

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONTRACTS

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November 22, 2011  
Start: 1:00 p.m.  
Recess: 6:48 p.m.

HELD AT: Council Chambers  
City Hall

B E F O R E:  
DARLENE MEALY  
Chairperson

COUNCIL MEMBERS:  
Speaker Christine C. Quinn  
Council Member Charles Barron  
Council Member Gale A. Brewer  
Council Member Margaret S. Chin  
Council Member Leroy G. Comrie, Jr.  
Council Member Elizabeth S. Crowley  
Council Member Daniel Dromm  
Council Member Lewis A. Fidler  
Council Member James F. Gennaro  
Council Member Robert Jackson  
Council Member Letitia James  
Council Member G. Oliver Koppell  
Council Member Brad S. Lander  
Council Member Stephen T. Levin  
Council Member Melissa Mark-Viverito  
Council Member Michael C. Nelson

## A P P E A R A N C E S

## COUNCIL MEMBERS:

Council Member James S. Oddo  
Council Member Annabel Palma  
Council Member Diana Reyna  
Council Member Ydanis A. Rodriguez  
Council Member James Sanders, Jr.  
Council Member James G. Van Bramer  
Council Member Jumaane D. Williams  
Council Member Ruben Wills

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

Shannon Manigault  
Counsel, Contracts Committee  
New York City Council

Raymond Majewski  
Deputy Director and Chief Economist  
City Council Finance Division

Ruben Diaz, Jr.  
Borough President  
The Bronx

Stuart Appelbaum  
President  
Retail, Wholesale and Department Store Union

Paul Sonn  
Legal Co-Director  
National Employment Law Project

Ken Jacobs  
Chair, Center for Labor Research and Education  
University of California at Berkeley

Donald Spivack  
former Deputy Chief of Operations  
Los Angeles Community Redevelopment Agency

Jeff Fleming  
Principal, President, CEO  
Amazing Hospitality Group

Shawn Sich  
Principal, Executive Vice President, Food & Beverage  
Amazing Hospitality Group

Robert Bookman  
Counsel  
New York Nightlife Association

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

Jack Kittle  
Political Director  
District Council 9, Painters and Allied Trades

Steven McInnis  
Political Director  
New York City District Council of Carpenters

Patricia Brodhagen  
Vice President of Public Affairs  
Food Industry Alliance of New York State

Lindsay Baron  
Representative for Jack Friedman  
Staten Island Chamber of Commerce

Lamont Blackstone  
Representative  
International Council of Shopping Centers

Jeannette Wicks-Lim  
Labor Economist, Assistant Research Professor  
Political Economy Research Institute  
University of Massachusetts, Amherst

Bill Lester  
Assistant Professor  
University of North Carolina at Chapel Hill

Stephanie Luce  
Associate Professor, Murphy Institute  
City University of New York

Bettina Damiani  
Project Director  
Good Jobs New York

James Parrott  
Deputy Director and Chief Economist  
Fiscal Policy Institute

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

Lawrence Mandelker  
Attorney representing  
New York Metropolitan Retail Association

Tony Juliano  
President  
Greenwich Village Chelsea Chamber of Commerce

Frank Anelante  
Treasurer  
New York State Association for Affordable Housing

Robert Altman  
Legislative Consultant  
Queens and Bronx Building Association  
Building Industry Association of New York City

Tokumbo Shabawali  
Chief of Staff  
Deputy Mayor for Economic Development, Robert Steel

Francesco Brindisi  
Chief Economist  
Economic Development Corporation

Ricardo Morales  
Deputy Comptroller for Legal Affairs, General Counsel  
New York City Comptroller's Office

Q. English  
Reverend, Senior Pastor  
Bronx Christian Fellowship Church

Linda Archer  
Employee  
McDonald's, Time Square

Sheena Dixon  
Leader Member  
Retail Action Project

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

Peter Heltzel  
Associate Professor of Theology  
New York Theological Seminary  
Director, Micah Institute

Deepak Dass  
Resident Physician  
Jacobi Medical Center

Troy Brown  
Member  
Neighbors Together

Queen Mother, Dr. Delois Blakely  
Community Mayor of Harlem  
Ambassador of Goodwill to Africa

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SERGEANT-AT-ARMS: Quiet, please.

CHAIRPERSON MEALY: Good afternoon, my name is Darlene Mealy, I serve as the Chair of the New York City Council Committee on Contracts. It is my pleasure to welcome you all here today to discuss Proposed Intro 251-A, the Living Wage Bill. Thank you all for attending. Before we proceed, I would like to thank the Speaker for joining us today, and also the prime sponsors of the legislation: Council Members Oliver Koppell and Annabel Palma. Also here today with us this afternoon, our colleagues Crowley, Chin, James, Brewer, Jackson, Oddo, - - , Gennaro, Comrie, Van Brewin [phonetic], Lander, Dromm, Williams and Michael Nelson. Intro 251-A would increase pay for low wage workers at developments that receive financial assistance from the City. The bill would require employees to pay minimum of \$10.00 an hour, plus health benefits; or \$11.50 per hour, without health benefits. Employers who would be required to comply include the developers who build the projects as well as the tenants, leasees, contractors, and other employees who operate on City subsidized developments. Before I

1  
2 turn this over to the Speaker and Oliver Koppell,  
3 for their remarks, I would like to say a few words  
4 to my fellow colleagues. Council Members, many of  
5 the sponsors of this proposed bill are here today,  
6 and feel very passionately about the legislation.  
7 I understand that all of us are passionate. But  
8 our goal here today in this hearing is to gather  
9 information from both advocates and opponents. We  
10 are going to have a respectful and open dialogue  
11 with the witnesses who have come here to testify.  
12 In the interests of keeping this as streamlined as  
13 possible, we are going to have to regulate the  
14 time for our witnesses and our questions. Council  
15 Members, we will only have three minutes to speak  
16 and ask questions of each panel, if they choose.  
17 And as we proceed, I am going to try to manage  
18 things so that we can keep the hearing moving.  
19 So, if you repeat a question asked by another  
20 Council Member as a result of coming in and out of  
21 the hearing, I'm going to let you know. And if  
22 your time for questions is over, and you are not  
23 wrapping it up, I am going to let you know, also.  
24 Thank you for bearing with me, to make this a  
25 productive hearing. Now we are going to do



1  
2 something a little bit different this hearing. We  
3 are going to have a short presentation from the  
4 staff to explain the way that the bill works and  
5 offer economic perspectives on the living wage  
6 legislation. This presentation will better frame  
7 our discussion for this afternoon. The two staff  
8 members are just going to provide background  
9 information. So, if you have questions about  
10 anything that you hear, save them for the  
11 witnesses who will testify on those points. We  
12 are now here, we will now hear from the Speaker,  
13 and then we will hear remarks from one of our  
14 prime sponsors of the bill. And Madam Speaker,  
15 are you ready?

16 SPEAKER QUINN: Thank you very  
17 much--

18 CHAIRPERSON MEALY: Thank you.

19 SPEAKER QUINN: --Chair Mealy, and  
20 I want to thank you and the members of the  
21 Committee and the sponsors of the bill, and the  
22 staff for today's hearing. I also want to thank  
23 the staff for the fact based presentation that  
24 they'll be making, which we hope will help frame  
25 questions to the pro and con panels as we move

1 forward. Let me just make a housekeeping  
2 announcement, which is that we have a line of  
3 people outside who would like to come into the  
4 hearing. We are at capacity, so I would ask that  
5 once you are finished testifying, if that's why  
6 you are here, if you could leave to let somebody  
7 else in; or if the part of the hearing that you  
8 were here to be supportive or not, is over, if you  
9 could also leave to let another person come in.  
10 So thank you for that. And again, thank you,  
11 Chair Mealy, Members of the Committee on  
12 Contracts, and everyone who has come out today to  
13 testify or to listen to this important issue. So  
14 no great surprise for me to say that our City and  
15 our country faces great economic challenges.  
16 Unemployment is way too high, the gap between rich  
17 and poor is the largest it's been in decades.  
18 Wages for middle and lower income Americans remain  
19 largely stagnant at best. New Yorkers are  
20 hurting. Making it to the middle class is a dream  
21 that seems to be getting harder and harder to  
22 reach. And too many fear that no amount of hard  
23 work can guarantee that you will be able to  
24 provide a better life for your children. The City  
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1  
2 Council remains focused on finding ways to  
3 strengthen our local economy, and get New Yorkers  
4 back to work. In recent years, we've redoubled  
5 our efforts to stimulate job creation in areas  
6 from food to technology to manufacturing, and we  
7 continue the fight to preserve workers'  
8 protections. We're here today to consider Intro  
9 251-A, one of a number of proposals pending in the  
10 Council, that would increase wages for some New  
11 Yorkers. It is my hope that we can find a way to  
12 reach that goal without doing anything that would  
13 make New York City a less desirable place to start  
14 or relocate a business, or hurt our job creation  
15 efforts in any way. Whether such a balance is  
16 achievable is what we are going to explore and try  
17 to answer in today's hearing. So, I want to thank  
18 all of the experts who are here today to help us  
19 determine if such a balance is achievable. Thank  
20 you.

21 CHAIRPERSON MEALY: Thank you.

22 Olive Koppell.

23 COUNCIL MEMBER KOPPELL: Thank you  
24 very much, Chair Mealy. And I want to thank the  
25 Speaker, as well as you and the Members and staff

1  
2 of the Contracts Committee, for holding this  
3 second hearing on the proposed legislation, and  
4 also for giving me an opportunity to make a brief  
5 statement. Every year, New York City provides  
6 millions in tax levy dollars via grants, tax  
7 abatements and other incentives, to subsidize  
8 economic development by private developers.  
9 Unfortunately, many of the jobs created as a  
10 result of these subsidies pay poverty wages,  
11 including no benefits to employees. Whether it's  
12 retail workers, stockroom jobs at shopping  
13 centers, mailroom and security jobs in office  
14 buildings, food service jobs at stadiums. These  
15 jobs are not giving New Yorkers the adequate  
16 resources needed to provide for their families.  
17 In contrast to current municipal policy, other  
18 municipalities require what is denominated "fair  
19 wages," for both construction workers and  
20 permanent jobs created in many of their subsidized  
21 projects. These policies create good jobs for low  
22 income communities, and I insist without slowing  
23 economic growth. And we do not want to do that,  
24 as the Speaker indicated. The assertions made by  
25 some opponents of the Fair Wages for New Yorker

1  
2 Act is job killing legislation, has been made  
3 repeatedly without any solid evidence to support  
4 it. To the contrary, the Center for American  
5 Progress policy statement or policy study released  
6 in 2010 on the effects of living wage laws on  
7 employment concluded that living wage laws do not  
8 reduce the number of jobs in a city. That means  
9 that job growth does not have to come at the  
10 expense of job quality. Local government leaders  
11 can therefore ensure that taxpayer dollars do not  
12 subsidize poverty wages by supporting economic  
13 development wage standards and feel confident,  
14 those leaders can feel confident that their local  
15 business climate will not be affected. Now we  
16 have heard comments at the first hearing we held  
17 last spring, that concerned us in this area. And  
18 the Speaker indicated that concern, it's a  
19 legitimate concern. And so we have amended the  
20 bill, and you will hear in a few minutes an  
21 analysis of the amended bill, to deal with some  
22 legitimate concerns about affecting jobs as a  
23 result of passing this legislation. With these  
24 amendments, we think we have targeted the jobs  
25 that can be living wage jobs without impairing

1  
2 economic development. And I think that we are  
3 continuing to seek a result which will have that  
4 effect, that's what the Speaker said, that's  
5 certainly what I as a sponsor want to accomplish,  
6 and we think it can be accomplished. It's been  
7 accomplished in other cities, like Los Angeles,  
8 and I think we're going to hear about the  
9 experience in other cities, and it can be  
10 accomplished here in New York. I'm looking  
11 forward to hearing the testimony, I am committed  
12 to this legislation, I think it's critically  
13 important for us to assure that where we're  
14 spending taxpayer money, this is not money that  
15 comes from private developers, it's taxpayer money  
16 that goes to private developers. And it's  
17 essential that when we spend the people's money,  
18 the citizens' money, that it is spent on projects  
19 that provide meaningful, rewarding jobs that allow  
20 people to support their families. That's what we  
21 want to do when we talk about providing taxpayer  
22 subsidies. If a developer doesn't want taxpayer  
23 subsidies, they don't need to comply with this.  
24 They just have to comply with minimum wage laws.  
25 So that's what we're about here, using public

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2 subsidies to provide good jobs. And I think we  
3 can do it. I look forward to working with the  
4 Speaker's Office and my colleagues. This  
5 legislation, yes, it's our proposal, but it is  
6 just that, a proposal. We will hear testimony  
7 today. It's, I am not adverse as a sponsor, to  
8 working with my colleagues to do such other  
9 changes if it looks like those are necessary to  
10 accomplish the objectives to mentioned. Thank you  
11 very much again, Madam Chair, and I look forward  
12 to the testimony.

13 [cheers, applause]

14 CHAIRPERSON MEALY: Can you, can we  
15 refrain from clapping, please? And it slows up  
16 the meeting just as well. Okay. Now we will get  
17 ready for the presentation from the staff, and  
18 then after that, right after the presentation, we  
19 will have our Borough President Ruben Diaz, Jr.,  
20 of The Bronx, so please be ready. Thank you.  
21 Staff?

22 SHANNON MANIGAULT: Thank you,  
23 Chair. Good afternoon, my name is Shannon  
24 Manigault, and I serve as Counsel to the Contracts  
25 Committee. As was referenced earlier today, we're

1  
2 just going to give a little bit of background to  
3 lay the foundation for the remainder of today's  
4 testimony. As Council Member Koppell noted, in  
5 May the Council held a hearing to discuss Proposed  
6 Intro 251-A. Many of you know that, many of you  
7 were here. To address some of the concerns that  
8 were asked, Council Member Koppell noted that the  
9 legislation was revised in a number of ways that  
10 I'm going to highlight as I work through exactly  
11 how the law actually works. So, the way that  
12 Proposed Intro 251 works is that it uses the hook  
13 of subsidies of financial assistance, that are  
14 provided by the City or the Economic Development  
15 Corporation, in order to impose a living wage  
16 requirement. Now there are various kinds of  
17 financial assistance that are provided that will  
18 then kind of have a tie to the living wage  
19 requirement. There are cash payments or grants,  
20 bond financing, tax abatements or exemptions, tax  
21 increment financing, filing fee waivers, energy  
22 cost reductions, environmental remediation costs,  
23 write down in property market value, and capital  
24 improvements costs. I should note, I skipped over  
25 in the first frame that these grants of assistance



1  
2 have to be negotiated or awarded as discretionary  
3 funds from the City. Now, and important aspect of  
4 the legislation is that the requirement of paying  
5 a living wage applies not only to financial  
6 assistance recipients, but also to a number of  
7 covered employers that are kind of within the  
8 ambit of the financial assistance recipients.

9 Specifically, the tenants, subtenants,  
10 leaseholders or subleaseholders on developed  
11 property of the financial assistance, would also  
12 have to pay the living wage. As would fee holders  
13 or other condominium owners within the project,  
14 and also a certain category of temporary work  
15 that's performed by contractors, subcontractors,  
16 who are working on the premises for at least 90  
17 days. I'm going to highlight the revisions and  
18 this, the term for 90 days was one of the  
19 revisions from the law; it was formerly 30 days.

20 Now a number of groups are exempt from the living  
21 wage requirement portion of the law.

22 Specifically, these are small businesses and small  
23 businesses are now being defined as those with  
24 less than \$5 million in revenues. It should be  
25 noted again, the threshold before was \$1 million

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2 for the small business definition, that's now been  
3 increased to \$5 million. When calculating this  
4 value, you include the aggregated revenues from  
5 the parents, subsidiary, and other parent  
6 controlled entities. Not for profits are also  
7 exempt from the living wage requirement, as are  
8 affordable housing developments. But you should  
9 note that the affordable housing under the law is  
10 defined as those where there are residential units  
11 comprised of more than 75 percent of the area,  
12 where at least 75 percent of the units are  
13 affordable for families earning less than 125  
14 percent of the area median income. Manufacturers  
15 operating on the premises are also exempt, and  
16 construction and building service contractors are  
17 also exempt under the law. Manufacturers, again,  
18 were not included in the version that we heard in  
19 May, but they're now included in the law. Now,  
20 when I say that they're exempt, they are exempt  
21 from the living wage requirement, but there are  
22 certain reporting requirements of the law that I'm  
23 going to talk to you in a moment, that these  
24 exempt parties must still comply with, including  
25 certification and some other payroll reporting.

1  
2 Now, the hook that we're kind of describing is  
3 financial assistance. But the way that that  
4 actually works is through a series of agreements.  
5 Those agreements are both from the agreement  
6 between the City and the EDC, the City's Economic  
7 Development Corporation, as well as the agreements  
8 between the EDC and the direct financial  
9 assistance recipients. So, with respect to the  
10 project agreements, each project agreement between  
11 the EDC and the financial assistance recipient  
12 would actually contain provisions that would  
13 execute the law. So, it would oblige the  
14 financial assistance recipients to guarantee that  
15 the covered employers operating on their premises,  
16 or developed property would comply with the law.  
17 So, again, the covered employers were not just the  
18 financial assistance recipients, but those levels  
19 that were on the slide that you'd seen before. In  
20 addition, these project agreements would allow the  
21 City to rescind or suspend and/or seek  
22 reimbursement for financial assistance conveyed if  
23 it turns out that a recipient had violated the  
24 law's requirements. We should note here at the  
25 beginning that this law is not retroactive, so

1  
2 it's meant to apply to new projects and  
3 developments. However, for existing project  
4 agreements right now in the City, if there's any  
5 extension, renewal amendment or modification of a  
6 project agreement, that would make that existing  
7 project subject to the parameters of the law.  
8 Now, again, for part of the way that this is being  
9 executed, the City and the EDC under the law would  
10 be prevented from approving any development  
11 project that does not comply with the requirements  
12 of the legislation. The City would be required to  
13 include in any contract with EDC, a mandate that  
14 EDC require all who receive financial assistance  
15 to comply with the law. Now, I've talked a little  
16 bit about the covered employers, as far as the  
17 covered employees, it's essentially all of the  
18 employees who'd be working on the developed  
19 property. So, that would include full-time, part-  
20 time, temporary or seasonal employees. It also  
21 covers independent contractors and contingent or  
22 contracted workers. Now, the living wage mandate  
23 under the law is \$10 an hour with health benefits  
24 or \$11.50 an hour without health benefits. So,  
25 essentially there is then a \$1.50 supplemental

1  
2 healthcare benefit rate. The rate adjusts with  
3 inflation, so it's tied to the Consumer Price  
4 Index. One of the other amendments to the law  
5 since the May hearing is a kind of clarification  
6 within the definition of living wage, to make sure  
7 that there, if indeed there are employers who are  
8 providing health benefits, but those health  
9 benefits fall somewhere shy of that \$1.50  
10 supplemental healthcare rate, that the employer  
11 must actually make up the difference between that  
12 rate and the \$11.50. The law also, one of the  
13 revisions from that, from the May version, is that  
14 tipped employees was better defined with the kind  
15 of treatment of tipped employees, was better  
16 defined in the law. Now, it's clear that tipped  
17 employees will receive a tip credit, essentially,  
18 so the way that would work is that their tipped  
19 employees would receive some base wage paid by the  
20 employer, tips would then be added, and so the  
21 employers would be responsible for making up the  
22 difference, if any, between the base rate plus the  
23 tips and the living wage rate. The duration of  
24 compliance is another one of the areas that was  
25 revised from the May law. Covered employers are

1  
2 now required to provide the living wage for the  
3 term of the financial assistance granted, or ten  
4 years, whichever is longer. The previous version  
5 of the bill had a 30 year requirement, or the term  
6 of assistance. Now the reporting requirements  
7 that I referenced earlier are these, the headline  
8 requirements are as follows. Financial assistance  
9 recipients are required to certify annually, under  
10 penalty of perjury and the certification is  
11 provided by either the CEO, the CFO or a designee,  
12 that they and all of the covered employers  
13 operating the developed property, provide a living  
14 wage. So this is further to the guarantee that I  
15 talked about earlier. This is, this is how this  
16 works. Those who are exempt from the living wage  
17 must still certify the basis for their exemption.  
18 And as I said before, if they have covered  
19 employers on the premises, if any of these exempt  
20 parties have covered employers who are on their  
21 premises, they have to certify still that their  
22 employers who are working on the premises are  
23 indeed providing a living wage. In addition to  
24 the certification, employers must retain payroll  
25 records under the law for six years after the work

1  
2 is performed. Again, this is another revision  
3 from the previous iteration, which had a  
4 calculation of the term of compliance, which was  
5 the 30 years or the term of assistance, which ever  
6 was longer, plus four years; now it's just been  
7 stricken so that it's consistent with New York  
8 State law and it requires just six years. Now, a  
9 failure to maintain these records creates a  
10 presumption that the employer did not pay the  
11 required living wage. Employers must also post a  
12 notice on the premises of a developer property,  
13 detailing the wages, benefits and all of the  
14 protections under the law. The Comptroller is the  
15 entity that's in charge of policing the law. The  
16 Comptroller is authorized to monitor and  
17 investigate the compliance, which includes  
18 auditing, payroll, a check of the records. And  
19 the Comptroller's also responsible for issuing  
20 orders or determinations. So, based on the  
21 Comptroller's investigation and findings, they can  
22 issue a variety of dispositions, including,  
23 pursuant to the orders of determination. So, it  
24 can be a payment of denied wages or benefits, it  
25 can be a payment of civil penalty, filing or

1 disclosure of records, reinstatement or other  
2 relief for an employ found to have been subject to  
3 retaliation or discrimination, that's also  
4 detailed in the law; and also the payment of sums  
5 withheld. Also, employees who are subject to the  
6 law are, do not just have to rely on the  
7 determination coming from the Comptroller, they  
8 also have available a private right of action. We  
9 thought that it was worthwhile to put Proposed  
10 Intro 251-A in a larger context, based on living  
11 wage provisions that have been passed in other  
12 jurisdictions. So, to place the legislation in  
13 this larger context, you can see in the graphic,  
14 there are a number of hooks, as I said, that  
15 various jurisdictions use to impose a living wage  
16 requirement. So cities and counties across the  
17 country have enacted statutes that will provide  
18 this living wage. City service contracts is a  
19 very common one, so this was any, if any time a  
20 municipality has contracts with any of its service  
21 providers, then those service providers would have  
22 to show that they would have paid a living wage.  
23 Public leases is another hook. So, if there's any  
24 lease of public property, then that lessee would  
25



1  
2 be responsible again for paying that living wage.  
3 A number of municipalities use city employment, so  
4 they just have provisions in their laws that say  
5 that any city or county employee is subject to the  
6 wage. And then of course there are also the  
7 grants of financial assistance, which is the hook  
8 that we're using for Proposed Intro 251-A. Now  
9 the grants of financial assistance include, can of  
10 course include, from the various jurisdictions,  
11 employees of developers, outside contractors and  
12 subcontractors of developers, onsite service  
13 contractors, development, tenants and  
14 leaseholders, etc. I've highlighted another  
15 bubble in the presentation, and just to give you a  
16 little bit of background at some of the other  
17 provisions that we've seen across jurisdictions,  
18 some attached to business licenses that are  
19 registered, some attached to franchises or  
20 concessions. So there are a number of other  
21 possibilities in that other bubble. Now based on  
22 our review of dozens of these laws across the  
23 country, it appears that the majority of the  
24 jurisdictions actually do utilize that city  
25 contractor approach, that seems to be a very

1  
2 common approach, for a number of legal reasons  
3 that we're not going to get into here. There are  
4 issues with New York City being able to avail  
5 itself of that option. Now, while it's not  
6 uncommon, despite the fact that the majority do  
7 take the City contractor approach, although it's  
8 not uncommon for jurisdictions to attach a living  
9 wage obligation to grants of financial assistance,  
10 it is really a limited subset within that universe  
11 of jurisdictions, that impose that obligation on  
12 the tenants of financial assistance recipients.  
13 Now, in addition to mandating a living wage by  
14 statute, another possible hook the jurisdictions  
15 have used is by using economic, the EDC equivalent  
16 essentially in other jurisdictions, can issue  
17 policies that proscribe a living wage and impose a  
18 living wage requirements through negotiated  
19 agreements, the project agreements that I  
20 described earlier. Los Angeles and San Francisco  
21 have used this approach. So, the living wage  
22 laws, as you've noticed, and the policies actually  
23 vary widely. And what we've discovered in doing  
24 our research, is that the implementation and the  
25 enforcement of these programs also vary. At this

1  
2 point, I'm going to turn it over to Ray, who's  
3 going to give us background on the economic  
4 perspectives of the legislation.

5 [pause, background noise]

6 CHAIRPERSON MEALY: Can we keep it  
7 down, please, in the back?

8 [pause, background noise]

9 CHAIRPERSON MEALY: Why are we  
10 waiting?

11 RAYMOND MAJEWSKI: Okay, thank you  
12 very much. Good afternoon, Speaker Quinn and  
13 Chair Mealy. I'm Dr. Raymond Majewski, Deputy  
14 Director and Chief Economist of City Council  
15 Finance Division. And to do this presentation  
16 today, I've had to make a couple promises. One,  
17 no equations; two, to be short, to be short and to  
18 be clear; and those of you economists know that  
19 without equations, it's very hard to be short and  
20 to be clear. But I will do my best. I've been  
21 asked to provide an overview of the economic  
22 arguments around the living wage, presenting each  
23 side's case as simply as fairly as I can. Am I  
24 all right on the microphone? Okay. A living wage  
25 is a wage floors, that is they require businesses

1 receiving some kinds of public money, to pay above  
2 market wages and benefits to some workers. They  
3 are typically enacted by local governments, and  
4 impact on discrete portions of the local low wage  
5 labor market. Most living wage laws cover two to  
6 three percent of the bottom tenth of wage earners.  
7 Though for reasons discussed below, they may  
8 impact on workers not directly covered as well.  
9 Economists on each side of the debate have  
10 different models or views on how the labor market  
11 works. Their policy recommendations and to some  
12 extent their empirical strategies they use to  
13 investigate the market, flow from these models.  
14 It's worth taking a minute to talk about them.  
15 First, let's turn to the living wage opponents'  
16 arguments. They're easily derived from very basic  
17 textbook economics. Here I'm following a  
18 discussion of Harry Holzer of Georgetown  
19 University. The opponent's view is based on a  
20 very smoothly working version of the economy, a  
21 perfect competition model. Labor's like many  
22 other commodities. If you raise the price, the  
23 quantity demanded goes down. If you set a wage  
24 floor above the equilibrium level, that is the  
25

1  
2 wage level that the market would gravitate to on  
3 its own, then the quantity of labor demanded will  
4 be less than what it would be the equilibrium  
5 wage. As a result, there would be fewer jobs in  
6 firms covered by the living wage. Workers who  
7 might otherwise be in these jobs, will look for  
8 work elsewhere. When the supply of something goes  
9 up, the price usually goes down. So if more  
10 workers are looking for jobs with firms not  
11 covered by the living wage, that would tend to  
12 push down wages paid in these firms. The lower  
13 wage may encourage firms not covered by the living  
14 wage to hire more workers. So the markets  
15 reactions may offset some of the wage gains, but  
16 also may offset some of the employment losses.  
17 For higher skilled labor, things are complicated,  
18 too. Employers face more costly low skilled labor  
19 may substitute high skilled labor. Alternatively,  
20 alternative, they may in the long run choose  
21 different locations for the business in places  
22 without living wage laws, reducing opportunities  
23 for all kinds of labors, all kinds of labor.  
24 Though living wages are very small programs, they  
25 can impact on firms and in places not directly

1  
2 covered by the laws. The proponents of living  
3 wage laws have a different view, one where the  
4 labor market is not perfectly competitive. In  
5 this view of the world, there is friction in the  
6 labor market, and individual employers have more  
7 freedom to set wages than the classical model  
8 suggests. I've yet to see a theoretical  
9 description of how a living wage would work from a  
10 proponent. But a paper that deals with minimum  
11 wages by Dube, Lester and Reich, gives an idea of  
12 what such a model would look like. William Lester  
13 will be here later today and he can tell you, to  
14 testify in favor of the living wage, and he can,  
15 you can ask him if I got it right. The model may  
16 be less familiar from the classroom, but it may be  
17 familiar from our experience in looking for the  
18 job. In this model, a job is something you search  
19 for. Finding a job and finding out what it pays  
20 takes time and effort. The cost of search means  
21 the same job could pay slightly different amounts  
22 at different firms. In other words, some firms  
23 may be paying less than what they can actually  
24 afford. This means that there is a zone within  
25 which you can push up wages of low paying firms,

1 without having an impact on the firms behavior.  
2 That is, the firm can absorb the added cost. In  
3 models like this one, workers are moving from job  
4 to job in search of the good job. A living wage  
5 is likely to be a good job for low skill workers  
6 and they will be more reluctant to leave. This  
7 may reduce turnover for these firms and reduce  
8 vacancies. Lower turnover can save firms money by  
9 reducing the need for training new employees, lost  
10 time when someone quits and a higher overall, and  
11 higher overall productivity for their workforce.  
12 Lower turnover can also show up as higher  
13 employment in the employment data because part of  
14 what constitutes the unemployment rate is simply  
15 people between jobs. Finally, on a slightly  
16 different tact [phonetic], some living wage  
17 advocates note that firms may pay higher wages in  
18 order to encourage greater efficiency on their  
19 employees. A firm paying a higher wage may get  
20 better work effort. Overall, this view, this is,  
21 this view of the world, there is some room to set  
22 living wages without adverse employment impact.  
23 You can't set 'em at \$100 an hour, but there is  
24 some room. And the effect of the living wage is  
25

1  
2 largely restricted to the firms that it applies  
3 to. So to summary, for the impor--for the  
4 opponents, a living wage has the potential for a  
5 number of unintended consequences that have  
6 negative impacts on the community, and especially  
7 on low skilled workers. To the proponents, as  
8 long as increases stay within a range, the  
9 unintended consequences are unlikely to occur.  
10 So, this raises some obvious questions about which  
11 one of these views of the world pertain to a  
12 particular set of circumstances. In both cases,  
13 exactly what happens depends on the  
14 characteristics of the project, the law it applies  
15 to, as well the characteristics and current  
16 conditions of the local economy. These are  
17 empirical questions. There are a lot of empirical  
18 studies, a number of them in professional  
19 journals. Later you will hear from the testimony  
20 of some of the authors of these studies. Doing  
21 meaningful and empirical analysis of living wage  
22 laws is best by some major challenges concerning  
23 both data sources and methodology. Unfortunately,  
24 no one can claim to have the perfect data source  
25 or the perfect methodology, so a definite



1 conclusion continues to elude us. Thank you all.

2 [laughs]

3  
4 CHAIRPERSON MEALY: Thank--scuze  
5 me. Just to let you know that we've joined by  
6 Steve Levin, Ruben Wills, and Mark-Viverito. Now,  
7 we will have our Borough President of The Bronx,  
8 Mr. Ruben Diaz, Jr. Council Members, he will not  
9 be taking any questions as of yet.

10 RUBEN DIAZ, JR.: Good afternoon,  
11 Madam Speaker, Chair Mealy, and distinguished  
12 members of the City Council. I just want to thank  
13 you for offering me this opportunity to testify  
14 once again before this Committee on the Fair Wages  
15 for New Yorkers Act, an important piece of  
16 legislation to sign, to ensure that our tax  
17 dollars are spent more wisely. The premise of the  
18 Fair Wages for New Yorkers Act is simple: when  
19 developers take heavily from taxpayer wallet, they  
20 must do better by their future employees. This  
21 bill will make sure that that happens by requiring  
22 those receiving heavy taxpayer subsidies to pay  
23 their employees a living wage. That living wage,  
24 as defined by our bill, is a modest sum. What  
25 we're asking for is that employees at heavily ta--

1  
2 at heavily subsidized projects, earn \$10.00 an  
3 hour with benefits, or \$11.50 an hour without, as  
4 defined by federal law. Although it would not  
5 hurt, although it would not hurt the financial  
6 viability or profitability of these major  
7 developers, this small sum would indeed  
8 dramatically alter the lives of their employees.  
9 A few dollars more a week could mean the  
10 difference between food on the table, new clothes  
11 for their children, much needed medication, or an  
12 on-time rent payment. When I last testified  
13 before this Committee in March, I noted that the  
14 parameters of this bill were not set in stone. We  
15 said we were willing to listen to all reasonable  
16 concerns about this bill and adjust them  
17 accordingly. I know that we saw the changes here,  
18 but let me just reiterate them again. We said  
19 that we would be willing to make this bill more  
20 targeted and specific in order to address concerns  
21 over affordable housing and small businesses.  
22 Moreover, this bill was not intended to be  
23 retroactive catchall, but is focused on new  
24 developments. We have done just that. Over the  
25 past several months, my office, along with the two

1  
2 prime sponsors of this bill, Councilwoman Annabel  
3 Palma and Oliver Koppell, as well members of the  
4 Living Wage NYC Coalition, and other members of  
5 this distinguished panel, Committee, have been  
6 working hard to amend this piece of legislation,  
7 so that some of the concerns raised at this, at  
8 the first hearing, are addressed in this new  
9 version of the bill. We have explicitly exempted  
10 as of right subsidies, such as the ICAP that the  
11 bill cannot legally tie into living wage mandate.  
12 Instead, this bill will now only focus on a  
13 specific discretionary subsidies that are offered  
14 by the City of New York. We have significantly  
15 reduced the length of the bill's mandate from 30  
16 years to ten years, or the life of the subsidy.  
17 We have also reduced the recordkeeping  
18 requirements of the original bill down to six  
19 years, from, which is already required by the  
20 State of New York. We have excluded all  
21 manufacturing companies from this bill, so that  
22 any wage mandate does not hinder the growth of  
23 this important field within our five boroughs. We  
24 have raised the small business exemption from \$1  
25 million in revenue to \$5 million in revenue, so

1  
2 that we target only the largest businesses among  
3 us. We have adjusted the bill so that it does not  
4 dramatically alter the current pay structure for  
5 tip employees. We have disconnected the bill from  
6 the existing living wage ordinance, so that we do  
7 not create overlapping layers of regulation. And  
8 finally, and perhaps most significantly, we have  
9 raised the subsidy threshold of what would be  
10 covered under this legislation from the original  
11 \$100,000 to \$1 million. By raising the subsidy  
12 threshold to this level, we have ensured that the  
13 targets of this bill would be the large new  
14 developments, not the mom-and-pop shops who are  
15 already struggling to keep their heads above  
16 water. WE greatly appreciate the feedback and  
17 points raised by the small business community, In  
18 particular, the Five Borough Chambers of Commerce  
19 issued a letter raising valid nuances and  
20 implementation issues. However, these points are  
21 better addressed as regulation under the bill,  
22 once it is law. In short, we have made a good  
23 faith effort to address the concerns raised by  
24 opponents of the Fair Wages for New Yorkers Act,  
25 at the previous hearing. And yet, we still hear

1  
2 misguided and inaccurate criticisms from many of  
3 those opposed to this legislation that the bill is  
4 too harsh, and that it will harm the City's  
5 economy. To support these claims, and you'll hear  
6 a lot of this later on, opponents of this bill  
7 will hold up a critically flawed study put forward  
8 by the City's Economic Development corporation.  
9 As we predicted more than a year ago, the final  
10 study released last month is scientifically  
11 defective. At its core, the study focuses on the  
12 ICAP subsidy, which would not be covered by this  
13 bill. The study also conducted, was also  
14 conducted by a consulting firm, Charles River  
15 Associates, that not only has a history of  
16 opposition to living wage mandates, but the  
17 minimum wage law, as well. What we see here is a  
18 circular logic at its finest: the Mayor opposes  
19 the living wage, then hires a firm to produce a  
20 study that mirrors his beliefs. Therefore, the  
21 report's conclusions are hardly objective or  
22 unbiased research. In fact, given the significant  
23 changes that the bill has seen in the recent  
24 months, this study has no relevance whatsoever to  
25 the Fair Wages for New Yorkers Act, and represents

1  
2 little more than \$1 million in wasted taxpayer  
3 money. Reputable economic experts have dismissed  
4 the study and with good reason. James Parrott,  
5 Chief Economist at the Fiscal Policy Institute,  
6 stated that the study is fraught, is so fraught  
7 with dubious assumptions, it should be nominated  
8 for a science fiction award. In addition to  
9 noting that the study covers a subsidy that would  
10 not be covered by this legislation, these  
11 economists have pointed out to a number of fatal  
12 flaws in the report. The study completely, for  
13 instance, ignores that New York City is already  
14 requiring a living wage on all projects under the  
15 420-A, the 421-A subsidy program. It also fails  
16 to note that the City has required a living wage  
17 at specific developments, such as those at  
18 Willet's Point, Coney Island and the former Domino  
19 Sugar Factory in Williamsburg. The report also  
20 fails to appropriately analyze similar living wage  
21 provisions in other cities, such as Los Angeles,  
22 that have had similar laws for years. Los Angeles  
23 County passed its living wage law in 1999, and  
24 many of the law's opponents made the same  
25 arguments that we hear in opposition to our bill.

1  
2 Specifically, they said that developers would not  
3 build because they feared the living wage law  
4 would make it impossible to find tenants. Time  
5 and time again, this has been proven false in Los  
6 Angeles. Most recently, the city saw fierce  
7 competition for the multimillion dollar food  
8 concessions business at the Los Angeles  
9 International Airport competition that the living  
10 wage law did not, did nothing to prevent. It  
11 should be noted that when the law was debated,  
12 then Mayor Richard Riordan opposed requiring  
13 airport contractors to pay a living wage, claiming  
14 businesses would not want to bid on the contracts  
15 at LAX, if the City Council passed a living law  
16 requiring them to pay all their employees well  
17 above minimum wage. Mayor Riordan was wrong then,  
18 and ladies and gentlemen, Mayor Bloomberg is wrong  
19 now. In fact, our good friends at the related  
20 companies continue to build and develop in Los  
21 Angeles. Most of the Grand Avenue Parks  
22 development projects funding comes from \$50  
23 million in prepaid rent for ground leases from the  
24 related companies. I stated, as I stated before,  
25 the related company is a large reason why we are

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2 here today. Would they really have committed \$50  
3 million in prepaid rent if they believe that the  
4 Los Angeles Living Wage Law, would prevent, would  
5 have prevented them from finding tenants. Would  
6 they have made the commitment if the law prevented  
7 access to financing for the projects? The answer  
8 is clearly no. Given these considerable issues,  
9 and the record of success similar laws have seen  
10 in other cities, it would be intellectually  
11 dishonest for the Mayor or anyone else to use this  
12 study to rebut the Fair Wages for New Yorkers Act.  
13 What do we already know about subsidized  
14 development in our City? Look at the Gateway  
15 Terminal in The Bronx, just a few blocks from my  
16 office, for a clear view of just how these  
17 projects really work. As reported in the Daily  
18 News in June, these heavily subsidized retail,  
19 this heavily subsidized retail mall, sees \$27  
20 million each year in rental payments from its  
21 tenants. Yet, the developers, related companies,  
22 pays less than a \$1 million total dollars in rent  
23 and taxes for the space to our City. At the same  
24 time, the mall has created only 986 full-time  
25 jobs, a far cry from the 2,300 jobs originally



1  
2 promised to the people of The Bronx? And most of  
3 these jobs pay at or nearly the minimum wage. Had  
4 the living wage law been enacted before this  
5 project was built, this project would still have  
6 been a huge financial windfall to both the  
7 developers and the tenants alike. In fact, ladies  
8 and gentlemen, get a load of this, the BJ's  
9 Wholesale Club located at the mall is the third  
10 most successful BJ's store in the chain of BJ's in  
11 the entire United States. Numbers like these show  
12 just how subsidized retail developers, development  
13 has not helped, has not worked for The Bronx or  
14 the City of New York. However, we can point to  
15 real numbers, showing that New Yorkers of all  
16 stripes support our legislation. In May, a poll  
17 by Baruch College Survey Research released, was  
18 released showing that New Yorkers are an  
19 overwhelming agreement that the City needs a  
20 living wage law now. According to the poll, 78  
21 percent of New Yorkers agree with requiring  
22 employers to pay a living wage, while just 15  
23 percent do not. This includes 83 percent of  
24 Democrats, 74 percent of Independents, and yes, 56  
25 percent of Republicans. What we have seen in

1  
2 recent months on all sides of the political  
3 spectrum is a total refusal by our citizenry to  
4 accept business as usual when it comes to  
5 providing heavy taxpayer subsidies to private  
6 developers. The Fair Wages for New Yorkers Act is  
7 a popular piece of legislation and this poll  
8 illustrates that point perfectly. We have heard  
9 the calls of our opposition, and we have answered  
10 them. We have analyzed the City's report on this  
11 legislation and we have found it to be critically  
12 flawed and lacking in scientific merit. The  
13 evidence and the public are on our side. The Fair  
14 Wages for New Yorkers Act currently has 29 City  
15 Council cosponsors, and we are hopeful that  
16 following this, these hearings, that number will  
17 grow. When significant taxpayer funding is used  
18 to make private projects a reality, developers  
19 must do better by the people they employ. The  
20 Fair Wages for New Yorkers Act will ensure that  
21 that happens. Thank you and Happy Thanksgiving to  
22 each and every single one of you, and everyone in  
23 this room.

