and I don't believe that you address those
18 issues-

19 CHAIRPERSON MEALY: [interposing]
20 Thank you.

21 COUNCIL MEMBERS VAN BRAMER: In a
22 comprehensive way.

23 CHAIRPERSON MEALY: Thank you.

24 TOKUMBO SHOBOWALE: That is what my
25 colleague Euan address not in response to Council

1

2 Member Lander but we didn't have time then the two
3 Council Members later.

4

CHAIRPERSON MEALY: You just said
5 that this is the most comprehensive plan. Are
6 there any cities with living wage laws that did
7 not experience a negative employment of effect?

8

TOKUMBO SHOBOWALE: The study did
9 not analyze city by city. The nature of this and
10 this is to Euan's point also.

11

CHAIRPERSON MEALY: You have did.

12

TOKUMBO SHOBOWALE: As we all know.

13

CHAIRPERSON MEALY: This is a
14 comprehensive plan you just said. The best,
15 quote.

16

TOKUMBO SHOBOWALE: Its
17 comprehensive because it covers lots of cities.
18 Because to Euan's point earlier if you give
19 someone a drug and say boy they are miraculously
20 cured it can have that impact for one but not for
21 several offers, so the city's unique in that it
22 looks comprehensively across many cities to look
23 statistically at the validity of across the
24 experience of 39 city over a longer period of
25 time. And unequivocally across that group of

1

2 cities we had this job losses.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CHAIRPERSON MEALY: Okay I must

say, I was so glad. We had this hearing that we

get a real comprehensive on the good and the bad

and I want to really say our borough of drugs for

standing up and are Borough President I must say I

think you because if you don't stand for something

many a fall for anything and right now I know this

legislation need to pass because people need to be

paid a minimum wage that they can survive. Now

think about it, a living wage that they can all

ways live and I thought more and more. I said it

today at the rally our rent keeps going up, taxes

keep going up our food prices go up but people

salary never goes up.

We have constituents move their

salaries stayed the same last 10 years and they

still surviving, so I believe that the developers

and everyone saying that the sky is falling this

guy is not falling. Only the developers will

survive if they pay the living wage and I am for

this. I'm so honored for you Borough President to

keep going. Keep going. And we have one last

question that's Miss Julissa Ferreras.

1
2 COUNCIL MEMBER FERRERAS: Thank you
3 Madame Chair. So a lot of our colleagues have
4 asked many questions and I don't wear repeat
5 because an action would hear from other panelists
6 also, but it's interesting that you made the
7 comment where you say you can't have your cake and
8 eat it too, but in many ways sometimes
9 administration says let them eat cake. And I
10 don't think that's fair and representing probably
11 one of the most diverse and probably poorest areas
12 in our community in Queens when I look at the
13 incredible institutions such as city field and the
14 U.S. open who generate tons of dollars and to be
15 able to have to provide 35 percent of my
16 constituent services about affordable housing and
17 the question isn't always whether they'd need more
18 of the affordable housing but how do they make
19 where they are affordable. And I think that
20 that's something that the administration really
21 has to do a much better job at.

22 My question to you is, you know, we
23 can all give you experiences from our constituents
24 where it hasn't worked. Where has it worked for
25 you, where is it that you have this great story of

1
2 a wonderful family that, kind of, came up in any
3 of the programs you are speaking about and is
4 doing just wonderfully in New York City.

5 And then I hear in your testimony
6 about the recession and the downturn and almost as
7 if the cause of a lot of this is because of the
8 recession. It is one part of the recession, but
9 my people have been suffering for a long time and
10 they have been at below are even below minimum
11 wage paying jobs, which is the reality also in our
12 city for a long time, so I know you also make
13 reference to the recession and when the uptick,
14 but what happens is when the economic uptick
15 happens it does not happen to everyone and
16 definitely not for every New Yorker. So he can
17 answer my question I greatly appreciate it.

18 TOKUMBO SHOBOWALE: I'm sorry what
19 was your question?

20 COUNCIL MEMBERS FERRERAS: My
21 question is, you know, I want to know if there's
22 been an example of one family that you just
23 brought up from this great transition.

24 TOKUMBO SHOBOWALE: I do not have
25 an example of a specific family. I think the

1
2 experience from the workforce one career center is
3 that our sector focus is quite instructive and
4 that, for example, in the health care sector where
5 they are placing people at average wages of
6 approximately \$20.00 an hour that obviously has a
7 tremendous impact on families and their earnings.
8 I think also there's an example from Coney Island
9 which is a project which we all heard a lot about
10 and I think there's been an overwhelming response
11 are the jobs created at Coney. There the roughly
12 250, 280 jobs created we had 12,000 people lining
13 up to apply for those jobs, so again we can be
14 critical of the jobs that are created, but there
15 has been in all overwhelming response that people
16 have been seeking out those jobs.

17 COUNCIL MEMBERS FERRERAS: So I'm
18 hearing you say, I think that that should be
19 actually a red flag and an alarming rate for you.
20 That New York City 1200 people lined up for 250
21 jobs.

22 TOKUMBO SHOBOWALE: That is exactly
23 the point though that we given that we have that
24 many people who want jobs we have to work that
25 much harder to create more jobs and to remove

1

2 obstacles and creating jobs, so that is why Intro
3 251-A which will create more obstacles in creating
4 jobs is moving in the wrong direction.

5 COUNCIL MEMBERS FERRERAS: I am not
6 in agreement that this it would create an
7 obstacle. I think that this creates an
8 opportunity and again far too long our people have
9 lined up for the wrong jobs and the jobs that are
10 not going to give them an opportunity because they
11 don't have any other opportunities, so I'm sure if
12 they're able to offer a job making 7.50 or \$11.00
13 I would think that people would want the
14 opportunity of a higher paying job. And actually,
15 even the \$11.00 and the \$10.00 job is not
16 necessarily the best, but the reality is our
17 people get the worst offer and we're just here to
18 see that that is not fair and that our people will
19 no longer subscribe to just let them eat cake.
20 Thank you.

21 CHAIRPERSON MEALY: Thank you
22 Council Member Levine. Levin excuse me Levin.
23 Steve Levin.

24 COUNCIL MEMBER JAMES: Excuse me,
25 while council member Levin is coming to the taking

1
2 his seat let me just say that in New York we
3 already have a living wage its project by project.
4 In Greenpoint Williamsburg, Williams Point
5 redevelopment project. Developers in tenants are
6 already required to guarantee fair wages for their
7 building service workers. On Coney Island
8 Redevelopment there fair wage requirements where
9 established for construction building services and
10 hotel and a goal for retail. And last but not
11 least there were fair wages requirements for
12 building service workers on housing development
13 projects receiving subsidies under the 421 A so as
14 opposed to doing a patchwork we should do it
15 across the city. Council Member Levin.

16 COUNCIL MEMBER LEVIN: Thank you
17 Council Member James. I just want to ask one kind
18 of question my concern has to do with the EDC's
19 commission report, and the way that it appears is
20 that in the broad range of scholarship on living
21 wage mandates and minimum wage mandates that
22 there's essentially two camps, two areas of
23 thought, one says it's good and one says it's bad.
24 The decision to bring in with a strong reputation
25 David Neumark to lead the study raises concerns to

1
2 me. I have been about looking at, you google is
3 name and the third thing that comes out is an OP
4 Ed he wrote in 2009 for the Wall Street Journal.
5 The second paragraph based on 12 years of research
6 I doubt there's ever a great time to raise the
7 minimum wage. All right. So this casts a shadow
8 to me on the entire report to be honest with you
9 if one of the lead researchers that is doing the
10 report doesn't think that at any time is a good
11 time to raise the minimum wage, this is an OP Ed
12 that's critical of a national minimum wage
13 increase in 2009 and he says, particularly bad in
14 recession but never really a good idea. I mean,
15 it's my question is why would EDC go in knowing
16 that that is, why associate yourself --, why not
17 get a broader base of researchers to talk and to
18 produce a report it seems to me like self
19 defeating to do that.

20 TOKUMBO SHOBOWALE: What we did in
21 fact the study was conducted by six researchers
22 four professors from four different academic
23 institutions, so it was a quite broad based
24 researcher who worked on this. [a sneeze] Bless
25 you. As mentioned earlier by your colleague

1
2 Council Member Halloran, Neumark has been, sort
3 of, demonize by both sides or held up by both
4 sides so your colleague was critical of his work
5 and also some of your colleagues had been sort of
6 held up Professor Neumark's work in earlier pieces
7 he was critical of a Wal-Mart.

8 COUNCIL MEMBER LEVIN: I understand
9 the Wal-Mart thing.

10 TOKUMBO SHOBOWALE: I think he has
11 a strong tradition of being, and actually the Wal-
12 Mart work that was cited was when he was on Wal-
13 Mart's dime.

14 COUNCIL MEMBER LEVIN: I understand
15 that.

16 TOKUMBO SHOBOWALE: He has a strong
17 record of being impartial, unbiased, and-

18 COUNCIL MEMBER LEVIN:
19 [interposing] But he does come in and he says
20 explicitly with regard to minimum wage. What I
21 want to say is does the administration I mean the
22 whole line of thought that the administration is
23 pursuing right now EDC is pursuing is that any
24 type of wage standard is going to be detrimental
25 to economic development so I'm wondering do you

1
2 think a minimum wage is detrimental to
3 development. If in fact under the line of
4 thinking that you propose consistently throughout
5 this afternoon, any type of wage standard is going
6 to cut alike if you employers could pay workers
7 \$4.00 an hour then they can employ more people
8 that is that same line of thinking is that the
9 administration's position?

10 TOKUMBO SHOBOWALE: Absolutely not
11 the major difference, this is not a minimum wage,
12 it is a wage standard.

13 COUNCIL MEMBER LEVIN:
14 [interposing] It's a wage standard.

15 TOKUMBO SHOBOWALE: A wage standard
16 and a minimum wage are very different things. The
17 minimum wage applies to all workers in all
18 businesses across the economy. And in many cases
19 some of the other places sided like said for San
20 Francisco it is a minimum wage in applies to every
21 single thing in the city.

22 COUNCIL MEMBER LEVIN:
23 [interposing] Yeah, but.

24 TOKUMBO SHOBOWALE: Let me finish
25 my thought. This legislation as proposed applies

1
2 only to projects that the city supports, so the
3 difference is that two stores one across the
4 street one that the city sponsored and the one
5 that is a grocery the exact same business the
6 exact same kind of workers to leave exact same
7 work would be subject to different things, but if
8 the minimum wage for everyone is subject to the
9 same standard.

10 COUNCIL MEMBER LEVIN: And
11 obviously that's the whole idea that the
12 legislation propose that businesses that are
13 getting a city subsidy of some kind their getting
14 that benefit.

15 What I want to know is it seems to
16 me that and I agree with my colleagues and I say
17 this before the impact is vastly, vastly
18 overestimated in the report and in the EDC's
19 position now or the administration's position now.
20 If this is only applied according to what we're
21 looking at 1 to 3 percent of the workforce --, 1
22 to 2 percent of the workforce, this is not going
23 to I mean expanding and saying 30,000 jobs and
24 these collateral things we're talking about an
25 impact that is going to affect 1 to 2 percent of

1
2 the workforce. This is --. I mean, from our
3 perspective here and sponsors of the bill were all
4 saying this is an issue of basic fairness that
5 anything that we're supporting with wholesale
6 subsidy and things that the city, essentially the
7 corporate welfare that we're providing to large
8 corporations and the list goes on and on and on
9 about Yankee Stadium etcetera, that it's a
10 question of fairness that those, I mean you have
11 gotten the message that those businesses ought to
12 provide a base wage that does not keep people in
13 poverty were talking about the wages that the
14 minimum wage-

15 CHAIRPERSON MEALY: [interposing]
16 Do you have a question?

17 COUNCIL MEMBER LEVIN: No, I'm just
18 following up on my just wrapping up my final
19 point. The wages as they are now on city
20 subsidize projects are keeping families in poverty
21 and that's a fact.

22 CHAIRPERSON MEALY: Thank you. We
23 have David Weprin. Mark. [laugh] I love you
24 both. Okay then, so there's no other testimony.
25 I just hope that to sit down with the Bronx and

1

2 see what could come out. We're about the whole
3 city as a whole so I'm looking forward to hearing
4 that y'all have sat down soon. And thank you for
5 your testimony.

6

TOKUMBO SHOLOWALE: Thank you
7 Chairperson Mealy. We've really appreciate that
8 this is a very, very important issue and we
9 appreciate the time that you and your colleagues
10 are devoting to a serious discussion about this
11 topic. Thank you very much.

12

CHAIRPERSON MEALY: I really
13 apologize for the venue. I'm burning up. Thank
14 you so much.

15

FEMALE VOICE: It is ridiculous.

16

CHAIRPERSON MEALY: Why they're
17 leaving we'd like to announce that are Bronx
18 Borough President Ruben Diaz Jr. will be speaking
19 next and before he speaks up the next two panels.

20

FEMALE VOICE: We did it.

21

CHAIRPERSON MEALY: Do we have
22 Linda Archer? She's here. Okay. Paul Sonn.
23 Donald Spivack. I know you're here. Bill Lester
24 and Mark Jaffee. And Mr. Robert Bookman, Mitchell
25 Banchik, Andrew Rigie. The next panel Jerry

1
2 Marron [phonetic], Mary Ann Rothman, Andrew
3 Kimball, just start making your way to the room
4 here the next panel and I must say we have about
5 70 people. Thank you our Borough President.

6 BOROUGH PRESIDENT DIAZ: Thank you.
7 Good afternoon Madame Chair. Before I begin a
8 just want to thank the Speaker of the City
9 Council, who for allowing for this hearing to take
10 place. I want to thank all of the members of the
11 City Council for your interest, especially those
12 who are here today.

13 This show is overwhelming is an
14 important issue are really want to thank all of a
15 full set are either all this room or the rooms
16 that are viewing this particular session. I also
17 want to take the opportunity to personally thank
18 in public Oliver Koppell and Annabel Palma for
19 introducing this Fair Wages for New Yorkers Act.

20 [applause]

21 Madame Chair, it is my sincere hope
22 that today we will begin the important process of
23 changing the way we do business in the city
24 specifically when major development projects
25 relies so heavily on giant taxpayer subsidies.

1
2 The historic James Adams describes the idea of the
3 American dream as a land in which life should be
4 better, are richer, fuller for every man and woman
5 with opportunity for each according to their
6 ability or achievement. Inherent in this vision
7 is the idea that if you are willing to work you
8 will have opportunity to make a better life for
9 yourself and your family. The Fair Wages for New
10 Yorkers Act will help restore that promise and we
11 needed now more than ever.

12 As I noted in my State of the
13 Borough Address in February, we have a tremendous
14 income inequality in this city which is not just a
15 local problem, but a more national cause of
16 concern. The middle class both locally e and
17 nationally our working harder and earning less.
18 As important as a working poor in our city are
19 being forced to work multiple jobs to an ever
20 lower standard of living. If not being forced to
21 get food stamps, emergency housing, and other
22 government assistance.

23 Our economic policies should
24 facilitate upward mobility and instead is
25 accelerating downward spiral in which our middle

1

2 and working class families have less and less and
3 where our tax dollars and others sitting resources
4 are instead being used as to facilitate low wage
5 jobs creation.

6

7 Madame Chair, nowhere is this
8 clearer than in my own home borough of the borough
9 of the Bronx. Since 2002, under this
10 administration, and they talk a lot about the
11 Bronx areas. They talked a lot about the Bronx
12 earlier, so I want to make this point clear. More
13 than \$11 billion in new development took place in
14 the Bronx facilitated by millions of New York City
15 subsidies and tax breaks yet, Madame Chair, we
16 still have the highest poverty rate 28 1/2 percent
17 of any urban county in the United States.

18

19 There's a lot of talk about job
20 creation and those of us in the Bronx we seen this
21 movie before whether it was the filtration plants,
22 or Yankee Stadium, or Gateway but Bronx County has
23 consistently had the highest unemployment rate of
24 any county in the State of New York. The province
25 employment and gains from the needed developments
that they want to subsidize that have been placed
over the last decade have been inconsequential.

1
2 Income inequality continues to grow
3 in the city. The recent report by the Fiscal
4 Policy Institute found that the bottom 90 percent
5 of the city income earners made just 34 1/2
6 percent of all money made in the city. In
7 contrast the top 1 percent of the city's income
8 earners make 44 or 45 percent of all money made in
9 New York. In fact the same study noted, that
10 between 1990 and 2007 hourly wages in this city
11 actually fell almost 9 percent. Moreover, the
12 costs of the living is just high. We know that
13 resulting in a large number of the working poor.
14 For example the cost of a monthly metric art is
15 \$104. That's a 10 percent of the pre-tax monthly
16 income of someone employed at the minimum wage
17 assuming that that person worked at least 35 hours
18 a week.

19 It is crystal clear that we have a
20 real problem in this city that is why the fair
21 wages for New Yorkers act is so important. Not
22 only as a matter of economic justice, but as just
23 sound fiscal policy, as well.

24 The city has released the findings
25 of a report which purports to show that this bill

1
2 would do serious damage to our economy. This
3 study is so flawed. It is unbelievable that the
4 city would presented as evidence against a living
5 wage mandate.

6 First the study places the majority
7 of its findings on a statistical model that
8 measures the effect of applying Intro 251-A to the
9 city's new industrial and commercial abatement
10 program which is known as ICAP. The Fair Wages
11 for New Yorkers Act, however would not apply to
12 the ICAP which we have confirmed with legal
13 counsel for the City Council. As a result almost
14 every finding in the report does not apply to
15 Intro 251 or Intro 251-A. Based on that fact
16 alone, Madame Chair and Council Members the study
17 is worthless. The study that they put out is not
18 worth the paper that it was printed on. In fact,
19 I dare say that the million dollars that the city
20 paid out should be given back to the taxpayers of
21 the City of New York.

22 As you may have already know this
23 report was organized and authored primarily by an
24 economist that has written 27 prior reports
25 claiming living wage and forget about living wage

1
2 minimum wage laws result in job losses and that
3 person has a national reputation for producing
4 academically flawed reports which is why the
5 Bloomberg administration hired this consultant in
6 the first place.

7 He produced exactly what the Mayor
8 wanted. Moreover, the report is based on Intro
9 251 not the current final version of the bill
10 which is Intro 251-A. Credible research shows
11 however that the benefits of a living wage
12 ordinance that would require employees at
13 subsidize developments to receive \$10.00 per hour
14 in benefits for 11.50 without our real and
15 considerable.

16 A recent report by the Center for
17 American Progress studies 15 cities, with a
18 similar living wage laws to what we require by the
19 Fair Wage for the Yorkers Act from that wage
20 standards such as the requirements put forward in
21 this bill do not have a negative effect on job
22 creation. This report is not only credible
23 research that we have on the positive effects of a
24 living wage. We also know that Professor Robert
25 Forrant [phonetic] of the University of

1
2 Massachusetts which wrote many books has done
3 extensive research on living wage laws. He has
4 found that such laws give workers more money to
5 save allowing them to lower their debt and make
6 much needed purchases. Such mandates also save
7 the taxpayer money by reducing reliance on food
8 stamps, welfare, and other government's
9 assistance. You would think that fiscal
10 conservatives would also love this bill.

11 And such wage mandates are not
12 foreign like Councilwoman Tish James to the city
13 development. In fact, since 2005 New York City
14 has made wage requirements a part of its larger
15 taxpayer subsidized development projects. These
16 include both the Greenpoint Williamsburg
17 Waterfront for Residential Redevelopment, the
18 Willis Point Retail and Entertainment Development
19 Project where the city requires prevailing wages
20 for building service. As well as the Coney Island
21 Redevelopment where the city of agreed to require
22 prevailing wages for building service, hotel and
23 construction workers and a living wage preference
24 for retail workers.

25 More recently we just saw Governor

1
2 Andrew Cuomo together with the state legislature
3 include a provision in the New York State budget
4 that requires wage parity for Home Health Aides.
5 New organizations providing Medicaid Services in
6 New York City as well as Westchester and Nassau
7 and Suffolk counties are required to compensate
8 their Home Health Aides using the living wage of
9 that area.

10 We already require contracts to do
11 business with this city that pay their employees a
12 living wage. For those who take heavy taxpayer
13 subsidy ease should be treated no differently yet
14 the Mayor prefers to use city taxpayer dollars to
15 give special treatment to the developers who stand
16 to make hundreds of millions of dollars off their
17 projects in the five boroughs.

18 We have seen this before like I
19 said earlier for instance let me give you a
20 specific the Bronx Gateway Mall received tens of
21 millions of dollars in New York City subsidy is
22 the Fiscal Policy Institute, not the estimated
23 that as a spring 2010 there was about 1300
24 employed at the mall, and that the average
25 starting wage for non-managerial workers was \$8.80

1
2 an hour. In fact the B J's at the Gateway Mall is
3 ranked with in the top three most successful
4 speeches in the entire nation. The success of the
5 Target at the Gateway Mall has even led to a third
6 borough target heading to the east Bronx. Firms
7 like Target will continue serve the 8.5 million
8 residents of the city because it is a prime
9 market, ladies and gentlemen.

10 The purpose of the Fair Wages for
11 New Yorkers Act is to ensure that when these firms
12 come and request assistance; you want charity you
13 have to be charitable. That they do right by the
14 people that they employ. Let us be clear the
15 Related Companies have agreed to develop a
16 multibillion dollar project in downtown Los
17 Angeles with a living wage requirement. Would
18 have gone through with their retail mall in the
19 Kingsbridge Armory if the Fair Wages for New York
20 Act were in fact the law, but the Mayor not
21 Related not the people of the Bronx not the City
22 Council the Mayor killed the project. The same
23 way that he's attempting to kill this bill only
24 now he has used inherently flawed report drafted
25 by people who have long been against fair wages

1
2 for New Yorkers and pay for it with a million
3 dollars of our taxpayer dollars. EDC tells us
4 that instead of looking at the impact of the
5 already existing living wage laws in New York City
6 such as the prevailing wage requirement they
7 prefer to release a study with inherent
8 inconsistencies. They claimed this bill have
9 little impact on worker income and that it would
10 dissuade real estate developers, particularly
11 retail from coming to New York. In fact we all
12 know that retail was one of the fastest growing
13 industries in the city and the research by the
14 Fiscal Policy Institute found that more low wage
15 workers in New York City are employed in retail
16 than any other single sector in the New York
17 economy. If we do nothing our taxpayers will
18 continue to subsidize the creation of Retail
19 Stores most New Yorkers will be unable to
20 patronize themselves.