24 COUNCIL MEMBER KOPPELL: I just  
25 want to thank the Borough President for his work

1  
2 on the bill. I know he and his staff have worked  
3 very hard to try and put this bill together in  
4 such a way that it can in fact pass and assist New  
5 Yorkers. Thank you for your help.

6 RUBEN DIAZ, JR.: And thank you for  
7 your leadership, Councilman.

8 CHAIRPERSON MEALY: Thank you.  
9 We've been joined by Council Member Lew Fidler.  
10 Borough President, can you stay on the panel  
11 table? We have a new panel: Paul Sonn, National  
12 Employment Law Project; President Stuart  
13 Appelbaum, can you come up to the panel? Donald  
14 Spevik [phonetic], Spevik, Speevik? Jeff Fleming.  
15 And Shaun Sh--[background comments] And we have  
16 someone on the phone, we'll be--Ken Jacobs, he  
17 will be on the phone, also.

18 SPEAKER QUINN: And I just wanted,  
19 the Borough President will take questions along  
20 with the rest of the panel, when the rest of the  
21 first pro panel finishes, just in case people  
22 wanted to ask the Borough President a question.

23 [pause, background noise]

24 CHAIRPERSON MEALY: Can someone  
25 prepare the phone? Okay, thank you. Anyone can

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start. Thank you.

STUART APPELBAUM: Good afternoon, Speaker Quinn, Chair Mealy and Members of the City Council. I'm Stuart Appelbaum, President of the Retail, Wholesale and Department Store Union. Every year, New York spends billions of taxpayer dollars to subsidize economic development and create new jobs. The Fair Wages for New Yorkers Act will ensure that when New York City extends substantial amounts of taxpayer funds to developers, or major employers, to promote economic development, these public assistance recipients guarantee that the jobs created will pay at least a living wage. This new law will ensure that economic recovery here in the City is based on a healthy middle class, rebuilt through quality jobs. Other cities guarantee living wages on publicly subsidized economic development projects, and have found that such standards have not slowed growth or development, while raising the income of its working families. This wise legislation is both pro-worker and pro-business. And in economic times such as these, we need to lose such old-fashioned categories and transcend

1  
2 the divide between labor and business. We are in  
3 this together, and this legislation is a clear  
4 expression of this wisdom. We have negotiated in  
5 good faith to amend this bill, addressing the  
6 legitimate concerns of the business community, and  
7 establishing the correct balance between business  
8 interests and the need of working New Yorkers for  
9 a living wage. This is a focused bill aimed at  
10 key impending development projects that create low  
11 wage jobs. In fact, sorting projects that are  
12 listed in the New York City Economic Development  
13 Corporation's 2011 Annual Investment Report via  
14 the criteria of the new amended bill, at a maximum  
15 only 30 percent of jobs at all EDC projects  
16 citywide would require living wages. Let me  
17 reiterate, this bill does not touch small  
18 business, affordable housing or manufacturing. It  
19 targets the large impending developments, such as  
20 Willets Point, City Point, Hudson Yards and Coney  
21 Island, just to name a few. These are projects  
22 that promise developers and large business huge  
23 profits. This bill simply requires that some of  
24 this publicly subsidized profit goes to support  
25 workers with a living wage. Raising wages for

1  
2 jobs created by public assistance to developers is  
3 pro-business. A higher wage economy is an economy  
4 in which more people are self-sufficient, demand  
5 is generated, spending increases, companies  
6 prosper, the tax base grows, reliance on safety  
7 net programs decreases, and poverty and inequality  
8 are drastically reduced. As Henry Ford, the  
9 preeminent capitalist said, "Our own sales depend  
10 on the wages we pay." If we can distribute high  
11 wages, then that money is going to be spent. And  
12 it will serve to make workers in other lines more  
13 prosperous and their prosperity is going to be  
14 reflected in our sales. Raising wages for jobs  
15 created by public assistance to developers is pro-  
16 business. An investment in a higher wage  
17 workforce is an investment in productivity, growth  
18 and competitiveness, which together can drive a  
19 healthy, prosperous business climate. Working  
20 people should not be on welfare, people should be  
21 better off working. Research shows that when  
22 workers are paid well, they are more likely to be  
23 productive, to maintain strong relationships with  
24 employers, and to help improve their industries.  
25 Indeed, properly remunerated workers are most

1  
2 likely to contribute to innovation in their job,  
3 and to help companies maintain a competitive  
4 advantage. Productivity and wages should be  
5 inextricably linked. When government drives  
6 taxpayer funded economic development, and ensures  
7 decent wages for the jobs created, it advances  
8 both the interests of business and working people.  
9 Wage led productivity, growth and competitiveness,  
10 benefits New York City. Raising wages for jobs  
11 created by public assistance to developers is pro-  
12 business. A living wage standard would introduce  
13 rationality and transparency into the subsidized  
14 economic development market, and level the playing  
15 field for all subsidy recipients who do business  
16 with the City. Currently, economic development  
17 happens on an ad hoc, project by project basis. A  
18 modest living wage standard of \$10.00 per hour,  
19 with benefits, or \$11.50 without, would lift more  
20 working people out of poverty, and still allow  
21 developers and companies to earn large profits.  
22 The Fair Wages for New Yorkers bill would  
23 establish this standard, introduced more stability  
24 and balance into the City's economy, and limit the  
25 costly growth of a low wage workforce. The bill

1  
2 is based on pragmatic legislation, that has been  
3 enacted in many other cities, without harming  
4 business growth or employment growth. We should  
5 build upon this proven record of success by  
6 passing this bill. Thank you.

7 SPEAKER QUINN: I just want to make  
8 clear for the audience, the clock will be set in  
9 two increments of ten, each panel was informed in  
10 advance, the total panel, obviously in this case  
11 excluding the Borough President, each panel gets  
12 20 minutes in total; if each member isn't finished  
13 at 20, we'll just submit what wasn't read into the  
14 record, into the record. So, you'll see the clock  
15 at two twenties, two tens, but I just took about  
16 30 seconds, so we'll just give you another minute  
17 to be back on. So if we could make that 6:37,  
18 Shannon. Just want to make sure the audience  
19 understood that.

20 PAUL SONN: Thank you, Speaker  
21 Quinn. Speaker Quinn, Chairperson Mealy, it's a  
22 pleasure, other members of the Council, it's a  
23 pleasure to be here. I'm Paul Sonn from the  
24 National Employment Law Project, we've been  
25 delighted to be working with the Council staff on



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2 this, this important initiative. I'm going to try  
3 to speak quickly, because we have, I'm really  
4 introducing a terrific panel of experts. I'm  
5 going to introduce and frame that panel, and I'll  
6 try to respond to some of the very specific issues  
7 that the opponents, particularly the Bloomberg  
8 Administration, have been raising regarding the  
9 proposal. On the panel, today you'll hear  
10 testimony from experts on, what on the ground, in  
11 nuts and bolts terms, other cities are really  
12 doing to extend living wage standards to their  
13 economic development programs. You'll also hear  
14 how those policies are working successfully, and  
15 how they're not scaring off developers, who are  
16 operating successfully while paying living wages.  
17 Just to give you a preview of the panelists,  
18 you'll, there are, a whole lot of cities that  
19 have, you know, living wage policies. There are  
20 three that we've been focusing on as particularly  
21 analogous to what's being considered here:  
22 Pittsburgh, San Francisco and Los Angeles, we have  
23 experts on two of those cities. One of them is  
24 Donald Spivack from the City of Los Angeles, who  
25 spoke to us in the spring and was generous enough

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2 to come back. We have Ken Jacobs from the  
3 University of California Berkeley, by speakerphone  
4 who's an expert on San Francisco's redevelopment  
5 agency's policies, and I'll provide some overview  
6 on Pittsburgh. And then, joining them is a  
7 developer who--Jeff Fleming and his colleague,  
8 Shaun Sitch [phonetic]--who have experience  
9 operating in a living wage environment and can  
10 speak to the reaction of developers to these sort  
11 of accountability standards that are increasingly  
12 a reality in cities across the country. But what  
13 the proposal would do is very modest. It asks  
14 developers or businesses receiving a million  
15 dollars in subsidies to guarantee that the jobs  
16 created pay \$10.00 an hour. It's worth stressing  
17 how exceedingly modest that standard is. There  
18 are a number of cities in the United States where  
19 all businesses, every last bodega, every last mom-  
20 and-pop, every big box store, have to pay more  
21 than \$10 an hour. And in those cities, the sky  
22 hasn't fallen, contrary to what we're hearing  
23 would happen if this were passed. You know, every  
24 little subway and 7-11 in Santa Fe, New Mexico  
25 pays more than \$10.00 an hour. The Targets pay

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2 it, the WalMarts pay it. So, just to put in  
3 perspective, you know, that this is, you know,  
4 this is only modestly above the minimum wage. So,  
5 it really, we'll hear from the other cities how  
6 this is working on the ground, including they'll  
7 speak to the key issues of covering onsite--so  
8 contractors, tenant businesses, etc. In light of  
9 these experiences, I think the key question for  
10 New York's leaders, both in the City Council and  
11 the Bloomberg Administration, is if these cities  
12 can do it, Los Angeles, San Francisco, Pittsburgh,  
13 etc., why, why can't we? We believe the answer  
14 clearly is that New York can, and we look forward  
15 to continuing to work to make that a reality here.  
16 The, to my mind, it appears that there are three  
17 chief arguments that opponents in the  
18 Administration are raising against the proposal:  
19 first is the real, the true red herring that this  
20 is not about big commercial developments, but  
21 instead about small businesses, manufacturing,  
22 affordable housing and not large commercial  
23 projects; the second is that it is, you know,  
24 unprecedented and impossible to cover onsite  
25 contractors or tenant businesses. And that

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2 because Intro 251-A proposes to do both, it would  
3 stop development in its tracks; and the third is  
4 that Intro 251-A's implementation details are so  
5 burdensome and unprecedented that they would then  
6 make the proposal qualitatively different from  
7 other cities. Just speaking very briefly to these  
8 issues, the, you know, the small business  
9 manufacturing affordable housing had been taken  
10 off the table. It's worth noting, however, other  
11 cities actually cover them with their living wage  
12 laws. Los Angeles does, for example. So that,  
13 you know, any remaining details can readily be  
14 negotiated there. So, the next key issue is this  
15 issue of onsite contractors and tenant businesses.  
16 And the reality is, with some variation, other  
17 cities are covering them. And I direct you to  
18 page five of my testimony, there is a table that  
19 kind of walks through what Pittsburgh, what San  
20 Francisco, what Los Angeles do. And you'll  
21 basically see that San Francisco covers onsite  
22 tenant businesses and Ken Jacobs will tell you  
23 about a really major project that was just inked,  
24 that does that on a huge scale. San Francisco  
25 also covers onsite contractors. Pittsburgh

1  
2 similarly covers tenant businesses. And then  
3 finally, Los Angeles, Los Angeles covers onsite  
4 contractors, it covers all tenants when city owned  
5 land is involved. But you'll hear from Mr.  
6 Spivack they, for projects not involving city  
7 owned land, typically they negotiate to cover at  
8 least anchor tenants. So, all of these cities  
9 with variations cover tenant businesses and onsite  
10 contractors and are making it work. And I direct  
11 you again to that table. Finally, on the  
12 implementation issues, this really seems like it  
13 has emerged as a big issue that keeps, it's been  
14 the foc--it actually was a big part of the  
15 Bloomberg Administration study, that's why they  
16 said this proposal was wildly different from other  
17 ones. The implementation details, the Coalition  
18 really is quite flexible on. In fact, we didn't  
19 really draft the implementation provisions, they  
20 were in the original version of the bill, drafted  
21 by Council staff. So, I think to cut through the  
22 smokescreen here, I think the question the Council  
23 should consider is, suppose the bill were amended  
24 to parallel Los Angeles's implementation  
25 provisions? Why could New York not then adopt,

1  
2 adopt a policy of that sort? And one key thing to  
3 keep in mind, Los Angeles's implementation is not  
4 by any means toothless. For example, developers  
5 are responsible for ensuring compliance by their  
6 onsite contractors and their tenants. If those  
7 businesses are in noncompliance and the developer  
8 doesn't cooperate in fixing the situation, their  
9 subsidy can be called back. There are also  
10 requirements that the living wage be included in  
11 leases and contracts. So, it's, there's, to the,  
12 the Administration would love, you know, to object  
13 to what's in the current bill and say, "Therefore,  
14 nothing can be done." We're quite flexible and  
15 we're confident there's, there, the models that  
16 are working in other cities can work in New York.  
17 With that, I'm going to, there's a lot more detail  
18 in my written testimony, but I'm going to turn it  
19 next to our panelists. So, I'm going to introduce  
20 first, to talk about San Francisco's experience,  
21 Ken Jacobs from the University of California at  
22 Berkeley, who's joining us by speakerphone. Ken,  
23 are you there?

24 KEN JACOBS (ON SPEAKERPHONE): Good  
25 afternoon, Speaker Quinn, Chairperson Mealy, and

1  
2 Members of the Contracts Committee. I want to  
3 thank you for the opportunity to share my  
4 testimony regarding the Fair Wages for New Yorkers  
5 Act. As Paul said, my name is Ken Jacobs, and I'm  
6 the Chair of the University of California at  
7 Berkeley Center for Labor Research and Education.  
8 So I was asked to speak to you today about San  
9 Francisco's Living Wage Policy for Economic  
10 Development, and in particular its application to  
11 a major new project in the City last year. The  
12 San Francisco path to living wage law in 2000, and  
13 the following year, 2001, the San Francisco  
14 Redevelopment Agency has put a policy in place.  
15 Last year, the City negotiated one of its largest  
16 redevelopment projects every, it's a multibillion  
17 dollar project at Hunter's Point Shipyard in  
18 Candlestick Point. The project will include  
19 10,000 units of housing, 30 percent of which will  
20 be below market rate; 635,000 square feet of  
21 regional retail; 2.65 million square feet of  
22 office and research and development space, hotel,  
23 art studios and potentially a new NFL stadium.  
24 The project is covered by the Redevelopment  
25 Agency's living wage policy. As a result, all

1  
2 businesses, including onsite contractors and  
3 tenants, will be covered by the City's living wage  
4 of \$12.06 per hour, plus benefits, in 2012. There  
5 is a small business exemption for businesses with  
6 fewer than 20 employees. For, it's important to  
7 note that firms are also covered by the City's  
8 paid sick leave ordinance and the City's  
9 healthcare policies. The project is noteworthy  
10 for both its size and for the fact that it was  
11 brokered during this current weak economic time.  
12 While many of the aspects of the project were  
13 debated and quite controversial, the living wage  
14 was not one of them. All the players, including  
15 the developer, accepted it as a given on publicly  
16 supported projects in San Francisco. There was no  
17 effort by the developer to have the wage  
18 requirement waived on the project. And I think  
19 it's important to put that in context, because  
20 when San Francisco's living wage proposal was  
21 first proposed, when the living wage law was first  
22 proposed, 1998/1999, it was highly controversial,  
23 and there was a debate very similar to the one  
24 that you're having in New York right now,  
25 including the different economic studies, etc.



1  
2 And since that time, there's really been a wealth  
3 of experience on what's happened in San Francisco.  
4 The evidence is strong that firms have quickly  
5 adapted to the law without damaging economic  
6 growth, which the developers of the Hunter's Point  
7 Shipyard clearly understood. They could look to  
8 the San Francisco International Airport, for  
9 example, where, as with the Los Angeles Airport,  
10 they've found no difficulty attracting tenants.  
11 The law led to not only significant increases in  
12 pay for 12,000 workers, but also important  
13 improvements in productivity, and no negative  
14 effect on employment, which I could talk about if  
15 you have questions. So, I believe the Bay View  
16 Hunter's Point Project really illustrates how  
17 developers in San Francisco have adjusted to the  
18 City's Living Wage policy. And understand that  
19 it's just one of the expectations for major  
20 projects in the City. So, I look forward to any  
21 questions. Thank you.

22 PAUL SONN: Thank you. Next,  
23 Donald Spivack from the City of Los Angeles  
24 Redevelopment Agency.

25 DONALD SPIVACK: Yes, good

1  
2 afternoon, my name is Donald Spivack, I'm the  
3 former Deputy Chief of Operations for the Los  
4 Angeles Community Redevelopment Agency, thank you  
5 for the opportunity to speak before you. The  
6 Redevelopment Agency was established in 1948. We  
7 are roughly equivalent to the Economic Development  
8 Corporation here, as being the primary economic  
9 development partner in Los Angeles. The City  
10 adopted a, an ordinance in 1997, the Redevelopment  
11 Agency adopted its policy in 2003 at the urging of  
12 the City. It applies to, in addition to service  
13 contractors, developers, their staff, their  
14 contractors and subcontractors, if the development  
15 is on land that is owned by the Redevelopment  
16 Agency or the City, and these to the developer, it  
17 passes through to all tenants. Otherwise, through  
18 a community benefits agreement, negotiation or  
19 contract, it effectively passes through to  
20 selected tenants, primarily the anchor tenants, as  
21 the people who are most likely to be beneficiaries  
22 of the money that flows through to the developers.  
23 That generally aims to about 60 to 70 percent of  
24 the employees on such sites. A minimum of  
25 \$100,000 a year requires one year compliance, a

1 million dollars of assistance requires five year  
2 compliance. Our small business exemptions are  
3 much smaller than yours, we exempt businesses of  
4 seven or fewer employees, or \$350,000 or less in  
5 business. The City brings to the table other  
6 benefits, such as job training and employee  
7 screening through its job centers. The experience  
8 in Los Angeles is that this has not been a  
9 deterrent as has been mentioned in other cities to  
10 developers, to contractors or to tenants, they  
11 have all been willing to sign up. It has not been  
12 a deterrent to the people who finance these  
13 projects. It is very important to point out that,  
14 as was mentioned earlier, better wages do offset a  
15 number of problems, including poor performance.  
16 It also helps to offset other crises such as the  
17 need for substantial amounts of affordable  
18 housing; if people can afford housing better, the  
19 amount of money that the City has to spend on  
20 housing and social services in fact can also be  
21 reduced. We have call back provisions in the  
22 code. There are also, there's a good faith  
23 approach that is taken, as long as the developer  
24 tries in good faith to adhere, and gets their  
25

1  
2 tenants to adhere, and they must have, in their  
3 leases, a requirement for the tenant so they have  
4 a way of going after the tenants. If the tenants  
5 do not perform, then we will, in general, not go  
6 into the callback provisions. If you have any  
7 further questions, I'd be pleased to answer them.

8 PAUL SONN: Finally, I'd like to  
9 introduce--[technical]

10 CHAIRPERSON MEALY: Next speaker.  
11 We have been joined by Rodriguez, Council Member  
12 Rodriguez.

13 JEFF FLEMING: Hi, my name is Jeff  
14 Fleming, and I'm here from Portland, Oregon. I'm  
15 representing a company that I own with three other  
16 partners: Amazing Hospitality Group. We are a  
17 hotel development and management company. I've  
18 been in this business over 30 years, specifically  
19 over 20 in development. I'm here today  
20 passionately expressing my support of this bill.  
21 The living wage bills in all the cities that we've  
22 had experience in, has no bearing on any  
23 development decisions that we do, or clients that  
24 we have, whatsoever. It really goes back to  
25 economics 101. It's really supply and demand;

1  
2 it's location, location, location. And what is  
3 the atmosphere economically of the top employers  
4 within that city or geographic area. The living  
5 wage actually enhances our ability to run our  
6 hotels much more efficiently at a higher profit  
7 margin, for ourselves and our clients. There's  
8 studies out of Cornell University recently a few  
9 years ago, that did a study on a union level  
10 operated hotels versus nonunion waged hotels. And  
11 I know that the living wage is different than  
12 that, but my point is that turnover is one of the  
13 highest expenses in our industry. And in nonunion  
14 waged hotels in this study, it was just under 90  
15 percent on an annual basis of turnover. In union  
16 waged hotels, they were at 34 to 36 percent. Over  
17 twice the amount less. That equates into a  
18 significant savings that's far and above a living  
19 wage bill that can be passed in a geographic city  
20 or a region. So I'm very passionate about  
21 supporting the employees that are really the  
22 backbone of these developers, that allows their  
23 business to prosper within these communities. And  
24 it's the employees that gets them their profits at  
25 the end of the day. They also, it involves more,

1  
2 excuse me, a living wage bill has a higher guest  
3 service levels within the customers traveling to  
4 those hotels, they also have a higher impact  
5 economically within their families. The employees  
6 project a higher spirited atmosphere, which always  
7 enhances in a lower turnover ratio. So, I have  
8 extensive experience in Pittsburgh a couple years  
9 ago, going through a similar bill, and I'm proud  
10 to say that that is enacted right now in  
11 Pittsburgh. An d Pittsburgh in the last two years  
12 have broken ground on four hotels recently, so it  
13 has not adhered, the people that was against that  
14 bill in Pittsburgh, had the same excuse that it  
15 would deter development, and in fact it hasn't  
16 hurt it at all. So thank you very much for your  
17 time and I really appreciate it.

18 CHAIRPERSON MEALY: Thank you.  
19 That finish our panel. We do have some questions.  
20 I have [background comments] Oh, one more? Okay,  
21 sorry, I apologize.

22 SHAWN SICH: That's okay. My name  
23 is Shawn Sich I'm also with Amazing Hospitality  
24 Group. The one part that hasn't been mentioned  
25 today is the negative impact from dissatisfied

1  
2 employees on a city, and it's tourism. Groups  
3 make decisions to repeat to come back to a city,  
4 based on the previous experience they have. If  
5 they have employees who are dissatisfied, they may  
6 choose to go someplace else. That can go from the  
7 individual to, you know, groups, tours, so we've  
8 experienced this - - by getting group to come,  
9 because of a positive impact, when they had  
10 negative impacts in the past.

11 CHAIRPERSON MEALY: Thank you. I  
12 just have, we can start our questions. We have  
13 Mr. Robert Jackson would like to ask a question.

14 COUNCIL MEMBER JACKSON: Well,  
15 thank you, Council Member Mealy, and I thank  
16 everyone for coming out. I had, I looked at and  
17 added the numbers as to what it would cost, how  
18 much employees would earn, and at the current rate  
19 of \$7.25 per hour, times 40 hours a week, an  
20 employee would earn \$290 a week. And if you times  
21 that by 52, that's \$15,080 a year. That's before  
22 taxes. So I said, and reasonably, "Well, let's  
23 say if an employee worked 50 hours a week, because  
24 they need money to survive. \$72.5 times 50 equals  
25 \$362.50 a week, or \$18,850. That's gross. And at

1  
2 the living wage of \$10.00 an hour, times 40 hours  
3 a week, that's \$400 a week, times 52 weeks, equals  
4 \$20,800, gross, to support a family. And even,  
5 you know, most people, in order to support their  
6 family, they will work 50-60 hours, whatever it  
7 takes. So, 50 hours a week is \$500 a week, times  
8 52, \$26,000 gross. I'd say to all of you, and  
9 especially those that oppose this bill, can you  
10 live off \$7.25 a week? And that's a question that  
11 I ask of the people here. Do you think that that  
12 is too much money to earn, under the  
13 circumstances, that a city will give developer  
14 subsidies and the high cost of living in New York  
15 City. And I ask those questions specifically for  
16 those people that are outside of New York, because  
17 I know what the response is in New York City, but  
18 you talked about San Francisco, you talk about LA,  
19 you talked about other places. Those more  
20 specifically for those questions. Thank you.

21 CHAIRPERSON MEALY: Is it a  
22 question?

23 COUNCIL MEMBER JACKSON: Yeah, I  
24 asked the question.

25 DONALD SPIVACK: To give you some



1  
2 numbers for Los Angeles, our wage rate is a little  
3 bit different, it's \$10.42, \$11.67 without  
4 benefits, so it's marginally different. That  
5 comes out to about \$21,600 a year. The  
6 calculations that have been done, that number by  
7 the way is just marginally above the federal  
8 poverty line of \$21,000. The minimum it takes to  
9 live in Los Angeles, for a family of four, has  
10 been calculated at just under \$30,000: \$29,474.  
11 So it doesn't even come close to what it takes to  
12 minimally live comfortably in Los Angeles.

13 CHAIRPERSON MEALY: So--

14 COUNCIL MEMBER JACKSON: And the  
15 other area, San Francisco, and I think you, the  
16 third testimony. Other individuals.

17 PAUL SONN: The San Francisco  
18 living wage is \$12.00 an hour. I mean, the cost  
19 of living, these are all high cost cities, like  
20 New York, and most basic self-sufficiency  
21 standards would suggest you'd need, you know, \$17  
22 plus dollars an hour, you know, to really support  
23 a family, or even to support individual, afford  
24 rent in a modest apartment. I mean, where even  
25 these wage standards that we're talking about for

1

2 economic development programs, are really, you  
3 know, quite modest, in that regard.

4

CHAIRPERSON MEALY: Thank you. I  
5 have a question for Mr. Fleming. Why wouldn't  
6 higher labor costs reduce the number of jobs  
7 availability?

8

JEFF FLEMING: Could you repeat  
9 that, please?

10

CHAIRPERSON MEALY: Why wouldn't  
11 higher labor costs reduce the number of jobs  
12 available?

13

JEFF FLEMING: Specifically, in my  
14 industry, [coughs] excuse me, in my operation,  
15 it's very simple and it's very laid out in models,  
16 of size of hotel and style of hotel. So when  
17 we're staffing a hotel to operate it, from  
18 development stage into opening stage, you need a  
19 specific amount of employees to operate it based  
20 on the size. It's not a bearing on the average  
21 wage, it's not a bearing on a specific position on  
22 what it gets paid, it's based on the bodies that  
23 it takes to operate the hotel efficiently. And  
24 so, if that answers your questions.

25

CHAIRPERSON MEALY: Yeah, so,

1  
2 that's perfectly. If higher wages increase worker  
3 productivity and turnover to the point of negating  
4 higher labor costs, why haven't businesses already  
5 increased wages on their own, then?

6 JEFF FLEMING: Actually, many of  
7 the great operators have. Some of my competitors  
8 have, and some of my ex-employers have. And so,  
9 what's ironic is that I've been paying \$10 plus an  
10 hour for a front office agent, a guess room  
11 attendant in my hotels, since 2002, in Portland,  
12 Oregon, which is nowhere near the cost of living  
13 here in New York City. And at \$7.25, it's  
14 shocking to me to hear that, 'cause I struggle  
15 with how am I going to staff my hotel with  
16 quality, passionate employees, that serve the  
17 tourists that come into this City, that makes it  
18 what it is? The last point on that, if I may, is  
19 that in Oregon and Washington, we have a minimum  
20 wage law in those states that reflect into the  
21 food and beverage industry, which we're very  
22 involved in. That's \$8.50 an hour as a server and  
23 a bus boy. \$8.50 an hour. Now, in Arizona, it's  
24 in the low \$4.00 an hour. But we still have more  
25 restaurants open per capita, in Portland and

1  
2 Seattle, than anywhere in the United States. We  
3 have world known chefs that buy real estate and  
4 open up restaurants in those two cities. And yet  
5 they adapt to those minimum wages that are \$4 and  
6 \$50 an hour more, and come into our communities.  
7 Again, it's the smart operators that know how to  
8 do this. It doesn't make a difference as far as,  
9 "Do I develop here or not?" It's Economics 101.

10 CHAIRPERSON MEALY: Thank you. I  
11 know that. We're going to have our next question  
12 from Council Member Gennaro.

13 COUNCIL MEMBER GENNARO: Thank you,  
14 Madam Chair, and I thank this panel. I've tried  
15 to do my homework to the best that I could before  
16 I came here today. And I'm going to ask what I, I  
17 think is a pretty simple question, that we're  
18 talking about San Francisco, and LA, very bullish  
19 on these policies. Have created them for city  
20 government, with regard to their redevelopment  
21 agencies. You know, these are policies, not laws,  
22 but you know, they have been encouraged by the  
23 City, and these are negotiated projects. And you  
24 know, certainly, I would think it would be the  
25 case, that if you're a developer, and you're, you

1  
2 know, sitting down with a redevelopment agency,  
3 and you're working out the deal, if you're going  
4 to, you know, pay higher wages than you otherwise  
5 would, you know, wouldn't this money ultimately  
6 come from the City, and the City seems willing to  
7 pay it, because they're, you know, willing to  
8 embrace this, and they want to make it happen, I  
9 just think there's this notion that these costs  
10 are going to be, you know, born by business, when  
11 I think what actually happens is that you have  
12 City government money basically sweetens to deal,  
13 to pay these higher wages. And wouldn't that  
14 basically be how it would work here in New York  
15 City? And if you were a developer and you were  
16 mandated to pay higher wages, when you sit down  
17 with the City, you're going to say, "I need a  
18 sweeter deal to fulfill this law." Tell me why  
19 I'm not seeing this right, if you feel that way.

20 PAUL SONN: I suspect in some cases  
21 it does--I mean, these are all public policy  
22 priorities, and they all come with costs. When we  
23 push for affordable housing on projects, when we  
24 push for, you know, certain concessions or  
25 community improvements, they all--and this, I

1  
2 think the push for a living wage is the decent  
3 jobs for working families, you know, is  
4 appropriately factored in as one of those costs.  
5 Mr. Spivack from LA can speak, I think he says,  
6 you know, sometimes he thinks it does affect the  
7 cost of the deals. One thing I want to speak to,  
8 though, is just to be clear, most of these  
9 jurisdictions have, sometimes they're adopted as a  
10 policy by the agency board, sometimes it's an  
11 ordinance. But they all have a baseline set of  
12 standards that apply to all projects, then in some  
13 cases they expand beyond them, and so, San  
14 Francisco and Pittsburgh cover the tenants as a  
15 matter of either the ordinance or the policy; LA  
16 only covers tenants on city owned land, as a  
17 matter of the policy. But then as a matter of  
18 practice and negotiation, typically covers the  
19 anchor tenant. So it's, the bulk of what, this  
20 coverage, is actually set either by ordinance or  
21 policy, to apply, you know by formula, to most  
22 projects.

23 COUNCIL MEMBER GENNARO: Okay, so  
24 we have Mr. Spivack, who wants to--

25 DONALD SPIVACK: Yeah, thank you,

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if I could add just a little bit.

COUNCIL MEMBER GENNARO: Sure.

DONALD SPIVACK: First off, the reason that in the redevelopment setting, there are policies, is because city ordinances do not apply to redevelopment agencies, by statute. And so the, there's a requirement that they be done separately.

COUNCIL MEMBER GENNARO: I don't think that's three minutes yet. Was the clock reset?

CHAIRPERSON MEALY: It's three minutes.

COUNCIL MEMBER GENNARO: Okay, then, why don't we just let Mr. Spivack finish his thought.

CHAIRPERSON MEALY: He can finish.

DONALD SPIVACK: Thank you. As a matter of policy, these are set by contract. So, the enforcement is a whole lot easier than when they're simply done through a regulatory mechanism. The third part is that they're offsetting savings. Yes, there may be increase in the amount of subsidy, but at the same time--

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COUNCIL MEMBER GENNARO: May be an increase in the amount of subsidy?

3

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DONALD SPIVACK: Yeah, in some cases there have been.

5

6

COUNCIL MEMBER GENNARO: Wouldn't it definitely be an increase in the amount of subsidy?

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DONALD SPIVACK: No, not necessarily. Because there are offsetting elements that come into--

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11

12

COUNCIL MEMBER GENNARO: Okay.

13

14

DONALD SPIVACK: --into the package as was mentioned earlier, higher efficiency, less turnover, which will show up in a pro forma. But from the public perspective, the cities are also responsible for paying for things like affordable housing and social services, and to the extent that wages go up and so the demand for those kinds of services can be ameliorated, there are offsetting savings to the cities.

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CHAIRPERSON MEALY: Thank you.

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COUNCIL MEMBER GENNARO: Thank you-

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CHAIRPERSON MEALY: Next--



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COUNCIL MEMBER GENNARO: --and I  
thank you, Madam Chair, I think my time is up.

4

5

CHAIRPERSON MEALY: Thank you so  
much. Somebody will ask a question that you can  
fill it in. Our next question, Council Member  
Charles Barron. Turn on the mic, now, come on.

8

9

COUNCIL MEMBER GENNARO: Here,  
Charles, Charles, Charles, here. [laughter]

10

11

CHAIRPERSON MEALY: No, don't give  
him a mic. Let him go get it his self. [laughs]

12

13

COUNCIL MEMBER BARRON: Working,  
oh. This was intentional. [laughter] Sabotage.

14

15

CHAIRPERSON MEALY: Now he has  
three mics, oh my god.

16

17

COUNCIL MEMBER BARRON: Thank you.  
You know, this living wage bill should be the  
minimum wage in this City, and we should be  
fighting for even a greater living wage.

20

[applause] But this is a great start.

21

22

CHAIRPERSON MEALY: No applause,  
please.

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COUNCIL MEMBER BARRON: This is a  
great start.

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CHAIRPERSON MEALY: It's holding up

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the hearing.

COUNCIL MEMBER BARRON: When you look at the cost of living, if you look at the cost of food, you might come out cheaper eating your money than spending it on food. When you look at the cost of healthcare, and I don't suggest any of you die, 'cause you can't afford to. Funerals are too expensive. We can't even afford to be born in this country, 'cause birth is too expensive. The expense in this City is just incredible. And we're sitting here arguing over \$10 an hour. So, I think that we're on the right path, with this bill. It's a good beginning. I'm concerned about the affordable housing component of it, 75 percent at 125 percent of the AMI, is not affordable. We need to really look at that as a threshold for affordability. And I'm not clear, and I've heard different stories on the prevailing wage, in the different industries where would this affect, and has it affected any other cities, had any impact on the prevailing wage. I don't think so, I think that's a separate issue altogether, and we have some bills coming out of the City Council, on the question of prevailing wage. But

1  
2 I'm really concerned that the bill that we have is  
3 good, headed in the right direction, but there may  
4 need to be more teeth in some areas of this bill.  
5 The \$5 million threshold, I understand that we're  
6 trying to get, not harm small businesses. The  
7 million dollars in subsidies from \$100,000, I  
8 think we could've kept the 30 year, life of it,  
9 but ten years is what is that now, that's where it  
10 is now. I'm supporting it 1,000 percent. But  
11 just if you can speak a little bit on the  
12 affordable housing for me, especially; but I think  
13 the prevailing wage will not be impacted.

14 PAUL SONN: This, the affordable  
15 housing formula, I mean, we believe it, you know,  
16 adequately exempts affordable housing projects.  
17 But to the degree there is any clean up  
18 negotiations, that's, that's truly a separate  
19 issue. The core issue here is the, you know,  
20 large commercial development projects, and  
21 whether, you know, they can pay this modest wage  
22 of \$10 an hour. So, I'm sure if you have specific  
23 proposals, I suspect we'll hear from the, my staff  
24 or others who I think have their lingering  
25 objections. But I'm confident that if that were

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the true stumbling block, we could come to terms on that. On prevailing wage, a few--Pittsburgh uses a prevailing wage approach for their bill, most of them use a living wage approach, that's somewhere between, you know, \$10 and \$13 an hour.

COUNCIL MEMBER BARRON: And what do they do specifically in some of the prevailing wage. I know it's based on different professions.

PAUL SONN: It, yeah, so, Pittsburgh, it's prevailing wage for covered hotels, building service construction, which is sort of very common, but then covered hotels and supermarkets, which is rather novel. And so they're working it out. But actually, you know, New York's actually going down that road. This is the untold, underreported story that somewhat reluctantly, I believe, the Administration has actually moved towards using wage standards on many of our premier projects. So Willet's Point has prevailing wage for hotels on it, as does Coney Island, and the Domino Sugar Factory has prevailing wages for supermarkets, which it'd be interesting, you know, most of the commentary on this is this is economics worthy of the Soviet

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2 Union, and it's, it's be interesting to actually  
3 hear some conversation about why they believe  
4 that's realistic. But, you know, they, but no  
5 further. So, that's, that actually, and those  
6 are, these are new policies, those are industries  
7 where prevailing wage has not been applied before.  
8 So what Pittsburgh is figuring out and what I  
9 guess these guys are going to be figuring out on  
10 Willets, Coney and Domino, will be kind of new  
11 approaches.

12 CHAIRPERSON MEALY: Thank you.

13 COUNCIL MEMBER BARRON: Thank you.

14 CHAIRPERSON MEALY: Thank you. We  
15 have a question from James Oddo.

16 COUNCIL MEMBER ODDO: Thank you,  
17 Madam Chair. Good afternoon, gentlemen.  
18 Pittsburgh, San Francisco, Los Angeles, apropos of  
19 nothing, it warms the cockles of my heart to think  
20 that the Mets might be better than at least two of  
21 the three teams in your cities. I appreciate your  
22 testimony about how this policy has played out in  
23 those cities. And I have a question specific  
24 about the projects, the Hunter's project and the  
25 Grand Avenue Park project, and I also appreciate

1  
2 your criticism of the study done by the Bloomberg  
3 Administration, and I recognize the testimony  
4 about theory and modeling. I'm trying to find out  
5 the practical impact of this bill in my community.  
6 Let me just say again, as an aside, there was  
7 something called the November plan that came out,  
8 it's the Administration's budget mod. And in it  
9 here in November, they anticipate generating more  
10 money from fines and inspections of businesses.  
11 Somewhere, I guess in City Hall, there's a  
12 business Karnak guy that could put an envelope to  
13 his head and say, "People are going to behave  
14 badly in restaurants and they're going to generate  
15 more money. That's a mentality that I've tried to  
16 fight against most of my career, trying to fight  
17 for small businesses. Okay? We, we talk about  
18 it, but then we pass policies or we enact policies  
19 that hurt it. So I'm concerned about businesses  
20 in my community. I hope you guys are aware of the  
21 FRESH program. I was at a press conference  
22 yesterday with Mayor Bloomberg and Borough  
23 President Molinaro, where we opened up, were  
24 opening up a Key Food, in the South Beach  
25 community. It is so needed, both in terms of the

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2 fresh vegetables and the healthy foods, and the  
3 economic vitality it would bring. My  
4 understanding is if you look at the 14 FRESH  
5 initiatives in the City, 12 would not have  
6 happened, because the margin of profit is so  
7 small. So my concern is if we implement this,  
8 there would be no FRESH project in my district.  
9 So that's the first question I ask you to address.  
10 The second question is, in terms of Hunters and  
11 Grand Avenue, we heard testimony that folks were  
12 not scared away. Could you just tell me how we  
13 are doing locating tenants in those two projects?  
14 Are we rented up? So if you would just address  
15 those two items.

16 JEFF FLEMING: Let me comment first  
17 about the opening of the supermarket yesterday on  
18 Staten Island. I thought it was disingenuous of  
19 the Mayor to say that that supermarket would not  
20 have opened had this law been in effect. Because  
21 if this law had been in effect, that supermarket  
22 would have been exempted, and would not have been  
23 covered, because it wouldn't have met the \$5  
24 million threshold.

25 PAUL SONN: Just another point on

1  
2 the FRESH program, you know, one could argue that  
3 those, you know, kind of, there are complicated  
4 pros and cons for cov--for those sorts of programs  
5 and facilities. But it's worth noting, Los  
6 Angeles actually covers them. They have a food  
7 desert inner city supermarket development program  
8 and they're covering it with their, their living  
9 wage that's slightly higher than ours, you know,  
10 in the same way they actually cover manufacturing  
11 and affordable housing. So, so maybe Donald,  
12 would you speak to that?