21 In 1996 when then Mayor Giuliani
22 reclaimed the prevailing wage bill will, quote "
23 do little to provide long-term economic betterment
24 even for the narrow class of workers covered by
25 its provisions," yet the city saw a record

1
2 commercial and residential development over the
3 next 15 years. Moreover, prevailing wage laws
4 have been shown to reduce occupational injuries
5 and fatalities and increase the pool of skilled
6 construction workers and actually enhance the
7 state tax revenues.

8 We are committed to working with
9 all of those that have raised on as concerns about
10 this bill the same way all of Oliver Koppell and
11 Annabel said earlier the final version of the Fair
12 Wages for New Yorkers Act will be inclusive so
13 that affordable housing can continue to be built
14 in the city and that small businesses can be
15 protected. But there is no more time to wait.
16 Our bill currently has about 30 City Council
17 cosponsors as well as the support of dozens of
18 other unions, community organizations, civic
19 activists, and religious groups. All of us agree
20 on one thing when billionaire developers beg for
21 taxpayer handouts to make their projects work they
22 must do better by the people that they hire.

23 It is the responsibility, our
24 responsibility as elected officials to use
25 taxpayer dollars in a manner that leads to the

1
2 best we turn on investments for those same
3 taxpayers yet are city current subsidies policies
4 prioritize of return on investment for those
5 developers. The Fair Wages for New Yorkers Act
6 will change the way we do business in the city and
7 there is no more time to wait. Thank you for
8 hearing me out.

9 [applause]

10 CHAIRPERSON MEALY: Thank you.

11 Before we go on to questions just want to announce
12 Council Member - - . And we're going to ask
13 Council Members to do 2 minutes each questions
14 please and brief. Please. The first one will be
15 Council Member Halloran.

16 COUNCIL MEMBER HALLORAN: Thank you
17 Madame Chair. Thank you for being here Mr.
18 Borough President, currently although you indicate
19 that the Kingsbridge Armory Project was killed by
20 the Mayor-

21 BOROUGH PRESIDENT DIAZ:

22 [interposing] It was.

23 COUNCIL MEMBER HALLORAN: I
24 understand that your belief.

25 BOROUGH PRESIDENT DIAZ: No, that

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

is what really happened I was in the room-

COUNCIL MEMBER HALLORAN: Mr.

Borough President I and the Council Member and I am asking you a question. I would ask that you wait until I ask you a question and the interrupt until the question is done. I am giving you the courtesy when would you were speaking not a vote not interrupted you.

BOROUGH PRESIDENT DIAZ: Thank you.

COUNCIL MEMBER HALLORAN: I

appreciate it. It's my understanding that there's currently no plans in front of the Council or in front of the city to develop their yet and I understand that you are trying to get a project moving there and I appreciate that. I was an Assistant District Attorney in the Bronx. I went to school and Fordham, so the Bronx is very important to me as well.

Is there any possibility with the current state of where the Kingsbridge Armory Project is of getting someone within the next five years in to develop that is far as you're concerned?

BOROUGH PRESIDENT DIAZ: First let

1
2 me say Council Member I meant no disrespect, I
3 just want for statements to be accurate and we
4 have been sitting with a task force then I called
5 and I'm the co-Chair of that task force is a
6 colleague of yours Fernando Cabrera. We have
7 individuals on that task force that by the way
8 sided with the Mayor of what happened with the
9 Kingsbridge Armory and this debate here today.
10 This bill today is not about the Kingsbridge
11 Armory, but stay tuned because we've also been
12 working with the NYU's Capstone Program and
13 earlier next month we will come out with
14 recommendations in terms of a timeline that is up
15 to that Mayor and the EDC withered not they want
16 to do another RFP.

17 COUNCIL MEMBER HALLORAN: Okay.
18 Thank you Mr. Borough President. I appreciate
19 that. Now I understand that the Bronx, and least
20 according to the Department of Labor is at the
21 highest level of unemployment of any county in the
22 northeast and in fact dwarfs almost all of the
23 other counties in that regard. But there's a
24 disparity between the average wage rate reported
25 by the Bureau of Standard of Labor and the number

1
2 of jobs that have disappeared. Do you believe
3 that this wage bill as it is rights now without
4 any changes would satisfy the requirements that
5 you have for creating new jobs, sustaining those
6 jobs, and at the same time the implementable
7 across the city.

8 BOROUGH PRESIDENT DIAZ: Obviously
9 I support this bill and I'd the answer to that is
10 yes. And I was still, however all for the same
11 openness that Council Members Koppell and Palma
12 have earlier in saying that if there are
13 legitimate concerns that we would be open minded
14 to working live a continuous draft or amendments
15 to the bill.

16 COUNCIL MEMBER HALLORAN: Thank you
17 the I appreciate your candor Mr. Borough
18 President.

19 CHAIRPERSON MEALY: Thank you.
20 Council Member James.

21 COUNCIL MEMBER JAMES: To the Bronx
22 Borough President, let me just say that I salute
23 you. I know that tomorrow you will be described
24 as someone who is advancing a populist view.
25 You'll probably would be described as a socialist

1
2 the someone who is interested in redistributing
3 the wealth of the City of New York. I dismiss all
4 of those criticisms of you and observations and
5 say that you work with movers and shakers in the
6 City of New York, but you have continued to
7 maintain your common touch and you have stayed
8 close to your roots, and I thank you for that-

9 BOROUGH PRESIDENT DIAZ:

10 [interposing] Thank you.

11 COUNCIL MEMBER JAMES: I try to
12 model myself after you each and every day. But I
13 also want a safe for the record that 15 cities
14 defectively have implemented living wage laws: Ann
15 Harbor, Berkeley, Cambridge, Cleveland, Duluth,
16 Hartford, Los Angeles, Minneapolis, Oakland,
17 Philadelphia, Richmond, San Antonio, San
18 Francisco, San Jose, and Santa Fe. It is my
19 understanding that if that is not an exhaustive
20 list and the list continues and basically to
21 summarize.

22 Employers who pay very low wages
23 shifts the burden to public assistance. New York
24 City has dramatically increased the amount that it
25 spends on subsidizing businesses over the past 10

1
2 years and yet the gap between poor and rich has
3 never been higher in New York City. City land use
4 policies have tremendously increase the value of
5 land for developers in New York City but have had
6 no regard for working families in the City of New
7 York. The living wage requirement would benefit
8 workers as well as the City of New York. The
9 study is significantly flawed, and we'd have fun
10 project to project have implemented in the City of
11 New York a fair wage policy and it should not be
12 implemented on a project by project basis but
13 wholesale and so for all of those reasons we
14 support this bill here in the City of New York we
15 thank you for all that you are doing

16 Let's be just go on to say that the
17 City of New York based evidence has engaged in the
18 following economic policy, they have promoted
19 luxury housing all throughout the City of New
20 York, and they have subsidized retail businesses,
21 these are two extremes of our economy and they
22 have ignored the middle class in the City of New
23 York. That is the economic policy of the City of
24 New York. If cannot be sustained and therefore we
25 need to move this living wage bill obviously it

1
2 needs to be negotiated. It's a changing document
3 that I would hope the administration would
4 negotiate with the sponsors, my two heroes Council
5 Member Palma, my sister, and Council Member
6 Koppell. Thank you for a Borough President for
7 all that you do for not only the Bronx residents
8 but for the City of New York, you're my hero.

9 BOROUGH PRESIDENT DIAZ: Thank you
10 for your generous words, Councilwoman.

11 CHAIRPERSON MEALY: Thank you
12 Council Member Levin.

13 COUNCIL MEMBER LEVIN: Thank you
14 Madam Chair. Thank you Mr. Borough President. I
15 just, one thing you brought up in your testimony
16 and I wanted to actually discuss it quickly before
17 you even brought it up. I think it's something
18 that is a point that really needs to be out there
19 and on the record because it illucidates this
20 current debate.

21 During the Kingsbridge Armory
22 discussion the good and negotiations the Related
23 Companies were willing to accept a living wage
24 standard, but the administration, the Bloomberg
25 administration decided that that was something

1
2 that they would not stand for and that was
3 something that they would not support and they
4 would not allow it to go through. So they were
5 the ones that walked away it was not Related it
6 was the Bloomberg administration is that correct?

7 BOROUGH PRESIDENT DIAZ: Yes, that
8 is correct. That when and this is the reason why
9 I wanted to be factual earlier. We, I
10 congratulate and I commend the Bronx delegation
11 for the amount of conversations that we had with
12 the former Deputy Mayor on Economic Development.

13 We had so many meetings we went
14 into the wee hours of the morning and there were
15 so many wonderful ideas that Bronx delegation
16 members brought up and many of those ideas that we
17 were really close and it was at the 11th hour. It
18 was not Related it was not the City Council
19 delegation it was not the Bronx Borough President
20 it came from the former Deputy Mayor of Economic
21 Development and his office and they said no we're
22 not going to do this because they did not want a
23 set a precedent.

24 COUNCIL MEMBER LEVIN: Former
25 Deputy Mayor Robert Lieber.

1

2

BOROUGH PRESIDENT DIAZ: That's

3

correct.

4

COUNCIL MEMBER LEVIN: Because I

5

think that's an important point to make because

6

the in that instance Related has a lot of capital

7

reserves it wasn't there decision. It isn't the

8

investor or the capitalist that made the decision.

9

It wasn't them that decide to walk away from the

10

deal it was in fact the administration.

11

BOROUGH PRESIDENT DIAZ: If there's

12

anyone who deserves credit for us being here today

13

discussing the Fair Wages for New York Act is that

14

you should give that credit to the but a Related

15

Companies because time and time again and when we

16

were having these conversations and we talked

17

about other cities like Los Angeles where they do

18

business they said well as it is law in the City

19

of New York, we would do it.

20

And so once we saw that it was and

21

we didn't want a piecemeal it, that's the reason

22

why this bill was put forward and that is the

23

reason why we believe as you, if you have an

24

ordinance that covers the entire City of New York

25

Related is not going and neither is any other

1
2 developers. This is the capital of the world.
3 They're going to make money here. They just may
4 have to take one last trip to San Tropez.

5 COUNCIL MEMBER LEVIN: Thank you
6 Mr. Borough President I appreciated and thank you
7 for your leadership this.

8 BOROUGH PRESIDENT DIAZ: Thank you.

9 CHAIRPERSON MEALY: Thank you.
10 Could you ask why is the administration wrong to
11 claim that investments would be significantly
12 reduced if this legislation goes through?

13 BOROUGH PRESIDENT DIAZ: I don't
14 know. I think that they are wrong. Again, I
15 think they wanted that when you look again at
16 other studies when they have living wage laws it's
17 actually a good investment. Those studies speak
18 to the contrary, why because everyone wins. You
19 have the employer who has a happier worker who has
20 a worker who is willing to be more productive.
21 You have a city or municipality that has to pay
22 less in government dollars to food stamps, to
23 government assistance programs, and then you have
24 an employee who now has more purchasing power who
25 then becomes adds to the tax revenue of that

1
2 municipality, so in essence this bill or of these
3 ordinances in other cities has certainly provided
4 for a better investment than by not having it.

5 Look, we have seen this before, the
6 proof is in the pudding. When you look at what's
7 happened in the Bronx again over the last couple
8 of years since 2002 so much subsidies have been
9 used and yet we're still number one in poverty and
10 we're still number one in unemployment, so that
11 model has not worked.

12 What happened in the Kingsbridge
13 Armory is about us saying that. A, we have seen
14 this movie before and we have to change the way
15 business is being done but also when you look at
16 earlier the administration said on this panel that
17 when they're having a conversation versus living
18 wage or wage standards and minimum wage about
19 having salaries all across and about the same
20 businesses one being across the street from each
21 other. Think about what would've happened on
22 Fordham Road if you would have had a mall their
23 subsidized by government, we would have lost jobs
24 at Fordham Road which is one of the top three
25 commercial strips in the city, and they would have

1
2 done so with their tax dollars. They would have
3 been subsidizing a competitor which is only a
4 train station away at the Kingsbridge Armory with
5 their tax dollars. And so, what we're saying is
6 if you want tax money, then you got to go right by
7 the people that you hire, if not then don't accept
8 it.

9 CHAIRPERSON MEALY: Okay I said
10 enough.

11 BOROUGH PRESIDENT DIAZ: Thank you.

12 CHAIRPERSON MEALY: There is no
13 other questions for you. Okay.

14 COUNCIL MEMBER PALMA: Quick
15 question I want a year your concerns on what the
16 study says on the like the putting the reporting
17 and they monitoring mechanism own the owners on
18 the developers. Like. What your thoughts on
19 that?

20 BOROUGH PRESIDENT DIAZ: In terms
21 of the owners having to make sure in case the
22 attendants don't pay for.

23 COUNCIL MEMBER PALMA: Correct.

24 BOROUGH PRESIDENT DIAZ: I think
25 that a stipulation. We see many of these

1
2 developers including Related Companies who have
3 tenants who already pay a living wage. And so
4 it's just a matter of how you, you know, seek out
5 who your tenants are. Ultimately was going to end
6 up happening is a tenant will the more than happy
7 to pay that living wage except that the developer
8 in this case may have to take less in square
9 footage in the amount of square footage so I think
10 what it's all said and done, no bill is perfect we
11 can tweak that, but there's always the way a
12 certain municipalities have found a way to do the
13 living wage where everyone can win where business
14 is being done and people are able to provide for
15 their families.

16 COUNCIL MEMBER PALMA: Thank you
17 Mr. Borough President for your testimony thank you
18 Madame Chair.

19 CHAIRPERSON MEALY: Council Member
20 Koppell.

21 COUNCIL MEMBER KOPPELL: I know
22 that you and your staff have done a lot of work
23 including looking at other cities. Are you aware
24 of any city in the country that adopted a living
25 wage proposal and then because of adverse economic

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

results has repealed it?

BOROUGH PRESIDENT DIAZ: No.

COUNCIL MEMBER KOPPELL: So, that's an interesting point is in it Mr. Borough President.

BOROUGH PRESIDENT DIAZ: Yes Councilman especially since-

COUNCIL MEMBER KOPPELL: [interposing] If this was so bad especially in Los Angeles or San Francisco what you expect that there'd be uprising against it.

BOROUGH PRESIDENT DIAZ: Especially when over there in California they are in such a billion dollars in a deficit. So yes, I would assume that some municipality would have repealed it. We have none in all the research that we studied have yet to see one that has.

COUNCIL MEMBER KOPPELL: I want to just say your leadership and willingness to take a lot of heat on the Kingsford armory project and even today is estimable and you have convinced me and many ways to proceed with this with vigor and I want to pay tribute to you on that because I think that this is actually become a focus of

1

2 national attention and I think that the whole
3 country is looking at us in New York to see
4 whether we can take the lead on something like
5 this. So thank you for what you have done.

6 [applause]

7 BOROUGH PRESIDENT DIAZ: I have to
8 say that it makes it much easier when I have so
9 much support from many of the members of the City
10 Council and from the elected officials throughout
11 the City of New York, so we'll keep pushing, and
12 the public is well. The public as well as you see
13 the hundreds of people who are here today how
14 important it is to them, so the label of movement
15 many of the men and women and clergy, so I'm not
16 doing this alone this is a coalition. This is a
17 people speaking up here in the City of New York
18 and we're just not going to tolerate the way
19 business is being done.

20 CHAIRPERSON MEALY: Thank you so
21 much our Borough President we will not have any
22 follow-up questions right now we appreciate your
23 time.

24 BOROUGH PRESIDENT DIAZ: Thank you
25 for the opportunity Madame Chair.

1

2

CHAIRPERSON MEALY: Thank you. If
the nice if you would visit next door.

3

4

COUNCIL MEMBER HALLORAN: Madam
Chair, I just like to note for the record as a
point of information that the city of Los Angeles
by its editions by referendum attempted to
overrule the law in Los Angeles.

5

6

7

8

9

CHAIRPERSON MEALY: Can the next
panel come up please. You are out of order. Let
me hit this. [gavel bangs] I like that.

10

11

12

[background noise]

13

MALE VOICE: Quiet please.

14

CHAIRPERSON MEALY: Before the next
panel, come upon just like to acknowledge that the
EDC is still here listening to our testimonies.
I'm glad that. Linda Archer come on now. Paul
Sonn, Donald Spivack and I know our President,
Bill Lester, Mark Jaffee.

15

16

17

18

19

20

Thank you. Now he can just say
he's representing you. On the record. Thank you.
Thank you for your time I know it's been a long
day. I wish they supplied lunch.

21

22

23

24

Yes Miss Linda, but you come up
also. Thank you. Either one can start. We're

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ready.

DONALD SPIVACK: Good afternoon my name is Donald Spivack

MALE VOICE: [off mic] Quiet please

DONALD SPIVACK: My name is Donald Spivack. I recently retired from the community redevelopment agency of the City of Los Angeles as Deputy Chief of Operations and Policy after 28 years of service with that agency. I'm here to address a few points relative to the topic of living wage requirements which the City of Los Angeles adopted by ordinance in 1997 and the redevelopment agency by policy in 2003.

I was the author of the agency policy. The Community Redevelopment Agency was established by the city in 1948 to address blight and disinvestment in the Los Angeles. It is the Los Angeles equivalent of New York City's Economic Development Corporation and is the arm of city governments responsible for promoting economic development including job and housing growth in the City of Los Angeles.

The agency's 2003 living wage policy covers a range of types of employees who

1
2 work on subsidized economic development projects.
3 It extends to the developers own staff and any
4 contractors and subcontractors hired by the
5 developer to perform work on the projects such as
6 security, janitorial, and grounds keeping. It
7 therefore covers a minimum work force whose
8 primary responsibility is at the covered site.

9 The third party tenants are
10 generally not covered by the policy unless the
11 project is built on agency owned land. However in
12 many cases acre tenants such as hotels have been
13 defined as participants and as a result are
14 covered by the policies application. In addition
15 we have a parallel policy that assures the
16 extension of living wages of employees of hotels
17 built on agency own land.

18 These requirements have been
19 extended in many cases by community benefits
20 agreements on individual projects or by the city's
21 living wage ordinance. Small businesses are
22 exempted. Our agency has found the living wage
23 policy to be an effective tool for ensuring that
24 taxpayers subsidize economic development creates
25 quality jobs for Los Angeles communities. We have

1
2 not found that it has inhibited new development or
3 job growth in any way. In fact, even in the
4 current economy 23 living wage covered projects
5 are actively entering into approval process a
6 strong indication that developers are not deterred
7 by the living wage requirement.

8 The agency's recent inventoried
9 includes 254 projects of which 144 have a living
10 wage requirement. They embody over a million
11 square feet of office, over two billion square
12 feet of retail, 234,000 square feet of industrial,
13 and 12,000 housing units 10,000 of them
14 affordable.

15 These are all told involved 48,700
16 and construction and 23,000 permanent jobs. The
17 policy is supplemented by community benefits
18 agreements-

19 CHAIRPERSON MEALY: [interposing]
20 Sir, if you can wind it up.

21 DONALD SPIVACK: If I can to say a
22 few things on implementation.

23 CHAIRPERSON MEALY: That's what I'm
24 giving you that opportunity, but you're not take
25 it.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DONALD SPIVACK: Thank you.

Implementation is achieved through the inclusion of the policy requirements in development contracts. This makes it a whole lot simpler for the developers. We'd need with the developers at the outset of the project. They understand the requirements our staff are there to assist some on for filling out the forms there are required to fill out compliance twice a year.

They pass through requirements through to the employers directly. The employers are required to provide that information as an element in their lease. They do not have the responsibility to independently verify the data provided to them by the employers.

The key benefit has been that without the living wage we would have a substantially greater number of people in poverty. It reduces for the employers turnover due to business disruption and trading costs, turnover rates on average are about a third lower with living wage than without. And that's a direct benefit to the employers.

CHAIRPERSON MEALY: Thank you. We

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

have his testimony is anyone would like have a copy of it and we'll make sure it's staying, getting it in the record.

DONALD SPIVACK: Thank you.

CHAIRPERSON MEALY: Because we have to have everyone. Thank you. Our president, Appelbaum.

MALE VOICE: Pull the mic closer to you.

STUART APPELBAUM: Now I am on. I like to thank Speaker Quinn.

CHAIRPERSON MEALY: I am already on.

STUART APPELBAUM: I like to thank you Chair Mealy and the members of the committee for convenient in this very important hearing I'm Stuart Appelbaum. I am president of the Retail, Wholesale, and Department Store Union. Among the membership in the U.S. and Canada RWDSU 45,000 men and women who worked in retail, grocery and Retail Stores in all five boroughs of New York City. The RWDSU is committed to building the middle class New York. We believe that job creation must focus on not just the number of jobs created but also

1
2 the kinds of jobs created. We must ask ourselves
3 if the jobs created help lift our workers out of
4 poverty and allow them to raise their families
5 will the jobs created give the dignity and respect
6 they deserve in the workplace. Will the jobs to
7 created make their community a better place to
8 live.

9 The New York City Council lead the
10 nation in passing the original living wage law in
11 2002, but we have fallen behind. Dozens of
12 municipalities have enacted wage policies that go
13 beyond what New York City past and it's time that
14 we catch up.

15 Retail and other will wage workers
16 are hurting and instead of embracing ways to bring
17 those workers out of poverty in into the middle
18 class this administrative wasted one million
19 dollars to fund a study to further their own
20 agenda. The Gothamist put it best with its
21 headline, "living wage study ordered by Bloomberg
22 agrees with Bloomberg." We all knew exactly what
23 the conclusions of the study were going to be
24 because the conclusions were determined before
25 this so called studied was conducted.

1
2 If you look back at both the fights
3 over minimum wage increases and either the federal
4 or state level this is is have always said it
5 would cost jobs, but experience shows us that
6 those predictions just aren't true. Raising the
7 minimum wage in New York State in 2000 full didn't
8 cost jobs. The wage ordinance in Los Angeles
9 hasn't deterred development or cost jobs there and
10 it won't happen here in New York City. [timer
11 sounds] What is offered missing from the studies.
12 I take it that's my signal to.