13 DONALD SPIVACK: Yes. The, the way  
14 in which it's handled in Los Angeles is that the  
15 City puts money into these programs directly. In  
16 the case of the food desert, it helps to subsidize  
17 the cost of developing the property, it helps to  
18 subsidize the cost of installing the equipment  
19 that provides for the maintenance of fresh foods,  
20 it does training for employees, it does training  
21 for the employers, as well. So these, these are  
22 the ways in which there are direct subsidies that  
23 go into the programs for the fresh food. The  
24 Grand Avenue project, you asked about, has not  
25 started construction in terms of anything but the



1  
2 public portion of it, the park portion is under  
3 construction. The balance of it, because of the  
4 overall economy in Los Angeles, California, has  
5 not yet started construction.

6 CHAIRPERSON MEALY: Thank you.

7 PAUL SONN: On the Hunter's Point--

8 CHAIRPERSON MEALY: Thank you, it  
9 will come in.

10 COUNCIL MEMBER ODDO: Madam Chair,  
11 could the gentleman--

12 CHAIRPERSON MEALY: Okay.

13 COUNCIL MEMBER ODDO: --from San  
14 Francisco answer the Hunter's question? Hunter's  
15 P--

16 CHAIRPERSON MEALY: Mr. Kent  
17 Jacobs?

18 PAUL SONN: You still there, Ken?  
19 Perhaps he is--

20 CHAIRPERSON MEALY: Hello? I think  
21 he's still on. But we have been joined by Council  
22 Member Reyna, Council Member James Sanders, of the  
23 Rockaways. [laughs]

24 COUNCIL MEMBER ODDO: Madam Chair,  
25 since the San Francisco gentleman is not

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answering, can I just go back to--

KEN JACOBS (ON SPEAKERPHONE): Oh, hello, can you, sorry, I realize I had mute on.

COUNCIL MEMBER ODDO: You're not working with me. [laughs

KEN JACOBS (ON SPEAKERPHONE): Could you repeat the question?

COUNCIL MEMBER ODDO: The question was, if you could tell us about how you have done in terms of drawing tenants to the Hunter's project.

KEN JACOBS (ON SPEAKERPHONE): Well, the Bay View/Hunter's Point project, is just starting construction, since the, since it was recently agreed on. So they are not at the point yet, they're also finishing the brownfield cleanup, so they're not at the point yet where they're looking for tenants. I can tell you that the San Francisco International Airport just opened a new terminal and had no problem at all bringing in retail and food service, they filled that up very quickly, and the airport is doing very well on that front.

COUNCIL MEMBER ODDO: Okay. Madam

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2 Chair, can, so, just--can you, you know, your  
3 comment about that it would have been exempted is  
4 not, is inconsistent with what our analysis is.  
5 Could you tell me why you believe it would be  
6 exempted? I thought it was certainly going to  
7 generate the--

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DONALD SPIVACK: I'm told--

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COUNCIL MEMBER ODDO: --and about  
10 twelve of the 14.

11

DONALD SPIVACK: --I'm told that  
12 the reason it would have been exempted, Council  
13 Member, is because it fell below, it would fall  
14 below the \$5 million in revenue.

15

COUNCIL MEMBER ODDO: Okay, I would  
16 just ask Madam Chair if staff could do some  
17 analysis, 'cause that's really important to me,  
18 and you know, I don't want to lose, you know,  
19 future locations like that.

20

CHAIRPERSON MEALY: Yes, they're  
21 working on it, they're going to work on that.

22

COUNCIL MEMBER ODDO: Thank you.

23

CHAIRPERSON MEALY: It was--okay,  
24 Speaker, you want to ask that?

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SPEAKER QUINN: No, I'm just, Rob

1  
2 was just telling me that the average, we've been  
3 told, is \$9 million for that size supermarket, not  
4 five, so that's the, the difference there, but  
5 obviously we should have staff and proponents  
6 follow up, because those are very different  
7 numbers and we're working off of data from the  
8 unions, and other businesses that would indicate  
9 nine. So, that is obviously very important.  
10 Thank you, Madam Chair, I apologize.

11 CHAIRPERSON MEALY: Thank you.  
12 Thank you so much. Our next question will be from  
13 Council Member Jumaane Williams. [pause] Uh-oh.

14 SPEAKER QUINN: It's like hopscotch  
15 with the microphone.

16 CHAIRPERSON MEALY: We're going to  
17 change it.

18 SPEAKER QUINN: Here, take this,  
19 Jumaane. Jumaane, just sit over there, then.

20 CHAIRPERSON MEALY: - - the mic's  
21 not working. Right there. [laughs]

22 COUNCIL MEMBER WILLIAMS: Mic  
23 check.

24 SPEAKER QUINN: Yay.

25 CHAIRPERSON MEALY: Please do not

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start singing. [laughter]

COUNCIL MEMBER WILLIAMS: I sing good, I sing very well.

CHAIRPERSON MEALY: Thought it was hip-hop.

COUNCIL MEMBER WILLIAMS: Thank you, Chair Mealy, Council Members Koppell and Palma for your leadership on the issue, and I want to thank the Speaker for being here, as well, signifying how important this is. So, the fact of the matter for me is this is pretty much all about greed. There are people who are just pretty much greedy, and as I said last night, they have a lot of good food and they don't want to share any of it. And all we're saying is let's get some of the food, while you're eating all that, that great food and--as was mentioned before, it's just crazy that we have to spend so much time on an issue like this, we're pretending as if \$10 or \$11 an hour is a lot of money, when it really isn't. And as I said last night, if Mayor Bloomberg were to wake up and make \$10 an hour, he would faint. And then have to go to one of these City hospitals that he's cutting so many of the programs for. So

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2 I just can't even understand why we're acting as  
3 if this is a significant amount of money. But  
4 since we do have to battle for this, I did have a  
5 few questions. One, I wanted to know if there was  
6 some kind of generally accepted answer to what a  
7 small business is? Is it \$5 million? Is it \$9  
8 million? What constitutes a small business? And  
9 also, the one thing, and I think we've addressed  
10 so many of the issues that were here before, that  
11 it's amazing to me that anybody could still be  
12 against this bill. 'Cause we have really heard  
13 what people are saying, we really took a scalpel  
14 to make sure that we got it on point at what we  
15 needed. So, anybody who opposes this to me, it's  
16 astronomical that they could do this. But I do  
17 want to know if there's a common accepted  
18 definition of small business. And also, one thing  
19 that always struck me, they were saying that like  
20 if I have a Target that's within this, kind of  
21 fits in this, they took the subsidies and got it,  
22 it would mess them up, because another Target who  
23 perhaps didn't have the subsidy, would not have to  
24 pay the same rate. Have you seen anything like  
25 this in any of the other cities? And kind of to

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2 that, was there anything that the opponents bring  
3 up that was actually correct, that we should watch  
4 out for now?

5 DONALD SPIVACK: Let me try to  
6 answer two questions. The amount for a small  
7 business varies dramatically from city to city.  
8 Los Angeles is \$350,000, as opposed to the \$5  
9 million that's proposed here. With response to  
10 the Target issue, one of our projects has a  
11 Costco, and the Costco does pay the living wage in  
12 that store. It does not affect the performance in  
13 other stores or the wage rates in other stores.

14 COUNCIL MEMBER WILLIAMS: Thank  
15 you. And then was there--oh, sorry.

16 JEFF FLEMING: Could I, could I  
17 just respond to the other question.

18 CHAIRPERSON MEALY: Yes.

19 COUNCIL MEMBER WILLIAMS: Can you  
20 give me one second? 'Cause I got 30 seconds.  
21 Just give me, sorry. Was there--

22 CHAIRPERSON MEALY: Go ahead,  
23 Jumaane.

24 COUNCIL MEMBER WILLIAMS: --was  
25 there anything that the opponents had brought up

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that had any, any validity that we should watch out for, and try to adjust, at this point in time?

PAUL SONN: I think one of the, the key questions, folks probably saw Deputy Mayor Steel had this letter last night, really it was very breathtaking, saying that, you know, all of their marquee development projects are at risk from, if they had to pay \$10 an hour, you know, this is, you know, Hudson Yards, Willet's Point, all of, you know, these are really the equivalent of the Hunter's Point Project in San Francisco for New York. And you know, I suspect they're not going to say that they're all predicated on \$8 jobs and that blows their model out. I suspect they'll argue, "Well, it has to do with the implementation details. But if that's the case, I really urge you to press them, say, "Look, fine, you know, take the LA approach to implementation, you know, there's flexibility on that. And really press them to why, why, you know, the using and implementation, a reasonable implementation approach, you know, that's reflected in some of the other bills, you know, having to pay \$10 is going to torpedo these projects, when other cities



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are making it work.

COUNCIL MEMBER WILLIAMS: Thank you. And I think it's all connected, so all day, all week, Occupy Wall Street. Thank you.

CHAIRPERSON MEALY: Thank you. Ms. Brewer.

COUNCIL MEMBER BREWER: Thank you very much. I think the gentleman from Portland should move into the Armory, the Kingsbridge Armory, that's what I think, 'cause he would do it right. [laughter] My question is, the enforcement, I want to know in the three cities discussed or four cities, who does the enforcement? And also, my other question is, is it done, if there's a challenge and a problem and a grievance, is it done administratively, or is the first take the private right of action? And then my final question is, franchise versus parent company. Is the franchise considered the company? Or is it the parent company? In those three cities.

DONALD SPIVACK: In Los Angeles, they're handled administratively first. I'm sorry.

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MALE VOICE: Go ahead, San Francisco, you're on.

SPEAKER QUINN: Let's do the guy on the phone first, sorry.

KEN JACOBS (ON SPEAKERPHONE):  
Okay. The--San Francisco has the Department of Labor Standards Enforcement that does the enforcement on the general San Francisco laws, and redevelopment agency has a staff person who deals with enforcement on redevelopment projects. And so, they do, we do have an active enforcement policy. The laws in San Francisco include private right of action; to my knowledge it has never been used, because the, the city's enforcement work works quite well. And resolves issues in a relatively timely manner.

COUNCIL MEMBER BREWER: Thank you.  
Other cities?

DONALD SPIVACK: Yes, in Los Angeles, it's handled administratively. The city's Bureau of Contract Administration does for both the city and the redevelopment agency, there is a liaison person from the redevelopment agency, that works with the Bureau of Contract

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2 Administration. But the Bureau is responsible for  
3 enforcement. The enforcements are done  
4 administratively as far as possible. In many  
5 cases, they are complaint driven, rather than,  
6 say, inspection driven. And they are responded to  
7 by the Bureau. If the Bureau isn't, is unable to  
8 resolve things administratively, then the option  
9 exists for legal action to be taken. The Los  
10 Angeles provision also allows that if someone is  
11 in blatant violation of the regulations, for them  
12 to be debarred from operating another contract  
13 with the city, or the redevelopment agency, for a  
14 maximum of three years.

15 COUNCIL MEMBER BREWER: And do you  
16 know if that has happened? Or you have not heard?

17 DONALD SPIVACK: It has not  
18 happened on any living wage case.

19 COUNCIL MEMBER BREWER: Anybody  
20 else from any other city? Any experience from the  
21 hotels? Like do you have any sense of Portland or  
22 Pittsburgh? [pause] If there's a complaint, how  
23 is it adjudicated by government?

24 JEFF FLEMING: No experience in  
25 that, yet.

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PAUL SONN: He said they have no experience in that in Portland.

COUNCIL MEMBER BREWER: No experience. Okay, thank you very much, Madam Chair.

CHAIRPERSON MEALY: Thank you. We have Council Member Lew Fidler. Halloran. Sorry. Fidler.

[pause]

COUNCIL MEMBER FIDLER: Just trying to build the suspense. [background comment] All right, thank you, Madam Chairwoman. I, I think there's one thing that everyone here can agree on, and that it's the intention of this bill is laudable. I mean, we want to raise the standard of living of as many people as possible, in a very, very unaffordable city. I don't think anybody argues with that. For me, the issue is what's going to happen in the real world. You know, you know, I was one of the few Council Members to vote against subsidizing the development at Hudson Yards. I didn't think it was necessary. I voted with you, Borough President Diaz, on the Kingsbridge Armory, and I

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2 felt that we ought to defer to our colleagues in  
3 The Bronx and give you the chance to get that  
4 done. My concern, and I will ask you this, I'll  
5 ask the Borough President this Question. We're  
6 still, the Armory is still empty. What am I to  
7 say to the people who would've gotten jobs at the  
8 armory, whether they paid minimum wage or not,  
9 what's, what's in this bill that you can, that you  
10 can say that will assure me that we won't just be  
11 repeating the Armory example. I want to create  
12 jobs in this City, I think everybody in this room  
13 wants to create jobs in this City, the more, you  
14 know, more of them that pay a living wage, the  
15 better. But yet we have record unemployment  
16 numbers here, you know, and you know, someone  
17 who's unemployed doesn't very much care about the  
18 next guy, they want a job. So, how can you assure  
19 me that we won't be, as an unintended consequence  
20 of this bill, doing that over and over and over  
21 again, to people who are out of work?

22 RUBEN DIAZ, JR.: It's, it's a good  
23 question, Councilman, and if someone asks you  
24 specifically about the Armory, you can lay that  
25 blame on Mayor Bloomberg. Because what, the

1  
2 outcome of the Armory was not something that we  
3 wanted. We had what we believe was going to, was  
4 going to be a good deal to ensure a living wage,  
5 and it was Mayor Bloomberg who killed those jobs.  
6 But if you want to look at what's happened in The  
7 Bronx, where we continue, no one wants to create  
8 jobs more than I do. Just last week we made a  
9 huge announcement about having Smith Electric come  
10 into our borough, creating jobs that pay well  
11 above a living wage. But look at the gateway  
12 more, for instance. We've seen this movie time  
13 and time again, we saw it at the stadium, we saw  
14 it at the filtration plant. The question becomes,  
15 what as, what do we expect as a rate of return as  
16 taxpayers. This is the tax money from people of  
17 the City of New York. At the Gateway Mall, they  
18 promised us 2,300 jobs; we got less than 1,000.  
19 In the, when you look at the filtration plant in  
20 the Yankee's Stadium, during the construction,  
21 same thing, we got less jobs than we were, that we  
22 were, that we were promised. What we see here is  
23 that our opponents cannot and will not today,  
24 Councilman, show you in the real world, any city  
25 that has a living wage ordinance, where it does

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2 not help, or where it hurts business. What we  
3 have done on this side of the argument is that we  
4 brought you experts from cities where the  
5 population is comparable, where the economy's  
6 comparable to that of New York City, and they're  
7 saying that it works. When you or when we, as  
8 taxpayers, lend our tax dollars to a subsidy, and  
9 we hope that the Mayor has the same intention, we  
10 do it because we believe that it's going to help  
11 create jobs and it's going to help the little guy.  
12 But time and time again, in my borough, in the  
13 Borough of The Bronx over the last couple of  
14 years, we've seen billions and billions of dollars  
15 in public and private investment, and yet we're  
16 still number one in poverty. So, the Mayor's  
17 plan, his economic plan to address poverty, has  
18 not worked. The gentleman who was here  
19 testifying, or the gentleman before us, from the  
20 Finance Committee, said that there are different  
21 models, economic models. We cannot continue to be  
22 married to one economic model, that only allows  
23 for big corporations to take heavily from our tax  
24 wallets, and continue to do well, while people in  
25 The Bronx and throughout the City of New York, are

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2 still working, and they're still poor. So, we  
3 have to change what this bill does, is try to  
4 address that, try to give a different model, and  
5 what we've seen here is that in other city,  
6 certainly that this has, this has worked, where  
7 the Mayor's model has not done anything to address  
8 the poverty in our, in our borough, or in the City  
9 of New York. I think the time is right for us to  
10 do this, and I believe that, just like in Los  
11 Angeles, just like in Pittsburgh, and in San  
12 Francisco, a living wage is not going to hurt.  
13 And in terms of the Armory, stay tuned, you'll see  
14 that something will be done there. But what we  
15 didn't want to do is do something where it would  
16 hurt neighboring businesses. Because you  
17 would've, what you would've been asking me then,  
18 Councilmen, is what happened to Fordham Road?  
19 What happened to the neighboring supermarkets in  
20 the area? What happened to the other small  
21 businesses outside of the Kingsbridge Armory in  
22 the Kingsbridge section, and the High Bridge  
23 section and other areas of The Bronx, that lend  
24 their tax dollars to the armory to be built, but  
25 then they have to shut their stores and lose jobs



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COUNCIL MEMBER FIDLER: Mr. Borough President, you made a very articulate case for reducing, rescinding, modifying benefits that are given by government when developers don't meet the standards for the number of jobs they've created, but I didn't really hear how you can promise me that the armory won't happen again. I will stay tuned, I have great faith in you and your colleagues, my colleagues in The Bronx, but the fact of the matter is, you know, someone with no job needs to get a job, wants to get a job, obviously they want to get the best paying job they can, but they want a job.

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CHAIRPERSON MEALY: Thank you.

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COUNCIL MEMBER FIDLER: Thank you.

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CHAIRPERSON MEALY: Thank you so

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much.

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DONALD SPIVACK: I think Los

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Angeles can give you a roadmap.

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CHAIRPERSON MEALY: Okay, Los

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Angeles will give us a roadmap. Thank you. Mr.

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Halloran, next.

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COUNCIL MEMBER HALLORAN: Thank

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you, Madam Chair.

CHAIRPERSON MEALY: It can be all included

COUNCIL MEMBER HALLORAN: Thank you, Madam Chair. I'm going to address three issues. First, the legal powers issue. I'm concerned with the language of the bill that says the Comptroller shall be able to and empowered to conduct a hearing to issue a disposition. I'm concerned about estoppel issues when that comes to an oath hearing, to another agency which is going to have some adjudicative powers, I don't believe under the City charter that the, that the Comptroller has any ability to conduct any sort of hearing whatsoever. I'm also concerned that the Comptroller merely has to serve either personally or by mail, his decision. Certainly if you're going to impose a decision on somebody that carries adjudicative weight, it should be done either by certified mail or some form of recorded personal service. And I'm concerned about the cost of implementing this policy to create an arm in the enforcement bureau of the Comptroller's office to do that, and to Corporation Council who

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2 will have to litigate the outside issues when the  
3 City becomes tangentially involved in litigation  
4 that springs from it. I'm also concerned about  
5 policing this. Are our employers of tip earners  
6 now going to be required to get each and every one  
7 of their employees earns a tip, to submit a  
8 weekly, monthly, yearly plan, showing what they  
9 got? And if so, do they now have a liability to  
10 report that to the IRS? Have we now created an  
11 issue where they are now mandatory reporters  
12 because they are aware of wages being earned by an  
13 employee they're partially paying in an occupation  
14 that they're, that they're involved in. Are the  
15 landlords and developers now going to be liable to  
16 police, tenants, owners, sub-tenants, in  
17 perpetuity for the ten year cycle? If they sell  
18 the business, dispose of the business, are they  
19 now collecting the IRS information from each of  
20 these businesses to ensure compliance? How do you  
21 enforce that and how much is it going to cost us  
22 to enforce it? I'm also very concerned with the  
23 relative status of all of these examples.

24 Pittsburgh, to compare the economy of Pittsburgh  
25 to New York City is laughable at best. LA is the

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2 ten, on the ten worst job prospect lists in the  
3 United States, San Francisco's in the top 25  
4 percent of cities in debt, and has fair to weak  
5 job growth. New York is number three in job  
6 growth in the United States, number ten in  
7 economic outlook in the United States, and has the  
8 largest economy in North America, short of the  
9 government of the United States, the government of  
10 Canada, and the government of the State of New  
11 York; as a city, \$74 billion. So, let's stop  
12 comparing apples and oranges. Mr. Spivack, you  
13 testified with us before, I asked you then, I'll  
14 ask you now, have you bothered to read our bill  
15 this time? 'Cause you didn't at the last hearing.  
16 [background comments] I'm sorry. I misnamed, I'm  
17 sorry, I'm reading off my sheet, the, the  
18 testimony you gave previously, yes, yes, go ahead.

19 DONALD SPIVACK: Yes, when I spoke  
20 here in May, I had at that point not seen that  
21 version of the bill. I did see it subsequently.  
22 I have not read the version today. I sat through  
23 the presentation in terms of the changes that have  
24 been made since then.

25 COUNCIL MEMBER HALLORAN: Okay.

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2 And anywhere, this is just for anybody who's out  
3 there, 'cause I have a second, in the Los Angeles  
4 bill, other than the anchor properties, is there  
5 any case where any of these other jurisdictions  
6 require other private entities who are not an  
7 anchor property or not on City owned property, or  
8 not in current contract with the City, required to  
9 do a living wage? Any jurisdiction?

10 PAUL SONN: Yes, as we presented,  
11 San Francisco requires that and Pittsburgh  
12 requires that. If you look at my testimony, the  
13 chart on page five, Councilman, lays that out. On  
14 some of your other points, on tipped workers, they  
15 are already required by federal and state law to  
16 monitor their tips. If you are aware, if you know  
17 people who are operating in cash in that industry,  
18 you should get them an employment lawyer. On the  
19 Comptroller's issue, there are, it's actually,  
20 there are some complicated issues, we'd be  
21 delighted to work with Corp Council, with EDC,  
22 with the Council to work those out. It's actually  
23 kind of a dilemma. On the one hand, the  
24 Comptroller is the Labor Standards Enforcement for  
25 the City, there's efficiency in there; on the

1  
2 other hand there's some legal limits on exactly  
3 what you can give them. So, be delighted to work  
4 that out. On implementation costs, I think  
5 actually Professor Stephanie Luce from CUNY is  
6 speaking later, she is a national expert, written a  
7 book, studies a lot of cities' implementation  
8 experiences. I believe she'll say the average  
9 city hires like two FTE employees that cost maybe  
10 \$200,000 a year, or something like that.

11 CHAIRPERSON MEALY: Thank you. Our  
12 next question is from Brad Lander.

13 COUNCIL MEMBER LANDER: Thanks very  
14 much, Madam Chair, and thanks to you and the  
15 Speaker for the staff, I enjoyed the novel  
16 approach of looking at the bill and trying to  
17 promote some good dialogue.

18 CHAIRPERSON MEALY: Thank you,  
19 thank you.

20 COUNCIL MEMBER LANDER: And I also  
21 want to thank this panel, especially those of you  
22 that have come from around the country, trying to  
23 help us promote economic development and--

24 CHAIRPERSON MEALY: Speak a little  
25 bit more in the mic, please.

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SPEAKER QUINN: Brad, speak up.

COUNCIL MEMBER LANDER: Okay. I usually don't get told that. I was thanking the panel for helping us generate high road economic development at a time when we desperately need to create good jobs and reduce inequality. Council Member Oddo's comment about the Mets reminded me of both Yankee and Shea Stadium, which have received substantial economic development subsidies. So, Mr. Sonn, I'm taken back to the report that your organization did with a couple others, which found that Yankee Stadium, for example, had gotten something like \$400 million in economic development subsidies, but the concession food workers there still earned below the poverty line. Am I right about that?

PAUL SONN: That's correct. There are, there are some of the workers there unionized--

CHAIRPERSON MEALY: Speak into the mic better or bend it, you can bend it.

PAUL SONN: --some of the workers at Yankee Stadium are unionized, but a whole lot of them are not, and are earning poverty wages,

1  
2 and it's, it's not 'cause they're not charging  
3 enough for the concessions that they couldn't  
4 afford to pay 'em better. I mean, it's, that's  
5 just like low-hanging fruit, most cities' airports  
6 and stadiums are places where there's, you know,  
7 economics work really easily to finance living  
8 wages, and it's really just a shame and a lost  
9 opportunity that we didn't leverage Yankee and  
10 Shea to do that.

11 COUNCIL MEMBER LANDER: You don't  
12 think they would've outsourced the food concession  
13 jobs to Alabama, New Jersey, [laughter] China if  
14 we had had this bill in effect. I guess, this  
15 report also cites that cashiers on say The Bronx  
16 Gateway project, Queens Center Mall, \$7.50 an  
17 hour, that's about what they're making?

18 PAUL SONN: Exactly. And Bronx  
19 Gateway, that's built on city owned land; in LA  
20 that would be wall-to-wall living wage.

21 COUNCIL MEMBER LANDER: So, I'm  
22 hoping that some opponents of this bill will stand  
23 up and say today, "We think that a city should  
24 give millions of dollars in subsidies to  
25 developers and corporations to pay people \$7.50 an



1  
2 hour." So, that's what I'm looking forward to  
3 hearing, because with the amendments you've made  
4 to this bill, exempting small businesses,  
5 exempting affordable housing, exempting  
6 manufacturing, that it seems to me what opponents  
7 of this bill are saying. I guess I would love to  
8 hear a little more about Los Angeles, and just the  
9 magnitude of the deals that have been covered. I  
10 think I saw some numbers in your testimony, but I  
11 don't think you had time to present them. Just so  
12 we get clear, how many deals have you done under  
13 the living wage program? How many square feet?  
14 How much money? Let's hear how the sky is falling  
15 in Los Angeles.

16 DONALD SPIVACK: Okay. There are  
17 about 254 total projects in the CRA's inventory,  
18 144 of them have living wage components in them.  
19 It's about a little over a million square feet of  
20 office space, about 2.7 million square feet of  
21 retail space, three quarters of a million square  
22 feet of industrial space. We do cover  
23 manufacturing.

24 COUNCIL MEMBER LANDER: All right,  
25 thank you. And then also, a few of the marquee

1  
2 projects I think that you cited, look a lot like  
3 Hudson Square, which our Deputy Mayor is very  
4 worried about. So, I wonder if you could just  
5 tell me a little bit about a couple of those  
6 catalytic projects that have recently been covered  
7 by the, by the living wage requirement?

8 DONALD SPIVACK: A couple of the  
9 catalytic projects, two in particular, the LA Live  
10 Project in downtown Los Angeles, which is a major  
11 entertainment center that includes, most recently,  
12 two hotels. And the developer is in the process  
13 of doing two additional hotels. This particular  
14 project, as of the last time they reported, had  
15 750 living wage jobs, out of 1,400 total, so  
16 they're at 53 percent; their target is to get to  
17 70. The Hollywood and Vine project, which is  
18 another mixed-use project, at the landmark  
19 intersection of Hollywood Boulevard and Vine  
20 Street, has generated 600 living wage jobs.  
21 They're at a little over 60 percent, targeted to  
22 get to 70 percent. To answer another question  
23 that came up, there are a number of projects also  
24 in low income neighborhoods that I would just like  
25 to cite. I mentioned earlier the project that has

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2 Costco, that's the Plaza Pacoima Project, it's in  
3 a very low income neighborhood in northeast Los  
4 Angeles. There is a retail project in South Los  
5 Angeles, Slauson Central Project, where a local  
6 operator of a supermarket has agreed to pay living  
7 wages. And then, we have a manufacturer in the  
8 former Goodyear tract, the south, south Los  
9 Angeles industrial tract, that has recently signed  
10 an agreement, and they will produce, it's a small  
11 operation, 60 percent of their jobs, or about 40  
12 jobs, in fashion manufacturing, that will be  
13 living wage jobs. So we do cover--

14 CHAIRPERSON MEALY: Thank--

15 DONALD SPIVACK: --we cover the  
16 spectrum.

17 COUNCIL MEMBER LANDER: Thank you  
18 very much. We look forward to getting New York  
19 City off the low road and following Los Angeles  
20 and San Francisco and Pittsburgh onto the high one,  
21 thank you very much.

22 CHAIRPERSON MEALY: Thank you. I  
23 have a quick question for the President, Stuart  
24 Appelbaum, and our Borough President, Diaz, Jr.  
25 Have you discussed with the Comptroller's Office,

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2 do you feel the Comptroller's Office going to be  
3 equipped with enough employees, 'cause once this  
4 go into legislation, or law, they will have to  
5 audit these stores to make sure that they are in  
6 compliance. Have y'all thought about that?

7 RUBEN DIAZ, JR.: Well, obviously  
8 I'm not the Comptroller, but--

9 CHAIRPERSON MEALY: Have you had  
10 the discussion with the Comptroller's Office?

11 RUBEN DIAZ, JR.: --we have had the  
12 discussion, and he's behind this piece of  
13 legislation 100 percent. We heard him last night,  
14 he was so eloquent in his support for it at the  
15 Riverside Church. We've seen him a Convent  
16 [phonetic] Church, we've seen him on television.  
17 And so, in everything that he's saying and with  
18 his support, it leads all of us to believe that he  
19 and his office feel confident that they are going  
20 to be able to adequately audit, you know, anything  
21 that encompasses this piece of legislation.

22 STUART APPELBAUM: Nothing to add.

23 CHAIRPERSON MEALY: No? Okay. We  
24 have our next member, Ruben Wills.

25 COUNCIL MEMBER WILLS: Good

1  
2 afternoon, gentlemen. This question is for the  
3 Borough President, it's always great to see you  
4 and work with you. I just have a couple of  
5 questions for you. In your testimony, you said  
6 that the living wage is defined by our bill as a  
7 modest sum. What we are asking for is that  
8 employers at heavily subsidized projects--when you  
9 say "heavily subsidized," is that based on the \$1  
10 million currently in the bill amended? Or is  
11 there a greater amount when you say "heavily"?

12 RUBEN DIAZ, JR.: Well, we, I'm  
13 speaking to the language in the bill.

14 COUNCIL MEMBER WILLS: Okay,  
15 specifically.

16 RUBEN DIAZ, JR.: Mm-hmm.

17 COUNCIL MEMBER WILLS: All right.  
18 The amount that is going to now have to be put on  
19 small businesses, can be seen as an undue burden  
20 for compliance now. Have we had any cost analysis  
21 on how much it would cost each small business,  
22 because this is based on \$5 million in revenue.  
23 Revenue is not profit. So, how much money it  
24 would cost each small business to keep into  
25 compliance with this?

1  
2 PAUL SONN: You're saying whether  
3 it would be too burdensome to certify that they  
4 are below the \$5 million threshold?

5 COUNCIL MEMBER WILLS: No, once  
6 they're at the \$5 million threshold. Let me ask  
7 you a question. If a small business, because I  
8 wanted to ask President Appelbaum, also. We heard  
9 a question from Council Member Oddo, about the new  
10 market that was just opened up. And you said that  
11 the \$5 million threshold would not be met by the  
12 market. Is that a preconceived ceiling? How do  
13 we know that that would not have this particular  
14 market? How would we know it would be exempt from  
15 the audit, for the amount?

16 STUART APPELBAUM: The reason I  
17 know that is I have a copy of the application from  
18 Kingdom Castle Food Corporation, for IDA funds.  
19 And under the application they certified, or they  
20 attested, that at, there would be annual revenues  
21 of less than \$5 million, so it's in their  
22 application.

23 COUNCIL MEMBER WILLS: Okay, so, so  
24 if the annual revenues exceeded \$5 million in one  
25 year, then they would no longer be exempt, and if

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2 it dropped below \$5 million and two or three years  
3 later, do they, are they then, are they then  
4 thought of as exempt again? Do they do, then they  
5 do go back into exemption? How does that work  
6 out, once they pass that ceiling? Do they go back  
7 if they drop below the revenue?

8 PAUL SONN: No, currently, it's  
9 based on the annual revenue level, so if a firm's  
10 revenue fluctuates, you know, they could  
11 potentially pass in and out of coverage if--You  
12 know, we'd be open to any reasonable, you know,  
13 sort of tweaking of those boundary issues. You  
14 always get them when you have a firm size, you  
15 know, they always come up, generally they're not a  
16 big deal. But if there is an alternative that was  
17 perceived to be simpler, you know, those, we're  
18 all for that.

19 COUNCIL MEMBER WILLIS: Okay, and  
20 I'm not clear, did I hear you say that the  
21 Comptroller's overall increase would be \$200,000  
22 per year? That's not what you said, right?

23 PAUL SONN: Well, I did, I said in  
24 an average city that adopts a living wage law,  
25 often they'll hire about two staff, and that might

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come out to \$200,000.

COUNCIL MEMBER WILLS: But we're not an average city, we're New York City, so how much would it cost in New York City?

PAUL SONN: No, I'm just saying--

COUNCIL MEMBER WILLS: No, I'm not getting on you, I just want to ask you a question.

PAUL SONN: Yeah, no, no, I'm just, I was just estimating, you know, \$75,000 salary and then benefits; but perhaps it's more, you know, under the city pay scales. You know, we're not writing on a blank slate. You know, New York has the largest living wage law in the United States, you'll remember, for contractors. We cover 60,000 people with our current contractor living wage law. So, there's, there should be a lot of experience in the Comptroller's office about the flow of compliance actions and what that looks like, and how much staffing that implies.

COUNCIL MEMBER WILLS: Because there was a report released--

CHAIRPERSON MEALY: Council Member.

COUNCIL MEMBER WILLS: Yes.

CHAIRPERSON MEALY: Your time is



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up.

COUNCIL MEMBER WILLS: Okay, I'm  
sorry, thank you, gentlemen.

CHAIRPERSON MEALY: Our next, thank  
you, I hope you can hear another question in  
between there and he'll answer it. Council Member  
James? Thank you.

COUNCIL MEMBER JAMES: Thank you.  
So for me the question is simple: The question is  
New York City should be leading, we should once  
be, we should once again be a beacon of hope and a  
light in shining bright star on the hill. And so,  
for me the question is whether large, not small,  
large commercial businesses that receive more than  
\$1 billion in taxpayer dollars, should be asked to  
guarantee a wage that can sustain family and  
children in this City, and return for that  
assistance. And let me just speak to the issue  
that was raised by one of my colleagues. Since  
the recession in New York, net job gains have been  
recorded only in low wage industries. Since the  
recession began, New York City has had a net loss  
of 120,000 middle and high wage jobs, in sectors  
such as manufacturing, construction, government,

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2 finance and business. But industries paying low  
3 wage jobs have added 69,000 jobs, led by  
4 restaurants, educational services (other than  
5 colleges), and home healthcare services. That is  
6 a statistic that we should not be proud of, in the  
7 City of New York. We should not be leading and in  
8 an increase in low wage jobs in the City of New  
9 York, if we should retain our reputation as being  
10 a progressive city. And so I don't understand the  
11 opposition to this. I don't understand why we are  
12 trying to scare people. I don't understand why we  
13 are trying to stir up small businesses because it  
14 does not apply to small business. I don't  
15 understand why people believe that this is  
16 unprecedented and impossible. I don't understand  
17 why people believe that the implementation is  
18 somehow going to be insurmountable. This is New  
19 York City, and we should lead by example. Because  
20 too many children are going to bed tonight hungry,  
21 the fastest growing population in our shelters are  
22 children. And we should be ashamed if anyone has  
23 any reservations regarding this bill. It's time  
24 that we stand up, stand up for New Yorkers who are  
25 suffering in the City, and build our economy. And

1  
2 it's time that government lead the way in a robust  
3 fashion. We should pass the bill now. Thank you.

4 [applause]

5 CHAIRPERSON MEALY: No applause,  
6 please, no applause, please. We have our Council  
7 Member James Sanders. Step lively, sir.

8 COUNCIL MEMBER SANDERS: [laughs]  
9 Thank you, Co--that's all right, that's all right,  
10 we Marines get picked on. I thank you, Madam  
11 Chair, I thank you to the Speaker and to all of my  
12 colleagues, I see such good friends on both sides  
13 of this issue. I have respected you before this  
14 issue, I will respect you after this issue. I've  
15 heard a lot of the statistics, and those are  
16 necessary things. I'm just going to try to deal  
17 with a moral quandary that I find myself in, that  
18 I'm trying to hope that somebody can help me get  
19 out of this one. The US is at its most unequal  
20 distribution of wealth since 1929. New York is  
21 the most unequal of cities. The rage of the  
22 American people has produced everything from the  
23 Tea Party to Occupy Wall Street, around the same  
24 issue. It seems to me that if we're having a fair  
25 debate on this issue, and nobody denies that we

1  
2 are at that, New York is the most expensive city  
3 in the nation to live in, if this is the case, and  
4 no one also denies that taxpayer dollars are being  
5 used to subsidize these developments, a fair  
6 argument would be that if anyone is opposing the  
7 way that this is being done, that they come up  
8 with a counter argument, that they come and say,  
9 "Well, maybe the New York plan is not good, maybe  
10 San Francisco or some other plan. But to say do  
11 nothing, in the face of all of this, is, is  
12 immoral. You have to do something, a good  
13 argument, a good counter argument would be a  
14 better way forward. To the good panelists, and  
15 then I yield my speaker, because I'm not going to,  
16 my Chair, I'm not going to stay here long, has the  
17 other side come up with a counter. Has anyone  
18 reached out to you and said, "Okay, what you're  
19 saying won't work because of this. Here's what  
20 can work." Have we, have we reached that level?

21 PAUL SONN: No, I think you make--

22 COUNCIL MEMBER SANDERS: I can't  
23 hear you, sir.

24 PAUL SONN: No, I think you make an  
25 excellent point. I mean, unfortunately the, we

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2 would welcome a conversation with the  
3 administration, they'd mostly, you know, like, you  
4 know, pointed at what was being proposed, said  
5 "There's this aspect of it that we think is  
6 unworkable," end of story. And we, you know,  
7 we've been very flexible on responding to the last  
8 hearing. We just indicated the implementation  
9 stuff, which they have signaled, it was like a  
10 major part of their study, which we had a whole  
11 lot of problems with, but a big part of it hinged  
12 on the assumption that there was just incredibly  
13 draconian implementation stuff in this, that made  
14 it very different from any other city's law. We  
15 would welcome, you know, sitting down with them,  
16 and we think there are models from other cities,  
17 to deal with the implementation issue, and to  
18 brainstorm alternatives.

19 CHAIRPERSON MEALY: Thank you.

20 COUNCIL MEMBER SANDERS: I offer my  
21 office to mediate if that's useful. Thank you,  
22 Madam Chair.

23 CHAIRPERSON MEALY: Thank you, sir.  
24 Our last speaker is Steve Levin, then we will hear  
25 from our gracious Speaker of the House.

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2 COUNCIL MEMBER LEVIN: Thank you  
3 very much, Madam Chair, Madam Speaker, and members  
4 of the panel. I do appreciate your testimony  
5 today. I just want to highlight, and I apologize,  
6 'cause I stepped out for a moment, I apologize if  
7 this was asked before, but the--I was looking at  
8 the IBO's testimony that they're presenting today,  
9 With regard to the Administration's use of, in the  
10 commis--the study that they commissioned, the,  
11 this past spring about including the ICAP program.  
12 Can you explain a little bit why, why that is not,  
13 that wasn't proper that that was included in the  
14 Charles River Study?

15 PAUL SONN: We believe it was not  
16 properly included because no one believed that the  
17 Council had the power to condition the ICAP  
18 program, and the ICAP program was qualitatively a  
19 different, it was a much broader, more subsidy  
20 program that applied to a broader range of smaller  
21 projects across all the boroughs. It was, did not  
22 look like the archetype of the types of the  
23 projects that would be covered by this proposal,  
24 large commercial projects, either single firm  
25 projects or large mixed use development projects.

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2 So we believe that was a, that was a, an error  
3 that really skewed the whole study. But there  
4 were a variety of errors, including, you know,  
5 they relied entirely on a data approach, basically  
6 that they said that they "independently gathered  
7 data on the impact of living wages in other  
8 cities." What they meant was they downloaded, you  
9 know, government census data and the like from  
10 federal websites, and tried to glean from it the  
11 impact of living wage policies that affects very,  
12 very small numbers of workers and businesses in a  
13 few cities, to glean the impact from this  
14 aggregate data. And we, generally we believe  
15 that's not a powerful enough approach to detect  
16 the impact, positive, negative or otherwise, but  
17 the key, one of the key flaws was even if you  
18 thought that was somewhat probative, why would you  
19 not supplement it by actually looking at the  
20 cities, looking at the projects, talking to them.  
21 And it may be they reached out to LA, you know,  
22 we've talked to our con--that's overwhelmingly the  
23 national city with a comparable policy with a lot  
24 of experience--out contacts there do not recall  
25 hearing from the City until two weeks ago, when

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2 HPD emailed them asking about just the affordable  
3 housing issue. And that's really very  
4 disappointing and a lost opportunity, that they  
5 were doing a million dollar study, there was  
6 another major metro area with a ton of experience.  
7 It's ironically their lead researcher's in Irvine  
8 40 miles away, but it appears, I mean, maybe they  
9 did some research that they didn't include in  
10 their report and that they can share with us now,  
11 but as far as we know, they did not, you know,  
12 talk to the LA developers, talk to the agency,  
13 look at their data, and try to figure out what the  
14 experience was. They just relied on this, you  
15 know, looking at aggregate national stats. And  
16 that's, that's really a shame, and it would've--

17 COUNCIL MEMBER LEVIN: So, sorry,  
18 let me interrupt, I just want to, one other point  
19 before my time runs out. The--

20 CHAIRPERSON MEALY: Quickly.

21 COUNCIL MEMBER LEVIN: Do you know  
22 the amount of, that, if a worker's getting paid  
23 \$11.50 an hour, working 40 hours a week, do you  
24 know what the yearly income would be?