13 What has all been missing from the
14 studies is an examination of the benefits of
15 increasing wages benefits to the workers to the
16 community to the businesses and to the city.
17 Workers are able to increase their standard of
18 living. Communities become more stable.
19 Businesses find workers with improved morale and
20 less turnover along with consumers with more
21 purchasing power. The city has fewer workers
22 utilizing public assistance programs. This
23 legislation puts into place and much needed
24 citywide policy that would give developers who
25 received city provided taxpayer dollars funded

1
2 some cities uniform rules instead of ad hoc
3 disruptive project by project negotiations.

4 Some communities have been able to
5 rise up against the powerful developers and got in
6 wage policies on projects happening in their areas
7 like those in Greenpoint Williamsburg Brooklyn or
8 Willis Point Queens. But, creation of good job
9 should not be dependent upon the political skills
10 of the residents. A citywide policy would give
11 both communities and developers irrational
12 consistent framework for job creation for the
13 city. The gap between rich and poor in New York
14 City is at its most pronounced. Wall Street is
15 bouncing back from the recession of the last two
16 years, but middle class and will wage workers are
17 not the best thing to combat the increasing number
18 of working poor is for the city to support
19 policies that will increase the wages of workers
20 and the Fair Wages for New Yorkers Act will do
21 just that. It seeks to guarantee the economic
22 development policies consider the needs of workers
23 as well as businesses, and helps raise workers
24 from poverty wage jobs. My union the RWDSU urges
25 you to pass those important piece of legislation.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Thank you very much.

CHAIRPERSON MEALY: Thank you.

PAUL SONN: Thank you my name is Paul Sonn. I'm with a National Employment Law Project. I would just like to before I start commend as a resource and thank Mr. Spivack from Los Angeles for joining us. His agency is a national leader on this category of policy, and I hope this is the first of a series of conversations between the Council and specifically the Economic Development Corporation as you here they are nuts and bolts implementers of this policy. It is not pie in the sky they've been running it for years and they can walk through detail how it works.

CHAIRPERSON MEALY: Please.

PAUL SONN: The key problem that we're here to confront adjust the fact that our large development project which benefit the city's economy in many ways are inadvertently worsening the serious problems facing working New Yorkers. Our hour glass economy and the lack of decent paying jobs for frontline workers. During this tepid recovery the job situation is only becoming

1
2 worse. We've lost a lot of high paying jobs in
3 construction and finance the job growth is very
4 disproportional and low wage industries, retail,
5 restaurants, Home Health Care. Leveraging our
6 economic development programs to promote high road
7 development is a key strategy for beginning to
8 build the high road. Doing what Los Angeles does
9 when they build a mall when they build a mixed use
10 complex they ask the developer to try to bring in
11 a Costco rather than a Wal-Mart to create good
12 jobs. They asked the developer not to bring in a
13 hotel chain that pays \$8.00 and no benefits but to
14 bring one of the unionized chains in order to
15 targets the economic development dollars to are
16 creating good jobs.

17 I have submitted lengthy and
18 written testimony. I'm just going to hit on two
19 parts briefly

20 CHAIRPERSON MEALY: Thank you

21 PAUL SONN: Which are responding to
22 the key criticisms that the administration has
23 raised. Today our organization in a group of nine
24 economy is and four other policy experts are
25 releasing a detailed analysis of the methodology

1
2 revealed and the executive summary since it was
3 all that was released of the economic development
4 corporation's weight study. It is an appendix to
5 my testimony. Additional copies are circulating
6 and it looks like this. The fundamental errors
7 which regrettably underlie each of the two
8 components of the study we've heard a bit about
9 the first component the real estate impact
10 analysis which has focuses entirely on program
11 that would not be covered by the law that is
12 widely different from the large discretionary
13 subsidies and the focus of a law that erroneous
14 focused really compromises the utility of that
15 section and analysis and steers I would refer
16 folks to analysis for more detail on that. They
17 are a variety of errors beyond the inappropriate
18 focus of ICAP.

19 During the testimony I heard the
20 city beginning to shift staff to say while to
21 focus more on the statistical element and not the
22 second the labor market impact section. We had
23 high hopes that they would really come up with
24 something useful there, but the study draws on and
25 uses as its assumption in 2003 analysis by one of

1
2 its co-authors Dr. Neumark. That is an analysis
3 that the very foundation of which has been
4 discredited by other researchers. Our brief
5 explains why.

6 CHAIRPERSON MEALY: It explains it.

7 PAUL SONN: It explains that
8 economists that are signatories to this that are
9 doing some of the relevant research Dr. Janet Lynn
10 from the University of Massachusetts and Dr.
11 Stephanie Luce from CUNY will be testifying later
12 and they can walk you through the details and
13 Wallace technical stuff that's actually quite
14 excessive will to lay people the fundamental
15 misconception that underlies that formula. And
16 all they did was take that formula and then
17 engaged in that, sort of, modeling and projection
18 assuming that that level of job losses that they
19 projected what it would look like translated to
20 New York, but the problem is that they are not
21 analyzing what is going on in these other states
22 and cities labor markets for the very basic reason
23 that the policy that they are investigating affect
24 a tiny number of workers and those labor markets
25 and the model that they established is simply not

1
2 powerful enough to detect them instead they are
3 detecting other patterns going on in those labor
4 markets and that shrimp and then to the living
5 wage.

6 CHAIRPERSON MEALY: Thank you and
7 I'm going to ask everyone speaking we have two
8 more panelist that if you could just summarize.
9 You can't. Just summarize because we have a lot
10 of testimony and for today I've never been to a
11 hearing that all the testimony was at least five
12 pages long, so I thank you and it's like all day
13 saying, but we won't be fair that others get
14 their vision so could you just give a quick
15 synopsis and it will be in the record. Thank you
16 so much. I know you have a wealth of information
17 and we will be having more hearings on this.

18 PAUL SONN: Thank you.

19 CHAIRPERSON MEALY: Thank you.
20 Please.

21 LOU GORDON: There we go. Hi I'm
22 Lou Gordon and I'm representing the Business and
23 Labor Coalition of New York. Balcony Stewart
24 [phonetic] is one of our founding members another
25 one of our founding members is Mark Jaffee from

1
2 the Greater New York Chamber of Commerce, so I am
3 wearing two hats. I'm the one with the hair Mark
4 was the one who is follically challenged.

5 What I'd like to save, excuse me
6 steward. What I like to say here today very
7 simply is that Mark is that Balcony supports the
8 living wage. That simply we are a business and
9 trade association we have 100,000 businesses that
10 we represent. We represent the General
11 Contractors Association, We represent the Building
12 Congress. We represent of a lot of strong unions
13 NYCYA, CSCA and the public employee federation and
14 the CWA local 1180. I think Robert Jackson used
15 to be there a long time ago before we both had
16 gray hair.

17 What I like to say is that the
18 legislation introduced by Council Member Koppell
19 and Council Member Palma is a good legislation for
20 New York. A livable city needs a living wage and
21 simply I want to say that Mark Jaffee who had
22 another appointment and was here during the
23 filibuster of the economic development
24 administration. I thought we were down south
25 again enlisting to the drawl was a little

1
2 different from those folks. He did a recent
3 questionnaires sent out to his members which is
4 the Greater New York Chamber of Commerce over
5 16,000 businesses and the question simply was
6 should New York provide tax breaks for commercial
7 and real estate developments that may create jobs
8 that pay less than a living wage. He had an
9 overwhelming response saying no. That we need a
10 living wage and this is from a business group this
11 is from a business group that would benefit that
12 needs economic development in New York. So I want
13 to say on the behalf of the New York Chamber of
14 Commerce and Balcony the Business Labor Coalition
15 of New York.

16 CHAIRPERSON MEALY: And I thank
17 you. Just to be ready I hope people are coming in
18 the next panel Ronald Bookman, Mitchell Banchik,
19 Andrew Rigie, Jeremy Maren [phonetic], Mary Ann
20 Rothman, Andrew Kimball they should be coming in.
21 Next on deck. And we have Miss --, not now, just
22 getting them ready to come up. Just getting them
23 ready to come up. They should be in the room.
24 They should be in the room. Okay theory of Elvis
25 has left the building. They should be in the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

room. Thank you. Miss Linda Archer

LINDA ARCHER: Okay my name is Linda Archer I'm a member of the Northwest Bronx Community and Clergy Coalition. I am a cashier at McDonald's in Times Square.

CHAIRPERSON MEALY: Louder please.

LINDA ARCHER: I live in the Bronx and share one bedroom apartment with and elderly family member. I have over 10 years experience working in customer service. I took the job that McDonald's because I could not find any other immediate employment. I started at a minimum wage of 7.25 per hour when I had my first six months evaluation they told me and my co-workers we broke sales records. Well my team member and I the highest possible ranking of rising star, and what did I get for it. I got this lovely Tee shirt that says rising star and 20 cent raise.

Times Square receives hundreds of millions of dollars in taxpayers' money. Mcdonald's just hired 50,000 more people nationwide, so these other types of jobs that are being created in this country, but these jobs are not sustainable and the City Council need to take

1

2 a stand. When you go from 7.25 to 7.45 that does
3 not help. In addition to the necessities cities
4 such as food, clothing, ends shelter I can't
5 afford anything of the basic thing is that working
6 people should be able to enjoy such as a decent
7 pair of shoes or a summer vacation.

8 My dream is to return to school so
9 that I can complete my Bachelor's degree, go to
10 law school and work for social justice. A living
11 wage would help me afford the basic necessities
12 and save money to work towards this dream.

13 Today I would like to make a deal
14 with the City Council. If you pass the Fair Wages
15 for New Yorkers Act, you will be rising stars in
16 the City Council and I will give each of you a
17 rising star tee shirt. In all seriousness this is
18 so important workers around the city are
19 struggling and please do the right thing in past
20 the Fair Wages for New Yorkers Act today. Thank
21 you.

22 CHAIRPERSON MEALY: Thank you
23 [applause]. Thank you. We have. Yes sir.

24 PROFESSOR LESTER: Good afternoon.
25 Thank you. Thanks for inviting me here today. My

1
2 name is Bill Lester and I'm an Assistant Professor
3 at the University of North Carolina at Chapel Hill
4 where I teach quantitative methods in the economic
5 development track. Having studied the issue of
6 living wage for the past four years, I realized
7 how critical such laws are for workers and their
8 families. However, having worked professionally
9 in the field of economic development, I also
10 understand the challenges urban leaders face to
11 redevelop vacant land and create good job
12 opportunities. That is why research on the impact
13 of living wage laws on urban economic development
14 is so important.

15 We need to look at a variety of
16 data sources gather opinions from a broad spectrum
17 of experts and test every practical solution.
18 Thus my main goal in coming here for you today is
19 to share the results of the report that I
20 coauthored last November with Ken Jacobs called
21 "Creating Good Jobs in Our Community: How Higher
22 Wage Standards Effect Economic Development and
23 Employment." We look specifically at the impact
24 that business assistants forms of living wage wars
25 have on local employment levels and the business

1
2 climate in the cities that passed. Our report is
3 one of the few existing studies that provide
4 direct evidence on this issue.

5 Living wage opponents argue that
6 such laws prevent businesses from creating jobs
7 and thus help only a small narrow set of workers
8 at the expense of employing more workers overall.
9 Some business leaders and developers also claims
10 that adding labor standards is antibusiness. But
11 a report examines all these claims and finds that
12 economic development wage standards have no
13 negative affect on citywide employment levels
14 either directly or indirectly. Furthermore, our
15 analysis shows that living wage laws are not
16 associated with reductions in the number of
17 establishments that exist in the industry sectors
18 most likely to be impacted.

19 Our methodology has two key
20 features that distinguish it from others. First,
21 we made sure to only include those cases where
22 there is at least some evidence of actual
23 enforcement of the law; thus, we carefully
24 selected these 15 cities that have been mentioned
25 earlier and compared it to 16 control cities in

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

which advocates had pressed the law but failed to pass such an ordinance.

Second, we used a unique dataset that attracts employment at nearly all of this is established and in the U.S. from 1990 to 2008 and critically identifies the effects of the city level and not the metropolitan level, so we used better data.

Ultimately I believe that our study is the most methodologically sound quantitative study conducted to date. And overall are key points estimates are very close to zero and are measured with enough statistical precision to stick all persistent cast doubts on the claims such as those made and the CRA EDC report that wage standards kill jobs and create a negative business climate. Thank you very much look forward to your questions.

CHAIRPERSON MEALY: Thank you so much we have Council Member Halloran have a question.

COUNCIL MEMBER HALLORAN: Thank you. I'd like to start if I can with Mr. Spivack from Los Angeles. Have you compare the two bills?

1

2 The Los Angeles ordinance in the New York City
3 one? Turn the mic on.

4

5

CHAIRPERSON MEALY: Turn the mic on
please.

6

7

DONALD SPIVACK: No, I have not
done that in detail. I just-

8

9

10

11

12

13

14

COUNCIL MEMBER HALLORAN:
[interposing] Okay. Let me help educate you a
little bit. The Los Angeles bill limits to five
years the amount of impact that this can have on
businesses over a million. The Los Angeles bill
limits to one year businesses with \$100,000
benefit is that correct?

15

DONALD SPIVACK: That is correct.

16

17

18

19

COUNCIL MEMBER HALLORAN: New York
bill doesn't matter what the size of a loan and
its 30 years. Do you think that this may be a
significant difference if the two bills?

20

21

DONALD SPIVACK: There is a
difference.

22

23

24

25

COUNCIL MEMBER HALLORAN: Your bill
exempts businesses with: less than five employees,
that haven't been in existence of more than a
year, that employee underemployed individuals. It

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

doesn't apply to lessees and sub lessees. If I told you that New York City build includes all those things, you would agree with me it's a radically different bill, wouldn't you?

DONALD SPIVACK: Ours does apply to lessees on city owned property.

COUNCIL MEMBER HALLORAN: On city owned property. No, no this is non city owned property. You agree that's a significant difference wouldn't you. Okay your bill had no penalty other than a rescindtion of contract with the came two violations of the term. If I told you the city was going to impose significant financial penalties you'd agree with me that that's a significant difference between the two bills.

DONALD SPIVACK: Ours does have a financial penalty.

COUNCIL MEMBER HALLORAN: What is the penalty?

DONALD SPIVACK: \$10,000 for failure.

COUNCIL MEMBER HALLORAN: 10 and rescinding of the bill?

1
2 DONALD SPIVACK: And possible
3 rescinding of other contracts and actions in
4 court.

5 COUNCIL MEMBER HALLORAN: Okay.
6 And is it also, you indicated actually so it is
7 true that was only applies to properties that the
8 city has an interest and the city ownership of,
9 correct?

10 DONALD SPIVACK: It applies down to
11 third party tenants when the city has an ownership
12 it applies to developers, their contractors, their
13 subcontractors, and direct employees in all cases.

14 COUNCIL MEMBER HALLORAN: Okay. So
15 in all of those instances it is radically
16 different than the New York City bill. Let me go
17 one step further. Isn't it a fact that the City
18 Council of Los Angeles quashed a referendum
19 attempt by the citizens of the city by changing
20 the bill, repealing the old one before it got into
21 court and before there was actually a referendum
22 that was able to be added in 2007?

23 Avoiding due process and by the
24 people of the city of Los Angeles, by changing the
25 referendum terms and making it not possible for

1

2 their to be a referendum because they change the
3 bill at the 12th hour. Isn't that a fact?

4

DONALD SPIVACK: The city's
5 ordinance was adopted in 1997. I am not aware of
6 any changes that took place in 2007 when it was
7 proposed.

8

COUNCIL MEMBER HALLORAN: Okay.
9 So, to your knowledge there was not a change in
10 2007, so when the Los Angeles Times reports that
11 that's the case that's not an accurate report by
12 the Los Angeles Times.

13

Now, let me ask a question of our
14 Professor Lester at the University of North
15 Carolina at Chapel Hill. You actually see any of
16 the underlying data of the EDC reports that you've
17 concluded is an error. Have you seen the
18 methodological approaches the factual data that
19 they've used in their copulation or the cross
20 section of the information that they used in their
21 report.

22

PROFESSOR LESTER: To my knowledge
23 the detail report has not been available which
24 makes it very hard to comment on it.

25

COUNCIL MEMBER HALLORAN: It would

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

it would make it very hard to comment on it. It also has an academic make it very hard for you to reach your conclusions without having seen the data.

PROFESSOR LESTER: Sir, my comments here today were about my own study not present any particular of the other study.

COUNCIL MEMBER HALLORAN: So you're closing comments as you left was not that the EDC report was quote "flawed" and you didn't understand the basis of it. Is that not accurate? You didn't say those things on few moments ago to this Council?

PROFESSOR LESTER: I didn't say that I said my results that I come up with cast doubt on the results that they come up with.

COUNCIL MEMBER HALLORAN: But you don't know how they reached their results, so how as an academic would you-

PROFESSOR LESTER: [interposing] If you brought it out we can see what they've done and I've read the further, previous research by the Neumark and Adams in 2003 and all they did was add one more year. That's from what I can tell.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

And so-

COUNCIL MEMBER HALLORAN:

[interposing] Did you include any data sampling that involved the real estate market is well in your analysis?

PROFESSOR LESTER: Indirectly I did yes.

COUNCIL MEMBER HALLORAN:

Indirectly.

CHAIRPERSON MEALY: Thank you.

COUNCIL MEMBER HALLORAN: Thank you.

CHAIRPERSON MEALY: Council Member Lander.

COUNCIL MEMBER LANDER: I'll start with Professor Lester. Professor would you ever release an executive summary for people to base policy conclusions on and refuse to give the backup data so that they could not in fact ask you meaningful questions about it which you find that responsible?

PROFESSOR LESTER: No sir.

COUNCIL MEMBER LANDER: Thank you.

All right I have a couple of other questions for

1
2 Mr. Spivack. And I first would thank you for
3 being here and I really want to know that living
4 wage is not the only social equity oriented policy
5 of the Community Redevelopment Agency in Los
6 Angeles as I understand that you have compared to
7 New York a stronger sustainability policy a local
8 hiring policy a better industrial and
9 manufacturing policy. Equal compensation for
10 domestic partners. Child care and yet you're
11 undertaking hundreds of projects that achieve
12 great benefits for the neighborhoods of Los
13 Angeles and really unlike New York City with the
14 goal seems to be give out subsidies to large real
15 estate developers, you crafted an economic
16 development policy that creates good jobs, that
17 creates affordable housing, and creates more
18 sustainable neighborhoods.

19 So, I would've thought that the EDC
20 and their consultants might have reached out to
21 you to ask about your experience with the living
22 wage policy. To your knowledge was there a
23 dialogue with the consultants at EDC, as the
24 second largest city in the country and by far the
25 largest with the living wage policy did they

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

consult with you as part of their million dollar study.

DONALD SPIVACK: They did not consult with me and I'm not aware that they consulted with anyone else in Los Angeles.

COUNCIL MEMBER LANDER: They raised a series of questions about the burdens of implementation. It seems like questions of implementation and its challenges would best be addressed by asking the largest city in the country that has such policy and the second largest city how it's going not just view but the businesses and the developers affected by the law. Are you aware that in any way they sought to ask questions of you or developers or business is covered by the law with the burdens and the benefits of implementations of being?

DONALD SPIVACK: I'm not aware of any such.

COUNCIL MEMBER LANDER: Have you seen massive job loss in Los Angeles that anyone has attributable to your living wage policy?

DONALD SPIVACK: No, not attributed to the living wage policy. We see job loss in Los

1
2 Angeles for number of other reasons including the
3 whole change in how manufacturing is taking place,
4 the way the aerospace industry is gone. There has
5 been substantial jobless over the last 25 years
6 but nothing that is related to the living wage
7 policy or ordinance.

8 COUNCIL MEMBER LANDER: Now, it
9 sounded like Council Member Halloran may have had
10 a lot of criticism of Intro 251-A and was praising
11 the Los Angeles ordinance I just like to ask will
12 you be willing to keep working with us as we craft
13 our bill maybe we'll even get Council Member
14 Halloran's support since you've had such success
15 in Los Angeles.

16 DONALD SPIVACK: Absolutely.

17 COUNCIL MEMBER LANDER: Thank you
18 very much.

19 CHAIRPERSON MEALY: Thank you Mr.
20 Koppell. Council Member.

21 COUNCIL MEMBER KOPPELL: I would
22 like to also follow up with Mr. Spivack. We had
23 the experience of trying to enact and living wage
24 requirement in connection with what was
25 essentially a shopping center, a retail project at

1
2 the Kingsbridge Armory. Is there any example, I
3 believe you have an example. An example of a
4 shopping center type development in Los Angeles
5 that has living wage requirement attached to it.

6 DONALD SPIVACK: Yes. We have a
7 shopping center in Northeast Los Angeles that is
8 called Placid Pacioma [phonetic] it is associated
9 with a Costco and Best Buy. The Costco itself
10 provides 60 percent of the jobs at living wage of
11 the total jobs in the center. The requirement
12 there is 75 percent of the total jobs and the bulk
13 of the remained in jobs are with the Best Buy.

14 COUNCIL MEMBER KOPPELL: And that
15 requirement was agreed to by the developer and the
16 tenants?

17 DONALD SPIVACK: It was agreed to
18 buy the developer. The developer is required to
19 put in their lease with the tenants the living
20 wage requirement. And so, the tenants did agree
21 to the living wage requirement.

22 COUNCIL MEMBER KOPPELL: And is
23 that particular shopping center, to your
24 knowledge, prospering?

25 DONALD SPIVACK: Yes.

1
2 COUNCIL MEMBER KOPPELL: And other
3 examples that you have in Los Angeles of retail
4 projects that have associated with them. Retail
5 projects that receive city subsidy and that have
6 associated with the living wage requirements?

7 DONALD SPIVACK: Another one that
8 comes to mind is a project in South Los Angeles,
9 which is a shopping center that is anchored by a
10 local the based chain, and they also agreed to
11 living wages for their employees.

12 COUNCIL MEMBER KOPPELL: So, you
13 have been able to have retail projects,
14 essentially retail projects with living wage
15 requirements.