25 PAUL SONN: \$11.50, so it's like



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\$23,000, something like that?

COUNCIL MEMBER LEVIN: \$23,920.

PAUL SONN: Okay.

CHAIRPERSON MEALY: We did that earlier.

COUNCIL MEMBER LEVIN: Okay. So, I just--

CHAIRPERSON MEALY: Was that your last question?

COUNCIL MEMBER LEVIN: --I just want to reiterate the point that that's, that's 61, two individuals making that salary, comes in at 61 percent of the area median income for the Metropolitan area of New York. That, so if in fact two individuals were covered under this--

CHAIRPERSON MEALY: Council Member.

COUNCIL MEMBER LEVIN: --they would, they would make 6--they would bring it to just over half of what the average median income is for a family of four in New York City. I just wanted to point that out.

CHAIRPERSON MEALY: Thank you so much.

COUNCIL MEMBER LEVIN: Thank you.

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CHAIRPERSON MEALY: All right.

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We're going to have our Speaker, our gracious

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Speaker of the House--

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SPEAKER QUINN: Thank--

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CHAIRPERSON MEALY: --Madam

7

Speaker.

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SPEAKER QUINN: Thank you, Chair

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Mealy. Let me just say, to go back for a second,

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to the FRESH issue, which obviously I think

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everyone knows how important the FRESH program is

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to me personally, having it been something that

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came out of the Council. I don't know what

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President Appelbaum has, and we will certainly get

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a copy of it. We have scanned copies of the FRESH

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application, right, and so we've looked at this

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through the lens of FRESH, which has the Staten

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Island Key Food at one year projection at \$6.5

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million, which would obviously make it covered, so

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to speak, and the Associated in The Bronx is

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another example, at \$9.8. And another

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supermarket, Moises [phonetic] at \$16.5. So,

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that, what the IDA application is, I can't speak

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to, I can speak to the FRESH application and that

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is the lens through which we have looked at this.

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2 So I think it's not useful to go back and forth  
3 now, 'cause we're looking at different documents.  
4 But it's obviously useful to have a follow up  
5 conversation pursuant to FRESH. And I just want  
6 to be clear, there is no attempt to be  
7 disingenuous on my part. The documents I have,  
8 have indicated that this proposal would be  
9 challenging for FRESH and for the market my  
10 colleague referenced. So, I would very much like  
11 to make that clear, based on the facts I have,  
12 vis-à-vis the FRESH zoning, EDC, and CPC's  
13 documentation, we would want to follow up. Thank  
14 you. I want to go back to Paul, your chart, for a  
15 second, if we can. And one of the things I'm, you  
16 know, and looking at all of this issue is trying  
17 to keep straight in my head is what jurisdictions  
18 have laws, and what jurisdictions have policies.  
19 And some jurisdictions, just to make it super  
20 confusing, have both [laughs] like LA and San  
21 Francisco, some of the ones we talk about most.  
22 That's relevant going back to an earlier question,  
23 because if, it seems to me, if there is a policy,  
24 i.e., as there is in a lot of the LA projects,  
25 then if deeper taxpayer subsidy is needed to make

1  
2 the project work, whether you think that's good or  
3 bad, that can be negotiated. Right? Versus if  
4 you have a law that says, "X causes Y," it doesn't  
5 absolutely preclude negotiations, but it's a  
6 different circumstance, right? X causes Y. So  
7 let's go to your chart, for a second, Paul. So,  
8 take me through, starting at San Francisco, and  
9 moving up, San Francisco is a policy, what's  
10 policy, what's requirement, by law, by  
11 requirement, I mean law.

12 PAUL SONN: So, so, Speaker Quinn,  
13 both San Francisco and LA have--

14 SPEAKER QUINN: Let's go one box at  
15 a time, 'cause I'm not that smart, and I can't  
16 have too much info batting around in my head all  
17 at once.

18 PAUL SONN: Okay, sorry, sorry.  
19 Sure.

20 SPEAKER QUINN: So let's just one  
21 box at a time, San Francisco.

22 PAUL SONN: So, San Francisco has a  
23 policy at the Redevelopment Agency, they also have  
24 an--

25 SPEAKER QUINN: And in that policy,

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what is their goal?

PAUL SONN: Their, their policy extends a living wage to subsidy recipients and as, as they've interpreted and implemented it to onsite contractors and tenants, with certain small business exemptions, nonprofit exemptions--

SPEAKER QUINN: Okay.

PAUL SONN: --etc. And so, I mean, it's adopted by the board as a policy. I'm not quite sure what the procedure is for waiving it. I don't, I mean, Ken could speak to whether--I can't recall whether there's an exemption provision for it, but I mean, they haven't, they've, they've modified it, I believe--

SPEAKER QUINN: Right.

PAUL SONN: --once or twice over years.

SPEAKER QUINN: I mean, just in your, your testimony, or I'm sorry, the document which is the testimony of Ken Jacobs, it says "The precise scope of coverage under the policy is unclear. So we could just sum up that its' a policy, it's not a requirement, and it's unclear. But per Mr. Jacobs.

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PAUL SONN: So, in the report,

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there were, there were some a--the agency takes

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the position and the developer takes the position

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that tenants and onsite contractors are covered.

6

So they're--

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SPEAKER QUINN: Well, but Mr.

8

Jacobs, who's from the University of Berkeley--

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PAUL SONN: No, I realize that, if

10

you look at the--

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SPEAKER QUINN: He's the, is the

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one on the phone.

13

PAUL SONN: He is, he is.

14

SPEAKER QUINN: Okay.

15

PAUL SONN: It's not a model of

16

clarity, the policy, which you--

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SPEAKER QUINN: Okay. All right,

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so just, so I just want to be, I'm just trying to

19

understand, so that's, it's a policy, it's not a

20

requirement, and it's not super clear.

21

PAUL SONN: Well, the--

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SPEAKER QUINN: LA.

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PAUL SONN: --it is a requirement

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under the policy, and whether it's--

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SPEAKER QUINN: Well, wait a

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minute, so I don't understand that.

PAUL SONN: Well, the--

SPEAKER QUINN: If the policy is, and I'm not trying to push, I'm just trying--

PAUL SONN: Yeah.

SPEAKER QUINN: So, is the policy in San Francisco, 'cause this was not our understanding, I'm trying to understand it, a law requires something. Does the policy require X causes Y, or is the policy a goal for the agency that they're trying to get to that gives them a roadmap and they can negotiate more benefits if they need, to make it happen.

PAUL SONN: No, it's, it's a, it's a requirement for their deals, except if it's suspended by the board or some of the policies--

SPEAKER QUINN: I'm sorry, say that again, Paul?

PAUL SONN: It's, it's a requirement for their deals that apply, I mean, Donald could speak to their policy, he's--

SPEAKER QUINN: No, no, we're going to get to the LA's the next box, but--

PAUL SONN: So, okay, yeah, so my

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2 understanding is it's, it's a requirement,  
3 they're, that perhaps a majority voter of the  
4 board could suspend it. I don't know the  
5 administrative pro--it's basically like a, an  
6 administrative instruments, but it is not a goal.

7 SPEAKER QUINN: And administrative  
8 what?

9 PAUL SONN: It's a, it's an, it's  
10 a--I mean I think EDC adopts pol--or I don't know  
11 if they adopt policies, too, but it's, it binds  
12 the agency staff, and as long as it's in place--

13 SPEAKER QUINN: Does it bind the  
14 agency staff--so I'm just trying to understand--to  
15 best efforts?

16 PAUL SONN: No, no--

17 SPEAKER QUINN: Or does it bind it  
18 to the outcome?

19 PAUL SONN: No, it says there are,  
20 these are the requirements for these categories of  
21 employers and beneficiaries. And then the,  
22 whether it's an ordinance or a policy, then the  
23 amount of the subsidy and whether the deal will  
24 happen is negotiated by staff--

25 SPEAKER QUINN: Okay, so that's, so



1

2 that's, that, so, in the law, in laws, though, if  
3 you get X you get Y; in this policy, 'cause it's a  
4 negotiated policy, each deal is diff--could, has  
5 the potential to be different and unique, correct?

6 PAUL SONN: I think that's right,  
7 but I think--

8 SPEAKER QUINN: Okay.

9 PAUL SONN: --that would be true  
10 under an ordinance, as well, like Pittsburgh,  
11 which is an ordinance, how much subsidy, you know,  
12 whether the developer wants to do a deal, they,  
13 the amount of the subsidy is always negotiated.

14 SPEAKER QUINN: So that, so then  
15 under the New York proposal, than are you saying  
16 that the amount of subsidy that would cause the  
17 living wage to be offered, could go up on every  
18 deal, and in fact it is not that the exact  
19 benefits listed in the bill would cause Y, but  
20 it's benefits in those categories ranging as high  
21 as the Administration negotiating them at any  
22 given time, would feel they needed to go, to get  
23 that to occur. Which, doesn't make it bad. It's  
24 just different.

25 PAUL SONN: Yeah, that's, I,

1  
2 perhaps one could structure either an ordinance or  
3 a police that way. I don't believe any of the  
4 cities have . I believe, you know, they have, I  
5 think Los Angeles and their policy has thresholds  
6 specified in the policy. And if the subsidy  
7 negotiated is more than \$100,000 for a year, then  
8 that triggers the coverage under that policy for  
9 each year in which \$100,000 is received.

10 SPEAKER QUINN: And so, in Los  
11 Angeles, then, 'cause it's, in some cases, you  
12 know, under the LADC, a policy not a law, how much  
13 more subsidy it has been, been offered at times,  
14 to get, to cause deals to be completed? If I'm  
15 not saying that, but you know what I mean.

16 DONALD SPIVACK: Yeah, maybe I can  
17 back up just a little bit.

18 SPEAKER QUINN: Pardon me?

19 DONALD SPIVACK: Maybe I can back  
20 up just a little bit.

21 SPEAKER QUINN: Sure.

22 DONALD SPIVACK: Because I drafted  
23 the policy in Los Angeles.

24 SPEAKER QUINN: Good.

25 DONALD SPIVACK: And the direction

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2 from the City Council was two things: one, follow  
3 the ordinance in the language and the policy; and  
4 two, under--we both understand that an ordinance  
5 is not binding on the Redevelopment Agency, and  
6 that's why the Redevelopment Agency was, was  
7 requested, to adopt its own policy.

8 SPEAKER QUINN: So, sir, can I  
9 just--so just so I understand in LA, and I know  
10 we're not talking about San Francisco, so in LA,  
11 your policy, although it's clearly your goal and  
12 intent, or at least was yours when you were there,  
13 is not binding.

14 DONALD SPIVACK: It is binding on  
15 anyone who reaches the thresholds that are in the  
16 policy.

17 SPEAKER QUINN: So what isn't  
18 binding?

19 DONALD SPIVACK: No.

20 SPEAKER QUINN: 'Cause I thought  
21 you just said it wasn't binding.

22 DONALD SPIVACK: It is, it is bind-  
23 -if you get \$100,000 of assistance, as it's  
24 defined, in either the ordinance or the policy--

25 SPEAKER QUINN: Okay.

1  
2 DONALD SPIVACK: --you have a one  
3 year requirement. If you get a million dollars in  
4 any one year, you have a five year requirement.

5 SPEAKER QUINN: And in earlier  
6 questioning, in response to Council Member  
7 Gennaro, you asked the--I'm sorry, you were asked  
8 the question of how much deeper subsidies had to  
9 be given in different deals. So can you talk a  
10 little bit about that in light of the policy?

11 DONALD SPIVACK: It's it varies  
12 with each deal, and--

13 SPEAKER QUINN: Right.

14 DONALD SPIVACK: --you know, and  
15 it's a matter of what are the economics of that  
16 particular deal? What is the composition of that  
17 particular project? So--

18 SPEAKER QUINN: And to just take,  
19 take us through that a little, little. 'Cause  
20 that's something I mean, many of these, you know,  
21 many of the deals that have been referenced--  
22 Willet's Point, other things that have  
23 requirements in New York, were things that were  
24 negotiated. Right? So, my experience is more  
25 around deals, excuse me, that we've negotiated.

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2 Right? So, it's, again, not right or wrong, I  
3 don't have a position, this is a different model.  
4 So just take me through how a little of that  
5 worked in Los Angeles.

6 DONALD SPIVACK: The way it works  
7 in Los Angeles, it normally starts with a  
8 developer proposing a project. And they will come  
9 to the redevelopment agency if it's in a  
10 redevelopment project area. And just by way of  
11 background, the City's experience is primarily in  
12 public contracts and concessions.

13 SPEAKER QUINN: Right.

14 DONALD SPIVACK: They've only done-

15 -

16 SPEAKER QUINN: Concessions?

17 DONALD SPIVACK: Concessions, such  
18 as at the airport. The City's only done three  
19 economic development deals, all of the others have  
20 been done by the Redevelopment Agency on their  
21 behalf. But the developer comes in with a  
22 proposal and a pro forma, that demonstrates what  
23 they think the economics of the project are. The  
24 Redevelopment Agency staff or the City staff, as  
25 appropriate, goes through, they discuss, and

1  
2 ultimately agree to that pro forma. If there is a  
3 need that is demonstrated for a subsidy, the  
4 subsidy is determined on the basis of the analysis  
5 of the pro forma. If the subsidy reaches the  
6 threshold, then all of the policy requirements,  
7 not only the living wage, but any other policy--

8 SPEAKER QUINN: Whatever else.

9 DONALD SPIVACK: --requirement,  
10 that has a threshold, kicks in at that threshold.

11 SPEAKER QUINN: And if the  
12 developer at that point, hypothetically, says to  
13 you, "I can't do that without" I'm making this up,  
14 "a half a million dollars more," or whatever the  
15 number is, does the a--does the Authority have the  
16 ability to sweeten the pot, if you will?

17 DONALD SPIVACK: If the, based on  
18 an analysis of their numbers, if there's an  
19 agreement that it takes more money to do it, to  
20 meet the policy requirements, yes.

21 SPEAKER QUINN: And does that  
22 happen?

23 DONALD SPIVACK: Yes.

24 SPEAKER QUINN: Could--I don't know  
25 if you can, 'cause you're not there anymore, but

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is there any way we could get a sense of how often that happens? And how often that doesn't happen? Just to give us a sense of, you know, the reality of those numbers? I mean, we can call the LA EDC ourselves, I just don't know if you have it. If not, don't worry about it.

DONALD SPIVACK: Okay. Every, everyone goes through this negotiation, so the numbers will be based on that analysis and that negotiation.

SPEAKER QUINN: Okay, but some--

DONALD SPIVACK: Yes.

SPEAKER QUINN: --some subset of them do go through a negotiation which yields to a change in what beyond or a greater number than what the original amount was.

DONALD SPIVACK: Or some other change in the nature of the proposal.

SPEAKER QUINN: Like what?

DONALD SPIVACK: The mix of uses may change.

SPEAKER QUINN: Like give me--

DONALD SPIVACK: A proposal, yeah, a proposal comes in and it, say it comes in and

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says they want to do condominiums. The numbers work out that it makes more sense, and both--

SPEAKER QUINN: Oh, okay.

DONALD SPIVACK: --the developer and the City agree to do a rental project.

SPEAKER QUINN: Okay.

DONALD SPIVACK: And then, a rental project--

SPEAKER QUINN: Got it.

DONALD SPIVACK: --comes out. The percentage of affordable, above the minimum that's required by law, may change. So, there--

SPEAKER QUINN: Oh, so, like, you might take down how much affordable housing there is, to create a greater return, so the developer needs less subsidies.

DONALD SPIVACK: Or the mix. Yeah, the mix of different levels of affordability.

SPEAKER QUINN: Right, you might raise the income level to make it higher affordable, like--

DONALD SPIVACK: Right.

SPEAKER QUINN: --middle class houses, housing, versus low income housing--



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DONALD SPIVACK: That's right.

SPEAKER QUINN: --or market rate housing or something.

DONALD SPIVACK: That's right. And there is the ability to, to grant waivers or exemptions to certain portions of it, if--of a deal, of the policy requirements--if the deal makes sense, and those numbers show that it makes sense, and it meets a public purpose.

SPEAKER QUINN: So, just, we will obviously follow up with LA ourselves, but just to note for Paul and the other proponents, any info you guys have on how many LA deals were granted waivers, and how many LA deals saw an increase beyond what was the original subsidy, and how many LA deals saw a decrease in affordable housing offered because of the requirements, would be useful as we, you know, analyze and look at all of this. And I'm sorry, Paul, and I should remember this from Shannon's presentation. Does the new, does the propo--does Council Member Koppell's proposed law have a waiver position whereby, whoever, the Comptroller, the EDC, whomever, could waive a project out if they made a case that they

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couldn't do it? You got to talk into the mic,  
Paul.

PAUL SONN: It does not currently,  
but--

SPEAKER QUINN: Okay. And then  
obviously, I'd like to follow up on the FRESH  
stuff. That was very helpful, thank you very  
much, thank you.

RUBEN DIAZ, JR.: Madam Speaker,  
maybe you should have it for the FRESH program.

SPEAKER QUINN: Have what for the  
FRESH program?

RUBEN DIAZ, JR.: The waive, the  
waiver. [laughs]

SPEAKER QUINN: Thank you, maybe.  
Thank you.

CHAIRPERSON MEALY: Thank you. We  
have--Leroy Comrie would like to have a question.

COUNCIL MEMBER COMRIE: Thank you,  
Madam Chair. I had a couple of questions. Number  
one, in the amended bill, there was a reference to  
some subsidies that, while the City implements  
them, they don't generate them. And have we  
teased out, what, how we can separate those for,

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2 if it's not a City subsidy, but the City is just  
3 doing the Administration of the subsidy, 'cause we  
4 listed four or five things that were part of the  
5 subsidy, but are not actually City dollars, but  
6 they're state dollars? Or federal dollars, that  
7 are going to the projects?

8 PAUL SONN: There were a couple of  
9 different scenarios. It seems, I mean, there will  
10 surely, you know, if there are negotiations for  
11 passing something, you know, there'll be another  
12 round of tweaks, and it seems like that is an area  
13 that could benefit from very precise guidance on  
14 how to calculate the quantity of the benefit. And  
15 one of the scenarios where I believe that's the  
16 case is that the tax exempt, tax exempt financing,  
17 where some of the tax exemption is exemption from  
18 state and federal taxes.

19 COUNCIL MEMBER COMRIE: Right.

20 PAUL SONN: I think Mr. Spivack had  
21 said that, I believe the way they value that in  
22 Los Angeles sounded like a sensible approach,  
23 where they look at the difference between the  
24 interest rates and the resulting savings, that the  
25 borrower would get from commercial lending versus

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2 the triple tax exempt lending, and that's their,  
3 how they, how they quantify the value of the  
4 subsidy. But you're right, the more precise  
5 guidance on those points in the final bill, just  
6 to remove any ambiguity, is warranted.

7 COUNCIL MEMBER COMRIE: And then  
8 also, just on the things that the City does  
9 propose, after they do the negotiation, and work  
10 out a price point, are you then inferring that  
11 you're looking for the City to do a financial  
12 subsidy to meet the opp--meet the obligation, so  
13 that the developer can do the cost and wages that  
14 you're proposing? And is that what you're saying,  
15 that once you make these negotiations, if the  
16 developer's price point doesn't meet the need, and  
17 they can't do the living wage, are you proposing  
18 that the City make up the difference?

19 PAUL SONN: No, we're not. I mean,  
20 I think Mr. Spivack, he can speak, in some cases,  
21 you know, he's acknowledged there may be some  
22 adjustment of the subsidy package. Some key, a  
23 key thing to acknowledge, though, in very many  
24 cases, the living wage tenants are achieved by  
25 bringing in, not asking a low wage employer to, on

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2 a one-shot basis, raise their pay scale; instead,  
3 typically, they'll recruit a unionized hotel, or a  
4 Costco or a Trader Joe's, or another employer,  
5 that pays, whose standard rate is above the living  
6 wage. And so, you know, whether there's nec--  
7 whether that necessarily, you know, doing a deal--

8 COUNCIL MEMBER COMRIE: So, you're  
9 trying to--I'm sorry, I'm on a limited time--so  
10 you're trying to recruit primarily employers that  
11 are already paying above the living wage?

12 PAUL SONN: I think that's  
13 typically a way they make it work.

14 COUNCIL MEMBER COMRIE: So--can you  
15 give us a list of the employee, employers, that  
16 have done the projects in LA and San Francisco,  
17 that this - - plays [phonetic], 'cause one of the  
18 tenant, one of the provisions of the bill that I'm  
19 concerned about are the tenants that would be  
20 compromised or covered, or whichever word you want  
21 to say, under this, that may not, may not be able  
22 to meet those means, according to their cost  
23 estimates for the analysis for their doing  
24 business. So, I don't understand how that's  
25 resolved. And I'm, I don't know how I got to

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three minutes already, but I'm out of time.

CHAIRPERSON MEALY: Thank you, you had your three minutes. Thank you so much.

COUNCIL MEMBER COMRIE: But I would like to, I would like to get that resolved. That's an issue, and--

CHAIRPERSON MEALY: He will give you those results, thank you so much.

COUNCIL MEMBER COMRIE: And then, thank you, thank you, I'll go back on it next round.

CHAIRPERSON MEALY: Council Member Reyna, our last question. Then we will turn it over to the Speaker, she have closing remarks.

COUNCIL MEMBER REYNA: Thank you so much. Madam Chair, and to our Speaker, I just wanted to take a moment to understand the bill, if it were to be implemented today, just to get a sense as to whether or not this panel has gone through what would be tax benefits associated to projects that had been built, let's say in the last ten years. What would those be, project by project?

PAUL SONN: I believe on a

1  
2 subsequent panel, Bettina Damiani from Good Jobs  
3 New York, who's, you know, the ex--one of the  
4 City's leading experts on the landscape of  
5 subsidies development projects, will give some  
6 examples of past projects, which, you know, for  
7 the most, you know, the most part, we will not be  
8 able to capture, 'cause these policies apply  
9 prospectively to new deals, but to give you  
10 illustrations. I mean, I believe they're the  
11 projects folks have been discussing, you know,  
12 Bronx, Gateway, you know, there's, you know, well,  
13 the types, Willet's Point, you know, Hudson Yards,  
14 Albee Square, those, you know, those large  
15 development projects, some individual firm deals,  
16 the subsidy packages to the airlines at JFK,  
17 perhaps the FRESH Direct subsidy. You know, those  
18 types of, those types of deals.

19 COUNCIL MEMBER REYNA: And the ...  
20 these projects that you had just mentioned, if the  
21 law were to be applied today, those particular  
22 developments would not be complying with the law?

23 PAUL SONN: No, they would not be  
24 covered because it applies only, you know, to new  
25 deals. Essentially this is a, a term--yes.

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2 COUNCIL MEMBER REYNA: No, but the  
3 scenar--the--this is hypothetical. I'm talking  
4 about projects because this law is already in  
5 effect. And had been built when this, this  
6 particular law was in existence. What projects  
7 built in the last ten years, would have been in  
8 violation of this law?

9 PAUL SONN: Well, I suppose maybe  
10 all of those projects, if they have employees  
11 earning less than \$10.00 an hour, which I, I  
12 believe just about all of them do. They, you  
13 know, they perhaps would be. So. But hopefully,  
14 if the law was in place, we would assume they  
15 would be acting in good faith, they would  
16 understand the terms under which they are  
17 receiving support, as the, you know, LA businesses  
18 do, and would be, would be adjusting their pay  
19 scales as necessary.

20 COUNCIL MEMBER REYNA: So I'm just  
21 trying to get an understanding as to what would be  
22 captured that we're not capturing, right?

23 PAUL SONN: Well, I'm sorry, just,  
24 you know, some of the projects I offered as an  
25 illustration, the Yankee Stadium and Shea Stad--



1  
2 the City Field Projects, are, would've been  
3 perfect, you know, opportunities, it's a real  
4 shame we didn't get those. You know, FRESH  
5 Direct, I personally, you know, I don't know why  
6 an operator like that could not be paying slightly  
7 higher wages. The airlines at JFK, they have  
8 these, their own direct employees, you know,  
9 typically make much, you know, more than \$10.00,  
10 but they have a lot of contracted workers, the  
11 personal, the passenger service workers, that  
12 drive the golf carts and push the wheelchairs for  
13 disabled passengers, make very, very low wages.  
14 Most of them make \$5.00, the tipped wage, and work  
15 for tips. So there--there are bunch of low wage  
16 workers on projects that are, have been subsidized  
17 by City tax dollars over the past ten years.

18 CHAIRPERSON MEALY: Thank you.

19 COUNCIL MEMBER REYNA: I know my  
20 time has run out, I look forward to Bettina's  
21 testimony concerning this continued conversation.  
22 Thank you.

23 CHAIRPERSON MEALY: Thank you.

24 Before our next panel, we have our Speaker.

25 SPEAKER QUINN: One comment off

1  
2 topic, one on topic. I just wanted to wish  
3 Council Member Reyna a happy birthday tomorrow.  
4 So, happy birthday. [applause] And I just wanted  
5 to thank our panel, in particular Borough  
6 President Diaz, who spent a long amount of time  
7 with us today, and we just appreciated you  
8 agreeing to give testimony and then be part of the  
9 panel. It was a little bit of a different  
10 structure. So, thank you very much, Mr. Borough  
11 President. Thank you.

12 RUBEN DIAZ, JR.: Madam Speaker,  
13 I'm thankful that you're here, to listen to the  
14 testimony, and it shows how important this is.  
15 And I want to wish you and everyone again, a happy  
16 Thanksgiving.

17 CHAIRPERSON MEALY: Thank you so  
18 much. Yes. So, we thank you for all your  
19 testimony, thank you so much for this panel, you  
20 were excellent. And we'll be ready for our next  
21 panel. Ms. Perchese Broginhagen, Patricia  
22 Brohagen [phonetic]; Jack Kettle; Stefan  
23 MacGuinness [phonetic], Stephen, Stefan, Stephen,  
24 I got you, Stephen; Andrew Ridgey, Angie Ridgey  
25 [phonetic]; Lamont Blackstone; Jack Friedman;

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Robert Brookman, or Brooknew, Bookman [phonetic].

Can you please step lively? [pause, background noise] First one at the mic, you may start.

Could you, please, clear the foyer? Whoever's ready can introduce them self and start.

ROBERT BOOKMAN: Good afternoon.

My name is Robert--

CHAIRPERSON MEALY: Good afternoon.

ROBERT BOOKMAN: Good afternoon.

Thank you for those few Council Members who've decided to stay and hear what the other side has to say. I am Counsel to the New York Nightlife Association, the organization that represents the City's bars, lounges and clubs. We directly employ--

CHAIRPERSON MEALY: Can we have quiet in the back, please, can you leave quietly? Start it over, thank you.

ROBERT BOOKMAN: We directly employ over 20,000 New Yorkers, generate over \$9 billion a year in economic activity. While we appreciate the change made to accommodate tipped workers, we are extremely disappointed that this version of the bill still includes those businesses who did

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not receive a single penny in tax breaks or subsidies, but only pay rent to those who do. A point that seems to be lost on the Borough President, and other proponents of this bill. Not only does this make--

SPEAKER QUINN: Can we get a little quiet?

ROBERT BOOKMAN: Sorry.

SPEAKER QUINN: Just put some time back on. And so folks who are exiting, if we could just get quiet. I've rarely ever asked for quiet for Bookman before [laughter] so let the record reflect, it will never happen again.

ROBERT BOOKMAN: You've asked me to stop talking many times. [laughs]

SPEAKER QUINN: Quiet from, not for.

ROBERT BOOKMAN: Oh, yes, I like that. [laughs] Let me repeat. We're disappointed that this version of the bill still includes those businesses who do not receive a single penny in tax breaks or subsidies, but only pay rent to those who do, a point that seems to be lost on the Borough President and many of the

1  
2 proponents of this bill. This not only makes,  
3 makes no sense from a policy perspective, but with  
4 all due respect, is not legal, either.

5 Restaurants and bars that meet federal and state  
6 minimum wage requirements are under no obligation  
7 to pay their employees a higher salary simply  
8 because their landlord receives government

9 subsidies. And the City Council cannot change

10 that fact by passing this law. What this bill

11 will do if it becomes law would create thousands

12 of landlord/tenant disputes and lawsuits, because

13 while the landlord may have an obligation to

14 follow this law, the tenants, who do not receive

15 any tax breaks or benefits, do not and will not.

16 This will force landlords to sue their tenants,

17 good tenants who are paying their rent on time.

18 That is why we called this bill "The Landlord

19 Tenant Lawyers Full Employment Act." Not exactly

20 the group you were trying to help. As to the

21 change made concerning small business exemption

22 limits, it does nothing to allay the concern of

23 small business owners that while they may be

24 exempt today, there is no guarantee that they will

25 not be included in a later amendment to the law

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2 down the road. Moreover, the attempt to aggregate  
3 revenues from independently incorporated,  
4 licensed, taxed and managed small businesses,  
5 simply because they are owned by the same  
6 individual or group of individuals, not only  
7 violates state business laws that the City cannot  
8 preempt, but calls into question your desire to  
9 actually exempt small business owners in the first  
10 place. It also acts as another obstacle in the  
11 path of small business entrepreneurs who are  
12 trying to grow their businesses by penalizing them  
13 with higher labor costs, if one of their  
14 businesses become successful, even if it is not  
15 the business in the building where the landlord  
16 receives the tax breaks. You almost need a  
17 scorecard to keep track of all of this. Indeed,  
18 the lack of prospective application of this bill  
19 adds to that justifiable fear. The bill does not  
20 seem to grandfather existing tenants in existing  
21 buildings. It states that any modifications,  
22 amendments ore renewals of landlord subsidies to  
23 existing buildings, places the building and its  
24 existing tenants under the law. So existing  
25 business owners will either have to dramatically

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2 increase their labor costs, or close or move their  
3 businesses simply because their landlord modifies  
4 an agreement that may have been in effect even  
5 before I moved into the building in the first  
6 place. Our members and clients who are retail  
7 tenants, who I have spoken to, have concluded  
8 therefore not to sign leases in qualifying  
9 buildings. Why take the risk, they say,  
10 especially outside of Manhattan, where frankly  
11 they did not have to go in the first place, and  
12 where profit margins are already paper thin. And  
13 the lawyer from the DC, Paul, just basically  
14 conceded this point, that these projects and other  
15 cities are bringing in tenants that already pay  
16 the living wage. This bill would force us, would  
17 also force us to increase the wage of every  
18 employee, not just those that are making less than  
19 the living wage. Another point that seems to be  
20 lost on the proponents. We have to keep wage  
21 differentials between job categories. Those of  
22 you who are in civil service understand that. So  
23 if a dishwasher who's making the minimum wage gets  
24 a raise to \$11.50 an hour, then the cook who was  
25 getting \$12.00 an hour will also have to get a

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2 \$4.00 raise, as well, all the way up the pay  
3 scale. The labor statistics that are in your  
4 report, which provides that our hospitality  
5 industry will have the highest wage incr--the  
6 highest impact of eight percent, those labor  
7 statistics don't include what I just said, it only  
8 includes those percentage of the employees that  
9 are currently getting less than minimum wage. So,  
10 it is a huge increase in labor costs, probably  
11 close to 16 percent. Is there a favorite program  
12 that you have where you can cut 16 percent of it  
13 today, without it hurting? Well, we can't cut 16  
14 percent of our budget without it hurting. So,  
15 where does this leave us. The Kingsbridge Armory  
16 remains vacant because of the living wage  
17 requirement. Hundreds of jobs were killed. That  
18 is a fact. And it's a fact because the City  
19 refused to subsidize and the, and the developer  
20 refused to subsidize the increased labor costs  
21 that were going to result as a result of the  
22 living wage. That's why that building remains  
23 empty today. The proponents' answer to that  
24 debacle is a theory that if every project in New  
25 York City had a living wage component, that it



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2 would magically change the financial realities for  
3 the developers and their prospective tenants. And  
4 all would be well. We are here to tell you, if  
5 you are willing to listen, that your theory is  
6 wrong. This bill will not solve the national  
7 problem of a shrinking middle class, it will only  
8 lead to more people being unemployed.

9 CHAIRPERSON MEALY: Thank you.

10 ROBERT BOOKMAN: Thank you.

11 JACK KITTLE: Good afternoon,  
12 Speaker Quinn, Chair Mealy, distinguished members  
13 of City Council. My name's Jack Kittle, I  
14 represent District Council 9 of the Painters and  
15 Allied Trades, the 10,000 men and women who belong  
16 to our union. You know, about two-and-a-half  
17 years ago, I read that the recession was over.  
18 And I read it in the New York Times, so it's got  
19 to be true, right? Now, this is a little bit  
20 embarrassing for me to admit it, but I hardly  
21 noticed it at all. Our industry, the construction  
22 industry as a whole is still right in the middle  
23 of this recession. We are enduring unemployment  
24 rates of 20 percent and higher. We are looking at  
25 pay freezes, pay cuts. Now, New York is

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2 admittedly one of the least business friendly  
3 cities, places to try to earn a living. Now, our  
4 members rely on construction and development.  
5 From where we sit, it is hard for us to imagine  
6 that we are talking about placing another obstacle  
7 to development. While ideologically a living wage  
8 ordinance sounds like, you know, a great idea, who  
9 would, who could be against higher wages, there  
10 are market forces beyond our control that dictate  
11 wages in a supply and demand model. And I'm sure  
12 that you can find a report that tells me the  
13 living wage is the greatest idea since the mute  
14 button [laughter] you want me to hit [laughter]  
15 I'm also sure that you can find reports that show  
16 me that living wage is the worst idea since the  
17 "Backstreet Boys" [laughter] I'm not a fan, sorry.  
18 You know, I'm willing to bet that both reports are  
19 right, and also that both of them are wrong. Now,  
20 I've always subscribed to a teaching of the Buddha  
21 that says, "Believe nothing, no matter where you  
22 read it, or who said it, unless it agrees with  
23 your reasoning and common sense." Now, you know,  
24 of course as always I hesitate to bring common  
25 sense into the discussion when we're talking about

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2 legislation, no offense, but I believe that if you  
3 search your common sense, you would agree that  
4 living wage applied to one locality is going to  
5 affect economic development and ultimately hinder  
6 this City's efforts at job creation. Now ,if we  
7 included Paramus and Jersey City, I'd probably  
8 have a different opinion of this. But the market  
9 dictates that employers that will pay the wages,  
10 have to be included in the discussion. You can  
11 just expect businesses to operate under conditions  
12 where numbers pulled out of midair to decide the  
13 wages of their workers. When put in a position of  
14 disadvantage, businesses will go elsewhere, just  
15 follow the best conditions for profit. Now the  
16 fact that the nonprofit, affordable housing, and  
17 small business sectors have been excluded, which  
18 by the way these are the worst, worst exploiters  
19 of workers--did I say something wrong? The fact  
20 that you exempted them, tells me that this is not  
21 really about workers. If you really cared about  
22 workers, those are the industries you would be  
23 going after. Where business models involve paying  
24 workers off the books and a huge percentage of  
25 people working in those industries, are

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2 participating in the underground economy. And if  
3 I was a cynic, from what I was listening to--you  
4 know me? [laughs] What I listened to earlier  
5 today, will tell me that this has come down to a  
6 couple of labor leaders asking government to  
7 organize for them, with no regard to the markets  
8 that they operate in. Now, I'm a union  
9 representative, I'm all about higher wages;  
10 unfortunately, my jurisdiction falls entirely  
11 within the real world. You cannot just pick a  
12 number out of midair without including the  
13 employers in the discussion. So with that,  
14 District Council 9 urges the City Council to  
15 oppose this idea in the interests of economic  
16 development and jobs. Right on the button.

17 CHAIRPERSON MEALY: Thank you.

18 STEVEN MCINNIS: Speaker Quinn,  
19 Chairwoman Mealy, Council Members, my name is  
20 Steve McInnis, I'm the Political Director of the  
21 New York City District Council of Carpenters, a  
22 union representing eight local unions and 23,000  
23 members. It's my job and obligation to protect  
24 and promote the interests of my members and their  
25 families. We fully support living wage statutes

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2 for companies, contracting or receiving direct  
3 benefit from the City of New York and the  
4 legislation enacted by this body in 2002. In  
5 fact, we would argue this needs to be expanded  
6 specifically in the area of affordable housing  
7 subsidies. However, we oppose Intro 251-A as  
8 overreaching by selectively imposing standards on  
9 entities that are not direct beneficiaries of  
10 public financing, and that are in some instances  
11 above and beyond the current union contract  
12 standards. New development is the lifeblood of  
13 this City, a City that is not expanding and  
14 reinventing itself is a City in decline. Two  
15 years ago, this body voted down the Kingsbridge  
16 Armory Project on the auspices of traffic issues.  
17 Some union advocates hailed this as a major  
18 victory, since the developer would not agree to  
19 standards similar to what is being offered in  
20 today's Intro. Victory included the loss of 1,000  
21 unique construction jobs, and 1,000 permanent  
22 jobs. The Carpenters Union has nearly 300 members  
23 sitting home today because of this so-called labor  
24 victory; some were here today. There are 1,000  
25 hardworking skilled middle class union men and

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2 women who are unemployed today because of that  
3 vote, who are struggling to make ends meet. At  
4 the invite of the Borough President, Ruben Diaz, I  
5 sat in as a member of the Kingsbridge Armory  
6 Taskforce. I waited in great anticipation for the  
7 numerous other well financed proposals that would  
8 inevitably roll in according to some of today's  
9 proponents. After well over a year of meetings,  
10 not a single proposal came close to the potential  
11 short or long term job growth projected by the  
12 original proposal. There seem to be some  
13 perception by some very well intentioned people  
14 that the 1,000 permanent jobs proposed would all  
15 be minimum wage, dead end jobs, and if they held  
16 out, better, more plentiful employment  
17 opportunities would appear. They held out and  
18 Kingsbridge today has not produced a single job,  
19 living wage or otherwise. I'm not sure how many  
20 more of these labor victories my members can take.  
21 Testifying today is not easy. You know, I've  
22 worked low, low skill, low wage jobs, I've mopped  
23 the floors, waited tables, and done whatever I  
24 could to get by, going from paycheck to paycheck.  
25 I believe in the dignity of work and the right of

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2 a person to make a fair day's pay for a fair day's  
3 work. I do not however believe Intro 251-A and  
4 its unintended but potential real consequences are  
5 good for the City. We as the Carpenters Union  
6 oppose.

7 CHAIRPERSON MEALY: Thank you.

8 Good afternoon [laughs] I'll sit on  
9 Andrew's lap. We're a friendly bunch.

10 CHAIRPERSON MEALY: Say it again.

11 PATRICIA BRODHAGEN: My name is Pat  
12 Brodhagen, I'm the Vice President of Public  
13 Affairs for the Food Industry Alliance of New York  
14 State, which is the trade association that  
15 represents grocery stores. We're a big panel  
16 here, so I'm just going to speak briefly. Louder?  
17 Because some issues came up and we have a lot of  
18 concerns, from the supermarket industry, about the  
19 bill, but I do want to spend a couple minutes or a  
20 minute on FRESH, because that's just such a good  
21 example of what, of what the problem is how  
22 worried we are about this bill. You have heard in  
23 testimony that the changes will apply now only to  
24 large new developments, not mom and pops, and that  
25 only the biggest businesses are covered. But when

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2 it comes to FRESH, it just, it just isn't true.  
3 We're looking at 14 projects now, which is a great  
4 number. And remember, FRESH is all about first  
5 and foremost health, bringing healthy foods to  
6 neighborhoods that don't have access. Second of  
7 all, it creates jobs. Third of all, it really  
8 revitalizes neighborhoods. Some of these projects  
9 are going into buildings that were empty for  
10 years, and it provides stability and attracts  
11 other retail. So, for all kinds of reasons, it  
12 makes perfect sense for the City to have crafted  
13 this innovative package of financial and zoning  
14 incentives, to make the numbers work. And why is  
15 making the numbers work so tricky in the food  
16 business? Because our profit margin is a penny on  
17 the dollar. The numbers in revenue seem big, but  
18 it's because you have to do a lot of sales, to  
19 make that one percent profit margin. So, just  
20 looking at the \$1 million, all of these now are  
21 big projects, not true. It would encompass nearly  
22 all of the FRESH projects, they are worth a  
23 million and more, in terms of benefits. Small  
24 businesses are out, again, when applied to the  
25 FRESH environment, that's not true. You had that



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2 earlier discussion, and I'm glad you did, so I  
3 won't repeat it, except to say that that  
4 particular store is 9,000 square feet. It is on  
5 the small end, really, of supermarkets that have  
6 qualified. They tend to be more ten, 15 and some  
7 larger. And that store's first year projection  
8 was \$6.5 million. Other stores will do, will have  
9 to do more than that. So the small business  
10 exemption and the \$1 million exemption is not  
11 going to exempt the FRESH program, and it will  
12 suffer. And the cap does the other thing that Rob  
13 mentioned, it's really interesting. Let's say you  
14 have a store that's at \$4.9 million, \$4.8 million.  
15 Wants to expand. Well, what you're saying is,  
16 "No, no, no," because as soon as you do, you're  
17 in, and the economics will no longer work for you  
18 to be profitable." So, it's a huge problem. And  
19 the business about mom-and-pops, I was there  
20 yesterday with Council Member Oddo, tell Mr. and  
21 Mrs. Dola [phonetic] that they're not a mom-and-  
22 pop shop. You know, that's what FRESH is all  
23 about, so far, independently owned and operated  
24 stores. We have many more issues, but I'm going  
25 to pass, pass the mic, I wanted to focus on that

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because there's been a lot of discussion about it,  
and it's crucial, I think.

CHAIRPERSON MEALY: Thank you.

Next panelist?

LINDSAY BARON: Hi, I'm Lindsay  
Baron [phonetic] from the Staten Island Chamber of  
Commerce. Jack Friedman was supposed to speak,  
but I am speaking instead. Good afternoon. On  
behalf of the Five Borough Chamber Alliance, made  
up of Brooklyn, Bronx, Manhattan, Queens and  
Staten Island Chambers of Commerce, and  
representing over 5,000 businesses with well over  
a half a million employees, I would like to thank  
you for allowing us to speak this afternoon.  
There is no question that too many people in our  
great City face poverty or near poverty because of  
rising costs, our struggling economy, and wage  
inequity. This cannot be disputed. What is at  
issue here today is whether Intro 251-A addresses  
this problem in a positive or a negative way. I  
am here to tell you that Intro 251, even with its  
modifications, is bad legislation, being  
introduced at a bad time, and will absolutely hurt  
those that the supporters purport it will help.

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2 Intro 251-A is a job killing, growth inhibiting,  
3 poor conceived bill, that must be rejected by the  
4 City Council. Of course we can sit around and  
5 spend our day fighting over whose study is more  
6 accurate, whether supporters' numbers or  
7 opponents' numbers are skewed or inaccurate. Or  
8 we could even say whether or not it's a, I got a  
9 medal for a [laughs] science fiction or whatever  
10 the case may be. But I'm not an economist and I  
11 won't play that game. Instead, I look at the  
12 facts and use the simple common sense. The so-  
13 called Living Wage Bill is a job destroyer, and we  
14 need look no further than the empty Kingsbridge  
15 Armory building to prove that point. While  
16 proponents of this bill tout Kingsbridge as some  
17 sort of victory for the working poor, reality that  
18 1,200 people who could have been working aren't,  
19 and almost 1,800 workers that could have been  
20 building the facility, didn't. Kingsbridge was an  
21 opportunity missed and hundreds of workers make  
22 salaries well over minimum wage and even so-called  
23 living wage, are instead unemployed. Calling this  
24 a victory is absolutely ridiculous. The  
25 development of Kingsbridge are not the enemies

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2 here. They were willing, they were willing to  
3 invest over \$300 million of their own money to  
4 build the project. Some public incentives and  
5 programs were offered to help make this an  
6 economically feasible project. This is exactly  
7 the type of public/private partnership we so often  
8 hear about as a model for our city's growth.  
9 Unfortunately, with a mandate of arbitrary wage  
10 scale, tenants and subtenants weren't interested.  
11 Unaffordable costs and competitive disadvantage to  
12 like businesses just down the street. I'm sorry.  
13 For the mandated and arbitrary wage scale, tenants  
14 and subtenants weren't interested. Unaffordable  
15 costs and at competitive disadvantages to  
16 businesses just down the street. If you were the  
17 store of a franchise owner, would you agree to  
18 deal, would you agree to a deal that requires you  
19 to pay more than 35 percent wages, higher wages  
20 than you're competitor in the area. Kingsbridge  
21 is not alone, however. You have heard today about  
22 how FRESH program Council driven effort to bring  
23 healthier foods to underserved areas, may be  
24 affected by this legislation. You will also see  
25 how affordable housing projects that the City is

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2 in dire need of, won't get built if part of the  
3 multiuse, part of the multiuse development.  
4 Shopping centers and malls that can change the  
5 face of a community won't be built, and projects,  
6 many in the outer boroughs, won't be done. Let's  
7 look at a couple of examples. In Queens, let's  
8 look at Willet's Point. Willet's Point is  
9 designed to be a multiuse project that includes  
10 1.2 million square feet of retail and commercial.  
11 It includes 5,500 units of affordable housing in  
12 Corona, Flushing, Elmhurst area, that needs this  
13 housing so desperately. It includes public space,  
14 school, I can go on and on, there's a number of  
15 projects, there's a number of projects--

16 CHAIRPERSON MEALY: Yes, thanks.

17 LINDSAY BARON: --in our borough.  
18 Basically, what I want to say here, you know, to  
19 kind of--

20 CHAIRPERSON MEALY: You have to  
21 wind it up.

22 LINDSAY BARON: I'd like to wind it  
23 up and say that there are a lot of projects that  
24 we need in the outer boroughs, and this  
25 legislation is really going to negate a lot of

1  
2 those projects being developed. And we're really  
3 concerned about the small business owners that  
4 could potentially be tenants in these projects and  
5 being priced out of the market. If they cannot  
6 compete with the neighbor across the street or  
7 another neighborhood, because they're paying a  
8 higher wage rate, it's really--

9 CHAIRPERSON MEALY: Okay.

10 LINDSAY BARON: --going to put them  
11 at a competitive disadvantage. And I think the  
12 Five Borough Chambers really think that this is a  
13 national issue, and it must be addressed on a  
14 national level--

15 CHAIRPERSON MEALY: Thank you.

16 LINDSAY BARON: --not on a city  
17 council level.

18 CHAIRPERSON MEALY: Thank you.

19 Just to let you know, the ten minutes, the last  
20 two speakers--

21 STEVE MCINNIS: I was going to say,  
22 Madam Chair, we were called as a seven member  
23 panel, not a five member panel, so I was, you  
24 know--

25 CHAIRPERSON MEALY: We have 20

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minutes. We just let you know.

STEVEN MCINNIS: Okay.

CHAIRPERSON MEALY: Would you--

LAMONT BLACKSTONE: Lamont Black--

CHAIRPERSON MEALY: Briefly.

LAMONT BLACKSTONE: Lamont

Blackstone, representing the International Council of Shopping Centers. Madam Speaker, Madam Chair, members of the Council, I'm going to speak real quickly because I have to leave.

SPEAKER QUINN: Just, sir, I just want to make sure just for the two of you, you didn't get to go, since the panel, regardless of size, was 20 minutes, and I apologize if that wasn't clear. If you and the other individual could just give very brief summaries, and then obviously you'll all be part of the Q&A. Linda, you probably should wait for the Q&A. Okay, if folks don't want to stay for the Q&A, that's their choice, unfortunately. But okay. So, very brief, the two of you, and then you'd be part of Q&A.

LAMONT BLACKSTONE: Okay, I'll have to excuse myself, Madam Speaker, 'cause I have to leave to join Council Members Lander and Wills.

1  
2 Really quickly. ICSE is opposed to this  
3 particular bill, not because we don't support the  
4 objective of mitigating working class poverty, but  
5 because we don't see it as being a viable  
6 solution, and we are particularly concerned about  
7 the impact that the bill, as it relates to urban  
8 retail attraction efforts, to underserved urban  
9 neighborhoods. So, let me speak in the context of  
10 a project that I believe many of us are familiar  
11 with, that being the Harlem Pathmark Project of  
12 125th Street. First fundamental concept is that  
13 when retailers such as supermarket operators, or  
14 any particular retail category, look at siting  
15 stores at urban locations, they look at one, the  
16 revenues that that store will generate, as well as  
17 the operating cost. The two fundamental factors  
18 affecting the operating cost profile of a retailer  
19 are the rent that that retailer pays, as well as  
20 the amount that that retailer pays in terms of for  
21 its labor costs. If one of those goes up, the  
22 other one has to go down, in order for the  
23 retailer's business model to remain intact.  
24 That's the first concept. The second concept that  
25 is important to tie this into, and reconcile, is



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2 the developer. If a developer is looking to build  
3 an urban retail project regardless of whether it's  
4 a 50,000 square foot supermarket, as was the  
5 Harlem Pathmark, or regardless of whether it's the  
6 Willet's Point Project, the developer looks to  
7 attract capital from two sources: debt and  
8 equity. The ability of that developer to attract  
9 debt and equity is a fundamental function of the  
10 revenues that are projected by that particular  
11 project. If, in the case of the Harlem Pathmark  
12 Project, you are calling upon the supermarket to  
13 pay those labor costs, and that by definition  
14 means that that supermarket operator will have to  
15 pay less in rent. If the supermarket operator or  
16 retailer pays less in rent, then the effect of  
17 that is that the developer will be attracting less  
18 in terms of capital; as such, you widen the gap;  
19 as such, the project will require considerably  
20 more subsidy in order for the project to work.  
21 I'll leave it at that.

22 CHAIRPERSON MEALY: Thank you.

23 Thank you so much. 'Cause the panel is really is  
24 out to time. And we stated earlier--

25 ANDREW RIGIE: I'll be very quick.

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CHAIRPERSON MEALY: --that it would just be put in the records. But--

ANDREW RIGIE: I appreciate that.

CHAIRPERSON MEALY: --thank you, briefly, please.

ANDREW RIGIE: Yes, my name is Andrew Rigie, I'm the Executive Vice President of the New York City Chapter of the New York State Restaurant Association. We're a trade group that represents more than 4,500 restaurants in New York City. I've spoken with dozens of restaurant operators about the regulatory scope of 251-A. The responses I've received have ranged from, "This legislation doesn't make any sense," to "This is exactly why I will not open another business here in New York City." These sentiments are real and the concerns with 251-A are serious. In addition to the increased financial and reporting burdens mandated by 251-A, there are many technical and logistical flaws with this legislation that will make it nearly impossible to implement in the real world. Now, despite revisions made to the original bill, there are still many fundamental questions that still go

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2 unanswerd, such as: if a restaurant does not  
3 request financial assistance, if a restaurant is  
4 not the recipient of financial assistance, and if  
5 a restaurant does not benefit from the financial  
6 assistance, why is a restaurant covered by 251-A?  
7 The New York State Restaurant Association opposes  
8 251-A and we believe this legislation is not  
9 workable, and I urge you to consider the  
10 following. First, restaurant owners with gross  
11 annual sales of much less than \$5 million, often  
12 have multiple investors and partners at other  
13 businesses. They're also franchisees. However,  
14 251-A would cover these restaurants if the  
15 aggregate gross sales of all these loosely  
16 associated businesses met the \$5 million trigger.  
17 Because these businesses are separate, aggregating  
18 their gross revenue is excessive. And I'm going  
19 to submit all of this, I would just like you to  
20 consider--

21 CHAIRPERSON MEALY: Thank you, it  
22 will be submitted in.

23 ANDREW RIGIE: Oh, okay.

24 CHAIRPERSON MEALY: I have one  
25 question for Mr. Bookman. Do you think that

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2 projects would be unable to attain financing based  
3 up the risk that a project could, years later, be  
4 subject to millions of dollars of penalty charges  
5 as a result of the substance, the subtenants'  
6 employees practices. Like will banks be able to  
7 lend such finance uncert--feel it's uncertainty?

8

ROBERT BOOKMAN: I'm not a  
9 developer, so I can't really answer that, but what  
10 I can tell you from our, from the retailers  
11 perspective, financing could be increasingly  
12 difficult if I have let's say two places, each  
13 doing about \$2 million a year. And I'm looking to  
14 open a third place, which I think is something the  
15 City would want to encourage, let's open a new  
16 place, get some new jobs. But because of the  
17 aggregation of all businesses owned by me, that's  
18 now going to kick me over the \$5 million. If that  
19 new place was going to be at one of these  
20 projects, then even though that new place may be  
21 some, you know, macrobiotic, you know, fat free,  
22 you know, profitless business, that brings in a  
23 half a million dollars a year, that labor costs on  
24 that location would be under this bill because of  
25 my other two businesses. And as a result of that,

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2 a bank may not want to lend me money to open up  
3 that new place. So, it's possible. But as far as  
4 a developer, you'd have to ask the developers.

5 CHAIRPERSON MEALY: But wasn't a  
6 developer, but thank you. We have Mr. Gennaro  
7 have a question.

8 COUNCIL MEMBER GENNARO: Thank you,  
9 Madam Chair. And when I came here today, if I  
10 thought I was going to hear Jack Kittle quote the  
11 Buddha, I [laughter] that, you made my day, Jack.  
12 Thank you.

13 JACK KITTLE: I'm a lot deeper than  
14 you think. [laughs]

15 COUNCIL MEMBER GENNARO: That'll  
16 probably get discussed at my table at  
17 Thanksgiving, with--I'll be sharing with other  
18 folks who know you. And so, thank you for that,  
19 Jack. So much to parse here, in just a brief  
20 amount of time. And I think what we've  
21 established, based on my questioning earlier,  
22 based on the Speaker's question earlier, and based  
23 on your testimony here, in this panel, is you  
24 know, certainly that the government is going to  
25 have to, you know, put up more money to make these

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2 projects happen. I think that's a fact. And what  
3 this panel has talked about is, you know, the cost  
4 of the unintended consequences. So, there's more  
5 costs to the government, and more costs that, you  
6 know, will be borne by you folks. And I really  
7 want to ask, I guess two things, in a very brief  
8 amount of time, talking about these costs, that  
9 would be borne by you folks. With regard to Rob,  
10 which you had pointed out, with regard to the  
11 ripple effect of other people in the business,  
12 other workers who are making over the amount, how  
13 it's going to ripple into them and also the legal  
14 issues that would be part of putting together  
15 leases for these businesses, it is your contention  
16 that just putting those leases together would be  
17 legally problematic, 'cause it would bind these  
18 folks and then there's going to be a whole big to-  
19 do about how that could be done legally. If you  
20 could speak to those two items.

21 ROBERT BOOKMAN: Yeah, I mean,  
22 let's bring this into the practical world. How is  
23 this really going to work? You know, let's think  
24 about it for a moment. You know, I'm a restaurant  
25 or a bar or a club in a building that already gets

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2 these subsidies, it's, you know, they renew it  
3 under the renewal provision, the landlord now  
4 tells me I have to start paying, you know, higher  
5 wages, because he, he's getting some subsidies,  
6 which by the way, he's not, you know, handing down  
7 to me. I'm still paying market rent. I don't see  
8 anything in here which says if you get subsidies  
9 you have to charge your tenants less than market  
10 rent. So, the tenants are being forced to pay the  
11 freight here, but we're getting none of the  
12 benefits of any of this. But, so what happens  
13 here is, you know, you say the Comptroller can,  
14 you know, ask me for my books and records. I tell  
15 the Comptroller, "With all due respect, Mr.  
16 Comptroller, no. You have no nexus between us,  
17 there's no connection between us. I'm not getting  
18 any money from the City. You have no legal  
19 jurisdiction over me, I give you nothing." So,  
20 then the landlord, he's going to then have to go  
21 to the landlord, say, "Well, this guy's right, I  
22 don't have any jurisdiction over him, he's not  
23 getting any money from us." So, the landlord's  
24 going to have to. So that's why, you know, I  
25 tongue-in-cheek said this is an L and T [phonetic]

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2 full, full employment act for L and T lawyers,  
3 because that's the only way this is going to get  
4 enforced. And do we really want, do we really  
5 want hundreds of lawsuits against tenants where  
6 the landlords are going to be forced to evict  
7 them, because the tenants are saying, "I'm paying  
8 legal minimum wage, I'm not getting any benefits  
9 here, I'm not providing you with any of this  
10 information, nor am I going to comply with this  
11 law, which I don't believe impacts me. I got to  
12 tell you, I don't see a judge in the City of New  
13 York evicting a tenant who's paying their rent,  
14 and paying their employees the legal minimum wage  
15 because their landlord, 'cause you gave their  
16 landlord some money. So, I think you've got a  
17 legal nightmare here. The fact of the matter is,  
18 in the State of New York, unlike California,  
19 localities do not have the right to set minimum  
20 wage. San Francisco might, but we have more  
21 employees in our industry than they have residents  
22 in the entire City. You do not have the  
23 authority, with all due respect, to set minimum  
24 wage laws in New York. This is an illegal  
25 attempt, in my opinion, to bootstrap the fact that



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2 you do not have that legal authority, and place it  
3 on tenants. You certainly have the right to  
4 negotiate contracts with developers that you're  
5 giving money to, but we're not the developers and  
6 we're not getting any of your money.

7 CHAIRPERSON MEALY: Thank you so  
8 much. We have a next question.

9 COUNCIL MEMBER GENNARO: Thank you,  
10 Madam Chair.

11 CHAIRPERSON MEALY: Mr. Sanders.  
12 Thank you.

13 COUNCIL MEMBER SANDERS: Thank you,  
14 Madam Chair. I'm sad that, good to see everyone,  
15 it's good to see you again. I'm sad to see that  
16 my friend from the Association left, I was going  
17 to question him about Pathmark, the Holland  
18 Pathmark that he mentioned, is a top grosser in  
19 their whole corporation. My, the number two in  
20 Pathmark, is the one in my district, Springfield  
21 Gardens. So, I'm trying to see how that they're  
22 grossing so well, we're still running to the same  
23 problem. I wish there were a way that, that  
24 employers were more enlightened. If that were the  
25 case, we wouldn't, we wouldn't be here. But

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2 that's not the case, we're in the most unequal  
3 distribution of wealth. The City that had the  
4 worst in the nation, and a nation that's getting  
5 worse and worse. New York City is hard to live in  
6 for anyone except the, the one percent, if you  
7 wish. What--wouldn't it be wise, I'll do it  
8 different. Wouldn't it be wise to meet with the  
9 other side, to speak of carve outs, if those are  
10 required? Or ways of making this one work. As  
11 you know well, I specialize in that stuff. I  
12 really work hard to make sure that we, New York  
13 City wins. Wouldn't it be wise to speak to the  
14 other side and say, "Okay, this can't work but  
15 here is how that we can make this work." Any i--  
16 just out there, just wouldn't it be wise?

17 PATRICIA BRODHAGEN: Yeah, the  
18 answer to that is always yes. But let me just  
19 say, since you raised Pathmark, and a big chain,  
20 another issue that's not dealt with in the bill  
21 that companies can't, don't know what they're  
22 going to, you know, Pathmark is a good example.  
23 It's wall-to-wall union. I mean, Pathmark, the  
24 employees in the Pathmark stores and in the Stop-  
25 n-Shops and the ShopRites and in fact 60 percent

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2 probably of all the supermarkets in this City, are  
3 covered by collective bargaining agreements. So,  
4 the question is, what is the relationship between  
5 those agreements and this proposed bill? And, and  
6 you know, those agreements have been worked out in  
7 that difficult but mutual process of talking to  
8 each other. And if, and it covers more than, as  
9 you well know, you know, salaries and health  
10 benefits. But lots of other conditions of  
11 employment as well. If you're a chain, and some  
12 chains are concerned that the fact, the bill's not  
13 retroactive, but if there's a renegotiation of a  
14 deal, they could be pulled in, they're a union  
15 store, they have one store in their whole chain  
16 that has a whole separate set of requirements than  
17 anywhere else, and that raises all kinds of other  
18 issues about what happens when employees are  
19 transferred site to site, which happens a lot.  
20 You know, all of those issues. But I think the  
21 fundamental one is what's, what about collective  
22 bargaining agreements? They're in place in many,  
23 many of the stores that we're hoping will continue  
24 to expand and develop in New York City.

25 CHAIRPERSON MEALY: Thank you so

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much. Our leader, Mr. Comrie, the next question.

COUNCIL MEMBER COMRIE: Thank you, panel, for being here today, it's good seeing all of you, and happy holidays to you all, I appreciate you taking the time and sorry for the folks that had to leave, but I can understand going back to Staten Island before rush hour, before the holiday, definitely. [background comment] Well, stay out of--

CHAIRPERSON MEALY: Time is going.

[laughter]

COUNCIL MEMBER COMRIE: I just wanted to ask, and I had started to drill down into it and Rob spoke about it in more definitive, how do you, is there a scenario to get secondary businesses to be involved in something that they are not critic--directly involved in, as you were describing, you know, for--it's one thing for a developer to build a project, but it's another thing to ask a store that's within a development to have to cover the burdens of a project. And I just wanted to understand if you understood any of those other state scenarios and how they make it work. And if you could drill that down. And then

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2 also, you know, as one of the people, FRESH got  
3 started when I was Consumer Affairs Chair, as you  
4 know, Pat, and this one is very dear to my heart,  
5 and I want to make sure that we can protect  
6 businesses. So, my second question would be, what  
7 is a viable dollar amount to survive as a New York  
8 City business in New York, at this point?

9 ROBERT BOOKMAN: Well, as far, the  
10 first question about some of the other cities, I  
11 mean, drill down on that a little bit, I mean, LA  
12 they keep talking about their, you know, airports,  
13 you know, we heard that about five times, you  
14 know, airports, commuter hubs, stadiums, are  
15 horrible examples, because those are what we call,  
16 you know, captured customers. If anybody's ever  
17 bought a hot dog and a beer, you know, at a  
18 stadium, you understand that you're paying triple  
19 what you're paying in the real world. Same thing  
20 with airports. So, yeah, you know, any, you could  
21 pay double a living a wage, you know, in those  
22 places, and one might argue that Steinbrenner, et  
23 al., should. You know, especially since they're  
24 not my favorite team in any event. So [laughs]  
25 and they seem to have an endless pocketbook, you

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2 know. But, so, you know, they keep talking about,  
3 you know, their signature project in LA is the  
4 airport that the tenants had to. But the more  
5 that the Speaker drilled down into it a little  
6 bit, you really saw that out of all these examples  
7 in the other cities, the ones where tenants that  
8 receive nothing, in projects that are not like  
9 airports, yet still have to pay this, is  
10 miniscule. There's virtually no real examples  
11 there. So, that's the answer to that. There's a  
12 lot of three card monty and you know, three peas  
13 being, one pea being shuffled around when you ask  
14 those questions. But we really weren't getting  
15 honest answers.

16 PATRICIA BRODHAGEN: I'm not--to  
17 look at, each store project is different. As  
18 they, as the operator evaluates, you know, whether  
19 he can make any money in that particular site.  
20 He's got to look at the rent, he's got to look at  
21 how many sales he can anticipate and, and he's got  
22 to look at his labor costs, he's got to look at,  
23 you know, all of those things together. So,  
24 what's true in one situation could be different in  
25 another situation.

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COUNCIL MEMBER COMRIE: All right, thank you, I'm, again, I'm out of time, 'cause I don't know why the three minute clock--

CHAIRPERSON MEALY: Thank you, I'm glad--

COUNCIL MEMBER COMRIE: --applies to the answers. I got to work [laughter] we got to work on that.

CHAIRPERSON MEALY: Okay, then, thank you. Mr. Oliver Koppell.

ROBERT BOOKMAN: Especially when I answer a question. [laughs]

CHAIRPERSON MEALY: Okay, you have, thank you, Mr. Oliver Koppell.

COUNCIL MEMBER KOPPELL: Mr. Kittle, you support, I assume, prevailing wage laws on public contracts, right?

JACK KITTLE: I do, but that's, you're talking about apples and oranges now.

COUNCIL MEMBER KOPPELL: Do you support Davis-Bacon requirements for prevailing wage?

JACK KITTLE: I do.

COUNCIL MEMBER KOPPELL: On federal

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projects?

JACK KITTLE: And, yes.

COUNCIL MEMBER KOPPELL: Okay. And I'd just like those statements to stand next to your--

JACK KITTLE: Okay, but can I explain the difference?

COUNCIL MEMBER KOPPELL: --next to your testimony. Well, we--

JACK KITTLE: Can I use the rest of the three minutes to explain the difference?

COUNCIL MEMBER KOPPELL: No, no. 'Cause I have a question for Mr.--

SPEAKER QUINN: No, it's his question, he gets to ask them and you get, that's all.

COUNCIL MEMBER KOPPELL: No, I got, thank you, thank you.

SPEAKER QUINN: It's up to the sponsor's--

COUNCIL MEMBER KOPPELL: Thank you, Madam Speaker, you answered the question.

JACK KITTLE: Well, this is the-- yeah, the same thing you did before, you're not



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getting true answers.

COUNCIL MEMBER KOPPELL: Okay,  
right, okay.

JACK KITTLE: All right.

COUNCIL MEMBER KOPPELL: I got the  
answer.

JACK KITTLE: Okay.

COUNCIL MEMBER KOPPELL: Mr.  
Bookman, you, you talked about the problems with  
tenants. I would argue that tenants get the  
benef--get a benefit in these projects, but the  
fact is, is it not, that you could enter into  
lease provisions with your tenants that would deal  
with the issue of the tenants' obligations as  
many, many leases deal with all sorts of  
obligations of tenants, right?

ROBERT BOOKMAN: Can, can a  
landlord enter into a lease with a tenant? Yeah.

COUNCIL MEMBER KOPPELL: Right, the  
developer who does a lease could say to the  
tenant, "If you sign the lease, you have to pay  
the prevailing wage."

ROBERT BOOKMAN: Right, and I'm  
here to tell--

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COUNCIL MEMBER KOPPELL: That could be there, right?

ROBERT BOOKMAN: --and I'm here to tell you we're not going to sign a lease, those leases.

COUNCIL MEMBER KOPPELL: Nobody would.

ROBERT BOOKMAN: Nobody would, no.

COUNCIL MEMBER KOPPELL: I see. Well, that doesn't seem to be the experience in Los Angeles. But--

ROBERT BOOKMAN: At the airport.

COUNCIL MEMBER KOPPELL: --okay.

ROBERT BOOKMAN: We discussed that.

COUNCIL MEMBER KOPPELL: Right, I understand. At the airport. But we can talk about what projects are analogous to the airport and not, but it's certainly workable. I do think you raise an interesting point with related businesses. When we measure the amount of what should be a small business, and we'll look at that point.

ROBERT BOOKMAN: Thank you.

COUNCIL MEMBER KOPPELL: 'Cause I

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think that's a legitimate point. I also think you have a good point when you talk about a renewal, where there's a lease in effect. And we have to think about that. But I do not agree with you--

ROBERT BOOKMAN: Thank you, again.

COUNCIL MEMBER KOPPELL: --at all that you can't make this enforceable on a tenant. I look at tenant leases, as you know, I'm a lawyer.

ROBERT BOOKMAN: I us--

COUNCIL MEMBER KOPPELL: And they usually have 70 pages of requirements for tenants in a good commercial lease, so you can require all kinds of things. Thank you.

ROBERT BOOKMAN: You're more than just a lawyer, you're the former attorney general of this great state, who we have a tremendous amount of respect for. But you also know that a landlord could put a provision in a lease which the courts can find unlawful and un--you know, and unenforceable. And I'm only suggesting to you that forcing a, that I might even sign a lease that says that, not comply with it, and the courts could still say, "You know, you're right, you

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2 know, Joe Restaurant, that provision which  
3 requires you to pay over minimum wage is, no  
4 matter what the City Council said, they can't  
5 require that." It is a possibility. That's what  
6 the courts are for.

7 CHAIRPERSON MEALY: Go on, it's--

8 COUNCIL MEMBER KOPPELL: Thank you,  
9 I'll take the case.

10 ROBERT BOOKMAN: You'll take that  
11 case. [laughs]

12 CHAIRPERSON MEALY: [laughs] Oh, I  
13 like that. Letish James, our last question.

14 COUNCIL MEMBER JAMES: Just a  
15 question. I was reading a report that was just  
16 issued by the IBO, and I just wanted to know  
17 whether or not the panel was aware that according  
18 to IBO, they estimate that a total of 42 projects  
19 started in 2002 through 2008 would have met the  
20 threshold of receiving \$1 million in assistance.  
21 42 projects. 42. From 2002 through 2008. It  
22 also go on to say, it also go on to indicate that  
23 of those projects, they include such businesses as  
24 the American Stock Exchange, NASDAQ, Ernst &  
25 Young, Bank of America, 7 World Trade Center, the

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2 New York Times building, One Bryant Park, and of  
3 course my very good friend, Forest City Ratner,  
4 Metrotech. Oh, it also mentions the New York  
5 Post. Are any of these entities represented at  
6 this table?

7 MALE VOICE: Nope. [background  
8 comments]

9 COUNCIL MEMBER JAMES: Thank you.

10 ROBERT BOOKMAN: No, we represent  
11 small business.

12 COUNCIL MEMBER JAMES: Right, and  
13 the, and in the IBO report, the small businesses  
14 that you represent, they didn't find any of the  
15 small businesses that you represent in these 42  
16 projects, from 2002 through 2008. Thank you.

17 CHAIRPERSON MEALY: Thank you. Our  
18 next will be our Speaker, she has the last  
19 question.

20 SPEAKER QUINN: Thank you. I have  
21 a couple of different questions. Let's go back to  
22 kind of the LA discussion for a second, about the  
23 airports. And Robert, you were saying kind of  
24 airports and stadia are examples that are  
25 different. And I don't know that what I'm now

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2 going to say is legally draftable, but  
3 hypothetically, if there was a bill that only  
4 dealt--I know we can't do airports, 'cause it's  
5 Port Authority, but airports and stadia or other  
6 captured traffic, or whatever the word you used  
7 was, would that be something that you all would be  
8 open to, considering?

9 ROBERT BOOKMAN: Sure.

10 SPEAKER QUINN: Okay. One of the  
11 things I've heard--well, let me back up. In some  
12 of the cities that we've heard from, in some,  
13 there are examples of tenants getting a  
14 requirement put on them, which I think if Jack had  
15 been allowed to answer the rest of his question,  
16 he would've opined on that point. That that is  
17 different than those other requirements that he is  
18 supportive of. But in these other cities, where  
19 some of the requirements, not all, or some of the  
20 policies have covered tenants, why have  
21 restaurants moved in there?

22 JACK KITTLE: Well, it depends on  
23 the project. I mean, I don't know, quite frankly,  
24 but it could well be, you know, it's a development  
25 in a premier section of a particular area, that is

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2 just so attractive, and/or perhaps part of, you  
3 know, the subsidies, maybe they were getting less  
4 than market rents. I mean, we don't know the  
5 facts, you know, concerning, you know, the hand,  
6 those handful of projects. But it could be a  
7 variety of reasons, it could be, this is, this is  
8 going to be the bests location in the world to be  
9 in. Or it could be that, you know, because of the  
10 agreements and the, and additional negotiations,  
11 perhaps the developer was able to pass along some  
12 of the development dollars that they were getting  
13 to those tenants.

14 SPEAKER QUINN: So, so is it, it's  
15 not that, is it fair to say then, based on that,  
16 your opposition isn't to the requirement, but it's  
17 the opposition is to the requirement without your  
18 members getting some financial benefits to  
19 correspond with the requirement.

20 JACK KITTLE: Well, if mean, if  
21 you, if you said to me, which is not this bill--

22 SPEAKER QUINN: No, no, right, I'm  
23 just trying to--

24 JACK KITTLE: We would have to, we  
25 would have to think about it, that every one of

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these projects would require those businesses that have to pay higher, have to pay a living wage, an equivalent amount of reduced, less than market rent, to balance it out.

SPEAKER QUINN: Or however the subsidy existed.

JACK KITTLE: Or however it is, that's something we would have, obviously have to consider. But it's my understanding, for example, that, you know, in the Kingsbridge Armory, that's where the negotiations fell apart.

SPEAKER QUINN: Right.

JACK KITTLE: There was a dollar, like \$30 some odd million as I recall that was identified as what the additional labor costs would be, for the tenants over the course of the requirement, and nobody was willing to pay for it. Related [phonetic] wasn't willing to pay for it, and ultimate the City wasn't willing to pay for it.

SPEAKER QUINN: One of the, in your guys' statements, that no one would open a restaurant, you know, in that way, or whatever, are you talk--One of the things that others have



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2 said when I've, you know, played devil's advocate  
3 and said, "No one will open a restaurant like  
4 that," they'll say, "Yeah, the big chains will.  
5 You'll see them do that." Right? Because they  
6 can. What did, what would you say to that, that  
7 "Yes, maybe, in mom and pops won't open  
8 restaurants, but chain restaurants would open  
9 because it would just get absorbed into their  
10 overall, you know, huge national whatever.

11 JACK KITTLE: I can tell you, I've  
12 spoken with several operators that operate chain  
13 restaurants, and they have not said that they  
14 would move in--

15 SPEAKER QUINN: Okay.

16 JACK KITTLE: --they actually said  
17 that this is another reason why they're going to  
18 move to Westchester, Long Island or New Jersey.  
19 They've also told me that looking at the increase  
20 in wages on top of a lot of the other regulations,  
21 other wage increases they have recently seen, that  
22 now some employees--

23 SPEAKER QUINN: What are you, what-  
24 -?

25 JACK KITTLE: With New York State

1  
2 labor law, there's, as well, some changes, that  
3 increased wages that were paid to employees, that  
4 in some cases the additional wage mandates would  
5 actually not allow them to continue to offer  
6 specific benefits to their employees. You know,  
7 it's just another thing on top of so many of the  
8 regulations that already make New York City an  
9 area to run a small business.

10 ROBERT BOOKMAN: And I would rather  
11 see New York encourage our own home grown Steven  
12 Hanson's and Son and Orin's [phonetic] to open up  
13 another restaurant, rather than to have another  
14 Olive Garden.

15 SPEAKER QUINN: That's a, a  
16 different discussion, but I just, I've heard Jack  
17 loves an Olive Garden, but [laughter] wanted to  
18 flesh out that argument a bit more. Let me just--  
19 go ahead.

20 JACK KITTLE: No, I'll just also  
21 say, you know, the question comes back to, I am  
22 the re--the restaurant owner, I am not receiving  
23 any direct benefit. In many of these locations  
24 that have received subsidies, and they're, you  
25 know, very new, brand new buildings, many of the

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2 rents often are higher. So, if someone moves into  
3 one of those buildings--

4 SPEAKER QUINN: I'm, I don't, I'm  
5 not sure if I--

6 JACK KITTLE: So, if a building is  
7 taking subsidies, and it's a nice--[background  
8 comment] Yeah, for instance, in a Time Warner  
9 Center, or a building that probably took some  
10 subsidies, they are probably paying higher rents,  
11 by being in these high volume areas. So, they are  
12 not receiving the direct benefit. They didn't,  
13 again, it goes back, they didn't request they  
14 benefit, and they are not seeing it. In many  
15 cases they may end up paying higher rent in these  
16 areas.

17 SPEAKER QUINN: What do you say in  
18 response to the earlier panel that says there was,  
19 there's no evidence in these other jurisdictions  
20 that the laws or policies there were job killers?  
21 I'd ask that to any member of the panels, not just  
22 the restaurant folks. How do people respond to  
23 that?

24 ROBERT BOOKMAN: Well, I think  
25 Councilman Halloran--

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SPEAKER QUINN: Anybody can--

ROBERT BOOKMAN: --had some statistics that, that we're doing much better here--

SPEAKER QUINN: I try never to call on Council Member Halloran. No, I'm only kidding. [laughter]

ROBERT BOOKMAN: Yeah. I mean, here's some interesting statistics in his testimony, in his question, about that those cities don't seem to be doing all that well compared to New York. There's no way of actually ident--ans--you know, there's no way for us to say, or for them to honestly say, that this had impact or no impact. 'Cause it's compared to what? It's compared to a situation that didn't exist. But we do know where we stand economically, versus where some of these other cities stand economically. We know our tourists are still coming here, 50 million, you know, projected this year, 45 million last year, even with all of these low pay jobs. I guess my answer to them is, this is a national problem. There's no question we have a shrinking middle class in

1  
2 this country. It's a national problem, it's an  
3 international problem. Those good quality, middle  
4 class jobs, the manufacturing ones, you know, what  
5 we used to call the schmatta industry, you know,  
6 they're gone. I mean, and, and there's nothing,  
7 and this bill is not going to correct that  
8 problem. These are bigger issues than could be  
9 resolved here today, in the City Council, by  
10 demanding that small businesses or, you know,  
11 Assemblyman--sorry, Councilman Koppell's saying  
12 not small, so small businesses any more, having to  
13 pay increased labor costs, that's really not going  
14 to solve this national problem that we have. And  
15 you know, we need to resolve this, you know, on a  
16 national basis. New York City is not an island  
17 unto itself, even though we, we are that Camelot  
18 that you were referring to, Councilwoman James.  
19 This is a big problem, and I don't think  
20 increasing labor costs in New York City is the  
21 solution.

22 SPEAKER QUINN: So just, last  
23 question for any of the panelists, and it's a  
24 hypothetical. But if there was, if the bill or  
25 policy or whatever was more like the one we

1  
2 discussed with the LA EDC, where there was the  
3 ability to give waivers and let some people out  
4 altogether, there was the ability to waive some  
5 requirements and not others. There was the  
6 ability to deepen and expand subsidies, or the  
7 ability to relieve people of the obligation of  
8 other good policies like creation of affordable  
9 housing, or whatever. Is that the kind of a  
10 thing? Or is it--just a hypothetical, whether--  
11 'cause that, that's different than this law, which  
12 is very, not good or bad, laws are X equals Y, A  
13 causes B.

14 JACK KITTLE: All right, you  
15 probably want to talk to them. Me, I represent  
16 workers, and hypothetically, you've already carved  
17 out the worst offenders when it comes to  
18 exploiting workers, from this bill. If we really  
19 wanted to talk about workers, here, that's where  
20 we would start, so, you know, that's an entirely  
21 another--

22 SPEAKER QUINN: What do you, what  
23 do you mean, Jack?

24 JACK KITTLE: I mean, you want to  
25 talk about the affordable housing industry,

1  
2 construction on it, whether they're building or  
3 rehabbing it, probably two-thirds of those workers  
4 are paid in cash. Forget about a living wage or  
5 prevailing wage, they don't get any wage. Let's  
6 talk about, you know, nonprofits, it's, you know,  
7 notoriously underpaying their workers. Same thing  
8 with, with small businesses. You know, the larger  
9 developers you're going after here, are not the  
10 ones that are underpaying, they typically have  
11 collective bargaining agreements in place. So,  
12 you know, I'm just saying, if we were really here  
13 to talk about helping workers, and it's a whole  
14 nother discussion, hypothetically--

15 SPEAKER QUINN: Right. [laughter]

16 JACK KITTLE: I think you've  
17 already carved out the, the people that don't  
18 really deserve to be carved out. Sorry. And I  
19 understand the economics of it, too. And, you  
20 know--

21 SPEAKER QUINN: Anybody else want  
22 to comment on the LA EDC hypothetical?

23 ROBERT BOOKMAN: I just think  
24 philosophically, if you, if you scaled back to  
25 something which is all voluntary, and you know, if

1  
2 you want to sign this lease, this is what you get  
3 for it, but this is an exchange, if you want to do  
4 this development, you know, it's a different  
5 conversation. I think ultimately, you would need  
6 to speak to the developers about whether they  
7 still think they can get tenants, you know, under  
8 which circumstances. But if it's a pure, you  
9 know, contractual negotiation, I think, you know,  
10 you're in a different ballpark than, than this  
11 bill, which, with all due respect, you know, to  
12 Council Member Koppell, who I've known--he doesn't  
13 remember me, but I've known him for years.

14 SPEAKER QUINN: [laughs]

15 COUNCIL MEMBER KOPPELL: [off mic]  
16 I do remember.

17 ROBERT BOOKMAN: You know, you  
18 know, when he was running [background comment] I  
19 just don't think that this is the, you know, this  
20 is, you've reached, this is the way to go, and I  
21 don't think you've reached the right audience, I  
22 don't think you've really--you're punishing the  
23 tenants here.