16 DONALD SPIVACK: Yes, in addition
17 we have a number of mix used projects. There was
18 some discussion earlier about affordable housing
19 with ground for retail. We have least one project
20 that has ground floor retail that does have a
21 living wage requirement with the upper floors be a
22 portal housing.

23 COUNCIL MEMBER KOPPELL: And are
24 there similar kind of retail businesses in Los
25 Angeles that do not have living wage requirements

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

attached to them. Perhaps where there's no subsidy.

DONALD SPIVACK: Where there is no subsidy, there is no requirement.

COUNCIL MEMBER KOPPELL: So, you are able therefore to have projects that have the requirement coexist with ones that don't and compete reasonably effectively.

DONALD SPIVACK: Yes we do.

CHAIRPERSON MEALY: Thank you.

COUNCIL MEMBER KOPPELL: Thank you.

CHAIRPERSON MEALY: Council Member James. We've been joined by Lou Fidler of Brooklyn.

COUNCIL MEMBER JAMES: I want to think this panel obviously there's a mass rally outside. It's a march on Wall Street. To me it represents the fact that New York City is heading the wrong direction and a significant number of New Yorkers, basically, want to reverse course and address the inequities in the City of New York, including the policies of this administration to build luxury housing and also low income, low wage retail jobs which has been a consistent policy of

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

this administration.

I want to go to Mr. Spivack and thank you for coming to New York. The living wage in Los Angeles is \$10.30 an hour, is that correct?

DONALD SPIVACK: Yes.

COUNCIL MEMBER JAMES: And that includes health benefits, correct?

DONALD SPIVACK: It 11.55 without health benefits.

COUNCIL MEMBER JAMES: Okay. And wages went up for over 10,000 workers is that true, Mr. Spivack?

DONALD SPIVACK: There is in annual adjustments that takes place of the living wage, yes.

COUNCIL MEMBER JAMES: And only about 1 percent or eliminate it as a means of offsetting costs, is that true?

DONALD SPIVACK: The track record that we saw was about of the 10,000 jobs that, under living wage there's about 100 jobs that have been reported to been lost.

COUNCIL MEMBER JAMES: And of the 254 projects in Los Angeles 110 have been covered

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

by the living wage component?

DONALD SPIVACK: It's actually 144.

COUNCIL MEMBER JAMES: 144. And as a result of that has that improve the quality of life for workers in Los Angeles?

DONALD SPIVACK: Yes in a number of ways. Increasing income. We have a housing crisis and Los Angeles as do most large cities.

COUNCIL MEMBER JAMES: So do we.

DONALD SPIVACK: Anything you could do to increase income because the housing crisis is really an income crisis. If you could increase people's wages, they have a better ability to pay for their own housing. It also reduces, when you're able to extend any amount of health care, the burden that's put on the emergency hospital care system.

COUNCIL MEMBER JAMES: Thank you for all the work that you're doing. Mr. Sonn. Can you address some of the legal issues that have been raised by the administration?

DONALD SPIVACK: If it might be excused, I have to catch a plane back to Los Angeles, so thank you very much for the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

opportunity.

COUNCIL MEMBER JAMES: Thank you very much. Thank you for coming to New York.

COUNCIL MEMBER KOPPELL: Thank you I appreciate your coming.

[applause]

COUNCIL MEMBER HALLORAN?: [off mic] Thank you Donald. You should be able to catch a cab on the street.

COUNCIL MEMBER JAMES: So, if you could just address some of the legal questions Mr. Sonn I know you were cut off.

PAUL SONN: I'd be happy to. I gather that for a suggestion is that this proposal is tantamount to a minimum wage which we do know in New York City's don't have the power to enact a minimum wage for the whole labor market. But the New York court of appeals has upheld, actually living wage laws of the sort of the city's contract that the city has enacted that covers cities contractors.

This proposal is not a regulatory minimum wage it is a wage condition on these discretionary benefits packages and is not

1
2 subject. That is not the applicable precedent.
3 In fact, other development agencies around the
4 state have started to adopt wage standards. The
5 city itself has started to adopt them on a project
6 by project basis. There has been no suggestion
7 that somehow that is unauthorized or preempting.

8 So the next level of question
9 concerns whether the city has the authority to set
10 policy for the Economic Development Corporation
11 which is the agency that implements development
12 policy. The way that I would propose talking
13 through it just to explain. No one disputes that
14 EDC can adopt wage standards for individual deals;
15 in fact, they already are. No one disputes that
16 they can adopt a policy as other county IDA's have
17 for broader wage standards, they surely can.

18 The next line of questioning is the
19 relationship between the city and EDC. EDC is in
20 effect a consultant for the city. It is hired by
21 the city pursuant to an annual contract to
22 implement the city's economic development agenda.
23 It is answerable to the Deputy Mayor. Under the
24 contract that you all appropriate a lot of money
25 that makes a big chunk of their budget. The city

1

2 writes into that contract a whole range of
3 performance criteria.

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Among other things the Deputy Mayor
has to approve all large development projects.

But a variety of policies are written in the
contract. No one disputes that the Deputy Mayor
could either refused to approve deals that have
wage standards or write in the contract a policy
requiring the EDC as the agent of the city on
economic development to do adopt wage standards.

So the last step, link in the chain
then, can the Council either set policy around
wage standards for the administration to require
that the Deputy Mayor establish such a requirement
pursuant to the contract. There are precedents
for the Council mandating that the Mayor include
terms in contracts that the Mayor has acquiesced
to and has been enforced to for a number of years.
We have requirements that must be included in
contracts around green jobs-

COUNCIL MEMBER JAMES:

[interposing] We're going to have to conclude.

PAUL SONN: Okay.

COUNCIL MEMBER JAMES: Just answer

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

one word answer is the authority of the
Comptroller to enforce the work living wage, is
that constitutional? Yes or no?

PAUL SONN: We believe it is. We
believe is comparable to the authority vested in
2002 wage law.

COUNCIL MEMBER JAMES: Thank you.
Do you believe that this, the living wage law will
pass constitutional muster if challenged? Yes and
no?

PAUL SONN: We believe is
authorized under the home rule powers under the
city charter.

COUNCIL MEMBER JAMES: We thank
this panel, next panel. Thank you. Next panel is
Robert Bookman, Michelle Bankcheck. I apologize
if I mispronounced your name. Andrew Ricci.
Jeremy Maran. Mary Anne Rothman. Andrew Kimball
representing the Brooklyn Navy Yard Development.

The next battle is James Parent
from the Fiscal Policy Institute. The team and
Bettina Damiani, Stephanie Lucci, Jeanette Wicks,
and Adam Freeman please come into the main room
have a seat appropriately. Have a seat in this

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

panel shall begin. Ladies first Ma'am, please begin. Thank you. 2 minute clock. Thank you.

MARY ANN ROTHMAN: Off is on. Yes.

My name is Mary Ann Rothman. I am the Executive Director of the Council of New York Cooperatives and Condominiums. I have taken the liberty of bringing with me Frank Analante of the New York Association for Affordable Housing. I hope you'll listen to him on this panel because I think his testimony is very much related.

I have absolutely no doubt that Intro 251-A is well intentioned, but I believe that it will have significant unintended consequences, and co-ops and condos throughout New York City which are my members are, I believe, part of these unintended consequences.

Since 1997, homeowners in New York City co-ops and condos benefit from a property tax abatement program which was designed to remedy a small portion of the disparity between the very high property taxes that we pay and the considerably low property taxes paid by homeowners in one, two, and three family homes. This will make us subjects, many of my member

1
2 buildings, subject to the terms of Intro 251-A and
3 any of effected building would have to insure that
4 any employer operating on its premises for 30 days
5 or more pay a living wage to its employees.
6 Failure to do so could result in fines and
7 penalties.

8 In a co-op or condo this
9 responsibility appears to extend not only to the
10 tenants of any commercial space of the building,
11 but also to contractors who work either for the
12 building or inside individual shareholder or unit
13 owner of partners. Doesn't also extend to
14 housekeepers, Home Healthcare attendance, and
15 other employees of building residents? Just think
16 of the amount of work involved in communicating to
17 all residents that the co-op or condo has now has
18 to verify the wages that they pay to anyone who
19 works for them in the building, and needs to be
20 alerted when employees change.

21 COUNCIL MEMBER JAMES: Please
22 summarize your testimony.

23 MARY ANN ROTHMAN: I'd have just
24 one tiny thing to go which is also the possibility
25 of the specter of fine is or that of the loss of

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

subsidy over the period of 30 years would also make it very, very difficult, even more difficult than it is today to obtain mortgages.

COUNCIL MEMBER JAMES: Thank you.

Mr. Bookman.

ROBERT BOOKMAN: Robert Bookman, counsel to the New York Nightlife Association. An organization that represents the city's bars, lounges, and clubs.

COUNCIL MEMBER JAMES: Mr. Bookman, you have 2 minutes if you can summarize your testimony that would be appreciated. Thank you.

ROBERT BOOKMAN: Okay. Yeah. You have my written testimony let me just respond, make some comments on notes that I took during the all of this. In no particular order.

The problem that most of us here today have with this bill is that we don't receive a single penny in city, state, or federal tax subsidies period, yet the burden of this bill falls on us. Falls on the retailers; falls on the people who rent office space in these buildings. Why should we have to increase our labor costs simply because we went in the building where a

1
2 developer receives that money? The court of
3 appeals has not ruled on that issue. The court of
4 appeals has ruled on direct subsidy payments.
5 This goes into a whole different direction. Way
6 broader than Los Angeles which it does not cover
7 what could potentially be tens of thousands of
8 different businesses in the City of New York.

9 Our members, I have polled our
10 members, not a single one has said that they will
11 sign a lease in the building where this is the
12 labor requirement period, end of discussion. You
13 can argue for the next two years on your studies
14 and their studies and the Drum Major Institute
15 studies. Here is facts from people who actually
16 paid taxes and bring jobs to the City of New York
17 who are not on any public payroll who actually
18 create jobs. They are not going to sign a lease
19 and why should they. They can go right across the
20 street and have the same business from such a
21 development and not have to pay those wages. Do
22 you really think, and I don't represent
23 McDonald's, but do you really think that
24 McDonald's is going to open up in a building that
25 is subject to and pay these wages when Burger King

1
2 is directly across the street and is not. This is
3 not a level playing field. That is why this bill
4 is flawed. It is not the raising of the minimum
5 wage across the board everywhere this is an
6 unlevel playing field and is simply will not fly.
7 You want to take what mind-bogglingly you consider
8 this excessive Kingsbridge and extend that
9 throughout the City of New York. I don't think
10 we're living in the same universe if you think
11 Kingsbridge is a success. Thank you.

12 COUNCIL MEMBER JAMES: Andrew
13 Kimball.

14 ANDREW KIMBALL: My name is Andrew
15 Kimball. I'm the President and CEO of the
16 Brooklyn Navy Yard Development Corporation, a
17 nonprofit local development corporation that
18 manages the 300 acres Brooklyn Navy Yard
19 Industrial Park under long-term contracts in the
20 City of New York. Thank you for inviting me to
21 testify today. Today I not only represent in
22 BNYDC but many of my tenants have spoken to who
23 are strongly in opposition to this legislation. I
24 am here to testify on their behalf and answer any
25 questions that you may have.

1
2 Thanks in large measure the support
3 of the Bloomberg administration and the City
4 Council under the leadership of Speaker Quinn,
5 with terrific the local representation from
6 Council Members James and Levin, the Brooklyn Navy
7 Yard has become a national model for sustainable
8 and urban industrial read the finalization. In
9 fact a recent joint report by the Pratt Center and
10 the Brookings Institution highlight the Navy
11 Yard's success as a model that should be
12 replicated in other urban centers.

13 In recent years public investments,
14 very very significant in public investments, in
15 basic infrastructure of New York have leveraged
16 nearly half a billion dollars in private
17 industrial investment. Job growth has increased
18 throughout the recession with 2200 more jobs and
19 2001. Our occupancy rate has been close to 98
20 percent for 10 years. Yard's current expansion,
21 its largest since World War II, will add nearly
22 two million square feet of space in 2000 jobs.
23 What BNYDC has done is partnership of the city is
24 create the right conditions for private sector
25 industrial vestment and job growth, modern

1
2 infrastructure, zoning certainty, and the hassle
3 free environment gives our tenants the opportunity
4 to grow and create thousands of jobs.

5 Unfortunately Intro 251-A were
6 signed into law would have a devastatingly
7 negative impact on our tenants in the Navy Yard's
8 grow. Hundreds if not thousands of good paying
9 jobs in the Yard that begin somewhere between
10 minimum wage and \$10.00 an hour with benefits
11 would be lost. To survive the competition from
12 employers not subject to this law and largest
13 manufacturers and warehouse distribution tenants
14 those with over 100 employees, would eliminate
15 jobs through aggressive automation or give up and
16 relocate to more business friendly locations in
17 New Jersey, Long Island, to down South or the
18 Midwest, or simply close their doors and go out of
19 business.

20 All of our tenants, even those with
21 under one million dollars in annual revenue that
22 would be drowned under the requirements of the 30
23 year compliance and forced into an untenable role
24 of tracing independent vendors and monitoring
25 their wage scales. Again, driving many of them

1
2 out of the Yard or out of business. Study after
3 study has shown that manufacturing jobs pay 25 to
4 30 percent more than service sector jobs and more
5 likely to have benefits and result in
6 significantly in creased wages over time.

7 In short manufacturing plays a key
8 role in diversifying the city's economy and
9 creating stable communities. Many of the
10 individuals that this bill is designed to help
11 would be most hurt for instance our employment
12 center has placed 1000 people in jobs over the
13 last six years 10 percent of them formerly
14 incarcerated. It could not have been the
15 intention of the supporters of Intro 251-A to
16 damage manufacturing businesses. I think we all
17 agree that this fragile sector that relies heavily
18 on various forms of subsidies is critical to the
19 city's future. Thank you very much

20 CHAIRPERSON MEALY: Thank you.

21 PAUL SERES: Hi, my name is Paul
22 Seres. Mitch Banchik and Andrew Rigie had to
23 leave early so I'm taking their place. I think
24 they're on the next panel. I am President of the
25 New York Nightlife Association. I'm also on the

1
2 Board of Directors for the New York State
3 Restaurant Association, and I'm also a board
4 member of Manhattan Community Board 4 that covers
5 Chelsea and Clinton and Hell's Kitchen District.

6 I had a testimony. You have it,
7 but I'm going off the paper here because I think
8 there's a bigger picture that's being missed here
9 and that's the small business owner. There's a
10 lot of conversation about back and forth he said
11 she said about the administration and the City
12 Council with regards to the validity of the
13 reports and that sort of thing.

14 But, you know, we as a small
15 business owners are the ones who are actually
16 creating jobs especially in hospitality. In 2010,
17 hospitality was the only growth industry in New
18 York City actually had. Manufacturing is leaving,
19 financial institutions are having their
20 headquarters going across the river, on a regular
21 basis industries are leaving the city because it's
22 becoming harder and harder, yet hospitality stays
23 and actually brings more revenue to the city than
24 anything else. It brings more revenue than
25 Broadway I t brings more revenue than the baseball

1
2 teams and the football teams in the basketball
3 teams. We are helping to sustain this city's
4 economy by bringing in the valuable tourist
5 dollars, but when you throw these types of bills
6 and laws on top of us which is really as small
7 business owner we are the middle class. I mean if
8 you think that the \$1,000,000 gross annual revenue
9 a year constitutes the difference between a small
10 business owner in a big that is over I would
11 invite you to come and look at any restaurant, any
12 bar, any hotel, any small hotel and see exactly
13 what they actually take in and what their margins
14 are, because it's not that great.

15 If this bill becomes law, more and
16 more of our operators are going to be leaving the
17 city in going to places where there actually
18 welcome when they invite them in when they can
19 actually sit down and have opened conversations
20 about living wages because if that's what this is
21 about then you need to invite the small business
22 community to the table and not just go back and
23 forth between the administration and the City
24 Council. Thank you.

25 CHAIRPERSON MEALY: Frank Analante.

1
2 FRANK ANALANTE: My name is Frank
3 Analante. Thank you for hearing my testimony.
4 The New York State Association for Affordable
5 Housing supports the concept of an living wage and
6 affordable housing and a survey of our members
7 shows that we already pay our employees are living
8 wage or better, so while we're sympathetic to the
9 legislation, we feel that many requirements of
10 Intro 251-A would severely limit NYSAAH ability to
11 build and maintain affordable housing in a cost
12 effective manner. And we urge you to reject this
13 bill.

14 In addition to what is said that it
15 places a massive compliance responsibility on
16 people that have no relationship to the business
17 in all. It puts a massive compliance
18 responsibility on us as owner, developers,
19 operators. I'm going to go off paper here to
20 because we've been supplied with the stuff.

21 But, the exemption for affordable
22 housing for a three significant reasons does not
23 really do the job. It is too narrowly defined.
24 It not only applies to projects it applies to --,
25 affordable housing projects are also the

1
2 employers. It only exempts the owner developer
3 from it and not everyone else from it. And also,
4 the retail stores, the increase in weight
5 requirements and the space would make them less
6 attractive to the merchants and businesses that
7 have already been said.

8 I just developed 198 unit complex
9 in Harlem. I really go to Harlem, the Upper
10 Manhattan, and the Bronx. We started pre-
11 development marketing of 20,000 square feet it
12 took us over three years to rent that without
13 strings. Over three years to rent that, if we had
14 strings were required what is essentially mom and
15 pop businesses to provide us with paperwork. It
16 won't happen. I have in my lease is that once a
17 year my businesses that I rent to have to supply
18 me with an insured certificates. I can even get
19 that without a fight. If I'm going to require
20 wage sheets from these people and ongoing basis
21 for 30 years, it will be impossible.

22 Now, I operate over 300 buildings
23 and I've been in the business 30 years, so
24 honestly this is well intentioned legislation that
25 really means a close look at. Thank you.

1
2 CHAIRPERSON MEALY: We have people
3 who have questions. Council Member Lander, and I
4 have some. Go ahead.

5 COUNCIL MEMBER LANDER: Thank you.
6 Ms. Rothman the language was tightened to clarify
7 that J 51 is not covered that co-ops and condos
8 and residential projects of the type that you
9 members own are clearly exempt and that we're
10 recovering are the large scale EDC subsidize
11 retail and real estate development projects would
12 then adjust your concerns? The ones that you
13 outlining your testimony.

14 MARY ANN ROTHMAN: Is almost not
15 available to us.

16 COUNCIL MEMBER LANDER: The tax
17 abatements that are available to the co-ops and
18 condos. If it was narrowed to clearly exclude the
19 residential projects of the type that your
20 mention.

21 MARY ANN ROTHMAN: To more follow
22 the Los Angeles model that we've seen?

23 COUNCIL MEMBER LANDER: Yes.
24 You're member could be exempted.

25 MARY ANN ROTHMAN: It certainly

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

would sound better.

COUNCIL MEMBER LANDER: From this policy right?

MARY ANN ROTHMAN: We certainly I think we should be but the policy also has to be reasonable for the whole city.

COUNCIL MEMBER LANDER: Thank you. Mr. Kimball I think the world of what goes on the Brooklyn Navy Yard. I wish there was far more of EDC and the economic development subsidies that went to what you're doing and manufacturing all around the city and the 6 percent that has been put into the city's 10 year capital plan.

If we exempted manufacturing and industrial businesses getting subsidies of the kind that is yours in the Navy Yard. I'm not asking would you support the policies, but could you imagine that we could revise it in a way that would not necessarily affect the Navy Yard and its tenants and manufactures?

ANDREW KIMBALL: I am sure our tenants would feel differently if they were exempt.

COUNCIL MEMBER LANDER: Mr.

1
2 Bookman. Did you hear the testimony of Mr.
3 Spivack back that in Los Angeles they've done this
4 in many projects and they seem to include plenty
5 of nightlife and bars and hotels? Could that be
6 possible if your colleagues in Los Angeles were
7 not signing leases pursuant to this policy?

8 ROBERT BOOKMAN: Have you spoken to
9 any of those individuals in Los Angeles, because I
10 have and these are not locations that are like
11 Manhattan or in your district in Brooklyn. There
12 are in big commercial areas where you have a
13 choice of where the rent. There are a new project
14 in a new area and you're either in there or you're
15 not there and all. There's no competition and
16 all.

17 COUNCIL MEMBER LANDER: Sounds like
18 Willis Point or the Atlantic yards it sounds like
19 Yankee stadium.

20 ROBERT BOOKMAN: It doesn't sound
21 like thousands of buildings that New York City
22 that would be covered if this bill was say let's
23 say we're past 10 years ago.

24 COUNCIL MEMBER LANDER: Okay. It
25 sounds like you said there exactly the kind of

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

location that we're trying to cover and we may decide not to cover it.

ROBERT BOOKMAN: I said exactly the opposite.

COUNCIL MEMBER LANDER: I know I think this question of small businesses is really a canard. This bill doesn't cover small businesses. And would cover some tenants of large scale subsidize the economic development projects and folks that decide to sign leases at Willis Point or a Gateway or in Yankee Stadium would indeed be covered but it's really hard to see how that would good do harm to small businesses.

ROBERT BOOKMAN: I don't know how you define small business. I know bodegas that gross more than \$1,000,000 year and their net is less than 50,000, so this bill does cover bodegas.

COUNCIL MEMBER LANDER: Only if they're in large scale, retail, EDC subsidized. As for the example you gave it your testimony-

ROBERT BOOKMAN: [interposing] They won't be. That's the point. They won't open in those.

COUNCIL MEMBER LANDER: Excuse me

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

sir.

ROBERT BOOKMAN: They won't open

COUNCIL MEMBER LANDER: If EDC subsidize are never used to subsidize a another McDonald's. It would not be a bad day for the City of New York. Thank you very much.

CHAIRPERSON MEALY: Council Member Koppell.

COUNCIL MEMBER KOPPELL: To Mary Ann Rothman, the subsidy that you spoke of is a tax benefit that goes to the co-operators in those co-ops is it not? It's ultimately passed on to the co-operators?

MARY ANN ROTHMAN: It goes to the co-ops corporation and the law requires that the co-op corporation distribute to the shareholders, but I think per the terms of Intro 251-A as it stands now it would make many, many, many co-ops subject to the legislation.