24 SPEAKER QUINN: Thank you. And  
25 Pat, I just want to say, I know I didn't raise any



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2 FRESH issues with you, but I just, I want the  
3 record to reflect that those are issues we  
4 obviously, per the first panel, going to have to  
5 come back to.

6

PATRICIA BRODHAGEN: Yeah, and I  
7 really, really appreciate that. And as others  
8 have said, I really appreciate that you're here  
9 today, listening, and all of you spending this  
10 amount of--

11

SPEAKER QUINN: Thank you.

12

CHAIRPERSON MEALY: Thank you.

13

We'll have [background comments] Wait, can you  
14 have, we have one more question. Council Member  
15 Levin.

16

COUNCIL MEMBER LEVIN: Thank you,  
17 Madam Chair. I just had one suggestion. When you  
18 talked about restaurants going into developments  
19 that are covered in other jurisdictions, the  
20 Speaker asked maybe what some, some reasons may be  
21 why a restaurant would go in. And you said  
22 something about subsidies, or, or lower  
23 preferential rents, something like that. Might it  
24 be that, that businesses, restaurants, would go  
25 into a development that's covered under a living

1  
2 wage requirement because they're new, snazzy  
3 developments, that they're brand new and that  
4 they're, there's nice space? I mean, I, for  
5 instance, I have a brand new development that's  
6 getting a bunch of City subsidy, in downtown  
7 Brooklyn, it's across the street from Fulton Mall.  
8 If I was a retailer, I'd probably consider going  
9 into the nice new snazzy development, even if it  
10 means my costs are going to be a little bit  
11 higher, because it's, frankly it's nicer than  
12 Fulton Mall.

13                   ROBERT BOOKMAN: Might be, but my  
14 costs are not going to be a little bit higher, my  
15 costs are going to be a lot higher. And I might  
16 as well go right across the street from that  
17 snazzy new place, where all the people still have  
18 to pass, pass my place to get in there, and save  
19 all that, that additional labor cost.

20                   COUNCIL MEMBER LEVIN: I don't  
21 know, I would, I would contend with that, but--

22                   ROBERT BOOKMAN: All right.

23                   COUNCIL MEMBER LEVIN: But I just  
24 wanted to throw that out there. Thank you very  
25 much.

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ROBERT BOOKMAN: My, no problem.

COUNCIL MEMBER LEVIN: Thank you,  
Madam Chair.

CHAIRPERSON MEALY: Thank you so  
much, panel, really appreciate you. We ready for  
the next panel? James Parrott; Mr. Bet--Ms.  
Bettina Amanalie [phonetic] [background comment]  
Dyane [phonetic]; Stefan Luz [phonetic]; Bill  
Lester; J. Wicks-Lim. First one get to the table,  
you may start. [pause, background noise] You may  
start.

JEANNETTE WICKS-LIMI: I can go  
ahead and start. And I just want to thank  
everybody for sticking around to listen to our  
testimony. And also to apologize if I have to  
leave before the question and answer period,  
'cause I have to catch a train. But I just wanted  
to--

CHAIRPERSON MEALY: Could you  
introduce yourself?

JEANNETTE WICKS-LIM: Yes,  
certainly. My name is Dr. Jeannette Wicks-Lim, I  
am a Labor Economist and an Assistant Research  
Professor at the Political Economy Research

1  
2 Institute, at the University of Massachusetts in  
3 Amherst. I've been studying the economic impact  
4 of living wage ordinances and minimum wage laws  
5 with my colleagues there at PERI for over ten  
6 years. I testified in the, during the May  
7 hearing, when the Executive Summary of the City  
8 commissioned report had come out, and I have also  
9 looked at the more extensive full report that came  
10 out earlier this fall. The main purpose of my  
11 testimony today is to reiterate my serious doubts  
12 about the validity of the basic results of the  
13 labor market analysis used in the City  
14 commissioned study. Like I said, I looked it  
15 over--

16 CHAIRPERSON MEALY: Can we quiet it  
17 down, please?

18 JEANNETTE WICKS-LIM: I looked over  
19 the full report, like I said, which discusses the  
20 various critiques of the methodology used by the  
21 EDC report, the City commissioned report. Many of  
22 which are based on writings my colleagues at PERI  
23 and I have published. However, my basic concerns  
24 remain unaddressed. So, I just want to say,  
25 simply, as simply as possible, why we have serious

1  
2 doubts. You know, just simply, there are  
3 estimated facts in that report, including what the  
4 EDC found and also Neumark and Adams who developed  
5 the research methodology originally, their  
6 estimates are implausibly large. This has not  
7 been addressed by the report. And we argue that  
8 this is because their study is based on a flawed  
9 methodology. So, consequently, their conclusions  
10 which all fall from the basic labor market  
11 analysis, and which basically say that there are  
12 sufficient employment losses to offset any,  
13 basically to offset any wage gains to really not  
14 help low wage workers, is basically an unreliable  
15 conclusion from that study. And just to explain  
16 briefly what it is that we have a serious concern  
17 about, let me just try to make an analogy here.  
18 Basically, the research methodology is basically  
19 trying to find a living wage effect by looking for  
20 a needle in a haystack. This is because they try  
21 to find the wage and employment effects amongst  
22 low wage workers generally. And you know, living  
23 wage ordinances, those ones that have existed,  
24 typically only cover on the order of one of two  
25 percent of low wage workers in the City. So, now

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2 this one to two percent figure, by the way, is not  
3 just my own, based on our own work at PERI, but  
4 also the research of others, and also by studies  
5 that Dave Neumark has cited in his own studies.  
6 So there's two consequences to looking for this  
7 needle in the haystack in order to es--yeah, to  
8 estimate the wage and employment effects. You  
9 know, first the research technique is unlikely to  
10 lead them to find that needle in the haystack, nut  
11 rather just see lots of hay. This is because  
12 their research technique amounts to looking for  
13 evidence of a living wage effect among workers  
14 nearly all of whom are not actually covered by a  
15 living wage ordinance. So, as a result, the fact,  
16 vast majority of the workers, since they're not  
17 covered by living wage, what they're going to  
18 start to see is other effects that are going on in  
19 the City at the same time, but are not actually  
20 linked to the living wage itself. The second  
21 consequence of their methodology is that if they  
22 do find this needle in this haystack, you know,  
23 this analogy I'll extend it, it should look small  
24 amongst all the hay. That is if they do observe  
25 some kind of wage or employment effect related to

1  
2 a living wage ordinance, it should be small. But  
3 in fact, what they find are large effects. And  
4 this is a critique that's come up over and over  
5 again in looking at their study. This has been  
6 made by my colleagues and I, including Stephanie  
7 Luce here. But also by other labor economists  
8 that have been noted in the EDC report. This is  
9 also a concern that was expressed by Dave Neumark,  
10 Dr. Dave Neumark himself, when he originally  
11 looked at this, started using this methodology,  
12 saying that he said that his estimated effects  
13 were arguably, surprisingly large. And also, Dr.  
14 Harry Holzer, which is quoted in the EDC report as  
15 providing a third party review, you know,  
16 presumably a more objective than other researchers  
17 cited in their study, they, he concludes that one  
18 troubling aspect of the Adams Neumark work is that  
19 their results, both positive and negative, seem  
20 too large, especially given the small number of  
21 workers directly affected by these laws. So, that  
22 was just my basic point, is that their estimates  
23 are implausibly large. And it has to do, it flows  
24 from the kind of methodology that they use. I  
25 just wanted to make two other quick points, 'cause

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I know time is short.

CHAIRPERSON MEALY: Yes.

JEANNETTE WICKS-LIM: [laughs]

Yeah, so, basically, I just want to go back to the point that other people have made, but I want to reiterate, in terms of this context of this conversation, this idea that there's a huge cost. One, we are talking about an \$11.50 living wage. If you looked at the federal minimum wage, this is the minimum wage across the country, and you looked at what it was in 1968, and you just adjusted for inflation, you'd be about \$10.00 today. So, across the nation, if the minimum wage, the national minimum wage, had been adjusted for inflation, we'd be looking at a national minimum wage of \$10.00 an hour. So, this minimum living wage that we're talking about in New York City, is only 15 percent above that, of an adjusted national minimum wage, that existed nearly four decades ago. And today, you know, our workers are more than twice as productive as they were then, and our nation is, per capita, twice as rich. And the final thing I wanted to just make a quick point about is about this ripple effect,



1  
2 'cause I did my dissertation on ripple effects  
3 from wage mandates. And it absolutely is not  
4 true, from the evidence I've looked at, that a  
5 wage floor would create this huge ripple effect  
6 where the wage, the exact same wage goes up, all  
7 the way up the wage structure. Actually, what  
8 happens, is it falls, the size of wage raises fall  
9 precipitously and quickly. So, they become very  
10 small. The wage distribution becomes very  
11 compressed at the bottom. Thank you. Oh, sorry.

12 BILL LESTER: Good afternoon.  
13 Thanks for inviting me here today. My name is  
14 Bill Lester, and I'm Assistant Professor at the  
15 University of North Carolina at Chapel Hill. I  
16 hold a Ph.D. in City and Regional Planning from UC  
17 Berkeley, and have conducted numerous studies on  
18 both the impact of labor standards, such as living  
19 wage and minimum wage policies on labor markets,  
20 as well as the effectiveness of various urban  
21 economic development incentive programs in  
22 creating good jobs. I am also the co-author, with  
23 Ken Jacobs, who we heard from earlier, of a report  
24 called "Creating Good Jobs In Our Community: How  
25 Higher Wage Standards Affect Economic Development

1  
2 and Employment." As mentioned in the CRA report  
3 itself, our work is the only other national before  
4 and after study of the impact of business  
5 assistance living wage laws on employment.  
6 However, our core findings are directly contradict  
7 the labor market results that are the basis of  
8 CRA's conclusions that the living wage will kill  
9 jobs. In my testimony today, I want to summarize  
10 our key findings and highlight some of the  
11 methodological differences between our two  
12 studies, so that the Council can accurately assess  
13 their relative import. To summarize, our research  
14 looked specifically at the impact that business  
15 assistance living wage laws have on local  
16 employment levels and generally on the business  
17 climate of the City's that pass them. Our report  
18 examines all of the standard claims about living  
19 wage laws, and how they may harm economic  
20 development - -

21 COUNCIL MEMBER KOPPELL: Do we have  
22 a copy of that study? Do we have a copy?

23 BILL LESTER: Yes, sir, there are  
24 five copies, I can make more. They ran out of  
25 paper.

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COUNCIL MEMBER KOPPELL: Oh, okay.

BILL LESTER: Excuse me.

COUNCIL MEMBER KOPPELL: Okay,  
thank you.

BILL LESTER: Sorry. At the  
Hilton, they ran out of copies. Sorry, so our  
report, as you have there, examined all these  
claims and found that there's no statistically  
significant negative effect on total employment,  
either directly or indirectly. Furthermore, our  
analysis is the only one that shows that tying  
labor standards to economic development incentives  
is not associated with reductions in the number of  
businesses that choose to move to living wage  
cities. And finally, we show that the overall  
economic activity does not fall in precisely those  
low wage industries at which you'd have the  
greatest expectation that there would be an  
impact. Our methodology has several  
distinguishing features. First, we use a careful  
research design that only includes cases where we  
think there is some evidence that the law has  
actually been enforced. And second, and most  
important, we use a unique data set that tracks

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2 employment at nearly all business establishments  
3 in the U.S., from 1990 to 2008. And really, to  
4 the extent that this debate that we've been  
5 talking about all day today, turns on whether, on  
6 the observed behavior of businesses themselves, in  
7 response to the law, then I think using data that  
8 measures employment at actual businesses that are  
9 located within the jurisdictions that are passing  
10 these laws, is critical. And this is the key  
11 difference between our work and that of the CRA  
12 report, which uses the survey of residents who may  
13 work throughout the metropolitan area. In  
14 addition, we modeled our living wage impact across  
15 14 different industry sectors, as I mentioned  
16 earlier, low wage sectors, and found no effect.  
17 Ultimately, after studying the impact of living  
18 wage policies for the past four years, I've  
19 realized how critical such laws are for workers  
20 and their families, and how they also are one of  
21 the only tools, and I think this is most  
22 importantly, that local governments actually have  
23 to effect the issue of rising income inequality in  
24 the U.S. However, I also understand the  
25 challenges that urban leaders such as yourselves

1  
2 face in redevelopment vacant land and providing  
3 quality job opportunities. That's why careful  
4 research of this kind is so important. Every  
5 study may have shortcomings, I believe our  
6 research stands up to scrutiny and is, its results  
7 should be considered alongside those of the CRA  
8 report. Thank you and I look forward to your  
9 questions.

10 CHAIRPERSON MEALY: Thank you.

11 [background comments] Let me go, you go, I'll go.

12 STEPHANIE LUCE: All right, oh, hi,  
13 my name is Stephanie Luce, I'm an Associate  
14 Professor at the Murphy Institute at CUNY, just up  
15 the street. Thank you so much for inviting me.  
16 I've been studying living wage ordinances for over  
17 15 years, and I've authored or coauthored three  
18 books on the topic. I'm just going to be very  
19 brief and talk about two specific points. The  
20 first is the topic of implementation. My  
21 understanding is that there are concerns about the  
22 cost of implementation in this City, and how it  
23 would work. For my doctoral research, I studied  
24 the first 80 cities that had passed living wage  
25 ordinances, and found a range of the ways in which

1  
2 cities used to enforce and monitor, ranging from  
3 no staff--just tacking it on to existing staff,  
4 which I don't recommend to existing staff--up to  
5 about 4.5 staff to monitor about 1,000 contracts  
6 in the City of Los Angeles. The interesting thing  
7 is I found the best cases of enforcement were in  
8 the cities that had established living wage  
9 taskforces that involve stakeholders in  
10 implementation and monitoring, representatives of  
11 the community, of the business communities, of  
12 unions, anyone interested in the ordinances. They  
13 would meet regularly, review the ordinance, make  
14 sure it was being enforced, monitor it and amend  
15 it if necessary. Those are the cities like  
16 Boston, Los Angeles, Miami, Cleveland, that are  
17 doing the best job in implementation and in  
18 monitoring. And those rely on, usually, one to  
19 two full-time City staff. So it's not a big  
20 burden and you're also involving your community in  
21 really making this thing come to life. Just in  
22 the name of time, I'll just end by saying a larger  
23 macroeconomic point, which is that this research,  
24 we found that, you know, cities around the world  
25 are following this model of a threat effect, which

1  
2 is to, you know, being threatened by businesses  
3 who say, "We can't come to your city," or "We'll  
4 leave you city if you don't do what we need to  
5 do." We've had 30 years of that in the United  
6 States and around the world, and it's failed, it's  
7 not working, and it's really the time we have to  
8 do something else. New York has to be able to  
9 stand up to that and say, "We need a new model."  
10 The world is watching New York at this moment,  
11 this is, the research is behind us, it's time to  
12 just take a new stance and go down a different  
13 path. Thank you. [laughs]

14 BETTINA DAMIANI: Hi, I'm Bettina  
15 Damiani and I direct Good Jobs New York. We keep  
16 track of how the City allocates economic  
17 development subsidies. We've heard a lot today  
18 about the amendments to the bill, and with those  
19 in consideration, we went through our database of  
20 IDA deals, and tried to put a perspective on what  
21 kind of numbers are we really looking at? How  
22 many firms would be covered. The IDA says in  
23 their report that their IDA deals cover four  
24 percent of private employment in the City. From  
25 the 613 deals that are in their report, 87, or

1  
2 about 15 percent, would fall under the revised  
3 bill. And I believe the number's even smaller  
4 than that, because many of the workers in the bulk  
5 of the companies. If you look on my testimony on  
6 page three, commercial growth, commercial  
7 incentive, and land sales really are the bulk of  
8 the 87. Many of those workers at those companies  
9 already are earning more than \$10.00 an hour.  
10 Depending which financial firm it is, they're  
11 making several hundred dollars an hour. So that's  
12 really not the focus. So, I think the number,  
13 while we say is 87 here, I think is not really, I  
14 think it's much smaller. We're not talking about,  
15 we've taken out nonprofit bonds, and the pool  
16 bonds, other things for nonprofits, in the  
17 manufacturing facilities. This is a very targeted  
18 bill. But please don't use that as an opportunity  
19 not to pay close attention to it. As we're  
20 hearing, this is an example to set for the rest of  
21 the State, and for the country, that we can wisely  
22 invest taxpayer dollars and expect people to be  
23 able to pay their bills. Many would argue \$10.00  
24 still won't do that, but at least it's a step in  
25 the right direction. Specific examples, they've



1  
2 been already brought up today, Yankee Stadium. I  
3 don't know anybody in this City that doesn't think  
4 that people working at Yankee Stadium should earn  
5 at least \$10.00 an hour. The Gateway Mall in The  
6 Bronx is another perfect example. Millions and  
7 millions of dollars invested in that project, it  
8 displaced smaller businesses that were there  
9 before, we've seen that in downtown Brooklyn, as  
10 well, to make sure that new businesses somehow  
11 have a higher standard when tax dollars go into  
12 them, I think is just good economic sense. FRESH  
13 Direct also has come up quite a bit, about half of  
14 their workers earn less than \$25,000 a year.  
15 They're also up for a new subsidy, the public  
16 hearing is on December 8th, I thought I'd throw  
17 that out there. The airport's another example.  
18 Paul Sonn talked about the number of low wage  
19 workers that actually based, they don't even make  
20 minimum wage, they're based on tips. And I think  
21 those are clearly, you have a captured audience  
22 that should be able to make decent wages. And  
23 obviously the many corporate retention deals that  
24 Good Jobs New York talks about constantly. The  
25 Banks of America, the Metropolitan Life

1  
2 Insurances, the Hertz, the NASDAQs of the world.  
3 Well, obviously many of their employees are making  
4 living wages; some of their subcontractors are  
5 not. And it's not fair for people working in  
6 cafeterias and mail rooms that don't have access  
7 to \$10.00 an hour or benefits. One final note on  
8 the burden on companies. We have been very  
9 gracious and believe that the Bloomberg  
10 Administration has done a fabulous job of  
11 requiring companies to repay or re--or they've  
12 recaptured benefits from companies, that have not  
13 fulfilled their promises. The Bloomberg  
14 Administration has a great example, we wish they'd  
15 tout it more. If a company has broken their  
16 promise to create jobs, this Administration has  
17 gone back and clawed back the money. I think that  
18 sets a standard for saying that people can play  
19 fairly, you're not going to be able to take  
20 advantage of us, and it's not a burden either on  
21 the City, 'cause EDC's been doing a great job. So  
22 I think that's an important thing to point out.  
23 Smith Electric, The Bronx Borough President  
24 brought that up. That is a perfect example of the  
25 type of benefits that should be going to a

1  
2 company. It's a new industry and a low income  
3 neighborhood, and they're paying very good wages.  
4 This is all part of making sure that the process  
5 is transparent so we can tout good projects and  
6 hold them up as an example. So I use those, and  
7 we have detailed information on specific projects,  
8 happy to speak to you, you know, later, or--or  
9 now. Thank you.

10 JAMES PARROTT: James Parrott,  
11 Fiscal Policy Institute. Madam Speaker, Madam  
12 Chair, wherever she is, thank you very much for  
13 holding this hearing this afternoon. I also  
14 testified at the hearing on the living wage back  
15 in May. At that point, we had just released a  
16 little brief, "The Top Ten Reasons why Living Wage  
17 Makes Sense for New York City," I believe that's  
18 part of the, the hearing record for the previous  
19 hearing, so I won't go over that. I still think  
20 that at least all of those top ten reasons still  
21 hold. Let me just speak to three things today. I  
22 don't want to go over the EDC study. I'd be happy  
23 to answer any questions you have about it. Let  
24 me just say, you know, I've looked at a lot of  
25 studies for over 30 years now. This is one of the

1  
2 most flawed studies that I have ever seen, and I  
3 hope that it's not used by the City as a basis for  
4 any policy making. And I'd be happy to answer any  
5 questions about that. The study doesn't look, you  
6 know, it had the opportunity, there were a lot of  
7 resources, a lot of researchers involved,  
8 nationally known consulting firm. It didn't look  
9 at the actual evidence from the impact of living  
10 wages in other cities. And it didn't even look in  
11 New York City at the types of projects that this  
12 bill is really targeted to. Instead it looked at  
13 other things, you know, it looked at the hay,  
14 rather than for the needle in the haystack. The  
15 fundamental issue here, of course, is, as many  
16 people have spoken to, is the fact that we have an  
17 increasingly polarized society. The top one  
18 percent in New York City in 2007 had 44 percent of  
19 all of the income. A big reason for this  
20 polarization in results is that workers are not  
21 paid in accordance with the productivity that they  
22 create, they're not sharing in the productivity  
23 that our economy generates. And, you know, low  
24 wages, workers who receive low wages particularly  
25 lose out in that prospect. And if you look at low

1 wages over the past 20 years, there's been no  
2 increase, even though on average low wage workers  
3 are much better educated than what they were 20  
4 years ago. So something, you know, there's  
5 something defective in the way the labor market in  
6 New York City is operating. Now, you take that  
7 backdrop, with the fact that the City massively  
8 subsidizes business and economic development in  
9 New York City. On an annual basis, the annual  
10 amount of subsidy through business subsidies and  
11 tax breaks given in the name of economic  
12 development, has grown to \$3 billion a year. Ten  
13 years ago, it was \$2 billion. It's grown a lot  
14 over this time. At the same time that wages for  
15 low wage workers, including many workers who work  
16 on projects that are subsidized by the City, have  
17 fallen over time. Something is not working. You  
18 should be asking why the Economic Development  
19 Corporation is not trying to understand why these  
20 subsidies are not translating down to the workers  
21 who are affected. Finally, you know, a lot of the  
22 discussion has been about why tenants and  
23 contractors are affected by this. Well, you know,  
24 the obvious reason is, they're the ones who employ  
25

1  
2 the workers. So the City is subsidizing lots of  
3 big projects, and if the subsidy recipient does  
4 not directly employ the worker, the challenge is  
5 to figure out how to, how to work it so that the  
6 subsidy recipient takes some responsibility for  
7 making sure that the workers who work in the  
8 project, that benefit from the subsidy that that,  
9 that recipient received, are benefiting from this.  
10 So, that's why, you know, this covers tenants,  
11 that's why it covers contractors, and you know,  
12 EDC should be working, should be using a million  
13 dollars to figure out how to make sure that the  
14 subsidy recipient passes through some of the  
15 benefit to the average worker. Thank you.

16 [pause, background noise]

17 COUNCIL MEMBER SANDERS: Thank you  
18 all. I want to join you, Madam Speaker, in at  
19 least thinking about the captive market, I was  
20 enjoying your thought process and certainly the  
21 captive market cries out for scrutiny. I also  
22 want to thank you, Ms. Damiati [phonetic] for  
23 enlightening the EDC and other agencies on these  
24 claw back provisions. I remember the struggles  
25 and the battles. In my brief time, let me do, ask

1  
2 two questions. Mr. Parrott, what is the major  
3 flaw of the study that the EDC commissioned? And  
4 to my professor here, who's name I lost, was the  
5 taskforce in some of these cities, was that a  
6 voluntary group? Was it appointed? Was it  
7 voluntary? In other words, it was free and did  
8 not cost the City any money. I suspect that  
9 that's the truth. Whoever wishes.

10 JAMES PARROTT: Right, let me start  
11 with the EDC study. There are several flaws. I  
12 think the major flaw is that it uses as a model  
13 for trying to look at what companies and then what  
14 the employment effect is, they used, they looked  
15 at the database of companies that had received  
16 benefits under the ICIP or the ICIP program.  
17 Which was clear, for it's been clear for a very  
18 long time, that that program is not covered by  
19 this legislation. The benefits under that program  
20 are much more modest than the, than the million  
21 dollar threshold that we're talking about. And as  
22 a result of that, it has very broad reach. Plus,  
23 another aspect of the real estate model was, they  
24 assumed, they made outrageous assumptions about  
25 what the compliance costs were. Professor Luce

1  
2 has already spoken to the fact that those are not  
3 onerous, and that cities have been able to  
4 implement the law without undue expenses. So,  
5 when you couple those two things together, you  
6 know, it's, it's the simple maxim: garbage in,  
7 garbage out.

8                   STEPHANIE LUCE: Yes, correct,  
9 these were free in the sense that they were not  
10 paid taskforce members. They're, they vary a bit  
11 as, you know, how many seats and who is nominated  
12 or appointed. They may have small budgets for  
13 trainings and things like that, but they're not  
14 paid positions.

15                   CHAIRPERSON MEALY: Thank you.  
16 Council Member Reyna? Last question. Then we  
17 will hear from our Speaker.

18                   COUNCIL MEMBER REYNA: Thank you  
19 very much. I just wanted to understand, you  
20 mentioned they were not paid--

21                   STEPHANIE LUCE: The taskforce  
22 members.

23                   COUNCIL MEMBER REYNA: The--speak  
24 into the mic.

25                   STEPHANIE LUCE: Oh, sorry, the



1

2 living wage taskforce implementation boards.

3 They're, in a number of cities, they have these

4 appointed taskforce--

5 COUNCIL MEMBER REYNA: Right.

6 STEPHANIE LUCE: --members, and

7 these are members of the community.

8 COUNCIL MEMBER REYNA: As

9 stakeholders, right.

10 STEPHANIE LUCE: Yes.

11 COUNCIL MEMBER REYNA: And they

12 were paid?

13 STEPHANIE LUCE: They were not

14 paid.

15 COUNCIL MEMBER REYNA: They were

16 not paid.

17 STEPHANIE LUCE: Yes, correct.

18 COUNCIL MEMBER REYNA: In the City

19 of New York, the taskforce were--?

20 STEPHANIE LUCE: We don't, there is

21 not that, there is, there isn't one in New York.

22 COUNCIL MEMBER REYNA: And, and if

23 there were to be, you're requesting the taskforce

24 to be paid?

25 STEPHANIE LUCE: No, I'm not, I was

1  
2 just answering his question about "Are they paid  
3 anywhere?" And I was saying, "No, they're not  
4 paid anywhere."

5 COUNCIL MEMBER REYNA: Okay.

6 STEPHANIE LUCE: They're just--

7 COUNCIL MEMBER REYNA: Voluntary.

8 STEPHANIE LUCE: Basic, yeah.

9 COUNCIL MEMBER REYNA: I wanted to  
10 just take a moment to just zero in on Smith  
11 Electric Company, which Bettina had referred to as  
12 a prime example of a good wage paid out to the  
13 employee, receiving benefits, passing down those  
14 benefits to its employees, correct?

15 BETTINA DAMIANI: I'm not sure they  
16 can guarantee that the benefits are being passed  
17 down to them. But the company is paying their  
18 workers good wages, starting in the low \$40s, I  
19 believe, and they have full healthcare benefits.

20 COUNCIL MEMBER REYNA: And how do  
21 you think that company was able to make a decision  
22 to operate under those conditions?

23 BETTINA DAMIANI: I by no means can  
24 speak for the company. But it is, it has found a  
25 location in The Bronx. They're going to be--

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COUNCIL MEMBER REYNA: First of all, Smith Electric Company, is it a manufacturer?

3

4

BETTINA DAMIANI: It's going to be, this was going to be retrofitting trucks in the Hunts Point area of The Bronx.

5

6

COUNCIL MEMBER REYNA: Mm-hmm, mm-hmm.

7

8

BETTINA DAMIANI: So, the location is good for it. We heard one in the earlier panels, location, location, location. This is a good location for them.

9

10

COUNCIL MEMBER REYNA: Right.

11

BETTINA DAMIANI: Obviously.

12

COUNCIL MEMBER REYNA: And Bettina, as far as the wages are concerned, this was not, these were not wages that the City imposed, but rather the company itself.

13

14

BETTINA DAMIANI: The City has not expected any type of wage standards on any of their subsidy deals.

15

COUNCIL MEMBER REYNA: Correct.

16

And this is a direct benefit to the company as of right through existing programs?

17

BETTINA DAMIANI: Yes, not an as of

1  
2 right, it's a discretionary subsidy. They are,  
3 I'm going to venture to guess, eligible for a  
4 variety of other types of subsidies, but they  
5 definitely have a discretionary subsidy through  
6 the IDA.

7 COUNCIL MEMBER REYNA: Would you  
8 agree or disagree that a company who received  
9 direct benefit rather than being the third party,  
10 receiving or assuming assumption of benefits. So  
11 for instance, in the related hub in The Bronx,  
12 where there were subsidies that were issues, and  
13 the, the understanding that this particular  
14 developer receives subsidies, would pass down  
15 similar to what a 421-A is for the market rate,  
16 passing down tax benefits, to its purchaser, in  
17 the condo world. That related would pass down  
18 benefits to its tenants.

19 BETTINA DAMIANI: Are you asking  
20 does that happen, or should that happen?

21 COUNCIL MEMBER REYNA: Does, does  
22 that happen, is the first question.

23 BETTINA DAMIANI: My understanding  
24 is that it does not happen. - -

25 COUNCIL MEMBER REYNA:

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[interposing] It goes happen, you've made that analysis.

BETTINA DAMIANI: That's not an expectation. My understanding is that there's no expectation that, for example, BJs, in The Bronx, is going to be paying less rent because Related got a subsidy.

COUNCIL MEMBER REYNA: And, but has--

BETTINA DAMIANI: I haven't looked at their, I haven't looked--

COUNCIL MEMBER REYNA: You have not looked at that. Okay.

BETTINA DAMIANI: No, I haven't looked, but there's not an expectation, as I understand, through IDA policy.

COUNCIL MEMBER REYNA: And I just wanted to clarify, Chair, as Small Business Chair to the Committee, this is one of the issues as far as when we were debating the Small Business Survival Act. You know, a tax benefit tot these property owners who are displacing a lot of small mom and pop shops, that cannot survive in the City of New York. And what we do to--

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CHAIRPERSON MEALY: Is that a question?

COUNCIL MEMBER REYNA: --continue its relationship to what is being discussed here, regarding benefits and where there aren't benefits, the need to understand where our tax base dollars are going, and how they're benefiting the bottom line. And it, I don't understand how, or I see a correlation between the Smith Electric Company working, because it's a direct link to that company, holding that company responsible. And understanding the ins and outs, and how they're--

CHAIRPERSON MEALY: Council Member.

COUNCIL MEMBER REYNA: --applying for benefits, that we can hold them accountable to. Versus third party--

CHAIRPERSON MEALY: Council Member Reyna.

COUNCIL MEMBER REYNA: -- recipients. So I just wanted to, if you can, Bettina, at a later date, just stay in touch with me, so we can go over what would be some of the IDA in relationship to the related hub. Thank

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you.

BETTINA DAMIANI: Of course, of course.

CHAIRPERSON MEALY: Thank you. Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you. I have a broad question, but may you could answer it as specifically from academic research. Obviously the big issue is we want to create good jobs where people stay for a long time. And on the other side that we heard from the previous panel is, if you put this bill into effect, then we won't have businesses going into new environments or expanding, etc. It's a argument that we've had for many, many years. So my question is, from your research in other cities, or from just general research, how do you dispute the notion that, or support the notion, as the gentleman from the hotel in Portland and Pittsburgh stated, that higher wage means loyalty and long term workers, and that's better for the business; versus the notion that we are constantly, that we constantly hear, which is this will be a business killer if we put in something

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2 like this? Now, I'm obviously supportive, but I'm  
3 always trying to make sure that I have my facts  
4 straight. So I don't know if any of the academics  
5 who've looked at this, could comment?

6           JEANNETTE WICKS-LIM: So I'll just  
7 make a quick comment. We have taught--what we've  
8 done in our, at PERI, the Political Economy  
9 Research Institute, is we've tried to estimate the  
10 actual cost that businesses would experience if  
11 they had a living wage ordinance, or a minimum  
12 wage ordinance, passed on them. And so what we've  
13 done is we've looked at what that cost would be  
14 compared to their capacity to adjust to those  
15 costs. What we've found is that the costs are  
16 actually quite modest to the businesses, and that  
17 there are ways for them to adjust. And it  
18 includes this, part of the cost is offset by lower  
19 turnover, like the gentleman from Oregon was  
20 saying, better productivity from their workers,  
21 etc. Also, some of the costs can get passed along  
22 to consumers by a very small price increase. So  
23 there are a variety of ways that are less  
24 destructive to businesses than laying off workers,  
25 losing jobs, closing their doors. Because the



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cost to these businesses are relatively modest. I can pass it on to you.

BILL LESTER: I'd like to thank Councilwoman Brewer for asking this question, 'cause it allows me to draw another distinction between our study and the CRA report. We tested this exact proposition, that if you pass a living wage, that businesses such as, be they restaurants or retailers, will overlook the City and say, just locate into the suburbs of a metropolitan area. And the data doesn't lie. We see that in cities that pass business assistance living wage laws, that's just not the case, that there are fewer establishments in these industries. We look at the effect on the number of establishments in the year after or two years after passing the living wage, and there's no statistically significant difference. The point estimates right at zero, and not significant. So, and as to why this is, I mean, I think it's directly to the issue that you mentioned earlier, about the threat issue. It's, a lot of what we're hearing is that, "Oh, we will never choose to locate in the City." What we're ignoring is that cities have really strong assets,

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they are the strong--like the largest, densest markets, available for retailers.

COUNCIL MEMBER BREWER: Yeah, we hate the suburbs. [laughter]

CHAIRPERSON MEALY: Thank you. All right, we'll be hearing from our Speaker.

SPEAKER QUINN: Thank you, guys, for--these things always seem to take longer than anybody ever things they will, panels and whatnot--so thank you guys for staying. I guess I want to start with Mr. Parrott, but really whoever could answer it, you know, the, one of the things that's unique about this proposal, right, is it's, it's, of all of the living wage proposals in the country, most of them don't have tenants. Right? Let's set aside contracts for a second, because for better or worse, we legally can't do contracts, the City Council. [laughs] And we even lost some of that power per a decision about, bill called the Equal Benefits Bill, written by Council Member Quinn, but we'll move on. The Court's incorrect ruling on that. But most of the ones out there nationally don't do, they do the people who get the direct, or the entities that

1  
2 get the direct benefit, right, but we've had some  
3 conversation about LA and San Francisco. But in  
4 the like 123 or whatever there are, I think  
5 there's like ten or something. So, talk to us a  
6 little, or talk to me a little bit about how you  
7 make it work for the tenant. Right? 'Cause  
8 James, you said EDC should work to get a better  
9 deal for the tenants. And look, I think it is  
10 clear from the experience of LA and San Francisco,  
11 that the outlook of the EDC is relevant, you know,  
12 in negotiating these deals. But if you don't have  
13 a situation, you know, where that's the case,  
14 would you propose requiring that somehow, that if,  
15 you know, a developer gets a subsidy that then  
16 they pass it on in the rent, or how would that  
17 work operationally, assuming for a second we're  
18 not talking hypothetically about the situation  
19 where our EDC did the negotiation, 'cause that  
20 doesn't really seem to be on the table. Just  
21 hypothetically.

22 JAMES PARROTT: Well, I come at  
23 this from the perspective that I do believe, like  
24 the, the Oregon developer, that you pay bet--pay  
25 higher wages, you're going to get more loyalty,

1  
2 more productivity, better retention and so on, and  
3 it's going to pay for itself. Now, that's  
4 counterintuitive from the employer's point of  
5 view, but a lot of experience, you know, with  
6 something like minimum wage, which we've had a lot  
7 of experience with in this country, shows that  
8 that's the case. But, so here's, you know, we  
9 live in a market economy--

10 SPEAKER QUINN: Can I just--

11 JAMES PARROTT: --so I want to  
12 speak to the tenant case.

13 SPEAKER QUINN: No, but can I just  
14 ask you a question?

15 JAMES PARROTT: Yeah.

16 SPEAKER QUINN: Just before you,  
17 'cause I'm just trying to show--How, so, and just  
18 in your answer, just expand on how does it work  
19 then when--'cause the thing about minimum, thing  
20 I'm trying to figure out, and the thing about all  
21 this bill, so, the minimum wage is a standard for  
22 everybody, right?

23 JAMES PARROTT: Yeah.

24 SPEAKER QUINN: Here we're saying  
25 if you get X, because X is taxpayers, Y happens.

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2 But we're talking about people who didn't actually  
3 get X. So I'm just trying to figure out how you  
4 make that work.

5 JAMES PARROTT: Yeah, yeah, no, no,  
6 but it's the same principal that if you require  
7 slightly higher wages, we're talking about modest  
8 increase in wages, what's the effect on the  
9 employee? And is there any benefit for the  
10 employer? I think there's a lot of evidence that  
11 there is a benefit to the employer, particularly  
12 when you're talking about workers who are paid  
13 very low wages. And we're talking about bringing  
14 it up to a threshold of \$10.00 an hour. So,  
15 chances are you're going to see some effect on the  
16 employee in terms of better retention, better  
17 customer service, cost, some cost savings to the  
18 employer. But, but the issue is, so, even if  
19 you're an employer who doesn't believe that, and  
20 you have a project where a subsidy recipient is  
21 going to develop something, and they can't find a  
22 tenant who's willing to pay the wage. Well, in a  
23 market economy, what should happen? Well, they're  
24 asking rent then should adjust to reflect that, to  
25 basically allow the tenant then to accommodate the

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2 higher wages in the savings they get from rent.  
3 In effect, you can find, there's a paragraph in  
4 the EDC report, there's one part of it I don't  
5 disagree with, where it actually says that, that  
6 the market would adjust, and that asking rent  
7 would go down. I, end of story.

8 SPEAKER QUINN: Or--that's an end  
9 to the story, right, which is a good end, right,  
10 they take the rent down. The other end is--

11 JAMES PARROTT: You know, the--

12 SPEAKER QUINN: No, but, I'm just,  
13 isn't another potential end als--well, tell me  
14 what we've seen in other places. That seems like  
15 a good end. A concern, you know, as Council  
16 Member Fidler raised before, is another end is  
17 people just say, "Forget it, because I'm going to  
18 have to take my rent down, and I don't want to  
19 make less money." I'm not endorsing that outlook,  
20 but we are talking about people here who are in a  
21 business to make money.

22 JAMES PARROTT: So, so this is,  
23 this is a developer who's going to do a project,  
24 and if they, if they can't, if they don't think  
25 they can rent that, the they're not going to take

1  
2 the subsidy, they're not going to do the  
3 development. And, you know, if you look at the  
4 Willet's Point thing where there was a requirement  
5 that there was a prevailing wage for buildings of  
6 this order, there were dozens of developers who  
7 were willing to, to do exactly that, because  
8 they, they thought that they could get tenants who  
9 would be able to pay that.

10 SPEAKER QUINN: But--

11 JAMES PARROTT: You know, a lot of  
12 these projects are very desirable, we're--for the  
13 most part we're talking about the larger  
14 developments that are very attractive, there's a  
15 reason, you know, there's something about that  
16 site or about the project that will be--or the  
17 City supporting it in other ways, with  
18 infrastructure, or you know, that's just the  
19 general increased attractiveness of New York City.  
20 You know, developers have benefited handsomely  
21 from that. You know, if you look at what happened  
22 in the last few years, in terms of the market  
23 appreciation in projects that were subsidized,  
24 where there was rezoning or other City subsidy,  
25 they increased much faster than the overall

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appreciation in real estate prices in the City.  
Who got the windfall from that? The developers  
did.

SPEAKER QUINN: But none of those  
had tenants, right? I mean, Willet's didn't have--  
-

JAMES PARROTT: Oh, many of them,  
no, look, Greenpoint Williamsburg is one of the  
ones that I looked at, to see what the  
appreciation--

SPEAKER QUINN: And what, what--

JAMES PARROTT: No, no, this was  
just on the point that in some of these projects  
that were subsidized by the City--

SPEAKER QUINN: Sure.

JAMES PARROTT: --there's been  
tremendous real estate appreciation.

SPEAKER QUINN: Oh, absolutely,  
absolutely.

JAMES PARROTT: So the landlord,  
the developer then has the wherewithal--

SPEAKER QUINN: Absolutely.

JAMES PARROTT: --you know, in  
order to adjust the rents, their profits--



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SPEAKER QUINN: Oh, no doubt.