COUNCIL MEMBER KOPPELL: Well I think that the intention here on subsidies to businesses and developers not to individual co-ops owners, so if there's a flaw in drafting, we appreciate your pointing out, but certainly as a

1
2 sponsor it would be my intention to cover a tax
3 subsidy that goes to the individual co-operators.
4 That's not what's intended here.

5 MARY ANN ROTHMAN: I am glad to
6 hear that, but my other examples. I would love an
7 opportunity to address all of the examples with
8 you. I don't think that cooperatives and
9 condominiums we're your intended target here.

10 COUNCIL MEMBER KOPPELL: Thank is
11 corrects they're not are intended target. Exactly
12 so, and that's what I tried to point out by my
13 questions and I think that also it is clear that
14 we've added an exemption for nonprofit entities,
15 so I think that may even apply to some of the
16 examples in the Brooklyn Navy Yard. Is the
17 Brooklyn Navy Yard run by a profit making
18 enterprise?

19 ANDREW KIMBALL: The Brooklyn Navy
20 Yard is a private not for profit but many of our
21 tenants, obviously, are for profit and the impacts
22 our tenants because the benefit from the
23 significant government subsidies in the basic
24 infrastructure. Basically we're rebuilding of 75
25 years of deferred maintenance since the Navy left.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

[crosstalk]

COUNCIL MEMBER KOPPELL: Well, I'm not sure I have to look how the exemption is written, but I think it talks about who is the recipient of the exemption I don't know that that businesses are the recipient of the exemptions, but we'll look at that.

CHAIRPERSON MEALY: Thank you. I have to say something you just said the nightlife. With the smoking ban everyone said that this guy was going to be falling that everyone is going to leave New York City because you cannot smoke in a bar, and now bars you just said there are booming.

So, how can you justify saying that the people would not open up bars and leave New York City. No matter where they go, there's no place like New York City.

PAUL SERES: That is fine. That is not exactly what I said and let me address a the smoking ban. We did not testify that bars are actually going to leave or close down will be actually said was that the quality of life for the communities that for the residence that live above Lars are restaurant's live next door to bars and

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

restaurants was going to suffer. And I am on a on
a community board I see that all the time

CHAIRPERSON MEALY: I don't
understand that.

PAUL SERES: Because people go
outside and smoke and they're talking very loud.
So now you affecting the quality of life and the
community and they throw cigarette butts-

CHAIRPERSON MEALY: [interposing]
But you're still surviving in New York City.

PAUL SERES: Rob stop.

CHAIRPERSON MEALY: Who is
testifying here?

ROBERT BOOKMAN: I testified that
case and we never ever claimed that the smoking
ban would put bars and clubs out of business. We
never said that. What we said was that-

CHAIRPERSON MEALY: [interposing]
But we have heard testimony after testimony-

ROBERT BOOKMAN: [interposing] Well
not from us.

CHAIRPERSON MEALY: Not from you I
am not saying that. But that was their whole
thing-

1
2 ROBERT BOOKMAN: [interposing] No,
3 the whole thing was that the smokers on the
4 streets.

5 CHAIRPERSON MEALY: Thank you.
6 That was my time. Council Member Halloran.

7 COUNCIL MEMBER HALLORAN: Oh, okay.
8 How would this impact seasonal and part time
9 workers in those industries in particularly.

10 ROBERT BOOKMAN: Well thank you.
11 I'm glad somebody thought of that. While this
12 bill is supposedly intended to as Councilman
13 Koppell said the breadwinners in applies to
14 everyone so it applies to my high school kid who
15 gets a job at a gas station or at one of the
16 hated, I guess, McDonald's. If that isn't one of
17 these projects then they need to pay of 11.50 an
18 hour. Well they're not going to hire seasonal
19 workers or summer jobs where I have kids working
20 who just been a little pocket money if they got to
21 pay them 11.50 an hour, so I can't find tenants to
22 sign leases in those places you've basically just
23 killed in youth employment.

24 COUNCIL MEMBER HALLORAN: And you
25 also have consequences, I would presume with each

1
2 of these exemptions coming in because the more
3 people we exempt the more subject to legal
4 scrutiny were going to find ourselves if we keep
5 co-opting out different groups to gain exemptions.
6 At least that's my understanding as a practicing
7 attorney of how an indiscriminate application of
8 law claim is claimed to the Supreme Court, so if
9 we start climbing out every group fed has raised
10 voices to an issue. We find ourselves very
11 quickly in an unconstitutional setting for any
12 legislation. Would you agree with me there?

13 ROBERT BOOKMAN: That is absolutely
14 correct. Another example of that is of unintended
15 consequences if you cut it out is you created all
16 these programs for greening. Greening of
17 buildings retro greening new buildings, great
18 idea. If you do that under this bill you going to
19 fall under this bill, so not only you but every
20 tenant in that building now, every office worker
21 would have to be under that bill so who in their
22 right mind is going to green their building.

23 COUNCIL MEMBER HALLORAN: Because
24 the city gives you a subsidy. It gives you a tax
25 incentive there, so any building that does this

1

2 will now be subject to the law as is drafted this
3 way.

4

ROBERT BOOKMAN: So they're not
5 going to do it so and did not Oliver compels going
6 to say well let's cut them out if you cut them out
7 you increase your legal problems.

8

CHAIRPERSON MEALY: Thank you
9 Council Member James.

10

COUNCIL MEMBER JAMES: The last
11 comment that my colleague Council Member Halloran
12 said. His last sentence was as it currently
13 drafted. You all recognize particularly the panel
14 and all of the guests in this room that this is a
15 work in progress and we're still negotiating.
16 This is not intended towards affordable housing
17 developers, co-ops and condos, small business, and
18 last but not least industrial parks. This was
19 intended for people like Related, Varsity Ratner's
20 [phonetic], Vorando's, and none of those
21 corporations are represented on this panel. So we
22 thank you for attending but unfortunately it does
23 not apply to any of you and it and will not apply
24 to any of you. Next panel.

25

ROBERT BOOKMAN: We like to see

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

that bill.

CHAIRPERSON MEALY: Only people we have called to testify on this panel could you please come up. James Parrott, Benita --, Bettina, that is you?

BETTINA DAMIANI: Yeah.

CHAIRPERSON MEALY: Jeanette Lipskin [phonetic], and Adam Friedman and Rev. Stephen Phelps. You can start. And I thank you for your patience. It's a virtue.

JAMES PARROTT: And thank you for your endurance. James Parrott Fiscal Policy Institute. I have a couple of handouts that we've done in connection with living wage. On the first one which is 10 reasons why living wage make sense for New York City let me just speak to a couple of those and let me spend a couple of minutes or 30 seconds talking about the study.

If you look at the graph on the front of are 10 reasons you see two lines crossing. Wages have been going down in the last 20 years for low wage workers in New York City are actually making 8 percent less than they were 20 years ago. Meanwhile this is something the

1
2 administration said from low wage workers to do
3 better they should be increasing their education
4 will the other minor graph shows that their
5 education attainment level has been rising pretty
6 sharply. Those two lines should be going
7 together. One is going up education and the wages
8 have been going down. So the second point is that
9 we've had a growing percent of the poor in New
10 York City who are working. They're trying to do
11 was write their lot fewer people on the welfare
12 rolls today people joining the labor force and yet
13 the percent that's working but remains poor or has
14 grown from 20 percent to 40 percent over that
15 time. Finally just a final point from the 10
16 reasons the business tax expenditures that the
17 city has made over the last 10 years have grown by
18 180 percent that is almost a triple and are now
19 almost about three billion dollars the year.
20 Increasing than 1/2 times as fast as the tax base
21 in New York City and over that time what's
22 happened to the wages for the typical low wage
23 worker they've increased by about 1 percent over
24 that time. So clearly EDC should be undertaking a
25 wholesale rethinking of their tax expenditure an

1

2 economic development policy to see how they can
3 give benefits that helped push wages up rather
4 than keep them down the way they are. We think a
5 living wage is a good way to do that.

6

7 In terms of the EDC study that
8 we've seen so far it appears to be deeply flawed.
9 Let me concentrate on the real estate market parts
10 of the some of the other people that are
11 testifying will address the labor market part.

12

13 You know it's very possibly why EDC
14 chose to use the ICAP program as a way to model
15 the decision-making in real estate industry, what
16 is clear that the legislation does not cover the
17 ICAP program and the ICAP program functions a lot
18 differently then the projects that are really the
19 target of this which are the big real estate
20 development projects when the subsidies are many
21 times greater than what they are on the ICAP
22 projects. Thank you

23

24 CHAIRPERSON MEALY: Thank you. And
25 we have your testimony.

26

27 JAMES PARROTT: Yes.

28

29 CHAIRPERSON MEALY: Next.

30

31 COUNCIL MEMBER KOPPELL: Madame

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Chair. I don't have his testimony.

JAMES PARROTT: I gave it to the
sergeant at arms.

MALE VOICE: [off mic] One the way
out.

CHAIRPERSON MEALY: Next.

COUNCIL MEMBER KOPPELL: Could we
get the testimony?

CHAIRPERSON MEALY: We're going to
make sure.

DR. CHADWICK-SLIM: My name is Dr.
Chadwick-Slim [phonetic].

CHAIRPERSON MEALY: I'm sorry.

DR. CHADWICK-SLIM: That's okay.
My name is Dr. Chadwick-Slim and I'm the Assistant
Research Professor at the political economy
research institute, called PERI, at the University
of Massachusetts.

For more than 10 years my
colleagues and I at PERI has studied the living
wage in minimum wages and the United States and
produced many reports and papers on the subject
and in 2008 we publish the book title "A Measure
of Fairness the Economics of Living Wages and

1
2 Minimum Wages in United States" with the Cornell
3 University Press that compiles all of PERI's work.

4 In this book my colleagues and I
5 document extensive work studying economic impact
6 of various minimum wage laws across the country
7 including in Santa Monica, Santa Fe, areas down in
8 New Orleans, forced and, Hartford, New Haven our
9 work has received praise from eminent labor
10 economist Richard Freeman [phonetic] at Harvard
11 who specializes, again and labor economics.

12 I want to first say that having the
13 city hearing only two days after the release of
14 the city commission EDC report does make it very
15 difficult to do a detailed and serious review of
16 the findings specially because it's only a
17 summary. However, that said I'm able to provide
18 some comments about the research methodology that
19 David Neumark, Dr. David Neumark is coauthors used
20 in the labor markets analysis section of the
21 summary.

22 COUNCIL MEMBER KOPPELL: Excuse me
23 madam chair if I can interrupt for a moment. You
24 have a written statement?

25 DR. CHADWICK-SLIM: yes I do.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

There's one copy and I handed it to-

COUNCIL MEMBER KOPPELL: Only one copy?

DR. CHADWICK-SLIM: I didn't know I needed to make multiple copies.

COUNCIL MEMBER KOPPELL: Can we get copies Madame Chair?

CHAIRPERSON MEALY: Now?

COUNCIL MEMBER KOPPELL: Could we have copies

CHAIRPERSON MEALY: Could you just summarize without the testimony?

COUNCIL MEMBER KOPPELL: I don't mind her speaking I just want to make sure I get a copy.

CHAIRPERSON MEALY: We haven't all, yes.

DR. CHADWICK-SLIM: My testimony is rather brief so.

CHAIRPERSON MEALY: Sergeant of arms. Go ahead.

DR. CHADWICK-SLIM: Okay, so, in any case when I was saying was it looks like in the labor market now section of the summary

1
2 released in looks like they're using the same
3 methodology that they use in 2003 paper coauthored
4 by Dr. Neumark and Dr. Scott Adams and my
5 colleagues and I critically reviewed and are 2008
6 book. So I just want to provide the most relevant
7 finding from this review for today's hearing.

8 We found that the methodology for
9 detecting wage and employment effect from business
10 assistance from living wage laws is seriously
11 flawed and does not stand up to critical review.
12 This calls into question the main findings of the
13 labor market analysis in the EDC reports summary
14 in particular of its main finding a basically no
15 benefits to low wage workers because they depend
16 crucially on Neumark's estimate of an employment
17 loss associated with living wage laws.

18 Unlike other studies they do not
19 attempt to gather information on the actual firms
20 that workers covered by which bowl laws in various
21 cities included in this study. This leaves them
22 to make a wholly inaccurate assumption that nearly
23 all low wage workers typically 80 percent or more
24 in the U.S. cities with businesses with low wage
25 laws in the study are potentially covered by these

1
2 wage laws but in fact by direct evidence major
3 cities with business assistance causes indicates
4 that these laws cover less than 1 percent of low
5 wage workers. 1 percent of low wage work it's not
6 the full workforce. 1 percent of low wage
7 workers. And the direct evidence and speaking of
8 includes phone interviews with city officials
9 looking at city records, and the City Council
10 looking at studies that look that the living wage
11 ordinances after they were implemented.

12 So what this basically means that
13 Neumark and Adams methodology essentially tries to
14 observe the impact on employment and wages of
15 these living wage ordinances by looking at what
16 happened to workers who are almost always entirely
17 not covered by the living wage ordinances. As a
18 result, the report has their approach has a much
19 better chance of detecting general trends in the
20 labor market rather than anything that can be
21 attributed to living wage laws.

22 Now we re-estimated economic model.
23 We did a critical modification of their study of
24 their model and then we used a more accurate
25 definition of who would be covered by these

1
2 losses. Once we do that we no longer find any
3 negative employment defect from these living wage
4 laws.

5 So just to sum up, in conclusions
6 of labor market analysis of the EDC reports
7 summary are based on research methodology that
8 simply does not stand up to critical review and
9 therefore should not be used to inform policy
10 decisions.

11 CHAIRPERSON MEALY: Thank you.
12 Thank you. Yes ma'am.

13 STEPHANIE LUCE: I'm an Associate
14 Professor at the Murphy Institute in here New York
15 at CUNY. I've been researching the last 15 years
16 I've written three books and authored dozens of
17 articles for cities around the U.S. and also
18 internationally.

19 I focus specifically on enforcement
20 of living wages and one of the critiques that we
21 found with David Neumark work is that as Jeanette
22 said he's studying laws that aren't necessarily
23 enforced from doesn't quite truly capture the way
24 in which they are enforced. We've raised these
25 critiques with him and in 2005 he reran some of

1
2 his studies using my enforcement index and on that
3 basis he also concluded he could find
4 statistically significant results. So, when he
5 actually took an account which laws were actually
6 in place of 2005 he said that his model did not
7 actually find anything significant.

8 The second challenge is that he,
9 the study in general fails to account for all the
10 social costs as people have said. If we bring in
11 low wage employers who they themselves coach their
12 employees to rely on Medicaid and other social
13 programs or just shifting the cost on to the
14 cities and states and that's not captured in this
15 model.

16 What we found is we need directed
17 surveys of employers, cities, and workers that
18 have been recovered by the wage and comparing to
19 those who haven't. We find over and over again
20 positive impacts an eye suggests that the study
21 would've been much better if they actually
22 interviewed workers interviews that have been
23 covered by living wage is right here in New York
24 City. In fact, this whole living wage movement
25 that is going on right now began in Baltimore when

1
2 people realize that the city's economic
3 development strategy that hadn't been in place for
4 10 years left people still in poverty. People
5 were still relying on food pantries when they had
6 city subsidized jobs. The city of Baltimore say,
7 "should we spend money, our public money to create
8 poverty jobs, or do we actually have a better
9 strategy." The EDC says that employers have a
10 choice about where they locate. Our research
11 shows that over and over again cities themselves
12 have a choice about who they attract to their
13 cities.

14 And unfortunately, the EDC study
15 suggests a serious flaw in their strategy of
16 throwing lots of money with no standards and
17 having no results. I've been working on living
18 wage studies for over 15 years. No city's ever
19 paid even a 10th of this amount of money and this
20 study shows really poor judgment on the part of
21 the EDC.

22 CHAIRPERSON MEALY: Thank you.

23 COUNCIL MEMBER KOPELL: I wonder
24 again the witness provided us with a prepared
25 statement?

1
2 CHAIRPERSON MEALY: She does. Two
3 more on the panel. Please don't go far we do have
4 a question. Three more, yes.

5 JOAN BYRON: On, okay thanks. Hi I
6 am not Adam Friedman. I'm Joan Byron I'm Director
7 of Policy at the Pratt Center for Community
8 Development. I'm actually the co-author of the
9 paper by Pratt and the Brookings institution that
10 in true Campbell refer to. Adam, my boss, had to
11 leave for a prior commitment and many of you know
12 him he was the founder of the New York Industrial
13 Retention Network. And a lot of our interest in
14 support of living wage comes out of our deep
15 commitment to working with an growing the
16 manufacturing sector in New York City.

17 New York needs to get out of the
18 business of subsidizing real estate development
19 who's avowed benefit to the creation of low wage
20 jobs and has collateral damage includes local
21 retailers, our environment and our neighborhoods.
22 We pour hundreds of millions of public dollars the
23 vast bulk the vast majority of our discretionary
24 subsidy money into shopping malls, into big box
25 stores, sports arenas, parking garages. Those

1
2 projects are wrong for our economy because they
3 drain spending power out of neighborhoods and into
4 the pockets of multinational corporations. They
5 are wrong for environment and our neighborhoods.
6 They generate thousands of car trips. They
7 undermine local retailers streets, and they're
8 wrong for our workforce because they as you've
9 heard they create jobs that trap families in
10 poverty.

11 They also create and on for a
12 advantage for those lowball employers and the
13 enabled them to outbid high road companies like
14 Ice Stone in Brooklyn like Detalist Design and
15 Production [phonetic]. Those companies paying
16 their entry level workers 12 and \$18.00 an hour
17 respectively they are out to bid by low wage
18 retail workers who are subsidized by the
19 taxpayers.

20 Studies bear out what NYIRN, New
21 York Industrial Retention Network has learned and
22 working with hundreds of manufacturing firms,
23 manufactures a better. Few manufacturers would be
24 harmed by living wage law legislation because they
25 already pay more than the legislation would

1
2 require. We are happy to work with the Council to
3 craft the bill more precisely to make sure that
4 manufactures are not hurt and so that they are
5 better able to compete against the bad land uses
6 and bad employers that this bill should be
7 targeting. Thank you.

8 CHAIRPERSON MEALY: Thank you I
9 know my colleagues like to hear that. Yes.
10 Stephen Phelps okay.

11 BETTINA DAMIANI: Good afternoon on
12 the Bettina Damiani. I direct Good Jobs New York.
13 Thank you so much for inviting us today. We
14 applaud any effort by the Council to raise the
15 wages of hardworking New Yorkers and subsidize
16 companies. And we also applaud the discussion
17 around making sure that this does focus of large
18 corporations that have received very large
19 discretionary subsidy deals. Manga economic
20 development projects around Bank of America, Met
21 Life, Met and Yankee Stadiums, Brooklyn Navy Yard,
22 need to be held accountable. And some of the
23 discussion about how putting some kind of
24 standards on companies that receive tax breaks
25 would make them flee just really doesn't at a.

1
2 Mayor Bloomberg said it after he got elected and
3 2001 when he decided not to take the subsidies
4 offered for his corporate headquarters that in the
5 large company that is going to make a location
6 decision based on a tax break is a company that's
7 not going to be around for a long period for these
8 mega corporations and these very large wealthy
9 financial firms their profit margin is not their
10 taxes. There here because they can make money
11 they are here because we have the work force their
12 need and we're here because we have the
13 transportation facilities to get their products
14 and their people where they need to go. You can't
15 undermine and ignore those pieces of the puzzle
16 here it's sort of pretty frustrating to hear
17 officials in some of our business leaders talk
18 about how almost like it's such a desperate
19 problem to do business in New York City and we
20 need to lift off and rely on the pieces of the
21 puzzle that making this a great place to live and
22 work. And one of those is that we treat everybody
23 fairly and make sure they have the ability to pay
24 their rent.

25 Just very quickly three projects

1
2 that we spent a lot of time on. I will talk about
3 Yankee Stadium too much I'm sure everybody here we
4 don't have time about it we can talk about it all
5 day. But just this week that concession workers
6 at Yankee stadium are suing Legends which is a
7 concession company created by Yankees because
8 they're not getting their tips. We have to make
9 sure that their standards on large economic
10 development deals. The other one that I go over
11 briefly is Gateway Center. What else we haven't
12 talked about Albee Square in Downtown Brooklyn
13 there's a retail center before now it's a
14 subsidize retail center and the need to make sure
15 that those people have the ability to pay their
16 bills.

17 CHAIRPERSON MEALY: Thank you.
18 That's so true.

19 REV. PHELPS: Good afternoon I'm
20 Rev. Stephen Phelps the Senior Minister of the
21 Riverside Church in the City of New York. Most
22 testimony in support of the Fair Wages at the New
23 Yorker's states why the legislation will be good
24 and just for the poorest of New York City's
25 workers. My claim looks at this and the other

1

2 side. The living wage would be good for the rich
3 and for the powerful and indeed for the whole city
4 and for the whole nation.

5 In the current issue of the
6 Atlantic Magazine former chancellor of the
7 school's Joel Klein rights of this nation "we're
8 rapidly moving toward two Americas a wealthy elite
9 and an increasingly large underclass this division
10 tears at the very fabric of our society" unquote.
11 Well do you know that we could spend days here in
12 hearings proving Mr. Klein's claim using data
13 about the damage inflicted upon our society of the
14 least and the lost through the environment through
15 prisons, through infrastructure we might go on.

16 But history records that all great
17 nations ultimately fell because the people at the
18 bottom went to long ignored. You can read it from
19 the prophets of Israel. You can read it from the
20 books of Islam. You could read it from Jesus or
21 from Edward Gibbon [phonetic]. Tragically almost
22 never records than a nation chose leaders wise
23 enough to the end injustice in time.

24 To cause laws to support the
25 dignity of all people and not split the people but

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

make the people one. This is rare.

Economic justice for the poorest is in the highest self interest of the wealthy the wise see this for they know that their interests are not for themselves alone but for their children and for their children's children and all children. When this wealthy city stands up in wisdom with a law of the lamp to welcome the weak and the weary won the whole nation is watching this city you cannot choose a stronger means than this bill to amend the fabric of our torn society and renew the future for all the people of the new century. Thank you.

[applause]

CHAIRPERSON MEALY: We can't do. Amen. We have a question my colleagues Council Member Lou Fidler.

COUNCIL MEMBER FIDLER: Thank you and first of all I just want to say for anybody who wants to sue the Yankees. I am with them. [laughter] you know I get the intention of this bill, and it would be very, very hard to disagree with the intention of this bill I certainly don't I think the only member of the Council voted

1
2 against subsidizing the Hudson Yards Project it
3 struck me as counter intuitive that the most
4 available land in the entire world needed a
5 subsidy to be developed. I stood with my
6 colleagues in the Bronx and the Kingsbridge Armory
7 today. I don't think there are any jobs of the
8 Kingsbridge Armory if I'm correct nothing has
9 happened there.

10 So, the true test before
11 governments is to take a good objective and good
12 theory and make it applied correctly in reality to
13 the fact reality of the ground. I'm troubled by
14 the testimony of the last panel and I'd like
15 someone to address this one issue because I'd try
16 to look at it as if now I'm a businessman and I
17 will tell you we do put a burden on business in
18 the city. We do. It is difficult to do business
19 of small business to do business in the city.

20 I'll use McDonald's and Burger King
21 only because it's easy. We don't have huge
22 divides in the city and one of these EDC projects
23 is probably be dropped flat in the middle of a
24 neighborhood. Atlantic yards is being dropped
25 right in the middle of Fort Greene that's been the

1
2 push pull all the time. Why would McDonalds open
3 in any EDC project area? If Burger King is across
4 the street and Burger King has a lower cost bases?
5 How are we ever --. How does that make a level
6 playing field. Is McDonalds getting such a tax
7 break as a tenant in that project that they could
8 afford to pay a higher wage and come in and
9 compete across the street? That's the practical
10 question. And that's the part of this that
11 troubles me because the theory I don't think
12 there's any argument in this room on.

13 JAMES PARROTT: Let me try to
14 respond to this councilman let me say that in
15 terms of what you said I was completely with you
16 as you recall of that because it made absolutely
17 no sense of all that the city to be providing tax
18 breaks and subsidies on top of the infrastructure
19 investment that we're putting in place-

20 CHAIRPERSON MEALY: [Interposing]
21 Answer the question please because someone else
22 wants to.

23 JAMES PARROTT: One to the things
24 that the EDC study did look at among the various
25 things it did look at it did look at what the

1
2 effect was of higher wages on the productivity and
3 alternately of the overall cost of doing business.
4 It was just a one sided look. The assumption was
5 that if you raise the wages you going to raise the
6 costs overall. Not taking into account a lot of
7 economic research that shows when workers get a
8 raise they tend to stay on the job longer they
9 experience improves the quality of the customer
10 service they provide increases. Employee saves of
11 recruitment and training costs their productivity
12 overall and therefore the profitability of the
13 company overall increases as a result of that.

14 COUNCIL MEMBER FIDLER: So what
15 you're saying and you're asking me to buy into is
16 that, you know, the person who's flipping
17 hamburgers and McDonalds is going to do it faster
18 with a bigger smile on their faces because is
19 being paid more and that McDonalds need to look
20 into that. I just want to be sure that's what
21 you're saying because you know I'm not sure
22 McDonalds is going to look at it that way.

23 JAMES PARROTT: Well, it would be
24 good to look at it in the fast food industry in
25 particular you have turnover is a big issue and if

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

wages go up as a result of this legislation that would address that.

COUNCIL MEMBER FIDLER: They're going to train somebody new.

CHAIRPERSON MEALY: If you could be brief.

JAMES PARROTT: They save on their training cost.

BETTINA DAMIANI: It is interesting that you choose McDonalds because that is the subject of a famous study by Cater and Krueger [phonetic] economists who look exactly at the issue of increased minimum wages along the state line of New Jersey and Pennsylvania. They compare what do fast food restaurant to do when they, they have an increase in minimum wage, did they lose business, did they cut down. They found the opposite actually. So it's very interesting that this is what you chose it because study after study finds that even in fast food in a very low wage industry we don't find those negative outcomes.

CHAIRPERSON MEALY: Thank you

COUNCIL MEMBER FIDLER: I just want

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

to ask.

CHAIRPERSON MEALY: Council member
you cannot-

COUNCIL MEMBER FIDLER:
[interposing] I just one question or her to send
the me the study 'cause I would like to be
enlightened because it is counter intuitive to me.
And I would like to see it.

CHAIRPERSON MEALY: Yes, please
give it to him. Council Member Koppell.

COUNCIL MEMBER KOPPELL: I'd like
the witness who spoke about she's involved in
encouraging industrial enterprise you heard the
testimony of the Brooklyn Navy Yard and I assume
you have some familiarity of what's happening
there.

JOAN BYRON: We worked very closely
with the Brooklyn Navy Yard and we realize that
there different businesses with in the Navy Yard
have different reactions to this bill.

COUNCIL MEMBER KOPPELL: Well, do
you think that wall I did point out that the
Brooklyn Navy Yard itself wouldn't be affected
because the management there because its

1

2 nonprofit. It is probably true at least as
3 currently written if there was a private business
4 in the Brooklyn Navy Yard and the Brooklyn Navy
5 Yard got sufficient level of city subsidy they
6 would be covered, so what is your reaction to
7 that?

8 JOAN BYRON: That's how we read the
9 bill as well and we would very much like to
10 support a provision that would carve out
11 manufacturing for interest of sound public policy
12 for all the reasons we described. It's very
13 important for New York to sustain what is left of
14 its manufacturing base and especially to provide a
15 welcoming environment for all the new
16 manufacturers that are reemerging precisely
17 because that sector pays better than living wages
18 to people who may not even have a high school
19 diploma. So we think there's a strong rationale for
20 carving out manufacturing when you really like to
21 work with the Council that.

22 COUNCIL MEMBER KOPELL: Now wait a
23 minute now if they pay higher than living wage why
24 do they need to be carved out.

25 JOAN BYRON: Because we've been

1
2 talk to some manufacturers whose entry level
3 positions are less than living wage but unlike the
4 fast food industry, you can ensue and
5 manufacturing job making a minimum wage making
6 7.50 - \$8.00 an hour but in manufacturing you can
7 advance on the job. It depends on your skill it
8 depends on your work ethic it doesn't depend on
9 your credentials. And in the fast food industry
10 you've heard from folks who worked and they got a
11 tee shirt and 20¢ and manufacturing there's a
12 ladder up.

13 CHAIRPERSON MEALY: You have a
14 start.

15 COUNCIL MEMBER KOPELL: We'll take
16 a look of that.

17 JOAN BYRON: We'd be glad to send
18 you are Brookings study. Thank you.

19 CHAIRPERSON MEALY: Thank you so
20 much. Can we have the next panel. Do you have a
21 question? Okay. Thank you. Thank you. Joseph
22 Sabia, Pat Brohagan, Lawrence Nell, Mendelker,
23 Betner, and Lamont Blackstone. Thank you.

24 Panel should be coming in is Rev.
25 John Scott not this panel Rev. John Scott. Dr.

1
2 Ray Rivera. John Petro. Joe Berg. Joel Berg.
3 Fredy Kaplan. Caitlin Kelly should be coming in
4 here. You should be making your way into the
5 room. Anyone can start first. And thank you for
6 your patience. I heard a lot of reverends here he
7 no patience is a virtue.

8 Can you hit the red button, please.

9 LAWRENCE MENDELKER: Hello. Okay.

10 My name is Lawrence Mendelker and I represent
11 NYMRA New York Metropolitan Retail Association
12 it's an organization of national chain retailers
13 operating in the City of New York.

14 We object to that kind concept of
15 Intro 251-A. You in the Council everybody in
16 government face extraordinary lead difficult
17 choices. Programs considered sacrosanct face
18 substantial cuts or elimination. Dedicated
19 municipal employees face the loss of their jobs,
20 each day you're asked to define the role of
21 government by choosing what to fund and if so to
22 what extent. The city offers economic development
23 benefits to retain and create new private sector
24 jobs when a signal of project the aggregated at
25 least \$100,000 Intro 251-A refers to these

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

benefits as financial assistance.

In these economic perilous times should the city continue to provide financial assistance? The answer is a resounding yes. Financial assistance helps to revitalize the stabilize out borough neighborhoods, create new and retain existing jobs, maintain the city's tax base the city's unemployment rate significantly below the national average.

The city provides financial assistance because it's in the city's interest to do so not because it has a soft spot are wants to give charity to businesses and developers. If that's the case and why would the city want to undermine the effects of its financial assistance?

This bill would force businesses to balance the reduced cost of developing or expanding a facility or renovating it to make it more sustainable against the imposition of 30 years of increased labor costs, compliance guarantees, and reporting.

After hospitality and tourism retailing is the city's largest private sector employer. It is a hallmark of the retail industry

1
2 in general, big box retailing in particular that
3 even entry level jobs provided pathway for
4 promotion and greater financial report. Because
5 an economic development project often involves
6 economic leases and subleases and because
7 consulting arrangements can be used to avoid the
8 reach of labor laws, Intro 251-A includes in its
9 definition of coverage employers all landlords,
10 sub tenants, contractors, subcontractors and on
11 the site service providers.

12 CHAIRPERSON MEALY: Thank you.

13 LAWRENCE MENDELKER: may I just
14 finished one sentence. The result of this is
15 going to not that we're not going to do projects
16 is that when we do projects were going to offset
17 the increased costs by hiring fewer people. And
18 that's a fact that's not an economic study that is
19 a fact. Thank you.

20 CHAIRPERSON MEALY: Okay. Thank
21 you different perspective thank you. Anyone.

22 LAMONT BLACKSTONE: Lamont
23 Blackstone speaking on behalf of the International
24 Council of Shopping Centers. Madame Chair and
25 members of the City Council I have distributed my

1
2 formal comments so you have that for the record.
3 ICSC does that trade association that represents
4 that segment of the commercial real estate
5 industry that encompass is the retailers big and
6 small as well as the owners of commercial
7 properties within which those retailers operate,
8 as well as the Mayor's elected officials who are
9 looking to attract retailers to the respective
10 communities.

11 ICSC as an organization is in
12 opposition to this particular proposal and an
13 interest of time to just focus on one of the
14 several reasons why we see the drafting of it as
15 being flawed. Financial incentives are needed in
16 order for retail development or redevelopment
17 project to precede if that developer's project or
18 that retailer store is not financially feasible,
19 but for the decision of the public sector to
20 provide some quantifiable amount of economic
21 incentives it defeats the purpose of providing the
22 incentive to begin with if you compose the
23 incremental cost of what potentially maybe as 60
24 percent increase in the affected minimum wage
25 along with the record keeping expenses of

1
2 compliance along with the liability issues and
3 risk.

4 Financial incentives are provided I
5 should add an only should be provided because of
6 developer or retailer faces a funding gap in
7 attracting private sector capital to cover project
8 costs, or because the higher cost of operating a
9 project or store in New York City prevent that
10 developer or retailer from achieving adequate
11 returns for the risk involved. And I have a
12 perspective on that particular point both as being
13 a developer but also as someone who is represent
14 municipalities in crafting public private
15 partnerships with developers and basically making
16 sure that the developers were kept honest in terms
17 of what they're asking as far as public center
18 subsidies.

19 So just in rounding up real quickly
20 now Madame Chair I'd like to reiterate the example
21 of the Harlem Pathmark Project within which I was
22 involved as a member of the developing team. And
23 I can share with you that if the project was
24 attempted today with these particular wage
25 mandates as this legislation is drafted, I

1
2 seriously doubt that that project which is done so
3 much to bring healthy food alternatives to East
4 Harlem which is done so much to revitalize the
5 eastern wing, the eastern corridor of 125th street
6 I seriously doubt, Madame Chair and members of the
7 Council, that the project would get done today.

8 Thank you.

9 CHAIRPERSON MEALY: Thank you.

10 Thank you.

11 MS. PAT BRODHAGEN: Hi.

12 CHAIRPERSON MEALY: How are you.

13 PAT BRODHAGEN: Good. My name is
14 Pat Brodhagen, and I'm the Vice President of
15 Public Affairs for the Food Industry Alliance
16 which is the trade association of the grocery
17 industry, so we represent retail grocers including
18 those who do business here in New York City.

19 Thank you by the way for holding
20 this hearing-

21 CHAIRPERSON MEALY: [interposing]

22 It wasn't easy.

23 PAT BRODHAGEN: It has been quite a
24 day. I'd do one of just focus on two points as
25 well since we're all on the clock. The first is

1
2 one that has been made by just want to reiterate
3 it and that is the breathtakingly big scope of
4 this bill. Is the problem on every level for
5 retailers in terms of who's included what kinds of
6 employees are included the kind of record keeping
7 that is required really on every point it's
8 problematic.

9 Let me mention go in terms of food
10 retailers one of thing I find interesting that
11 this makes no provision for collective bargaining
12 agreements, so presumably the wage requirements in
13 the year would usurp many collective bargaining
14 agreements. It's not mentioned at least 60
15 percent or more of our industry is covered by
16 collective bargaining agreements, but the big
17 thing I want to mention to bring to your
18 attention. It has been mentioned in passing but
19 we care about a lot is our fear that this bill
20 will undermine the fresh program. That it would
21 really, sort of been the end of a program that is
22 barely off the ground. I'm sure you know because
23 the Council has supported it it's a recent policy
24 Food Retail expansion to support health it's a
25 couple years in the planning about a year and 1/2

1
2 in the implementation. I'm told we now have 10
3 projects in the pipeline. That's exciting that's
4 great news, but here's the thing this bill by
5 imposing these wage mandates will out cancel the
6 benefits of the fresh program and we think it will
7 be really the end of the fresh program, before-
8 It will die a boring basically. And this is just
9 a huge concern I would like to talk with you a lot
10 more about it.

11 CHAIRPERSON MEALY: Thank you
12 really would. Yes sir.

13 HAL FETNER: Good afternoon. They
14 have to do my name is Hal Fetner, and I'm the
15 third generation real estate developer here in New
16 York. Both my grandfather and father develop
17 properties in the Bronx in Manhattan. Over the
18 last couple of years my companies has billed 1700
19 rental apartments some in partnership with Durst
20 family. All of these units were developed under
21 the 80/20 program and as a result of also build
22 approximately 340 affordable rental units for
23 working the Yorkers who otherwise could not have
24 afforded to live in New York City.

25 The goals of your living wages bill

1
2 are laudable however the unintended consequences
3 of this legislation is that it will kill
4 affordable housing projects and the jobs that they
5 create. To build an 80/20 project you need
6 financing. It is no surprise that to May's
7 financing market is very tough banks are giving
8 fewer loans and demanding more equity. Pre
9 leasing retail space before applying for
10 construction loans is an effective way to entice
11 the banks to provide the necessary financing
12 needed to build the project. Retailers will not
13 lease in my building if they're going to be
14 required to pay their employees higher salaries.
15 They will rent in the lower location that is not
16 subjected to this living wage bill requirement.
17 80/20 builders like myself will have problems
18 financing of projects. The median impact will be
19 that construction jobs won't start, permanent jobs
20 will be lost, and affordable housing will get
21 built. It's a total lose lose for everyone.

22 Finally, as a real estate owner who
23 has never sold any of assets you are now putting
24 me in a position to having to build condominiums
25 rather than rental housing. I don't want to be a

1
2 condo developer I also don't want to build outside
3 of New York City. However, this bill forces me
4 out of the affordable housing business in New York
5 City.

6 I know everyone loves to hate the
7 developers. I also know that it takes some
8 substantial risks when might build these buildings
9 but I also know that everyone loves it when I
10 create hundreds of hundreds of good paying jobs
11 not just construction jobs but jobs for the
12 architects, the engineers years, the advertises,
13 mime leasing staff, and brokers. Don't force me
14 to create these jobs and take these jobs to New
15 Jersey, Connecticut, Florida. We all agree the
16 city needs jobs and affordable housing and this
17 legislation is going to kill both.

18 PROF. SABIA: Yes. Great. Things
19 my name is Joe Sabia. I'm a professor at
20 economics at the U.S. Military Academy.

21 I'll say again that today's living
22 wage proposal is based on the best of intentions I
23 believe a desire to lift working families out of
24 poverty and to stimulate economic growth, but we
25 must judge a quality of policy not based on its

1
2 intention but on its results. And the best
3 evidence we have suggests that most working
4 families won't benefit, many will lose and far
5 from being a shot in arm for the academy I believe
6 that the living wage main well will deliver a blow
7 to the gut, at a time we could least afford it.

8 My work with Cornell University
9 Professor Richard Burkehouse [phonetic] has showed
10 that legislator to wage increases over the last
11 two decades have failed to reduce poverty rates.
12 And what explains the surprising finding. First a
13 living wage can't lift a family out of poverty is
14 the job is destroyed as a result of its
15 implementation. And New York's vulnerable
16 populations have been particularly hard hit by
17 recent increases in wage mandates. I along with
18 Professor Burkehouse and University of Oregon
19 Professor Benjamin Hansen [phonetic] found that
20 New York State's 2005 to 2007 minimum wage
21 increase in reduced the employment of 16 to 29
22 year olds without a high school diploma by over 20
23 percent.

24 Second, a living wage will fail to
25 alleviate poverty because it is poorly targeted to

1
2 those in need. For Professor Burkehouse are and I
3 recently explored who would benefit from a
4 national living wage of \$9.50 an hour.

5 Using census data we found that
6 even under the rosy color assumption that no one
7 will lose his job as a result of a living wage
8 mandate only 11 percent of the benefits would
9 accrued with workers from poor households the vast
10 majority of benefits would be received by second
11 or third earners from households with incomes over
12 two or three times the poverty line.

13 Third my research has shown that
14 minimum wage increases between 1997 and in 2007
15 had no effect on overall gross domestic product
16 actually reduced GDP generated by lower skilled
17 industries including wholesale, trade, and
18 manufacturing. So when is all agree that New
19 Yorkers who work hard and play by the rules
20 shouldn't have to be poor but was also agreed that
21 good intentions can't justify bad policy, so
22 programs such as expanding the New York City
23 earned income tax credit would be far better
24 targeted to the working poor that we wish to help.
25 Thank you.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CHAIRPERSON MEALY: Thank you. My colleague has a question but before you do you just said that you would have to move to Jersey if you have to build affordable housing? How could - -. Go ahead

HAL FETNER: Yes, I would go and build a New Jersey and Connecticut and Florida which are promoting.

CHAIRPERSON MEALY: Don't you feel people should get a fair wage if they work hard?

HAL FETNER: No, that's not what I said.

CHAIRPERSON MEALY: We have to be very clear here this is New York City everyone wants to be in New York City and it was Rev. Stephen Phelps he said this administration is more just rich and war and if we don't start thinking about alone the poor and the stated the bible it's almost true when that's when people rebel.

We have to have the city some way or another that people whose doing those jobs that allowed people say they would not do. Pathmark how many Ph.D. do you feel that we work PathMark but that might still have to have people working

1
2 there so why not this is the city. The great big
3 city of the big apple we have to have wages,
4 livable wages that people shouldn't have to have
5 two or three jobs. They can live the American
6 dream just as well. And I really feel that if you
7 feel that you could go to Jersey and get the sub
8 cities baby relations but I know another developer
9 will come in and build and apply. And one thing
10 we have not seen, that I have not really heard
11 today that if this bill is put in place I
12 guarantee you people will still build and people
13 still make money.

14 HAL FETNER: You are 100 percent
15 right people will still build. They will not
16 build affordable housing they will build condos.

17 CHAIRPERSON MEALY: We've asked for
18 that million dollar study and they could not say
19 that. I just wanted you to know that-

20 HAL FETNER: [interposing] Madame
21 Chairman I am one of the larger rental builders in
22 Manhattan I have 1000 apartments right this moment
23 about to go we have not filed for our 80/20
24 because for watching this bill that is close to
25 200 apartments of affordable housing that will not

1

2 get built if this bill goes forward, so I think
3 this committee has got to make a decision on the
4 living wages versus affordable housing

5 CHAIRPERSON MEALY: That's is why
6 this is so important that we can hear everyone's
7 and my colleague has the floor now. No right now
8 we have Mr. Oliver he already spoke that was my
9 first time speaking thank you very much.

10 COUNCIL MEMBER KOPPELL: If there's
11 an exemption for affordable housing you may not
12 cover your particular project and it's certainly
13 something we can look, but I want to address my
14 question to Mr. Blackstone.

15 Mr. Blackstone, you heard the
16 testimony of the head of economic development for
17 whatever it's called redevelopment authority from
18 Los Angeles.

19 LAMONT BLACKSTONE: [off mic] Yes.

20 COUNCIL MEMBER KOPPELL: Have you
21 looked into how the Los Angeles project are going
22 ahead which include the shopping centers according
23 to his testimony and those of the kind of
24 businesses you represent.

25 LAWRENCE MENDELKER: Council Member

1
2 Koppell, I was recently advised of this
3 legislation so I can't say that since I've been
4 advised and looking at this legislation I have the
5 opportunity to look at Los Angeles; however, in a
6 prior incarnation I had been involved in
7 development activities in the City of Los Angeles
8 I was part of the finding management of a company
9 called the Retail Initiative which was launched as
10 a agents first investment fund and target inner
11 city and retail of development.

12 So to respond to your question no,
13 but I also was sitting there with interests
14 listening to some of the questions that people I
15 believe it was from Councilman Halloran who had
16 question Mr. Spivack in terms of whether or not he
17 himself had looked in detail at the specific
18 provisions of this living wage bill to compare
19 them. And I thought I heard an agreement on the
20 part of Mr. Spivack that the substantial
21 differences, and putting aside the concept of a
22 living wage I think it's important as the Council
23 goes forward that they have a clear understanding
24 of exactly what the differences are because just
25 taking, there could be 20 percent of that

1
2 particular bill you know, that is substantially
3 different but that 20 percent could be vitally
4 deadly in terms of its impacts for the City of New
5 York.