JAMES PARROTT: --you know, go down  
by one-hundredth of a percent--

SPEAKER QUINN: Right. But I'm  
just saying in none of those that I recall, we re-  
-Look, let me just be clear, whether it's Willet's  
Point, I mean, Williamsburg Greenpoint, as Diana  
could tell you, or Hudson Yards in my district,  
the value has gone up tremendously. That's--

JAMES PARROTT: Right.

SPEAKER QUINN: --that's a fact.  
But I just, clarifying question, none of the requ-  
-although they all did require construction  
workers and the, just to shorthand it, the 32 BJ  
workers--

JAMES PARROTT: Right, right.

SPEAKER QUINN: --and the security  
guards, none of them included the restaurant or  
the supermarket on the first floor.

JAMES PARROTT: No, because that's  
what we're trying to do with this.

SPEAKER QUINN: Right, okay.

JAMES PARROTT: Right.

SPEAKER QUINN: Thank you.

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BILL LESTER: Could I add one thing that would help explain that, possibly? The other thing that--

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SPEAKER QUINN: Sure.

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BILL LESTER: --that hasn't come up yet, and I thank you for the question, is that all the discussions so far today--

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CHAIRPERSON MEALY: Come closer to the mic, please.

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BILL LESTER: --has, has based on the assumption that all tenants are kind of the same, or all restaurants are the same, or all retailers operate the same way, and we know from reality that that's not the case. There are some employers that have a business model that can pay, they can build in paying fair wages, and some that can't.

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SPEAKER QUINN: Can you give me a sense--that's really helpful, and we might want to follow up with you more--

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BILL LESTER: Sure.

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SPEAKER QUINN: --after the hearing about this. Can you just extrapolate for me about if you see a trend of a type of restaurateur of a

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2 type of employer that fits in that? 'Cause I  
3 think you're probably right, and would like to,  
4 again, after the hearing, talk to you about that  
5 more, but extrapolate for me about what you've  
6 seen, sir, that, that makes that kind of an  
7 employer.

8 BILL LESTER: Sure. In the case of  
9 retail, I mean, there's, there's, Costco has a  
10 business model that pays at least, when I studied  
11 the case in Chicago--

12 CHAIRPERSON MEALY: Come closer to  
13 the mic.

14 BILL LESTER: --they came in, they  
15 came into, to the north side of Chicago and paid  
16 wages of \$15.00 an hour with healthcare; and  
17 whereas, Walmart wanted to come to the city and  
18 they wanted to pay \$7.00 an hour. It was, those  
19 are retailers selling the same products in the  
20 same type of stores, that are, that work with very  
21 different business models. And it was alluded to  
22 in the discussion earlier today, there's two  
23 different views of the labor market. One  
24 includes--

25 SPEAKER QUINN: Right. Did you

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have a sense of a restaurant--I don't mean to interrupt, but like any restaurateurs that you think more fall into that model than other?

BILL LESTER: You can go ahead on that.

JEANNETTE WICKS-LIM: In-n-Out Burger versus McDonald's is another comparison.

SPEAKER QUINN: So tell me, I'm not, they're a west coast chain, In-n-Out Burger, so--

JEANNETTE WICKS-LIM: Yeah, sorry, sorry, it's a west coast hamburger chain, fast food--

SPEAKER QUINN: No, no, I know, just tell me about them, I don't know much about them.

JEANNETTE WICKS-LIM: Oh, just that they pay a living wage, provide benefits, you know, have longer term employees, and just, they're just different--

SPEAKER QUINN: And are they like McDonald's, franchised individually or are they like owned more like Starbucks, where everybody owns them?

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JEANNETTE WICKS-LIM: That I don't know, sorry.

SPEAKER QUINN: Okay, that'd be, that, we'd love to follow up with you about--you don't have to bring me an In-n-Out burger, but about In-n-Out Burger, that would be great. Thank you.

JEANNETTE WICKS-LIM: I believe right here in the City, that Tom Colicchio restaurants are considered the high road wage employers versus, you know, other restaurants that are not. So, I think the Restaurant Opportunity Center would be, you know, keeps track of the restaurants that do the high road model.

SPEAKER QUINN: Thank you.

CHAIRPERSON MEALY: Oliver Koppell.

COUNCIL MEMBER KOPPELL: Just, just briefly, the three people who've studied living wage laws, we've heard some testimony here that people said "If you pass this law, they won't open restaurants in New York City anymore," they didn't say won't open restaurants in, in a shopping mall that's subsidized, they said in New York City. They'll move to the suburbs. I mean, is there

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2 any, in your study of living wage law, has that  
3 effect been shown any place, that businesses shun  
4 the city, the whole city, not just the project?  
5 Any of you see any effect like that?

6

JEANNETTE WICKS-LIM: Never. And  
7 we were told in Los Angeles, entire industries  
8 would move overseas. We've never found, I've yet  
9 to find in 15 years, an employer who came after  
10 the fact, and said, "Yeah, I left the city, or--"  
11 even ones that say, "I won't bid on the contract  
12 anymore," they're still holding the contract.

13

COUNCIL MEMBER KOPPELL: And, and  
14 one, one other question, because I was going to  
15 ask the question, you already answered with the  
16 Speaker, that maybe requiring living wage would  
17 require the developer to give lower rent. And  
18 then the subsidy would help them to be able to  
19 give lower rent. Have we seen that, let's say in  
20 Los Angeles? That, you know, that developers have  
21 said, "Yeah," you know, "in order to get a  
22 restaurant in, I have to give a lower rent. But  
23 I'm willing to do that because I got the subsidy."  
24 Have we seen any real examples of that?

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JAMES PARROTT: Well, it's kind of

1  
2 hard to know what the negotiation was, but I think  
3 if you, what would've been helpful, if the EDC  
4 study had really looked at projects that were  
5 subsidized, to see if there's any vacancy in any  
6 of those. As far as we know, there's not. So,  
7 somehow, some sort of rent deal was reached.

8 COUNCIL MEMBER KOPPELL: Thank you.

9 CHAIRPERSON MEALY: Thank you so  
10 much, you've been very informative. We have the  
11 next panel coming up: Robert Sunshine, Jeremy  
12 Marin [phonetic], Lawrence Mandel [phonetic],  
13 Carl--Mandecar [phonetic], and Tony Gulio  
14 [phonetic]. And we want to thank our Speaker for  
15 her time. We really appreciate you gracing us  
16 with your presence. You can, first one come up,  
17 you can introduce yourself and we can start.

18 Good afternoon.

19 CHAIRPERSON MEALY: Good afternoon.

20 LAWRENCE MANDELKER: I'm Lawrence  
21 Mandelker, Chair Mealy, Madam Speaker, Members of  
22 the Committee, I represent NYMRA, the New York  
23 Metropolitan Retail Association. NYMRA is an  
24 organization of national chain realtors,  
25 retailers, operating in the City of New York. We

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2 appreciate the revisions to Intro 251-A, but this  
3 is a bill that cannot be saved. If it is adopted,  
4 national chain retailers will still open new  
5 stores to service the outer boroughs, but they'll  
6 really consider opening them in Nassau,  
7 Westchester and New Jersey. Here's why.  
8 Retailers operate on a thin margin of profit.  
9 This bill would increase their cost of labor,  
10 including union labor, and impose the hidden cost  
11 of compliance guarantees and reporting. Retailers  
12 will be forced to raise prices and make due with  
13 fewer workers or full-time workers. Last year,  
14 the volume of online sales increased by over 20  
15 percent. If retailers conclude that they can  
16 either reach City consumers in the northern Bronx,  
17 eastern Queens, Staten Island and northern  
18 Manhattan, online, or from new stores just over  
19 the City's borders in Nassau, Westchester and New  
20 Jersey, they'll think long and hard about whether  
21 they still need to open new stores in the outer  
22 boroughs, and assume the burdens imposed by this  
23 bill. Two-thirds of the City's budget provides  
24 direct services to or for those most in need. If  
25 this bill results in the diversion of sales and



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2 property taxes to the suburbs, it will have a  
3 disproportionate effect on those most in need.  
4 The City provides financial assistance to  
5 encourage the creation or retention of jobs in  
6 order to maintain a vibrant tax base. With  
7 municipal resources so scarce, why are we  
8 undermining the value of the dollars spent in that  
9 effort? Real estate developers often seek  
10 national chain retailers as anchor tenants. This  
11 bill will burden retailer tenants, even if they  
12 didn't develop the property, or aren't affiliated  
13 with or related to the financial assistance  
14 recipient who did. If a retailer leases a store  
15 within ten years after the developer receives  
16 financial assistance, the retailer is burdened by  
17 Intro 251-A as if it rather than its landlord had  
18 received the assistance. By tending to discourage  
19 national chain retailers from becoming anchor  
20 tenants in projects developed by others, this bill  
21 discourages the projects themselves. How does  
22 that help those who are out of work? These below  
23 living wage jobs that everybody has been looking  
24 down on, are being filled. Someone thinks they're  
25 better than being unemployed. An employer covered

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2 by this bill, whether a financial assistance  
3 recipient or an unrelated tenant/subtenant  
4 contractor, or subcontractor, will pay more to be  
5 in business and charge its customers more for  
6 goods and services. It would be a cynical  
7 exercise to mandate a higher wage for covered  
8 employees that results in both covered and non-  
9 covered workers, paying more for goods and  
10 services. We urge you not to pass Intro 251-A.

11 CHAIRPERSON MEALY: Thank you.

12 TONY JULIANO: Good afternoon,  
13 thank you for giving me the opportunity to speak  
14 with you today. My name is Tony Juliano and I'm  
15 the President of the Greenwich Village Chelsea  
16 Chamber of Commerce. And I'm only concerned about  
17 small, small businesses in my discussion with you  
18 guys today. First of all let me just say that the  
19 disparity between the haves and the have-nots in  
20 this City, in this nation, and profoundly  
21 throughout the world, is staggering. And we as  
22 human beings have to do something to, to close  
23 that gap, because the world will not survive if we  
24 don't. So, I am with you 100 percent, and I know  
25 that this is just a little attempt on your part to

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2 try to do something about that. My reason for  
3 being opposed to this bill is because I think that  
4 this bill will do more harm than good in that  
5 regard. Because if we ca--and I do believe the  
6 bill will cost us jobs, and if it costs us jobs, a  
7 few people make a little bit more, but many, many,  
8 many more won't have any jobs, I don't think it  
9 helps. So, so, let me just throw that out, that's  
10 not in my, in my remarks here, but that's really  
11 what this is about, and I know it, and I'm with  
12 you on this, it's just that this is the wrong  
13 bill. And in particular, as it relates to small  
14 businesses, this bill, proponents claim it exempts  
15 small businesses; however, the exemption is very  
16 limited and to qualify, a small business's annual  
17 gross revenues cannot exceed \$5 million, inclusive  
18 of all its locations, etc. And perhaps \$5 million  
19 sounds like a large amount, but in this City, and  
20 in my area, and particularly in this borough, \$5  
21 million topline revenue might well equate to a  
22 very small bottom line. In fact, the bill does  
23 not take into account whether the business is even  
24 profitable. If a small--then if a small business  
25 approaches the \$5 million threshold, or even

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2 considers opening a second location, then the  
3 prospect of this wage mandate will weigh heavily  
4 on that decision. One can imagine how difficult a  
5 decision it would be to choose to take the risk to  
6 open a second location in this tough city, or  
7 hiring another employee to boost revenues, knowing  
8 that your labor costs across the board might  
9 raise, might go up by, by almost 60 percent.

10 Regardless of the size of the business that will  
11 be subject to this bill's wage mandates, most will  
12 have enjoyed, most will have enjoyed no benefit  
13 from the government subsidy that triggered the  
14 mandate in the first place. Many of these  
15 businesses will be forced to pay higher wages  
16 simply because they are housed in a building and  
17 pay rent to a landlord who has received the  
18 government subsidy. This is patently unfair, and  
19 puts these businesses at a government imposed  
20 competitive disadvantage without receiving any  
21 benefit in exchange. So, let me just say this: I  
22 don't think this bill should become law. It will  
23 cost jobs and will hurt the very people it is  
24 trying to help. However, if proponents win the  
25 day, I strongly urge you to exempt any business,

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2 whatever its size, that did not enjoy the material  
3 benefit of the subsidy that triggered this mandate  
4 in the first place. And by the way, if you  
5 increase, I have a small business, if you  
6 increased my payroll, then you're also increasing  
7 my payroll taxes. So, this is a tax increase  
8 bill, too, on these very small businesses, if you  
9 want to think it that way, because payroll taxes  
10 are huge. And I will definitely be paying more in  
11 taxes if I have to pay higher, higher prices. So,  
12 don't burden an innocent mom-and-pop operation  
13 with wage mandates and higher taxes. Save our  
14 small businesses, they've done nothing but try to  
15 survive in a difficult economy in a very tough  
16 city. They need your help to keep and create  
17 jobs, and this bill will only hurt. Thank you.

18 CHAIRPERSON MEALY: Thank you.

19 FRANK ANELANTE: Good evening, and  
20 I want to thank the Council for inviting us here.  
21 My name is Frank Anelante [phonetic], and I want  
22 to mirror Larry's comments. I, I actually gave  
23 you--

24 CHAIRPERSON MEALY: What's your  
25 name?

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2 FRANK ANELANTE: Frank Anelante,  
3 and I'm the Treasurer of the New York State  
4 Association for Affordable Housing, NYSAFAH.

5 CHAIRPERSON MEALY: Are you  
6 representing someone?

7 FRANK ANELANTE: I was on, I was  
8 supposed to be on a panel, and they, I've been  
9 sitting here all day. Yeah, NYSAFAH. We're the  
10 developers you guys were talking about. We are  
11 the guys that, you know, people were saying,  
12 "Well, there's only 82 projects that are, that are  
13 affected." Well, I'm here to tell you that's not  
14 right. I don't know what the IBO was counting,  
15 but the members of my organization, I produce  
16 projects that come under this, because we get  
17 loans from the Housing Development Corporation,  
18 City of New York Housing Development Corporation,  
19 and from Housing, Preservation and Development,  
20 which are, which will be covered by this, and  
21 which will be adversely affected if the bill in  
22 this present form is passed. And I, I gave you a  
23 page-and-a-half of notes, and I got another page-  
24 and-a-half to answer a lot of the questions that  
25 came up today. But we're talking, we're not

1  
2 talking about, you know, the related, the projects  
3 that related bills. We're talking about, for  
4 example, I built 116 unit building on Frederick  
5 Douglas Boulevard and 117th Street, that was  
6 funded by HDC bonds. Okay, that's what we're  
7 talking about. We're talking about a 50 unit  
8 rehab, we're talking about 100 unit condo that I  
9 built in, on 138th Street in Harlem. So we're  
10 talking about a lot more projects. And that is  
11 not addressed in the bill. So that's the  
12 framework of this, of what we're talking about, as  
13 far as affordable housing goes. And I agree with  
14 Larry, I want people to get more money. And if  
15 the State Department of Labor said, "For any  
16 project that receives City subsidy, you have to  
17 pay the \$10.00 or the \$11.50," I'd be the first to  
18 support it, 'cause that's the way it should be  
19 done. You don't need a 19 page bill to get people  
20 to get paid more. I want these people to get paid  
21 more. We pay it, and despite the shots that we  
22 got from the union, and they were cheap shots,  
23 because the union is against NYSAFAH. NYSAFAH  
24 pays, we pay the leg--more than the legal wage, I  
25 pay more than the \$10.00 an hour, I give my

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2 employees health benefits, they have 401(k)s, and  
3 this is what the people at NYSAFAH do. So, the  
4 union took some cheap shots, even though we're on  
5 the same page, or on the same side in this  
6 particular debate. But I'm here to say, we're  
7 talking about, we're talking about a larger scope.  
8 And we're talking about, so we're a trade  
9 association, I'll go through some of the notes  
10 here. And I'll tell you where I think we have a  
11 problem. The first is in the definition of  
12 affordable housing. Okay? The projects, which  
13 are 75 percent of residential units are affordable  
14 for families earning less than 125 percent of the  
15 area median income. That excludes a lot of  
16 projects. It really does. I just built what they  
17 call a 70/30, 125 units on 139th Street and  
18 Harlem. 70 percent were new hop rents, which HDC  
19 says is the new housing opportunities program, and  
20 30 percent were for low income families. I build  
21 50/50 projects. I built 60/40 projects. I've  
22 built 100 percent affordable housing projects. So  
23 they're all over the place. In addition, I just  
24 did an 81 unit rehab up in Washington Heights, and  
25 there it was an existing building where I moved



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2 the people out, rehabbed the building, and moved  
3 them back in. I don't know what those incomes are  
4 anymore, I did when I rented 'em years ago. So,  
5 this definition by its face does not exclude  
6 affordable housing. Okay. That was an \$8 million  
7 project, I'd be subject to the requirements. I'm,  
8 I am not adverse to paying more money. I am  
9 adverse to reporting requirements. Let the State  
10 Department of Labor monitor everybody. If they're  
11 not paying the minimum wage, slap--you know, put  
12 'em in jail. But it shouldn't be up to the  
13 developer, and we get 30 year loans, it shouldn't  
14 be up to me to monitor everybody that works on the  
15 project. And it certainly shouldn't include the  
16 retail, 'cause the retail--in my leases, I have  
17 very simple leases, I don't have 70 page leases, I  
18 have about four page leases. And the only  
19 requirement I have is that they pay the rent and  
20 they give me an insurance certificate. And I  
21 don't even get the insurance certificate, I really  
22 don't. And by the way, Councilman Koppell, I live in  
23 your district. Yeah, but no, that's all I got.  
24 No, but, I rent to mom-and-pops, the building on  
25 117th Street it had 8,800 square feet of retail,

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2 it took me three years to rent it. And you say  
3 the subsidy falls down, one of the questions you  
4 guys mentioned was does the rent reflect the fact  
5 that there's subsidies? HDC underwrote the deal.  
6 Okay? And it relies on the rent from the  
7 residential and the rent from the retail. So, the  
8 rent number we come up with isn't like that we get  
9 a windfall and we won all this big rent and then  
10 if, if the tenant, we want to give a, to get the  
11 tenant to say he'll give us his payroll, we'll  
12 lower the rent. We need the rent that's written  
13 into what we project with HDC. It's, we are not  
14 talking about Time Life, we're not talking about  
15 these big projects, we're talking about the 100  
16 unit buildings. Okay, so the rent is pretty much  
17 the rent, we don't have a lot of, a lot of leeway.  
18 And renting the retail in the affordable housing  
19 areas, I develop, I develop in Brooklyn, I develop  
20 in, a lot in The Bronx, and I develop in upper  
21 Manhattan, Harlem, Washington Heights and Inwood.  
22 The retail, it's thin, you really, it's just you  
23 cannot rent that much to, to these people. So,  
24 you know, that's a problem. Also, if, if a  
25 noncompliance meant that the government could claw

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2 back the subsidy, no bank is going to lend to us.  
3 And no syndicator, if it's a tax credit deal, is  
4 going to give us money. I mean, the money's in  
5 the deal, if--they're not going to, they're not  
6 going to lend it, lend that to us either. The  
7 other thing is--

8 CHAIRPERSON MEALY: Don't forget,  
9 it's the whole panel.

10 FRANK ANELANTE: I know, okay.  
11 Well, okay, I'll give you a few minutes. One  
12 other thing. Just be careful, flawed legislation  
13 does have negative effects. There are unintended  
14 consequences. 2003, they passed the lead law. I  
15 said at the time, I testified against it. I don't  
16 want to see kids lead poisoned, but I said if you  
17 do it, you're going to stop rehabilitation of  
18 apartments with tenants in occupancy. And it did.  
19 Instead of, instead of, I didn't do any for three  
20 years, then I did a 30 unit building to see if I  
21 could do it, and I had to relocate the tenants.  
22 Then I did the 80 unit building, I produced 110  
23 DUs in seven years. I used to 100-200 a year.  
24 So, the negative, the unintended consequences of  
25 this bill could be that just more stuff like I

1  
2 develop and people in NYSAFAH develop, won't get  
3 done, and you won't see that anyplace. But that's  
4 what's going to happen. Thank you.

5 CHAIRPERSON MEALY: Thank you.

6 ROBERT ALTMAN: Good afternoon. My  
7 name is Robert Altman, I am the Legislative  
8 Consultant to the Queens and Bronx Building  
9 Association, and the Building Industry Association  
10 of New York City. And thank you for allowing me  
11 to testify today. One of the things that, and you  
12 have my prepared statement, so I'm going to  
13 deviate from them. One of the things that the  
14 Council can do is it can change a lot of laws.  
15 But it can't change the law of economics. And  
16 this bill tries to change the law of economics.  
17 It's tilting at economic windmills and you're  
18 going to be in the same place that Don Quixote was  
19 in the Cervantes novel. Today we had academics  
20 there, here in support of the bill; we had  
21 discussions of west coast developers; we have  
22 labor unions who have pushed this idea. And all I  
23 can sort of say is, "Welcome, brother, develop  
24 it." Labor unions have pension funds, labor  
25 unions have access to capital, labor unions can do

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2 it, you obviously have the brains with a number of  
3 economics professors up here, who should be able  
4 to figure this all out. If you don't want to have  
5 the labor unions develop it, certainly I would  
6 think you could bring in a west coast developer.  
7 East coast developers address this issue all over  
8 the country.

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CHAIRPERSON MEALY: Quiet in the  
back please.

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ROBERT ALTMAN: So, I would think  
we have New York developers doing business in  
other parts of the nation. Bring 'em in, and  
develop the Kingsbridge Armory. And show us that  
the economics works. But I have a feeling that  
this bill here is not what they're thinking of.  
Because the fact of the matter is, as the Speaker  
wonderfully pointed out in her questioning, this  
bill doesn't reflect what's out there. There is a  
negotiated agreement, and there are, most often, I  
would bet you dollars to donuts, extra subsidies.  
Because that was the point I brought up in the  
spring: you cannot know what's going on unless  
you know if there's extra subsidies for those  
projects. And if you cover the cost of those

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2 subsidies, and you cover the cost of compliance,  
3 and for those businesses who are part of this,  
4 then you have a wash. Trust me, the leader of the  
5 business will not like it, but if he sees an  
6 economic opportunity in his retail position and  
7 he's being subsidized for his workers' pay, and  
8 he's being subsidized for his cost of compliance,  
9 he'll consider it if he thinks he can make a  
10 dollar. But the fact of the matter is, we found  
11 that out today, and the fact of the matter is I  
12 think the more and more this issue gets brought  
13 up, you peel more and more from the onion and find  
14 out what's really behind those programs, because I  
15 don't think even, I think there's even more than  
16 what was discussed here today. What happens if  
17 you give that extra subsidy? Think about that for  
18 a second. Because you have a choice to make. You  
19 could agree to give that extra subsidy, but what  
20 does that do? That means the following. That  
21 means you have less tax revenue, 'cause you've  
22 given it in the form of a subsidy. That means you  
23 have a bigger budget deficit or you have to find  
24 something for that. Now, what does that do? You  
25 now, as the City Council, 'cause I'm sure this

1  
2 gets negotiated a little bit, and part of this  
3 will be picked up on your costs, you now have to  
4 say, "Which senior center closes? Which community  
5 center closes? Which art groups get defunded?  
6 Which school doesn't get their extra funding?"  
7 Additionally, you have to, all of you have, or  
8 some of you have, certain projects you want done  
9 by EDC. It now has less money available. You  
10 will now have those projects not funded by EDC.  
11 Plus, there are projects that EDC subsidizes.  
12 That actually will impact the types of jobs that  
13 you want. I think one of the great proposals in  
14 this Mayoral Administration, which I have been  
15 critical of, is the Applied Sciences Project. And  
16 they only have \$100 million to do one of them.  
17 Frankly, you want to get the good paying jobs,  
18 you're all arguing for, subsidize the second one.  
19 Subsidize the third. Because frankly, in the long  
20 term, that's going to do a hell of a lot more than  
21 what this bill does. That's where you're going to  
22 get your jobs. What you're impacting hereon is  
23 you're impacting on retail. In a City that's  
24 under retailed. And it's always been under  
25 retailed. And it's beginning to catch up. But it

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2 is still under retail compared with the rest of  
3 the nation. And the fact of the matter is, retail  
4 jobs don't necessarily pay a lot of money.  
5 There's some that do, but the entry level  
6 positions of retail just don't. And nor should  
7 that be viewed as something that has to pay a  
8 living wage. It's an entry level position. As I  
9 said in my testimony in the spring, you move out  
10 of that, it's something's there for the college  
11 kid, for the high school kid, for your youth  
12 employment. [audience reaction] If you're 25  
13 years old, and you're working there, you have to  
14 go back to school and look to do something which  
15 would get you into the applied science, which  
16 would get you into the higher pay wage jobs.  
17 Because that's the only solution to your problem,  
18 retail is not every going to pay even at \$10.00  
19 and \$11.50 an hour, it is not ultimately what you  
20 consider a living wage. [audience reaction]

21 CHAIRPERSON MEALY: Thank you.  
22 Thank you. Council Member Sanders have a  
23 question.

24 COUNCIL MEMBER SANDERS: Sure. I  
25 just wanted to, to humbly differ with some of my,



1  
2 my friends here. To my first speaker, you were  
3 speaking of the suburbs that retail may indeed go  
4 to the suburbs to deal with the outer boroughs. I  
5 am the most outer borough Councilperson that you  
6 can get. I represent southeast Queens, it's  
7 easier to get to Nassau County than it is to get  
8 to Manhattan from here, where I am. You can  
9 relatively still get only a handful of people in  
10 New York from the, from serving in the Nassau  
11 County and other places. Yes, some may be served  
12 by that way, but you'd have an incredible market  
13 that you're not serving, that we're not, it's,  
14 it's a pent up demand that everyone is trying to  
15 get into, and if you don't believe, well of course  
16 you do, but Walmart quickly comes to mind, when  
17 we're speaking of pent up demand. You also spoke  
18 of, that there are those who would take the job at  
19 minimum wage, but then, sir, the economics is what  
20 it is, we can offer them \$5 an hour, we can offer  
21 them \$4 an hour, we can offer them \$2 an hour,  
22 there would be some--there must be more in life  
23 than this race to the bottom. We have to figure a  
24 way to make sure that we survive in New York City.  
25 Just to say that there are those who would accept

1  
2 \$7 an hour, in the Great Recession, is a, you may  
3 say that, but to the seats here, it's a  
4 dereliction of duty. We would be a gross  
5 abdication of responsibility for us. To my  
6 friend, you spoke of less revenue. One can argue  
7 that, you can also say that the taxes on the  
8 higher wages may offset some of this, I haven't  
9 done the, I haven't done the models. So, there  
10 are ways. I would also alert you, of course, that  
11 the entry level jobs that you spoke of, for many  
12 years was one of the backbones of our system, and  
13 paid a decent enough wage that people were able to  
14 maintain their families in New York City. So,  
15 it's, while we en--we encourage our youth to take  
16 these jobs, it should not be simply, it shouldn't  
17 stop there. And when you say the Applied Science,  
18 which I am a supporter of, I have to remind you  
19 who gets those jobs? Who is ready for those jobs  
20 right now? And it's not the target, I would  
21 suggest that it's not the target population that  
22 this bill would be aimed at. We should find some  
23 way, a bridge, and I'm sure you would agree with  
24 that, also. Some way to bridge, to get from here  
25 to wherever there is, that or some other great

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thing. Having said those things, I will yield to our Speaker, so she doesn't kick me.

CHAIRPERSON MEALY: I would never do that. We have Council Member Koppell.

COUNCIL MEMBER KOPPELL: Thank you. I guess it's, I'm addressing this primarily to Mr. Juliano, although several other people made the same remarks. I'd like to red to you from your statement. "Regardless of the size of the business that will be subject to this bill's wage mandate, most will have enjoyed no benefit from the government subsidy that triggered the mandate in the first place." Now the other night, my wife and had the pleasure of going to the new Ridge development in Yonkers. It is true, it is in Yonkers. But, and there are a lot of stores that are locating there, like some Sephora and Whole Foods and a lot of restaurants, we went to the Cheesecake Factory. Do you think that these businesses got no benefit from the Ridge development being built, which will attract people from all over, including The Bronx, but particularly from Westchester, they got no benefit from that? Do you subscribe to the fact that the

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2 Cheesecake Factory, which located in that huge,  
3 attractive shopping center, with plenty of parking  
4 and all, got no benefit? Is that your contention?

5 TONY JULIANO: [laughs] You sound  
6 like an attorney.

7 COUNCIL MEMBER KOPPELL: Well, I  
8 am.

9 TONY JULIANO: I know, I know.  
10 [laughter]

11 COUNCIL MEMBER KOPPELL: [laughs]

12 TONY JULIANO: No, there are  
13 benefits, clearly there are benefits associated  
14 with retail corridors that allow businesses to  
15 thrive. And if that's what you're--

16 COUNCIL MEMBER KOPPELL: No, no,  
17 no, it's not a retail corridor, sir. It's a, it's  
18 a retail development, developed, I suspect, with  
19 government subsidy, but maybe not, but let's  
20 presume it was developed with government subsidy,  
21 and I'm pretty sure it was from Westchester or  
22 Yonkers. So, it's not a retail corridor, it's a  
23 project, it's all built on one piece of land, it's  
24 a project.

25 TONY JULIANO: And--

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COUNCIL MEMBER KOPPELL: And you're saying that they got no benefit from that.

TONY JULIANO: I believe that if you're giving a million dollars that's going to trigger the benefit associated with, with these wage mandates, that the recipient of the million dollars should be subject to the wage mandate, not the tenant in the building that's paying the rent to the person that got the million dollars.

COUNCIL MEMBER KOPPELL: Okay, I'm asking you--

TONY JULIANO: So, so, no, I don't-

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COUNCIL MEMBER KOPPELL: --I understand that you're--

TONY JULIANO: --I do not believe that the benefit associated with the, with the subsidy filters down to that retailer.

COUNCIL MEMBER KOPPELL: Okay, I'm just asking you to tell me, did, did the Cheesecake Factory get a benefit by being able to locate in the Ridge Mall? Yes or no.

TONY JULIANO: I don't believe so. Because they could have [audience reaction] they

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could have--

COUNCIL MEMBER KOPPELL: The got no benefit.

TONY JULIANO: They could've gone there, or they could've gone someplace else. [laughter] They will pay the pr--the wage that's required for them to pay in order to be successful, whether it's there or someplace else.

COUNCIL MEMBER KOPPELL: But if they went someplace else, probably my wife and I wouldn't have had a nice dinner. [laughter]

LAWRENCE MANDELKER: Can I, can I just add something here? If, if I may.

CHAIRPERSON MEALY: Quickly.

LAWRENCE MANDELKER: Council Member Koppell went to Yonkers to this mall, the sales tax was paid to Yonkers, the benefit to the governmental entity from the increased property value went to Yonkers or to Westchester, and it didn't come to New York because they chose to do the development, whoever did that development, chose to do it in Yonkers rather than in The Bronx. And what we're, if I may, what we're arguing is are there unintended consequences from

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2 this well-meaning bill? Obviously, the bill is  
3 well-meaning. What all of us are arguing in our  
4 own different ways, in our own inept ways, is that  
5 if this results in fewer jobs in New York City,  
6 even fewer low paying jobs, because when you're  
7 desperate even a low paying job is better than no  
8 job; if it results in less money going to New York  
9 City's tax coffers, if it results in employers  
10 holding down their costs by operating with fewer  
11 employer, employees, that's--and if it results in  
12 higher prices that eat up these higher wages,  
13 that's something that you have to consider. We  
14 believe that that's what's going to happen here.  
15 And that's what we're trying to tell you.

16 COUNCIL MEMBER KOPPELL: Let me,  
17 let me just say this, gentlemen. I mentioned the  
18 Ridge thing 'cause it came to mind, and when you  
19 said, Mr. Juliano said there's no benefit. We  
20 also shop, by the way, at the Gateway Mall, at  
21 Target and BJ's, that's in The Bronx. So I don't  
22 sound like I'm just running to Westchester all the  
23 time. And BJ's and Target benefited from the fact  
24 that the City gave a big subsidy to Related. And  
25 I don't think it's un--they definitely benefited.

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2 So, to say that the retailers don't benefit from  
3 these--we're not talking about putting a store  
4 just on the corner somewhere, we're putting it  
5 into a subsidized building. And they benefit.

6

TONY JULIANO: If I--

7

COUNCIL MEMBER KOPPELL: Similarly,  
8 a retailer who goes into your affordable housing  
9 project, sir, he benefits from being able to  
10 locate there, where there's a market right  
11 upstairs.

12

TONY JULIANO: But that--

13

COUNCIL MEMBER KOPPELL: That's a  
14 benefit.

15

TONY JULIANO: That would be true,  
16 of a retailer locating anywhere, whether it's in a  
17 subsidized or unsubsidized. He's picked that  
18 location for a certain reason. And let's talk  
19 about Ridge Hill, because actually I'm familiar  
20 with it, in terms of living in Westchester now. I  
21 think the most significant thing that happened up  
22 there, I need the, I think they needed a land use  
23 change more than anything else. The other thing  
24 is that it is located in Westchester, it's located  
25 in a very accessible highway portion off of 87 in



1  
2 Westchester. And as a result you're talking about  
3 one of the richest counties in America. So, any  
4 retailer who has access to that, would of course  
5 have a benefit. And the rents that could be  
6 charged there would be higher as a result of that.  
7 The fact of the matter is it needed a land use  
8 change, it needs some capital improvements on the  
9 roadways, I think as well. But the fact of the  
10 matter is, they weren't subject to a wage  
11 requirement there, and the fact of the question  
12 matter is, would they be there if they were? And  
13 we'll never know. And the fact of the matter is,  
14 my best guess is, depending upon the rent they  
15 were paying, they would've required a greater  
16 subsidy. It just comes down to economics.

17 CHAIRPERSON MEALY: Thank you, we  
18 have our--

19 FRANK ANELANTE: Can I just say  
20 about the, the one thing about--

21 CHAIRPERSON MEALY: Sir?

22 FRANK ANELANTE: --it took me three  
23 years to rent those retail spaces.

24 CHAIRPERSON MEALY: We gave you--

25 FRANK ANELANTE: Three years.

1  
2 CHAIRPERSON MEALY: We gave you  
3 ample time, thank you. We want to thank this  
4 panel. [panel thanks] Thank you for your  
5 patience.

6 TONY JULIANO: And thank you for  
7 staying, I really appreciate it. I've been to  
8 these hearings before, and talked to like two  
9 people, by the time I got up. So, thank you very  
10 much, I appreciate it.

11 CHAIRPERSON MEALY: Any time.  
12 We'll have our Combo Shabawali [phonetic] from the  
13 City Hall Mayor's Office. Thank you for your  
14 patience.

15 [pause, background comments]

16 TOKUMBO SHABAWALI: Good afternoon,  
17 Chairperson Mealy, and members of the Council. I  
18 am Tokumbo Shabawali [phonetic], Chief of Staff to  
19 Deputy Mayor for Economic Development, Robert  
20 Steel. And I want to thank you guys for all the  
21 time and effort you've devoted to this issue, it's  
22 really important. And really thank you for having  
23 spent the time dedicated to this, not just today,  
24 but over the weeks and over the months, frankly,  
25 to this issue. Thank you for allowing me to

1  
2 testify on behalf, regarding Introductory No. 251-  
3 A. Let me begin by stating in no uncertain terms  
4 that Mayor Bloomberg and our entire Administration  
5 share the stated goals of this bill. And the  
6 goals of the many members of the Council who  
7 support it. We live in one of the most prosperous  
8 cities in the history of the world, and yet far  
9 too many New Yorkers live below or dangerously  
10 near the poverty line, and far, far too many New  
11 Yorkers are unemployed or under employed. And the  
12 nine percent unemployment rate really masks a much  
13 worse reality of folks who, in certain  
14 neighborhoods, in certain parts of the South  
15 Bronx, or certain populations, young black males,  
16 young black and Latino males--and there are also  
17 folks how are, have a job, but would like to work  
18 more hours than they have. There's really, really  
19 a difficult situation. So we really share with  
20 you the sense that, that the current situation is  
21 unacceptable. I think where we differ is that  
22 this bill would make the situation worse. It  
23 would kill jobs, particularly outside of  
24 Manhattan, and particularly in low income  
25 communities. It would stifle the private

1  
2 investment that is the key to long term job  
3 creation. It would significantly hurt a  
4 construction sector that is already facing 14 year  
5 lows in employment, and would cause the loss of  
6 tens of thousands of high paying construction  
7 jobs. In short, this bill will be the most  
8 sweeping wage mandate law in the country, and  
9 prevent more New Yorkers from finding work. The  
10 Bloomberg Administration believes in creating good  
11 paying, sustainable jobs for all New Yorkers.  
12 That is why we have waged an aggressive ten year  
13 campaign of job creation and workforce skills  
14 development that is designed to help expand  
15 economic opportunity for all New Yorkers. For  
16 example, through the Department of Small Business  
17 Services Workforce One Career Centers, in 2010 we  
18 helped connect more than 30,000 New Yorkers to job  
19 opportunities. We're proud to say that through  
20 November 18th of this year, the number of  
21 placements at those centers with wages over \$15.00  
22 an hour has increased 23 percent compared to last  
23 year. At our Healthcare Focus Workforce Center at  
24 La Guardia, so far this year hundreds of New  
25 Yorkers have been placed in jobs with an average

1  
2 wage of nearly \$18.00 an hour. Mayor Bloomberg  
3 has made it a priority to encourage and to  
4 catalyze investment, particularly in neighborhoods  
5 that need it the most. Indeed City incentives,  
6 investments are increasingly made in the boroughs  
7 other than Manhattan, as a recent report from the  
8 IBO confirmed. This bill, however, will make it  
9 harder to make these critical investments. To  
10 understand why this is the case, let's step back  
11 and discuss briefly why we have these incentive  
12 programs in the first place, and how private  
13 sector developers use them. It's important to  
14 remember, and this is the, my predecessor who was  
15 on the panel before me, made this point as well as  
16 the earlier panel, that all private sector  
17 developers like any kind of private sector  
18 business, have a choice about where they choose to  
19 invest, or if they invest at all. And they will  
20 only make investments if they can earn a  
21 sufficient return on their capital. Developers  
22 use these incentives to allow them to make  
23 investments in cases where the economics of the  
24 project alone are not sufficient to justify the  
25 investment. These incentives are thus important,

1  
2 most important in the low and moderate income  
3 communities that do not have the same purchasing  
4 power, foot traffic from out of town visitors, or  
5 other advantages that neighborhoods near the  
6 central business districts enjoy. And this was  
7 the conversation that Council Member Koppell just  
8 had about Yonkers. In a certain sense, we have  
9 these incentives because communities don't  
10 necessarily enjoy the high incomes and the other  
11 advantages of transportation that some  
12 communities, like Yonkers, might enjoy. So we  
13 make these investments precisely where they're  
14 most needed. [background comment] You're true,  
15 Westchester, I stand corrected. So, in short,  
16 incentive programs have been created specifically  
17 to encourage investments in job creating projects  
18 and neighborhoods where these kinds of investments  
19 have not historically been made. Again, where  
20 these investments have not historically been made.  
21 The effect of this bill will be to act as a  
22 disincentive to these investments. Instead of  
23 making it easier to create jobs, this wage mandate  
24 would make it harder. And of course the strongest  
25 evidence of this phenomenon is the still empty

1  
2 Kingsbridge Armory in The Bronx, where thousands  
3 of construction and permanent jobs were not  
4 created in the borough with the highest  
5 unemployment in the City, and actually one of the  
6 highest unemployments in the country. This wage  
7 mandate would make it harder. And that was  
8 because of the similar situation that we face  
9 there. The New York City EDC recently  
10 commissioned a study to understand the effects of  
11 this previously proposed version of the bill, as  
12 well as experience other cities that have  
13 implemented similar wage mandates. Despite  
14 changes to the proposed legislation, the general  
15 trend that the study identified remain valid.  
16 Namely, that living wage mandates reduce the  
17 number of people employed in publicly sponsored  
18 development projects. Period. These wage  
19 mandates do not redistribute the financial  
20 benefits of incentives from developers to worker;  
21 rather, they take benefits from some low wage  
22 workers to pay them to other low wage workers. As  
23 one of my colleagues in the previous panel  
24 indicated, certain people simply don't get jobs at  
25 all, and so they're the ones who are hurt by this

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2 kind of wage mandate. So while one worker may see  
3 his wages increase, it comes at the expense of a  
4 job to someone else. And at a time when the  
5 construction industry is facing drastic levels of  
6 unemployment, the study also found that wage  
7 mandates like the one proposed, curtail future new  
8 development projects, because developers will  
9 choose to invest somewhere else, or not at all,  
10 killing both permanent and construction jobs. Let  
11 me provide on concrete example of the type of  
12 program this bill would imperil, and this is  
13 something that's been discussed earlier today.  
14 The FRESH program, which has been championed by  
15 the City Council, and particularly by Speaker  
16 Quinn. FRESH offers tax and other incentives to  
17 encourage supermarket owners to invest in low  
18 income communities, that the Speaker and others  
19 have rightly decried as food deserts. And as was  
20 discussed by the Council Member earlier, just  
21 yesterday there was a new supermarket opened in  
22 Staten Island, with FRESH incentives, and actually  
23 it was curious, in the Q&A, the owner who opened  
24 it, asked, directly responded to a question from a  
25 reporter, which was quoted I think in the, the



1  
2 Daily News today. And so he was asked if this  
3 bill, if this law, if this bill were law, would he  
4 have opened the store? And his answer is, I  
5 quote, "It would be almost impossible because our  
6 profit margin is very low. The reason we're doing  
7 this is because of the tax benefits; otherwise, it  
8 would've been almost impossible to do." [sneeze  
9 from audience] Bless you. You've already heard  
10 today from affordable housing advocates [laughter]  
11 sorry? [background comment] So, I'm going to be  
12 brief, 'cause it's been a long day, but you've  
13 already heard from the affordable housing  
14 advocates, how this would be damaging; you heard  
15 from the construction unions who spoke eloquently  
16 about the Buddha and the bad effects that this  
17 would have; and then furthermore, this project  
18 would imperil projects like the Hunts Point  
19 Produce Market. And this is a project that we  
20 worked very, very closely with the Borough  
21 President, with the City Council, and many others,  
22 it's a critical project for the City, and yet it's  
23 very difficult. And the reason why we haven't  
24 gotten a deal yet, because it's such a difficult  
25 project to develop. And the reality is, although

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2 there are 7,000 jobs at the produce market, and  
3 the reality is that the vast majority of those  
4 jobs pay higher wages than are required in this  
5 bill, but there are some minority of those jobs  
6 which do not, and would be affected by the bill.  
7 And the reality is, because, as, like the  
8 supermarkets, the margins in that industry are  
9 very, very low. And so by affecting some of the  
10 jobs that changes that profits for the entire  
11 enterprise, so we would, could result in the loss  
12 not only of the jobs that would be affected, but  
13 by the entire businesses. And we know in that  
14 case that Governor Christie and the State of  
15 Jersey have been very aggressively courting the  
16 market to move to New Jersey. And New Jersey has  
17 no such requirements. So, a bill, this bill  
18 becoming, if it became law, it could essentially  
19 tip the scales to have those 7,000 jobs and all  
20 the associated jobs around them move out of the  
21 state. So, there's a very real risk here that we  
22 have something else just like Kingsbridge Armory.  
23 Proponents of the bill have argued today that  
24 other cities have implemented wage mandates  
25 without a calamitous effect on their local

1  
2 economy. It's important to note, however, that  
3 these comparisons have not been apples to apples.  
4 I'd be happy to answer questions about this in the  
5 Q&A, but it's really important that the Council  
6 understand that the mandate in this bill far  
7 surpasses that of any other bill enacted in the  
8 country, and this is something the Speaker was  
9 delving into before, when you sort of dug into it,  
10 some of these are not mandates, or else they're  
11 guidelines or suggestions, policies, they're not  
12 law that require something. In particular, the  
13 cost of compliance and associated penalties are  
14 significantly more severe than those of wage  
15 mandates laws in other cities. By introducing an  
16 uncontrollable and unquantifiable risk through  
17 such severe penalties imposed on the landlord or  
18 developer, should a subtenant or sublessee  
19 disregard or improperly enforce the living wage  
20 provision, which we heard earlier that some of the  
21 restaurants simply would disregard it, this  
22 litigation places lenders and developers in a  
23 position where they will find it almost impossible  
24 price that risk and finance projects. So,  
25 projects would not get financed. This risk, and

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2 the potentially onerous cost of monitoring  
3 compliance for businesses large and small, still  
4 applies in the current draft of the bill.  
5 Proponents of the bill have also argued that its  
6 scope has been narrowed from the version that was  
7 introduced and debated earlier this year. Indeed,  
8 Council Members correctly worry that the sweeping  
9 wage mandate would have a chilling effect on  
10 smaller developments and projects that received  
11 incentives from crucial programs like ICAP. And  
12 so these types of projects have now been  
13 explicitly exempted from the bill. But the fact  
14 that certain types of projects needed to be  
15 exempted from the bill in the first place, to  
16 prevent job losses and other negative effects, is  
17 evidence of the practical effect of this bill. At  
18 a time when so many New Yorkers are struggling,  
19 this is the last kind of bill that should be  
20 enacted. Finally, in addition to these practical  
21 concerns, the bill also raises a number of legal  
22 issues. And Council Member Halloran raised these  
23 earlier, so I won't go into them now. But most  
24 importantly, let me say again in closing that this  
25 bill is not smart policy. It will have precisely

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2 the opposite effect that it is intended to have.  
3 It will hurt the lower income communities it's  
4 trying to help, it will kill jobs at a time of  
5 unacceptably high unemployment, and it will stop  
6 developments that bring jobs and investments to  
7 communities that are already struggling. In  
8 closing, we strongly oppose this legislation, but  
9 we remain committed to working with you and your  
10 colleagues to take, to tackle the twin challenges  
11 of poverty and unemployment with programs like  
12 Workforce Development and other truly creating,  
13 truly job creating investments like the FRESH  
14 program. I look forward to any questions you may  
15 have.