6 COUNCIL MEMBER KOPPELL: With all
7 due respect for that's not what your testimony
8 says. It is fair enough that we should come pare
9 the two laws but that is not what your testimony
10 says you test of movies sort of across the board
11 says that living wage requirements don't work for
12 super markets --, for shopping centers, it's fair
13 enough when you look of details but that's not
14 what your testimony says and what I would ask of
15 you I'm being very serious is that you look at Los
16 Angeles maybe even go to Los Angeles but certainly
17 look at Los Angeles and come back and tell me
18 whether you think Los Angeles works. We can copy
19 the Los Angeles law it might be the thing to do.
20 I would like you to tell me whether you think Los
21 Angeles is working in your industry because that's
22 a key industry that our bill is supposed to
23 address. So I'm very concerned about what you say
24 about the East Harlem shopping center in Seoul.

25 CHAIRPERSON MEALY: Thank you. And

1

2 could you briefly because I'm here to find out
3 more I apologize, quickly.

4

HAL FETNER: What I wanted to
5 reiterate we're not saying to you that if this
6 passes were not going to do projects because we're
7 big box retailers we go where the customers are,
8 right. So that's not what I'm saying to you know
9 more expansion what I am saying the unintended
10 consequences because in retailing the margins are
11 so thin the profit margins are so thin because
12 it's done on volume that if you increase the labor
13 costs that direct labor costs of the service
14 contractors, security guards, parking lot
15 attendants, all the rest-

16

CHAIRPERSON MEALY: They should get
17 a raise to.

18

HAL FETNER: And if you increase
19 that what the response of the industry is going to
20 be is to hire fewer people not to fire people but
21 let's say you would do a project and normally I'm
22 just using a hypothetical you're going to hire 100
23 people so maybe you hired 75 people that's going
24 to be what happens.

25

CHAIRPERSON MEALY: But at least

1

2 for going to have 75 people in this city now that
3 can live. I'll take it. Thank you. Any of the
4 questions, no other questions. Thank you so much
5 this panel. And Miss I'm a definite like to speak
6 to you because I just passed and we didn't have
7 collective bargaining in it and you're the first
8 one he stated that. I appreciate that.

9 Rev. Scott I asked one to be in the
10 room. Dr. Rivera. John Petro. Joel berg. Fredy
11 Kaplan. Caitlin Kelly. And thank you for your
12 patients who ever hits that might first you can
13 start. And I'm so glad we have this hearing this
14 is a good discussion. Quality. Thank you anyone
15 can start.

16 CAITLIN KELLY: Hit the big button?
17 Can you hear me?

18 CHAIRPERSON MEALY: Yes.

19 CAITLIN KELLY: Great. I'll just
20 wait until the students my name is Caitlin Kelly
21 I'm here to speak in support of the Fair Wages for
22 New Yorkers Act. I am a journalist and author of
23 a new book on retail work, "Malled My
24 Unintentional Career in Retail" which describes
25 it's really like to work here in New York and

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

nationwide as a retail sales associate.

In September '07 and took a part time job as a Retail Associates at the Westchester an upscale mall in White Plains. I worked there for two years and three months. I was paid \$11.00 an hour. Part timers were offered \$9.00 an hour but I managed to negotiate a higher wage. I quickly learned how little income these jobs produced even for those working full time. I was fortunate enough to have health care through my partners fulltime job as my retail job but many in this industry did not offer it. Our staff of 15 has made up men and women ages 18 to 50 all were college educated, some still attending school part time while working retail. Two of my coworkers were raising four children a piece on these wages. Another was a single mother of one living in public housing computed more than 60 minutes each way to the store from Manhattan using public transportation. She was only able to afford to work retail thanks to the free child care provided by her mother. The majority of the tale jobs do not offer commission, bonus, benefits, or significant raises.

1
2 In my 27 months of working at the
3 store in an upscale mall for a major national
4 company even while consistently maintaining high
5 sales, I received one raise 30¢ an hour. This is
6 not unusual an associate was similar sales at
7 another company gained only 10¢ an hour. I'm
8 receiving e-mail from people around the country
9 working retail who confirmed all the findings in
10 my book the Bureau of Labor Statistics protects
11 retail as the largest source of new jobs, new jobs
12 must offer a limited wage. [timer sound] I am
13 almost done. Not one leaving the fulltime workers
14 reliant on food stamps. Corporate profits had a
15 60 year high in the fall of 2010. A 29.2 percent
16 jump in one quarter that's the highest jump in 60
17 years CEO compensation Wall Street Journal
18 reported this week is up 11 percent-

19 CHAIRPERSON MEALY: [interposing]
20 Ma'am.

21 CAITLIN KELLY: I've got one final
22 point and I'm stopping. Costco pays \$18.00 an
23 hour average wage so every other company that says
24 they can't afford it needs to rethink. Thank you
25 very much.

1

2

CHAIRPERSON MEALY: That was a
great ending.

3

4

REV. RIVERA: I came this afternoon
to testify on behalf of the living wage bill-

5

6

CHAIRPERSON MEALY: Sir you have to
say your name on the record.

7

8

REV. RIVERA: My name is Rev.
Raymond Rivera and I'm president of the Latino
National Action Center and coalition of 200
churches and private church ministries in the
city.

9

10

11

12

13

CHAIRPERSON MEALY: We will give
you a little more time for that. Thank you.

14

15

REV. RIVERA: I came this afternoon
testifying on behalf of the living wage bill.
While it has social and economic and political
implications, I came here primarily as a spiritual
leader and as a person of faith. Our Christian
tradition as well as other faith traditions
declare God's unwavering and unequivocal
preoccupation and concern for the poor. We
believe that the poor and the working class should
receive a living wage as compensation for their
labor. In the context of this bill that would

16

17

18

19

20

21

22

23

24

25

1
2 mean \$10.00 an hour with benefits and 11.50
3 without benefits.

4 We do not think, and this has been
5 said many times today, but let me say it again we
6 do not think that our tax dollars should be used
7 to subsidize poverty wages. There are those that
8 say that there is not much difference between
9 \$10.00 an hour and that certainly this is not
10 going to eliminate poverty. We agree, but we do
11 think that it's then step in the right direction
12 and it is the right thing to do. Others say that
13 it would drive up business developers away to
14 other states that don't have these constraints. I
15 cannot speak to that issue others have done that
16 much more eloquently than I, but I can say this,
17 the rich and the powerful has always resisted
18 those things that are just by that criteria, being
19 afraid that they leave we should have caved in and
20 surrendered to those that opposed slavery. [timer
21 sounds] I'm almost finished up to those that
22 opposed slavery and workers' rights. By these are
23 given some of us should still be working for free
24 or for 50¢ a day.

25 I stand here as a representative of

1
2 churches in faith based organizations to ask you
3 to support this bill I ask you to stand firm
4 Councilmen you're going to get prescient. The
5 press is going to be on they're trying to deal
6 with your allegations. Don't vote for the bill
7 they're trying to suspend this bill and not let it
8 come to a vote. We ask you to stand firm and
9 bring it to a vote. I hope you do this in the
10 spirit of Martin Luther King and Cesar Chavez.

11 [applause]

12 CHAIRPERSON MEALY: Thank you.

13 FREDY KAPLAN: Hi. Good afternoon.
14 My name is for Fredy Kaplan I'm the Vice President
15 of Stonewall Democratic Club of New York City the
16 oldest lesbian gay bisexual and transgender
17 democratic organization in the city as well as
18 state.

19 For 25 years we have been strong in
20 developing a progressive voice, not only for our
21 community, but for all communities of our great
22 city and state. We at Stonewall proudly endorse
23 the Fair Wages for New Yorkers Act and who joined
24 the coalition to push passage for this bill. Let
25 me briefly explain why LGBT individuals are New

1
2 York City's most vulnerable citizens. Many of us
3 turn to low income wages and struggled to make a
4 decent living. Retail is one of the fastest
5 growing low wage sectors of our economy and many
6 LGBT people work in this industry earning wages
7 that barely able us to survive in this expensive
8 city. Particularly for transgender men and women
9 who often struggled to find any form of steady
10 employment, retail is one of the few sectors would
11 they have been able to gain at least a tentative
12 foothold of despite the many problems still remain
13 with workplace discrimination, a discrimination
14 that is rooted in a lack of sensitivity to live
15 experience of gender identity. But raising wages
16 and job standards in the retail industry will
17 undoubtedly improve life for these members of our
18 community as well as all LGBT New Yorkers. It
19 that should be known that retail is often spaced
20 in conversion properties that are part of an
21 economic development project filled with taxpayer
22 money. Despite the billions of public dollars
23 spent in the name of economic development in the
24 name of job creation many members of the LGBT
25 community have not been strengthened as a result.

1
2 A few luxury condos and Chelsea just doesn't cut
3 it. Let's face it most LGBT New Yorkers are not
4 on the A list if you think about the Latino
5 lesbian single mother from the Bronx struggles to
6 put food on the table to keep a roof over her kids
7 heads. They're probably a lot more New Yorkers
8 who are just like her did you realize. You should
9 support any legislation that would help improve
10 the quality of life for those who cannot afford to
11 have their voices heard.

12 I see I am running down for time I
13 just wanted to raise two things. This bill and
14 sent devises a healthy business plan and the
15 reason why is it off and pro business and pro
16 workers goals are seen as competing goals, that
17 cannot be reconciled, but the bill strikes the
18 right balance between them. Developers of
19 companies would continue to be incentivized to do
20 business with the city and jobs created in
21 industries that benefit by taxpayer provided
22 incentives would pay a higher wage. This bill
23 will help the city build a stronger economy and
24 the private sector and working people flourish.
25 Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRPERSON MEALY: Thank you.

TERRY MACFARLANE: My name is Terry Macfarlane [phonetic] I'm here on behalf of Rev. John Scott and also representing Dr. Joseph T. Williams from Covent Avenue Baptist Church as well.

I come before us a member of Faith Caucus of the living wage campaign. Our agenda our mission is to pick up and continue the work of Dr. King who gave his life in the fight for economic justice and living wages. It is to that end that we vigorously support the Fair Wages for the New Yorkers Act. As we work together toward this goal we are now as Dr. King did, naming the injustices and impact our community and played our people. We are speaking truth to power, shining a light to where it is unjust and taking actions to address injustice. We come together on this issue to affirm humanity and assault poverty. We are speaking for the oppressed and for those who are caught in the cycle of poverty in our community.

We as clergy understand this what we are called commission and commanded to do.

We see first hand economic

1
2 injustices in the lives of our parishioners when
3 the main wage earner is paid \$7.50 an hour with no
4 benefits its impacts everyone and then that
5 household and in the community. That person has
6 to work two jobs and is still not enough to
7 sustain a family. So they are working to remain
8 in poverty and to maintain an impoverished family
9 that is not just.

10 There are always consequences when
11 we begin to name the power structure and the name
12 their injustices. When you begin to take off
13 their mask and their disguises that they use to
14 break it up here as though there's complete
15 commitment to the cause of humanity in our city it
16 is not the goal of the power structure of our city
17 to lift all developers or our cities officials who
18 sanction poverty wages. If that were the call,
19 you would not a see 30 percent of children living
20 in poverty; if that were the call you would not
21 see so many of our children caught in the
22 bureaucracy crossfire of our education system.
23 You will not see so many people-

24 CHAIRPERSON MEALY: [interposing]

25 Okay, start wrapping it up please.

1
2 TERRY MACFARLANE: In the social
3 violence called homeless. Just Martin Luther king
4 campaign with sanitation workers in Memphis was an
5 affirmation-

6 CHAIRPERSON MEALY: [interposing]
7 Ma'am you got to.

8 TERRY MACFARLANE: Of human dignity
9 and part of a larger agenda to shed light on
10 poverty for our struggle.

11 CHAIRPERSON MEALY: Thank you.
12 Thank you.

13 JOEL BERG: Hello, I'm Joel Berg
14 from the New York City Coalition Against Hunger.
15 It never ceases to amaze me that over the last 100
16 years of American history the richest people on
17 the planet somehow find justification time and
18 time again that raising the minimum wage ending
19 child labor, passing living wage laws, will
20 somehow hurt and only hurt the people getting
21 races. That really defies logic. Let me say here
22 their justifications don't add up how many of the
23 people submitted testimony and claim that this is
24 going to be bad because people are going to lose
25 their antipoverty benefits because their wages go

1

2 on. And in the next breath they say this is not
3 going to reduced poverty because all the people
4 benefit aren't in poor families. Both can't be
5 true. Both can't be true.

6 It is amazing is someone who spends
7 much of my life trying to reduce the
8 micromanagement of the lies of low income people
9 who rely on public assistance to get by on a
10 dollar per meal or food stamps to hear all these
11 people against any governments strings that come
12 with government welfare. It's wrong is against
13 free enterprise to say that we're giving millions
14 of other government to tell anything that we can
15 do with. That really is ridiculous.

16 And let me say that I live in it,
17 co-op and I'm appalled that a woman from an
18 organization that claims to represent people like
19 me say that people can afford to live in my
20 building shouldn't pay a living wage. I think
21 I've worked hard for the fresh initiative and I
22 think as preposterous to say that unionized good
23 companies that pay a living wage cannot provide
24 food and low income neighborhoods. The number of
25 billionaires in the city over the last year has

1

2 poverty went up by 40,000 people as the median
3 family income decreased by 1000 been increased by
4 1 person by \$19 billion of net worth.

5

6 If they don't have enough
7 patriotism if they don't have enough ethical
8 caring for the neighbors to say that they're not
9 going to move to New Jersey if goodness forbidden
10 from exchange for their government welfare that
11 they can affordable housing. I'll buy their bus
12 pass. Thank you.

12

[applause]

13

CHAIRPERSON MEALY: Okay. Okay.

14

JOEL BERG: I have 4 seconds left.

15

16

CHAIRPERSON MEALY: Don't get me in
trouble here.

17

18

19

COUNCIL MEMBER PALMA: Which I have
to say Madame Chair is a record for Joel to have
him under by 4 seconds.

20

21

22

23

24

25

CHAIRPERSON MEALY: Thank you I
just wouldn't think all of you all for being here.
One thing I must say pastor you said it right
because it would still be slavery right now if
someone did not stand up and sometime you will
lose some people in the process but it's worth it

1
2 and so if we lose some people from New York City
3 so be it but people have to be paid them living
4 wage. So I thank you all. And I think you I
5 thank you for your testimony also.

6 [applause]

7 CHAIRPERSON MEALY: Now we're
8 really do not supposed to be clapping.

9 COUNCIL MEMBER LANDER?: Question.
10 Mine is a quick question.

11 CHAIRPERSON MEALY: The question to
12 you?

13 COUNCIL MEMBER LANDER?: Just a
14 point of quick clarity. This report from EDC was
15 created by the firm that was from Boston not from
16 New York, so the city, the administration
17 outsourced of contract a million dollars that
18 could have been utilized here that's chutzpah.

19 CHAIRPERSON MEALY: You can say
20 that again but I won't say it.

21 COUNCIL MEMBER LANDER?: That's
22 chutzpah.

23 [laughter]

24 CHAIRPERSON MEALY: Okay we have
25 one more

1
2 JOHN PETRO: Okay thank you for
3 your patience. My name is John Petro and the
4 Policy Analyst with the Drum Institute. I just
5 want to talk really what the underlying causes
6 does the court need for the living wage policy.
7 When we look at some of the troubling trends
8 emerging in New York City's economy. Particularly
9 in job growth I just want to talk about. I just
10 looked at job growth last year. If you remember
11 in December Mayor Bloomberg gave a speech saying
12 how the city is leading the nation in state in job
13 growth and indeed we created 52,000 jobs over that
14 time, but I looked at what types of jobs are
15 created and over the last year more than half of
16 all jobs have been two industries that two leading
17 industries for job growth has been retail and
18 hospitality, 52 percent of all jobs.

19 The thing that's troubling about
20 that is that the wages in these industries are
21 between 51 in 59 percent lower than the citywide
22 average wage. Now, it doesn't take a Ph.D. really
23 to realize what is going to happen not just to
24 those workers but to all workers all of our wages
25 would more than half of all jobs pay such

1
2 significantly lower wages. We're going to see
3 wages for every drop down. Now if you look of the
4 five lowest paid industries together over the last
5 year they created 82 percent of all new jobs in
6 the city. So we're saying the five lowest paid
7 industries 82 percent of the jobs growth over the
8 last year and this is really troubling because
9 where does this go.

10 As a city more and more people are
11 relying on these types of jobs that don't provide
12 the wages that are necessary to live, we talked a
13 lot of the cost of adapting the bill. The EDC
14 talked about costs but what is the cost of not
15 acting of not raising wages. The cost is more and
16 more families working in these industries the
17 citywide wages going down. It's really not
18 sustainable path that we're on we really need to
19 find ways to raise wages across the board. Living
20 wage is one way. We really need to think about
21 7.25 an hour as an appropriate minimum wage. I
22 don't think so I don't think anyone else would
23 really be that. And I also challenged the
24 Bloomberg administration to tell me why it's bad
25 economic development policy to raise wages at

1

2 these economic development sites. To me its good
3 economic policy to make sure the workers and those
4 sites are paid more not less.

5 CHAIRPERSON MEALY: Thank you so
6 much. Do we have Mr. Robert Sunshine, Tony
7 Gilano, Jeffrey Burkestein, George Sweeney.
8 Kimberly Oritz. Okay quickly.

9 FEMALE VOICE: [off mic] You could
10 actually submit that.

11 CHAIRPERSON MEALY: Nick Hellman,
12 thank you, Chris Mall, Moniquea Dankbo. Okay.
13 You can start heading to the table please. Ahmad
14 Darlata, Terry Macfarlane. Thank you. Stephanie
15 Basile. Thank you. John Rose- Yes could you
16 please step up please. We get one more. You can
17 start. Press the red.

18 STEPHANIE BASILE: Hello, my name
19 is Stephanie Basile. I am an organizer with the
20 Retail, Wholesale, Department Store Union. One
21 campaign that I'm working on is that JC Penney.
22 See us be to read this story on behalf of the
23 group of Jc Penney workers.

24 "Good afternoon we are a group of
25 workers from the Queens Center Mall JC Penney.

1
2 This mall is receiving nearly \$100 million in
3 taxpayer subsidies. We're submitting our
4 testimony as one group because the problems of low
5 wage work are a trend in our store and in the
6 retail industry. We are testifying anonymously
7 because the company retaliates against those who
8 speak out. New hires at the multimillion dollar
9 chain earn about 8 to 9 dollars per hour those who
10 stick with the company don't have that much better
11 either. In one example a JC Penney employee has
12 been with the company over 20 years she has been
13 moved amongst different departments and as a
14 result has had her piece latched three times
15 during her time there. Another employee is 48
16 years old and supports his wife and eight year old
17 child. After eight years and JC Penney he makes
18 9.21 hour. Clearly loyalty is not rewarded in the
19 retail industry. That is why the annual cost of
20 living adjustment is an important part of the Fair
21 Wages for the Yorkers Act.

22 "Unaffordable health benefits
23 create additional hardship the 48 year old
24 mentioned above pays nearly \$70.00 per month to
25 buy the company's Health Insurance plan. In

1
2 addition to that there's a 1150 yearly deductible.
3 If employees opt to pay a lower monthly fee they
4 must pay even higher deductible of \$2500. When
5 one injured employee asked human resources if they
6 could help her pay for necessary surgery, they
7 told her to applied for Medicaid which like many
8 Jc Penney employees she did already done that she
9 makes just enough not qualify.

10 "In one particular tragic case 19
11 year old uninsured employee had tooth infection.
12 She waited to take care of it so she could save up
13 enough money to see a Dr. Unfortunately, the
14 infection went untreated for too long and the
15 woman passed away. A hardworking young woman and
16 one of the most profitable chains in the country
17 lost her life due to a simple and preventable
18 infection." [timer sounds] Almost finished. "We
19 have been trying for years to improve things at
20 our store what we realize that they won't solve
21 all our problems having a right to a living wage
22 and health benefits would greatly improve our
23 situation, so today we call on the City Council to
24 pass a Fair Wages for New Yorkers Act on behalf of
25 workers and JC Penney and workers all over New

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

York City."

CHAIRPERSON MEALY: Thank you.

JOHN ROSTENKOWSKI: Is it on.

Yeah. Good evening I'm John Rostenkowski
[phonetic] member of CARA. The living wage is an
issue which transcends the so called partisan
divide the wavering Democrats on the save the
Council may I remind you fairness is a fundamental
principle of the Democratic Party. The living
wage is the epitome of fairness as public money
loaned to develop and his return to the people.
When bank's loan money they expect every turn of
the principle with interest it is very odd and
fair that people's loans should be treated
differently. To the Republic and contingent in
the city council, may I remind you that "the
people not government know best" is a fundamental
principle of the Republican Party. The living
wage is more effective than the financial
component of the community benefits agreement.

In the CBA money is given to
organizations with hopes that some benefits will
trickle down to the people. In contrast the
living wage gives money directly to the people.

1
2 They decide how to spend it. This will spur
3 individualism rather day and dependency and maybe
4 ignite the rebirth of the middle class in New York
5 City.

6 Opponents of the living wage on the
7 other hand don't adhere to any principle except
8 the maximize their pecuniary profits. They do not
9 care about the future of the city and are
10 unconcerned about the suffering of its citizens.

11 Thus, the choice before you is very
12 clear. You can vote against a living wage and
13 coddled these avaricious elitists or you can vote
14 for it following the precepts of your respective
15 parties and proudly stand seeing what the people.
16 We at CARA hope that you will stand with the
17 people. Thank you very much.

18 CHAIRPERSON MEALY: Thank you.

19 That was a mouthful. Start the clock over please.

20 MAUREEN DAGBOW: Hello.

21 CHAIRPERSON MEALY: Hello.

22 MAUREEN DAGBOW: My name is Maureen
23 Dagbow. I'm a member of the Retail Action Project
24 and the living wage NYC: mission. I am 26 years
25 old and I have been working in retail for almost

1
2 10 years. I am currently working as a cashier and
3 a well known supermarket and hourly wage of \$7.90
4 after about three raises in two years. I live
5 with my mother and my younger sister on Staten
6 Island I am responsible for most of the bills and
7 daily expenses for my family. Both my mother and
8 younger sister had major health issues which
9 prevents them from being financially independent.

10 A few years ago I was a college
11 students which big dreams. I enjoyed learning and
12 working toward my goals I was a determined student
13 and an energetic athlete. As time went on my
14 mother's health declined dramatically and my
15 financial situation became more complicated.
16 Unfortunately, I realize that I would have to take
17 more financial responsibility to ensure the
18 livelihood of my family and myself. It is very
19 difficult to provide a decent living for my family
20 and myself as well as to follow through of my
21 goals were working a minimum wage job that barely
22 pay enough to cover the most basic necessities.
23 Education cost money. The education necessary for
24 upward mobility. Transportation, food, rent, cost
25 money. It is virtually impossible to afford all

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

the sayings on a minimum wage.

I am a strong supporter of the Fair Wages for New Yorkers Act. I truly believe the project's receiving our taxpayer dollars should give back to the communities that fund the subsidize projects by providing living wage jobs with benefits not poverty jobs that are fruitless.

It is no surprise that an hourly wage of \$7.90 is not nearly enough to cover some of my families monthly expenses. I am confident that if Fair Wages for New Yorkers Act was passed it would set a precedent for the future of living wage policies, but most importantly it would change the lives of struggling will words workers in New York City.

All hardworking New Yorkers have one voice when it comes to their wages, we all want to be able to make a living. We all want to be able to be paid well. We all want our families and ourselves. I am asking the City Council to please pass the Fair Wages for New Yorkers Act. It is the right step to take and if proven up the future of New York's low wage workers. Thank you.

CHAIRPERSON MEALY: Thank you.

1
2 MR. CHRIS MOLL: Good evening
3 members of the council. My name is Chris Moll and
4 I'm a member of the Retail Action Project. I have
5 been a retail worker since 1993. I am a resident
6 of Manhattan. Like all other New Yorkers I paid
7 rent, have bills, pay for mass transit, as well as
8 putting food on my table and providing from my
9 three beautiful pets. I was laid off by an
10 electric appliance retailer, PC Richard and Son,
11 back in January 2011 with a lot of other workers
12 that were laid off. They were constantly
13 complaining that O it's the economy, O sales of
14 been down, but I need to ask for this why then did
15 they opened nine new stores in the height of the
16 recession. I still want to know that.

17 I've been collecting unemployment
18 benefits and I was barely, barely getting by due
19 to the rising cost of living, the rising cost of
20 living. What I'm saying this is the standard of
21 living in this city is continually rising, a mass
22 transit, taxes, food, gasoline, and the like. And
23 many New Yorkers like myself our wages are not
24 going on, so if the cost of living are going up
25 then the wages of retail, hospitality, and

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

security, and restaurant workers should go on as well.

No one in New York City should ever work for poverty wages while the cost of basic living needs keeps going up. Please, please, please pass the bill now. Thank you.

CHAIRPERSON MEALY: Thank you. Any questions. Thank you have for a while will say let my people go. [laughter]

Yes our next panel Marble Regan Trickle Down Economics, no. Phillip J Millerbranch please could you. Troy Brown, come on up. Charles Cheivesch. He's here?

FEMALE VOICE: Yup.

CHAIRPERSON MEALY: Okay please. Chesnavich. David Jimenez. Valerie Valerio Orscio. Professor Alice Gill. Deepak Das, MD. You would like. You can come right up on this side so we can see you. This is our last panel and I hope they did not turn off the AC.

VOICE: [off mic] - -

CHAIRPERSON MEALY: That's good. Thank you.

VOICE: [off mic] - -

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRPERSON MEALY: Testimony.

VOICE: [off mic] - -

CHAIRPERSON MEALY: No, it's more fun when everyone is together. [laughter] I'm sorry. It's all love. It's all love. Anyone can start please. Anyone. Anyone. As soon as we all got to the table.

CHARLES CHESNAVICH: Good afternoon my name is Charles Chesnavich [phonetic], and I'm a religion teacher at Cardinal Hayes High School in the South Bronx and also union delegates for the lay faculty association local 255 of the LIUNA.

I thank the City Council Committee on Contracts for holding today's meeting and I speak in favor of the Fair Wages for New Yorkers Act on behalf of the students and families of Cardinal Haynes, and all of New York, which is located in the poorest congressional district and the United States. Not the Mississippi delta, the Bronx.

Not far from Cardinal Hayes you will find the Bronx Gateway Mall and Yankee stadium which have been spoken about them out

1
2 today's hearings two projects that received
3 millions of dollars of subsidies for
4 infrastructure improvements and tax breaks. This
5 bill would allow of the approximate 1300 workers
6 in those facilities with part time jobs an
7 opportunity to make a living wage and fight the
8 poverty that is impacting the quality of their
9 lives. The lives of so many families and the
10 south Bronx.

11 The catholic tradition to which I
12 belong cause of just waged and living wage a basic
13 human right. A right that recognizes and respects
14 the dignity and respect of each person. It is
15 time for New York and the City Council to pass the
16 living wage bill that offers individuals and
17 families a way out of poverty and provides wages
18 that support life and not wages on life support.

19 CHAIRPERSON MEALY: Thank you.

20 Poetic.

21 ALBERT JIMENEZ: Hello. Okay. My
22 name is Albert Jimenez. I'm an Organizer for the
23 Regional Access Project and I'm reading a
24 testimony anonymously.

25 "Hello. I'm a member of the

1
2 Regional Action Project I work as a sales
3 associate at a clothing store in 34th street. I
4 live with my three kids and I and the sole
5 supporter. I've worked at the store for three
6 years and currently make 8.15 per hour. In the
7 three years I've worked there I've only received
8 two raises and both were of less than 50¢, so my
9 wages now are already low to begin with the
10 basically get slower each year because the raises
11 don't even keep up with the cost of living.

12 "It is also important for workers
13 to have affordable health benefits. I cannot even
14 afford to buy health insurance that my company
15 offers, instead I am on Medicaid. I'm one of the
16 rare retail workers who enjoys full time status
17 which means I usually get 35 and 40 hours of work
18 each week, by even on full time hours is
19 impossible to support a family on a wage as low as
20 8.15 an hour. More than half of my income goes to
21 rent and then barely any is left over for food,
22 clothing, and bills. Oftentimes I've asked my
23 mother for help, but if I didn't have her I don't
24 know what I would do. And I don't know what with
25 the other low wage mothers in New York do when

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

they can't make their rent one month or can't put food on their table.

"If this is cruel and harsh reality it's not even change. We need to start somewhere. Requiring employers of subsidize project to pay a living wage is a great place to start, so today I would ask the City Council to please pass the fair wages act for New Yorkers."

CHAIRPERSON MEALY: Thank you, so much.

TROY BROWN: Hi. My name is Troy Brown. I come with a [break] couple community bread of life in the-

CHAIRPERSON MEALY: Do you know who Council Member is?

TROY BROWN: Bread of life and neighborhood together. I'm not too sure I'm in Brooklyn.

CHAIRPERSON MEALY: I'm your Council Member

TROY BROWN: I thought so. I would like to y'all to support the wage act. I have been listening from the beginning and I just want to run through my notes. First of all [break] I

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

think I was a bunch of-

CHAIRPERSON MEALY: You have to push it closer to you.

TROY BROWN: He had the bamboozle affect of a Mayor Bloomberg administration sent a filibuster this whole bill. Do you know what I saying. He's promoting poverty and low low life local criminal acts as far as I can say because of all that seems to be. I think you said something about the Mayor made work education number one project. I don't see where that has anything to do with work. Later on in life may be. But right now people need some money. And I want to go on to say about what astounds me the Mayor Bloomberg administration had made a couple of million dollars, like millions and millions dollars, when will every buddy else was going into recession I just couldn't understand that.

CHAIRPERSON MEALY: Billions.

TROY BROWN: Yeah billions. I couldn't figure out how many zeros it was. He says he makes dollar, right, he should be the first one here. [laughter] I mean he makes a dollar, why ain't he here. If he's only making a

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

dollar, why ain't he here.

CHAIRPERSON MEALY: Your time is still going. Please, please let him finish his testimony.

TROY BROWN: I initially voted for Mr. Bloomberg the mayor. You know what I am saying until I got all beat up by his administration. They wanted to offer me a \$2000 cop out. I don't think you should really go for what they say. The lucky thing I had to take it I took a plan B also lucky for me. I think a lot of this stuff is equivalent to genocide that is what I got to say. To find the low wage situation neighborhoods in the five boroughs I lived in most of the boroughs and low wage situation is pretty bad I mean. I remember when I was working as a messenger and as making the same type of money. You know what I mean. When people do make a little more money they feel a lot better

CHAIRPERSON MEALY: That is true

TROY BROWN: When they get some more money in a pocket I never heard anyone talk about their story getting worse. I'll tell you more about it.

1
2 CHAIRPERSON MEALY: Thank you you
3 can tell the story one day. Thank you.

4 PHILLIP MALLBRANCH: Madame Chair
5 members the Council good evening. Thank you for
6 this opportunity. My name is Phillip Mallbranch.
7 I'm of regular user of the social services of
8 Saint John's Burden of Life Soup Kitchen, and I
9 also volunteer for the New York City Council for
10 NYCCAH the coalition against hunger. And I'd like
11 to spend the 2 minutes I have telling my story.

12 I am one of the unemployed folks
13 who has a college degree, and I spent many years
14 working. My history is sporadic and I spent many
15 years be unemployed or underemployed, in fact the
16 span is decades and so I sent out trying to figure
17 out why that is why that has been, and I decided
18 to write a book of them working all the right now.
19 And my research basically shows me that my thesis
20 is that World War II never ended and it is a
21 reason why im educated person in this country U.S.
22 born son of immigrants from Haiti has spent such a
23 long time a long span struggling so that I have
24 not been able to marry have not been able to own a
25 car or house I've never had the privilege of being

1
2 the first time owner of those items, and so I
3 don't have a family. And so that is what the
4 living wage legislation means to me. I have this
5 college education but I've not been able to
6 benefit from it so I believe that we are
7 witnessing in current events and domestic affairs
8 that continuation of World War II and that World
9 War II was taken to do a share of previous wars
10 dating all the way back to time immemorial. That
11 is what we're up against been so there's a moral
12 issue here that in anybody's ever addressed. That
13 is not true that church people have mention that
14 and I'm with him because I believe that according
15 to Biblical teaching God is the chief defender of
16 the port of the oppressed and the nation's leaders
17 are not addressing that and facing that's what
18 we're all up against the poor and oppressed are up
19 against the forces that have existed since the
20 beginning of time to crush them and we happen to
21 be victims of that. So I encourage your body to
22 keep that in mind when you vote.

23 CHAIRPERSON MEALY: Thank you so
24 much sir.

25 ROBERT ALTMAN: Good afternoon my

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

name is Robert Altman. I represent the Queens & Bronx Building Association-

CHAIRPERSON MEALY: [interposing]

Do we have your testimony?

ROBERT ALTMAN: Of New York City.

Yes you should have. Because you have it on actually going to deviate from I prepared remarks if I could. Which first of all lest we forget welcome to the most expensive city in America to do business. As you consider the bill governments across the nation are cheering you on. Chris Christie is ready to pounce. States which hold conferences in Manhattan talk up this bill too scared New York City's to move to their other states. I don't know if you have ever been to one of those conferences and I've actually worked for the City of New York I was able to do it and they do a very impressive job.

The bill is a disaster and the philosophy behind this bill is curious. Everybody hits retail as evil but let's talk about what detailed does supply. It supplies youth employment, senior employment, special needs employment, introductory jobs. It teaches people

1
2 the philosophy of having a job, showing up on
3 time, doing their job well, being good to
4 customers. Retail jobs should not be de
5 minimized. The fact that it pays minimum wage
6 people should move on from those jobs. If you are
7 staying in those jobs to have a wage and have it
8 be your living wage you are making a mistake that
9 is not how the society is set up. Certain members
10 are ready to ridicule these jobs and fake
11 developers could just simply tilt to make their
12 fingers snapped and make their economics work.
13 They cannot.

14 The Kingsbridge Armory is evidence
15 of that, nobody is willing to redevelopment it.
16 Let's say a business they are in a large project
17 and they have jobs that pay a large amount in.
18 They will not want to deal with the paperwork.

19 Everyone here has been talking
20 about relocation theory. I am practice although I
21 am a lobbyist my main focus in my job is
22 relocating jobs I probably do 1000 to 2000 a year.
23 I will tell you if you pass this bill I'm taking
24 it to New Jersey.

25 CHAIRPERSON MEALY: Excuse me what

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

did you say.

ROBERT ALTMAN: If you pass this bill I will be probably taking these jobs to New Jersey. They will not want to deal with the paperwork; they would not want to do with the changes in economics they will move they may even move to Virginia.

I would say this there are two answers to the property.

CHAIRPERSON MEALY: Quickly.

ROBERT ALTMAN: and to getting out of the situation. One is education. It is not a guarantee but it's a typical way. The other new skill development. Those are the only two ways to get better wages. And if you don't do that everything else is just tilting an economic windmills and you cannot do that.

CHAIRPERSON MEALY: Thank you we have one more witness left. Press the.

DR. DAS: Good evening everyone my name is Dr. Deepack Das I'm a Resident Physician at Jacobi Medical Center in the Bronx. And today I'm speaking on behalf of the community of interns and residents which stands for 6000 physician in

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

the seeking that hospitals throughout the city.

You have all heard about the difficulties and benefits of the living wage but this is not just an issue limited to dollars and cents. I come before as a physician to inform you the serious health hazard is at stake if we do not take action now. And this danger arises from the basics of human survival, namely the food we eat and the exercise we do. This foundation for human health and human life is what is at risk now. You all know the food. Put forth by the USDA and the human health services that recommends the average American man have three full cups of vegetables per day to meet the basic nutritional quota.

I told this to my patient Jorge after his emergency surgery and he replied to me, "Doc at my local grocery store it costs \$3.50 for 1 1/2 green peppers. How am I supposed to afford that?" I calculate for Jorge a roofer that a complete diet for him would be \$14.00 a day or two full hours of wages and this didn't even include food for his child or his medical expenses. I checked the USDA web site to determine to see if he is eligible for food stamps and with an annual

1
2 salary of 14,500 and child he was not. It was
3 shocking and unconscionable that our current
4 minimum wage cannot support the basic USDA
5 nutritional requirements for healthy lifestyle.

6 And what of exercise? The American
7 Heart Association recommends 30 minutes of
8 rigorous activity per day to maintain basic heart
9 health, but if a gym membership costs \$45.00 or a
10 an entire day's of wages how do I justify that
11 expense over books and pencils for his child or
12 the medications that need when their ill. Those
13 without health insurance or without a basic
14 healthy lifestyle like Jorge not only develop
15 conditions but wait until the conditions become
16 expensive medical emergency. This cost the city,
17 the state, and the federal government money for
18 charity care. The health component of the bill is
19 essential and focusing on the bottom line without
20 focusing on the health of workers is costly to the
21 city, to the patient, and to the employers in the
22 long run.

23 It is the basic health survival of
24 our hardworking citizens. It doesn't cost much to
25 stabilize them. It is not only the right thing to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

do a it is the intelligent thing to do. And I thank you for your time today.

CHAIRPERSON MEALY: Thank you we have one question for the panel. Our Council Member Koppell?

COUNCIL MEMBER KOPPELL: I wonder of Mr. Altman did you hear the testimony of the economic development officials from Los Angeles?

ROBERT ALTMAN: I was not present but I did read through it.

COUNCIL MEMBER KOPPELL: Well, how do you explain that Los Angeles seems to be able to handle a living wage requirement? There may be some provisions there that are more favorable than ours, but the general concept is the same.

ROBERT ALTMAN: Let me deal with that because it's an interesting concept that's not necessarily comparing apples to apples.

On any project that is being done someone has to look at what is the potential for revenue what subsidies do I need one of the chances of me getting tenants and so on and so forth. If you are willing to give deeper subsidies from your government tax coffers to

1
2 subsidize a living wage then you could in fact
3 have it. You could in fact do it. You would
4 still have the difficulty of getting businesses to
5 deal with the paperwork, and there will be
6 businesses that just below. But ultimately,
7 everything that is being done by a business has to
8 come down to dollars and cents. It would be nice
9 to say we can give everybody health care, but the
10 fact of the matter is we are in competition in the
11 city we are in competition against New Jersey
12 where of competition against Virginia we're in
13 competition against Florida with competition
14 against India we're in competition against Ireland
15 for a whole host of different skill levels of
16 jobs. And we are the most expensive in the nation
17 to do business, so we start with that
18 disadvantage. So when you're looking at this and
19 calling it corporate welfare, first start off and
20 remember that we paid the most expensive business
21 taxes in the city. We pay high property taxes and
22 we pay high income taxes, so when you ultimately
23 get down to it if you are willing to give greater
24 subsidies, you may get some people who are willing
25 to rent to these facilities. I don't know what

1

2 Los Angeles did their and he doesn't say so unless
3 you know the level of the subsidies that are given
4 to a project you are not necessarily able to
5 compare properly.

6

COUNCIL MEMBER KOPPELL: Fair
7 enough. I think it's also interesting you might
8 think about this a little bit given the high level
9 of taxation the benefits by giving tax exemption
10 are greater is well and somewhat even the playing
11 field between the business that is in the
12 subsidize development and the business outside
13 that has to pay full taxes.

14

ROBERT ALTMAN: If I can I want to
15 just talk to that just a little bit because you
16 raised an interesting point because I used to work
17 for the City Council and in 1995 we passed the
18 manufacturing abatement to the ICIP bill. And
19 abatement which has been lessened by the City of
20 New York in its last go round and 2008 which were
21 fighting just to have ICAP exist. If we did that
22 bill, Kurt Wheatworker [phonetic] who was at the
23 time one of the senior staff to analysts at the
24 finance division came up to me and said that this
25 is a great bill. It actually takes of non labor

1
2 costs and makes a competitive with some of the
3 cheaper regions in the metropolitan regions so
4 that we can compete. The problem is that we are
5 still for a labor force purposes 25 percent more
6 expensive. As a result government can do nothing
7 for the most part dealing with the labor force
8 issues and their salaries unless they pass this
9 other bill and make it more uncompetitive, but
10 that was when the subsidy was actually greater
11 than it is now.

12 So in a sense, yes there is a
13 greater benefit but again you are still competing
14 with regions where let's face it the reason why
15 people are here is because they live in the region
16 but they don't have to live in the region they
17 have, they like their workforce and their
18 businesses I deal with frankly we should be moving
19 who say I can't do that to my workers. And this
20 still about 1000 to 2000 jobs and relocate some of
21 them will in fact stay in the City of New York.
22 [background noise] Will in fact stay in New York
23 out of that loyalty, but a good hunk of them will
24 not and I have seen a number of businesses that I
25 have relocated and have gotten substantial

1
2 benefits in this recession there's a lot of
3 business despite those substantial benefits which
4 is scary to me I have seen, especially in the
5 printing industry, a gigantic consolidation and
6 loss of jobs despite the fact they're getting a
7 \$3000 tax credit per employee significant some
8 real estate tax abatements and some energy costs
9 subsidies. It is getting more and more
10 competitive businesses, a lot of the printing
11 industry now is moving out of Queens and into New
12 Jersey. And that's without even dealing with this
13 bill.

14 CHAIRPERSON MEALY: Are you
15 finished?

16 COUNCIL MEMBER KOPPELL: Yes.

17 CHAIRPERSON MEALY: That is really
18 going to be the last, no sir. I didn't get a
19 chance to speak say you can't take in my time now
20 you come see me and my district, but I would love
21 to say you said one thing I must say you're going
22 to make a lot of money all those lobbyists you
23 could take all of them and go to Jersey that you
24 have to remember is no place like New York City.
25 New Jersey close down 10:00 really locked stock

1
2 and barrel and they will not make their money that
3 they would make here. This is a 24/7 city so
4 therefore I would love to challenge you and I hope
5 that we could do it on other million dollar case
6 study and see exactly with the people who leave it
7 probably be 10 people waiting to come in with that
8 person, that company has left. So I just hope
9 that we keep having studies so you will make
10 money.

11 ROBERT ALTMAN: [off mic] - -

12 CHAIRPERSON MEALY: Keep in mind I
13 told you first. I want to thank everyone for
14 their health issue I thank you and imagine if
15 people could not even by wheat just to make sure
16 their system is clean so I think everyone. I
17 thank bread of life I will let them know that you
18 came and represented my district. Thank you and I
19 have my advisory board meeting you should come to.
20 And thank you for a opening up to us and I know
21 we're going to have another hearing to make sure
22 that everyone get a full understanding exactly
23 what this legislation is really about. And I'm
24 glad we have this opportunity to took all day but
25 I thank everyone for everyone's patience I really

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

appreciate it and I think you all.

And now, I would just like to, you can leave. Thank you. We have received a lot of written testimony from the following groups and individuals who had to leave I know it was a whole lot that was Alliance for Downtown New York, Roundabout Theatre Group Company, National Association of Theater Owners, Community Service Society, Manhattan Chambers of Commerce, Bronx Chambers of Commerce, Independent Budget Office, Greenwich Village Chelsea, Mosque of Islam Brotherhood, Greater New York Chambers of Commerce, Air Transportation Association, and some people who came were Romeo Abuto [phonetic], and Nick Pelham [phonetic], Maida Hotta [phonetic], Terry Deans Macfarlane [phonetic], Kim Ortiz [phonetic], Mitchell Banchik, a number of people had to leave and we are sorry about that, but all the written testimonies that has been submitted will be included and the record and will be available online and I thank everyone for this long and informative hearing and we will now let Mr. Oliver Koppell close out with a statement.

COUNCIL MEMBER KOPPELL: I want to

1

2 thank you Madame Chair for your attention and
3 you're good chairing of the meeting. I know it
4 was a hard test with all the people who wanted to
5 speak and some people didn't want to stop
6 speaking.

7 I also wanted to just put on the
8 record my request that we get a transcript an
9 expedited transcript so we can review the
10 testimony. I look forward to working with you and
11 your staff. Certainly there were many good
12 suggestions made today. I don't think the
13 legislation was perfect in its current form and I
14 think we can meet many, if not all the objections
15 but many of the objections and concerns that were
16 expressed. But I'm more convinced than ever that
17 I need to proceed.

18 CHAIRPERSON MEALY: Yes I am with
19 you 100 percent. Council Member Palma. This
20 meeting is now adjourned.

C E R T I F I C A T E

I, Amber Gibson, certify that the foregoing transcript is a true And Accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature



Date

May 29, 2011