16 CHAIRPERSON MEALY: Thank you.

17 TOKUMBO SHABAWALI: And I'd also  
18 just like to introduce my colleague, Francesco  
19 Brindisi, he's the Chief Economist for the EDC.  
20 So, if we have more technical questions about the  
21 study itself, he'll be fielding those.

22 CHAIRPERSON MEALY: Was it true,  
23 President Appelbaum, he said that the FRESH market  
24 that just opened in Staten Island would've been  
25 excluded because it wasn't up to \$5 million.

1  
2 TOKUMBO SHABAWALI: No, that's  
3 incorrect, we actually checked, we looked at the  
4 actual documentation they submitted in their  
5 application, and their revenues for the first  
6 year, which again the first year are usually  
7 lower, would be \$6.5 million. So they would be  
8 captured there. And as I think the, the woman  
9 from the supermarket association recognized,  
10 that's a smaller supermarket, that's only about  
11 9,000 square feet, so that's on the low end of the  
12 supermarkets affected by FRESH. We haven't had a  
13 chance to get the full list, but in the time, in  
14 the last hour, we pulled records for about five of  
15 the supermarkets and all of them were over the \$5  
16 million threshold. And it's just the nature of  
17 it, again it's a low margin business, so you're  
18 earning pennies on the dollar. So to make even a  
19 little bit of money, you need to sell a lot. And  
20 so, \$5 million is really on the low end of the  
21 spectrum.

22 CHAIRPERSON MEALY: Okay, then I  
23 just wanted to make sure that that was stated. We  
24 have a question from Steve Levin.

25 COUNCIL MEMBER LEVIN: Thank you

1  
2 very much, Madam Chair. I--Mr. Shabawali, I just,  
3 I wanted to, something struck me during the course  
4 of the testimony today, there's another question I  
5 wanted to ask, but I'm having trouble bringing up,  
6 regarding the IBO's testimony. I don't know if  
7 you were able to see that, that they had submitted  
8 some testimony that they put out online.

9 TOKUMBO SHABAWALI: I've not read  
10 it yet.

11 COUNCIL MEMBER LEVIN: If I can,  
12 my, my Blackberry reloads in time, while we're  
13 still talking, I'll read some of it to you, 'cause  
14 I'd like to get your response to it. I want to  
15 talk a little bit about real life economics in the  
16 City of New York. What real families deal with,  
17 and what we're actually talking about here. Okay?

18 TOKUMBO SHABAWALI: Mm-hmm.

19 COUNCIL MEMBER LEVIN: So, \$7.25 an  
20 hour, right, that's minimum wage, is that right?

21 TOKUMBO SHABAWALI: Mm-hmm.

22 COUNCIL MEMBER LEVIN: \$7.25.

23 TOKUMBO SHABAWALI: Which  
24 translates, as you said earlier, to \$15,000 a  
25 year.

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COUNCIL MEMBER LEVIN: \$15,080--

TOKUMBO SHABAWALI: \$80.

COUNCIL MEMBER LEVIN: --per year.

TOKUMBO SHABAWALI: Correct.

COUNCIL MEMBER LEVIN: Right?

[background comment] You multiply that by two and  
you're talking about--

CHAIRPERSON MEALY: Please.

COUNCIL MEMBER LEVIN: \$30,000 for  
a family of four. I mean, just as a person that  
lives and works in New York City and pays rent  
here, and buys food here, and buys clothes here,  
and pays a parking ticket every once in a while  
here, and does all that stuff, how does, how does  
somebody make it, how does a family of four make  
it on \$30,000 a year?

TOKUMBO SHABAWALI: Yeah, I agree  
completely with your point that it's, it can be  
tough in the City. And there are many challenges  
here. And we agree wholeheartedly with you and  
your colleagues that we want to do everything we  
can to increase employment opportunities and wages  
in the City, and so--

COUNCIL MEMBER LEVIN: But how do



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you--

TOKUMBO SHABAWALI: --with you 100 percent, but again, as one of the people on the panel before me said, we just disagree with this method. And so, we agree that we want to help families here do better, make more money, and really thrive in the City. And we just think that unfortunately, although well intentioned, this proposed legislation would make it harder, it would actually destroy jobs for people who need them.

COUNCIL MEMBER LEVIN: Well, but there's this argument about kind of meddling in the free market, right? And that this will, what a bill like this would be doing would be meddling in the free market, that the market should set the rates. First, just to clarify, and make sure we're all on the same page here, the Bloomberg Administration supports the minimum wage, right?

TOKUMBO SHABAWALI: Of course.

COUNCIL MEMBER LEVIN: Okay.

TOKUMBO SHABAWALI: But again, the minimum wage is something which is set not at a city level, it's at a state level, and actually

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it's best set at a national level.

COUNCIL MEMBER LEVIN: Right, but it's an explicit position of the Administration of the City of New York--

TOKUMBO SHABAWALI: Of course.

COUNCIL MEMBER LEVIN: --that we support minimum wage. Okay. We're meddling in the free market already. By giving subsidy we are meddling in the free market, we are giving them a competitive edge. And, you know, we're helping them out, we're giving them a hand. I just want to--

TOKUMBO SHABAWALI: If I could just respond to that.

COUNCIL MEMBER LEVIN: Sure.

TOKUMBO SHABAWALI: I mean, as I tried to explain, and maybe I was not articulate in doing so, the reason why we had these incentives is because developers simply have not invested in certain neighborhoods in the City. I mean, you can go to certain parts of the, of the City, and there just aren't the investments we would wish. I mean, I wish that we didn't need to do anything. I wish that developers would just

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come in, I wish there was no, no intervention required, and someone would develop the Kingsbridge Armory with no intervention from the City whatsoever, and it were--

COUNCIL MEMBER LEVIN: But--

TOKUMBO SHABAWALI: --thriving with no intervention from the City. But the reality is it's not happening.

COUNCIL MEMBER LEVIN: The last time we had a--

TOKUMBO SHABAWALI: And so wishing it were so, doesn't make it so.

COUNCIL MEMBER LEVIN: Right, but I don't believe that it was, I mean, you know, I, we had a hearing on this issue months ago, and after EDC testified, we had Bronx Borough President Ruben Diaz here, and I asked him explicitly, "Who walked away from Kingsbridge?" and he said--so I don't want to necessarily get into that, but he said the Bloomberg Administration and not - -

CHAIRPERSON MEALY: Okay--

TOKUMBO SHABAWALI: But of course--

COUNCIL MEMBER LEVIN: I, there's just one, one point I just wanted to, just wanted

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2 to make, and this is an important point to me.  
3 That if somebody making \$11.50 an hour, they're,  
4 that comes out to \$23,920 a year. Right? If they  
5 work 40 hours a week. Times two for a family of  
6 four, it's \$47,840 a year. Now, that puts  
7 somebody at 59 percent of the area median income  
8 for the City of New York. Now, I come from an  
9 affordable housing background, I know that you  
10 guys deal with affordable housing, what do we  
11 call--

12 CHAIRPERSON MEALY: Is it a  
13 question?

14 COUNCIL MEMBER LEVIN: --what do we  
15 call 59 percent--and 'cause, and there's, what do  
16 we call it when 59 percent--what's 60 percent of  
17 AMI? When we do affordable housing--

18 CHAIRPERSON MEALY: Council Member.

19 COUNCIL MEMBER LEVIN: --60, we  
20 refer to it as--

21 CHAIRPERSON MEALY: The question,  
22 Council Member.

23 COUNCIL MEMBER LEVIN: --low--do  
24 we, isn't it true, that we refer to it as low  
25 income? When we talk about the 60 percent units--

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TOKUMBO SHABAWALI: Yes.

COUNCIL MEMBER LEVIN: --we call them low income units.

TOKUMBO SHABAWALI: That is correct.

COUNCIL MEMBER LEVIN: So what we're, all we're saying is that we want to get people to where they can--

CHAIRPERSON MEALY: Council Member.

COUNCIL MEMBER LEVIN: --afford low income units. Thank you, Madam Chair.

CHAIRPERSON MEALY: Did he answer your question? Okay.

COUNCIL MEMBER LEVIN: I believe so, that's what, that's, that's true, right? I mean, that's what we call it?

TOKUMBO SHABAWALI: I said yes.

COUNCIL MEMBER LEVIN: Okay.

CHAIRPERSON MEALY: Okay. Thank you. Could I ask you about the, the Workforce One. Could y'all look into that, 'cause one of the statements were today that some of the Workforce One, you come in, and then some, the consultant will open up their own practice, to, to

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hire part-timers, and it's a round circle. So, that's one way where we can alleviate redundance and fraud. Could you look into that, where it's--

TOKUMBO SHABAWALI: Of course.

CHAIRPERSON MEALY: --why, how could a contractor that we hire, the City--

TOKUMBO SHABAWALI: Right.

CHAIRPERSON MEALY: --for dealing with Workforce One, then open up their own business that they start sending out people for part-time jobs. But they're using our resources.

TOKUMBO SHABAWALI: Right.

CHAIRPERSON MEALY: And that's jobs that we can have for City employees. So, could you please investigate that?

TOKUMBO SHABAWALI: Certainly, we'll certainly do so, thank you.

CHAIRPERSON MEALY: Thank you so much. And we have Council--Oh, you want to have a question?

COUNCIL MEMBER KOPPELL: One question. First of all, thank you for abbreviating your remarks. Maybe other people could do the same. [laughs]

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CHAIRPERSON MEALY: Thank you.

[laughs]

COUNCIL MEMBER KOPPELL: Second, have you done any studies, assuming that the law went into effect, have you done any studies of what type of additional subsidy might be required to provide enough support to tenants of various types of projects, so that they would build notwithstanding--that they would occupy the premises, notwithstanding the mandate, the wage mandate?

TOKUMBO SHABAWALI: No, we have not conducted an analysis like that.

COUNCIL MEMBER KOPPELL: But wouldn't, wouldn't that, I mean, assuming for a moment that we'd have to provide additional subsidy, wouldn't, wouldn't it be useful to at least have some ballpark number?

TOKUMBO SHABAWALI: Yeah, well seeing Francesco's the Ph.D., so he can better respond, I mean, I would assume it would be equivalent to whatever the additional cost is, they're on a higher cost equivalent to what if they, they opened a business across the street in a project which was not affected. So, presumably

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the business would want to be made whole for whatever the higher cost they incurred. So that would be kind of the basis for the calculation, I would assume. But to-date we have not done any calculation like that. Is there anything you want to add, Francesco?

FRANCESCO BRINDISI: Yeah, I think you can get some estimates from the study.

CHAIRPERSON MEALY: You could introduce yourself for the record, please.

FRANCESCO BRINDISI: Yes, sorry. I'm Francesco Brindisi, the Chief Economist at EDC. The study that was published in October gives you some estimate of the cost, relative to the amount of as of right assistance that would be available to real estate development. Now, much has been done about then using ICAP in the study. ICAP, as I mentioned, is an as of right program. Discretionary benefits also provide real property tax exemptions, and they must be more generous; otherwise, developers would take the as of right. So that's the minimum amount of assistance, essentially, that is given to projects. And the study, the, one of the results of the study is



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2 that the legislation at the very least has, as it  
3 was drafted in May, would eat up the whole amount  
4 of the as of right assistance, or even more in  
5 certain cases. So, you know, as of right benefits  
6 are capped, they're, it's just a formula, so that,  
7 that amount gives you a ballpark estimate, if you  
8 want, if you will. And that's higher than the,  
9 just giving raises to, just a labor cost that  
10 would be implicit in the, in the mandate.

11 TOKUMBO SHABAWALI: Yeah, and  
12 there's, I mean, there's been a lot of testimony  
13 today, and a lot of points made, and I think just  
14 for the sake of brevity, we're not going to tempt  
15 you in my testimony, nor now try to respond all  
16 that, 'cause we'd be here all night, and it's been  
17 a long enough day as it has been. So, just note  
18 it for the record that we don't necessarily accept  
19 many of the points that were made but I think for  
20 the sake of sanity, we'll not respond to  
21 everything here.

22 [pause, background noise]

23 CHAIRPERSON MEALY: Are you  
24 finished? Oliver, you're finished? Okay, thank  
25 you. Council Member Sanders?

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2 COUNCIL MEMBER SANDERS: Chief of  
3 Staff Shabawali, greetings.

4 TOKUMBO SHABAWALI: Thank you.

5 COUNCIL MEMBER SANDERS: I am the  
6 former Chair of Economic Development for the City  
7 Council, and I am very familiar with EDC. And I  
8 do have some ideas, also, but I will almost bypass  
9 that. Part of my district is the  
10 Rockaways/Queens, which is 26.4 percent of its  
11 population on life support, for all practical  
12 purposes. Not in the City, a whole nother world  
13 that where, we're not, we're not killing jobs,  
14 they're just not, they're not, they're not there.  
15 So this conversation is in one sense otherworldly  
16 to what I'm about to go home to. The jobs are not  
17 there, they're not being created, the invisible  
18 hand hasn't done it, and it's, it's just not--I'm  
19 encouraging the EDC to, to go beyond its laissez-  
20 faire, go beyond its trickle-down economics. EDC  
21 can do some incredible work with the lower  
22 quartile, with the bottom, the hardest workers to  
23 employ. But it has to really target it, it just  
24 can't say a giant project will do--rising tides  
25 will raise all boats. It doesn't happen. It

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2 didn't happen under the Reagan Administration, it  
3 doesn't happen. It has to be targeted. And EDC  
4 can do some amazing things. Whether we use  
5 Kennedy Airport as, as a, as a motor, or whether  
6 we use all of these things as a motor, having said  
7 those things, EDC is the vehicle that should keep  
8 us out of conversations like this. I remember  
9 having conversation with Dan Doctoroff and telling  
10 him, "Dan, you guys should be doing the community  
11 benefits agreements. You guys should be coming up  
12 with what a community can realistically get from a  
13 project that's coming in. It's unfair to the, to  
14 the people to have to try to figure out what they  
15 can get from a developer when the developer's  
16 going to, has every interest in hiding its cards.  
17 You guys have more ability." I, some can say it's  
18 an abdication by the EDC. But certainly, it  
19 leaves an opportunity. I prefer to call it that.  
20 An opportunity is there whether EDC can indeed  
21 step in and say, "Okay, here is sane policy that  
22 we can move this City forward, so that we don't  
23 sit at these desks late at night, holding  
24 conversations against things, that everybody  
25 agrees." We all agree that the, that the people

1  
2 are catching Hades. We should be doing something  
3 concretely about it and not simply at the larger,  
4 mega-position. I have some more ideas, I would be  
5 glad to share them with you, and use some  
6 microeconomics, some smaller area where we can do  
7 some good. I look forward to sharing it with you  
8 if you guys are interested.

9 TOKUMBO SHABAWALI: We are  
10 definitely interested, thank you for the offer.

11 COUNCIL MEMBER SANDERS: Thank you.

12 CHAIRPERSON MEALY: Thank you so  
13 much. No other questions. We really want to  
14 thank you for this opportunity. Thank you for  
15 being patient.

16 TOKUMBO SHABAWALI: Thank you very  
17 much, Chairperson.

18 CHAIRPERSON MEALY: Thank you. The  
19 next panel, Reverend Raymond Rivera, Rene Dixon,  
20 Peter Harzel [phonetic], Linda Archer, Ricardo  
21 Morales, New York City Comptroller's Office. Wow.  
22 [pause, background noise] Now, we're going to, we  
23 know that the time is, is really short. We're  
24 going to be--the time, we'll have Mr. Robert  
25 Morales, from New York City Comptroller's Office.

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Can you begin, please?

Q. ENGLISH: I have a appointment,  
I have a family to get to, so if you don't mind,  
can I--

RICARDO MORALES: I'm going to be  
very quick.

Q. ENGLISH: Okay.

RICARDO MORALES: - - quick. Can  
you--good. Good evening, everyone, and I will be  
very brief, 'cause I know it's getting late and a  
number of panelists do have to have, go out, too.  
So let me just read this very quickly, and I'll be  
out. Good evening, Chairperson Mealy and the  
members of the Committee on Contracts. My name is  
Ricardo Morales, and I am the Deputy Comptroller  
for Legal Affairs and the General Counsel for the  
New York Comptroller, John Liu.

CHAIRPERSON MEALY: Can you be  
quiet in the back, please?

RICARDO MORALES: Okay. With me is  
Dean Cocoris, an attorney in my office, and, and  
I'll be very brief. I'm going to just jump to  
the, to the chase right here. Comptroller Liu has  
spoken on numerous occasions in support of this

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2 bill. Most recently, just last night, at the  
3 Riverside Church, with thousands of people from  
4 the Living Wage Coalition. I thank you for the  
5 opportunity to offer my comments about the  
6 proposed bill, the Fair Wages for New Yorkers Act.  
7 Every year, the New York City taxpayers spend  
8 millions of dollars in the form of exemptions,  
9 subsidies and other economic aid to entice private  
10 businesses to invest in the City. This public aid  
11 helps private businesses build everything from  
12 offices to sports arenas and other types of  
13 development. Often the jobs created by these  
14 subsidized projects are low paying with no  
15 benefits. Many times when projects pay poverty  
16 level wages, it is the New York City taxpayer,  
17 taxpayers who have to subsidize the private  
18 business again by approving public assistance, by  
19 proving public assistance Medicare to these  
20 workers, that which may not have enough money to  
21 provide essentials, such as food, shelter, medical  
22 care for themselves and their family. We realize  
23 this is a controversial subject. Last year, the  
24 Center for American Progress issues a report  
25 finding that nationwide, living wage laws have no

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2 negative effect on citywide employment levels.  
3 Earlier this year, the New York City Economic  
4 Development Corporation released a \$1 million  
5 report written by Charles River Associates which  
6 found that the living wage bill would cause  
7 significant employment losses. The Comptroller  
8 was highly critical about awarding the contract to  
9 write a report on wage requirements for publicly  
10 subsidized economic development to Charles River  
11 Associates, a management consulting firm, and  
12 believe that its report claims of job losses is  
13 rhetoric at its worst. It is time for the New  
14 York City to require companies receiving  
15 substantial tax assistance to pay that their, to  
16 pay their workers a living wage. The New York  
17 City's, New York City's already behind many other  
18 cities in trying to create living wage jobs  
19 associated with projects receiving substantial  
20 taxpayer support. At least 15 cities, including  
21 Los Angeles, Minneapolis, Philadelphia, San  
22 Francisco, has enacted living wage laws; even in  
23 cities not known as being particularly worker  
24 friendly, such as San Antonio, Texas, Santa Fe,  
25 New Mexico and Bozeman, Montana, have enacted

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living wage laws. One of the many duties of the Comptroller's Office is to enforce the State prevailing wage laws, which require entities and contract, that contract with the State and local governments to pay certain--

CHAIRPERSON MEALY: Wind it up, please, Mr. Morales.

RICARDO MORALES: All right. -- prevailing wages requiring--you know what, let me just cut to the chase real quick.

CHAIRPERSON MEALY: Thank you.

RICARDO MORALES: Couple of things that we--

CHAIRPERSON MEALY: Sir.

RICARDO MORALES: It's okay.

CHAIRPERSON MEALY: You just cut to the test, to the chase.

RICARDO MORALES: And what I'm going to very quickly, you have my testimony. A couple of things that I would--

CHAIRPERSON MEALY: We--

RICARDO MORALES: --require us to take a look at is one is definitional, to look at the definitions of certain phrases with the



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statute--

CHAIRPERSON MEALY: Mr. Mor--Mr.

Morales.

RICARDO MORALES: Sure.

CHAIRPERSON MEALY: Thank you so much.

RICARDO MORALES: That's it, thank you.

CHAIRPERSON MEALY: Thank you. We have your whole testament inside. I would notice because we have other people, and that wouldn't be fair. You said you was going to be very brief. And I apologize, Reverend. Are you ready, Reverend?

Q. ENGLISH: Yes, yes, I'm Reverend Q. English [phonetic], and I just want to preface this by saying I prepared this speech for the many that are not here. So, if we can put that in for the records. Good afternoon, I am Reverend Q. English, I'm the Senior Pastor of Bronx Christian Fellowship Church. I'm also the President of The Bronx Clergy Legislative Roundtable. Thank you, Chairwoman Mealy, and the other esteemed Council Member on the Committee, for allowing me the

1  
2 opportunity to speak today. I thought about how I  
3 should posture this speech, as I speak to those  
4 who are, who as yet are undecided on the issue of  
5 living wages for New Yorkers, as I speak to the  
6 politician, and to the man and woman whose name  
7 stands without your titles. I'm going to come  
8 from a different angle from everyone today. I  
9 want you to think about a moment what got you in  
10 your position. I want you to think about what  
11 motivated you to run. You didn't like the  
12 conditions, possibly didn't like how your  
13 predecessors handle situations. I can talk about  
14 the pros and cons, but we all read the same  
15 documents, we've all heard the slants of media,  
16 we've seen the protests and the rallies. But I  
17 don't want to take time to talk about that, I want  
18 to talk about you. Perhaps you have to determine  
19 what was lost along the way, from the time you  
20 said yes, to accepting your current position, and  
21 at the time we're at now. Perhaps we need to find  
22 what was lost along the way, that would cause you  
23 to turn a blind eye to the situation. I want to  
24 speak to your humanity. Let me preface by saying  
25 we share passions in many areas. I share with you

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2 the importance of our children having a high  
3 quality public education, yet even with education  
4 we are finding them at retail outlets, living off  
5 of poverty wages. The passing of this bill is  
6 just as important as a good education because  
7 retail work, essential to our economy, as we have  
8 to make those jobs pay more. Some of you who are  
9 undecided enter politics because your heart was to  
10 help the at-risk to escape the vicious cycle of  
11 poverty and incarceration. This bill could have  
12 been cosponsored by you at an earlier time, but  
13 today you're on the fence. I want to speak to the  
14 person that cares beyond what could be perceived  
15 as political rhetoric. There was a time even in  
16 your campaign, it didn't matter who was standing  
17 with you or who was standing against you. We need  
18 to get you back to that time. This is who needs  
19 to make the decision, even if it means you're  
20 ostracized by those who oppose this reasonable  
21 bill, because you are who we pray for, you are who  
22 we vote for, you are who we need today to make the  
23 right decision for the people that you have been  
24 entrusted with. And that is the passing of the  
25 Fair Wages for New Yorkers Act. Just as Dr.

1  
2 King's campaign was sanitation workers in Memphis  
3 was an affirmation of human dignity and part of a  
4 larger agenda to shed light on poverty, our  
5 struggle to pass the Fair Wages for New Yorkers  
6 Act also affirms humanity and assaults poverty.  
7 So thank you for allowing me this time and space  
8 to share my thoughts and my heart with you. God  
9 bless.

10 CHAIRPERSON MEALY: Thank you so  
11 much, and thank you for your patience.

12 Q. ENGLISH: - -

13 CHAIRPERSON MEALY: I know--

14 Q. ENGLISH: Thank you so very  
15 much.

16 CHAIRPERSON MEALY: --you've been  
17 here since--

18 Q. ENGLISH: I have to get to my  
19 family.

20 CHAIRPERSON MEALY: --12:00. Thank  
21 you.

22 Q. ENGLISH: Thank you so very much  
23 for your understanding.

24 CHAIRPERSON MEALY: Have a blessed  
25 Thanksgiving. Next? Anyone, step up.

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[background comments] Switch seats, come on over.

LINDA ARCHER: My name's Linda Archer, and I would like to thank the City Council for allowing me to testify. As you know that I testified back in May in the first hearings. Well, six months later and I guess I'm still in the same position, making a living wage of \$7.25 an hour. I'm a cashier at McDonald's in Times Square, I have ten years' experience in customer service. I took this job at McDonald's because I could not find any other immediate employment. Times Square has, Times Square is funded by the City government. The area has received hundreds of millions in taxpayers' dollars. Meanwhile, I started at the Times Square McDonald's at, for a minimum wage of \$7.25 an hour. I have a glowing evaluation and consistently produce top sales for the company. Yet, two years later, I'm not even making \$8.00 per hour. This Thanksgiving, I can't afford any of the basic things like people who should be able to enjoy a decent pair of shoes, a nice meal, a family vacation. My hope is that I won't have to stand before you any more to share my story. My hope is that the next time I stand

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before you, I'll be sharing a story of victory. Today, I call on the City Council to commit to passing the Fair Wages for New Yorkers Act. We need living wages, we need them now. Thank you.

CHAIRPERSON MEALY: Thank you, I remember you from last year.

LINDA ARCHER: Yes.

CHAIRPERSON MEALY: Keep going, my sister.

SHEENA DIXON: Hello, good evening, my name is Sheena Dixon. I'm a resident of The Bronx, I'm a leader with the Retail Action Project, which is a organization of--well, it's an organization that looks out for retail workers. And we have a network of 1,200 retail workers and rising. I have a simple dream, which I believe is a simple dream, which is to be able to provide for my family and myself entirely, and becoming a entrepreneur as well as following my creative passion of being a hip-hop artist. I worked at Target as a Security Manager for two years and didn't make what I deserved, yet my job was extremely important. Working with the police department as well, working with the police

1  
2 department to keep both Target team members and  
3 the community safe, as well as saving Target  
4 hundreds and thousands of dollars of shortage. I  
5 made more than, I made more than most workers  
6 there, but it wasn't enough to be realistically  
7 considered as a living wage. Target is often one  
8 of the stores found in malls that receives these  
9 subsidies that promise to create jobs. And on  
10 average, a Target worker makes \$8.00 an hour.  
11 Where I live, in The Bronx Gateway Mall, where the  
12 Target is located, they received \$133 million in  
13 tax breaks, and in exchange we receive poverty  
14 wages and part-time jobs. I've also worked at  
15 Levi's as a salesperson and I managed to barely  
16 break even after traveling expenses. Despite  
17 being one of the top sellers in the company,  
18 \$3,000 in four hours, every day. I was working  
19 check to check and watched my friends do the same.  
20 And the concept that all retail workers are  
21 college workers working for pocket money is simply  
22 untrue. Like me, 78 percent of retail workers are  
23 25 years and older, fighting to foot, put food on  
24 the table. And heaven forbid I have a dream to do  
25 more than that. All my current wages, I can't ...

1

CHAIRPERSON MEALY: Take your time.

2

3

SHEENA DIXON: [crying] Could you

4

live on \$7.25? I doubt it. I can't copyright a

5

song, much less put out, put out a album, and the

6

notion that because jobs are scarce, I should

7

accept anything, quite frankly, quite frankly it's

8

insulting. It's extremely insulting, that I

9

should accept \$7.25 because there's no jobs.

10

Retail is the, is the glue that holds NYC

11

together. And it's the growth sector nationally,

12

despite the recession. And we all know how

13

important that is to the City's economy and

14

tourism industry. Therefore, it makes no sense

15

that these jobs are poverty wage jobs. It would

16

only benefit this economy to raise wages for

17

minimum wage workers, because the health of our

18

economy is driven by consumer spending. The money

19

I make, I spend here. [sigh] That, that is all.

20

CHAIRPERSON MEALY: Thank you.

21

[applause] No clapping. Reverend Raymond Rivera?

22

PETER HELTZEL: He's not with us.

23

He had to leave.

24

CHAIRPERSON MEALY: Your name?

25

PETER HELTZEL: Hi, I'm Reverend



1  
2 Peter Heltzel, and I, I would like to thank you,  
3 Chair Mealy, and Council Member Koppell, Council  
4 Member Sanders and Council Member Levin, for the  
5 opportunity to testify tonight. I'm Associate  
6 Professor of Theology at New York Theological  
7 Seminary, and direct the Micah Institute inspired  
8 by the Hebrew prophet Micah's call to do justice,  
9 love mercy, and walk humbly with the Lord. We  
10 seek to educate faith leaders to fight poverty and  
11 injustice. Now, since the beginning of this  
12 campaign, I've been organizing clergy with a lot  
13 of other colleagues including Rabbi Michael  
14 Feinberg and I have not talked to one single  
15 leader of faith in this City who is actively  
16 opposed this bill. We stand united as faith  
17 leaders in this City for the Fair Wages for New  
18 Yorkers Act. [pause] Why do people in, why do  
19 people of faith in New York stand for this Act?  
20 Why, why are we together on this? Because we  
21 believe that all people are created in God's  
22 image, loved by God, and have the right to have a  
23 living wage job where they can put bread on the  
24 table, and go home to a warm hearth. The Living  
25 Wage movement started in 1906, when John Augustine

1  
2 Ryan, a Roman Catholic theologian, wrote a book,  
3 "A Living Wage." And 105 years ago, I mean, 105  
4 years later, we're here on a cold night in New  
5 York, carrying on this struggle inspired by  
6 Council Member Koppell, who has been leading this  
7 charge for a long time. We are standing in over a  
8 century of Christian social thought and ethics, to  
9 bear testimony to God's love and God's justice,  
10 for all people. We hear the cries of the poor in  
11 our City, we hear the cries of the homeless that  
12 don't have a house to go home to, we hear the  
13 cries of the hungry that want a buck so they can  
14 go a bodega and buy something to eat. And we have  
15 a choice: will we continue with practices and  
16 policies that benefit the rich, or will we vote  
17 for the Fair Wages for New Yorkers Act, that's  
18 going to help somebody put bread on the table?  
19 And that gets me excited because I'm inspired by  
20 Dr. Martin Luther King, Jr.'s dream and he was  
21 shot in Memphis fighting for a living wage, and we  
22 continue that struggle today. You have an  
23 opportunity to vote for a law that will help poor  
24 folks and begin to form a new economic culture in  
25 New York City. It's time for New York City to

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2 stand up and we will not stop this fight for  
3 justice, and we will march on until justice rolls  
4 down like waters, and righteousness, like a might  
5 stream.

6

CHAIRPERSON MEALY: Amen. Council  
7 Member, can you wait for a second, Council Member  
8 Sanders have a question.

9

COUNCIL MEMBER SANDERS: Well,  
10 several, actually. The first one is I thought  
11 that was Isaiah, and I was looking at it wrong.  
12 Which Micah is that?

13

PETER HELTZEL: Micah 6:8.

14

COUNCIL MEMBER SANDERS: I'm trying  
15 to take it as my own guide and I went wrong into  
16 Isaiah looking for it. Not going to find it in  
17 Isaiah. Statement of fact: one of the best  
18 economic stimulus programs that you could have is  
19 giving money to the poor. Why? Because they  
20 spend it. You give it to the rich, they'll hoard  
21 it. They put it into places that don't come back.  
22 So if we want to just look at it from just a point  
23 of economics, if you want to stimulate and grow  
24 our way out of this, giving this to rich  
25 developers without something that goes to real

1  
2 people, is not going to help. Now, when I leave  
3 here, I'm going to take the A train and I'm going  
4 back to the Rockaways. I know a little something  
5 of the things that we speak about. And I agree  
6 with you, the cries are incredible, the wasted  
7 lives that we are seeing, the incredible debris  
8 that this civilization has created, when we should  
9 be using it to move ourselves forward. We have to  
10 do every single thing. I encourage all of my  
11 colleagues, my friends, this is a moral issue,  
12 first and foremost. There, it is an economic  
13 issue. I mean, do we need to do things to make  
14 the bill better? Okay, fine. There's nothing  
15 that's perfect in life. Let's find ways of making  
16 it workable. But at the same time, I encourage  
17 everybody to have the courage of conviction, the  
18 strength to drag it from somewhere and let's see  
19 this thing through. And I encourage my colleagues  
20 on the other side, the good people who may oppose  
21 this, if you got a better way, now is the time to  
22 speak up. Now is the time to bring it to the  
23 table. Because all of this, everyone is right,  
24 and therefore we can do nothing, doesn't make  
25 sense either. We have to do something. Thank

1  
2 you, Madam Chair, and Council Member, for having  
3 this marathon. Although I got you beat, I did a  
4 nine hour one day, and seven hours the next day.  
5 I hold the record for the longest hearing in the  
6 Council. [laughter]

7 CHAIRPERSON MEALY: Oh, I don't  
8 want to beat you. [laughter] Thank you so much,  
9 panel, and I really appreciate your time and your  
10 patience, I know patience is a virtue, and your  
11 addition of our Martin Luther King, please keep it  
12 going. 'Cause what better time is now? If we  
13 wait, continue waiting, we'll never have it. So,  
14 what better time, it's now. Thank you. Keep on  
15 singing, my sister. We have a next panel: Rabbi  
16 Michael Feinberg, Dr. Deepak Pass--could you come  
17 up?--Winnie Vas--[background comment] Winnie  
18 Vergas. Is Winnie Vergas here? Troy Brown. He's  
19 here. Jennifer Cutler. Jennifer Cutler.  
20 [background comment] She left, okay. Queen  
21 Mother, Dr. Blakely. Amber Hollenberg [phonetic],  
22 Queens for Economic Justice. [background comment]  
23 Yes. And Marble Raygun, Raygun [phonetic]. And  
24 Desiree Pilgrim Hunter [phonetic]. He's gone.  
25 But she's never out of our heart.

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COUNCIL MEMBER KOPPELL: Is there any more?

CHAIRPERSON MEALY: This is our last and final panel. When you get ready, you can start. Thank you. And thank you for your patience. Could you press the red button? It's hot.

DEEPAK DASS: [laughs] So, good evening, Council, thank you for having me. My name is Deepak Dass [phonetic], I'm a resident physician at Jacobi Medical Center in The Bronx. And today, I'm once again speaking on behalf of the Committee of Interns and Residents which represents 6,000 physicians throughout New York City. As physicians, we find that there is a growing percentage of our patients that fall into a donut hole. Namely, they are too poor to pay for basic health amenities, but at the same time, they are too rich to be eligible for welfare, food stamps and other government benefits. And they're caught into a limbo that is easily ignored, as "having jobs." However, as physicians, over the past few years, our collective experience has found that the plight of these people, as far as

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2 their health complications go, parallel and  
3 sometimes often exceed that of their unemployed  
4 brethren. That is, that the underemployed, or  
5 those that are inadequately employed, often suffer  
6 the same, if not greater, complications in health,  
7 as their unemployed brethren. And in fact, a  
8 recent article, published by the American Journal  
9 of Community Psychology, in 2003, found that  
10 specifically, as far as psychiatric disorders,  
11 drug and substance abuse, and criminality goes,  
12 that the two groups can be considered almost  
13 identical, sometimes even one surpassing the  
14 other. So the main question we are posing to the  
15 Council is, is it truly more important to create  
16 jobs at any cost, or at any wage? Or is it  
17 recommended, or is it better to create jobs that  
18 fulfill the basic health recommendations that have  
19 been put forth by our own USDA and Human Health  
20 Services? Now, there is a great hypothetical  
21 scenario that illustrates this better. And I was  
22 wondering if I'd have a Councilman to spend a  
23 minute to actually engage that with me. [pause,  
24 background noise]

25 CHAIRPERSON MEALY: Engage.

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DEEPAK DASS: Councilman Levin?

2

3 Great, I love volunteers.

3

4 COUNCIL MEMBER LEVIN: All right.

4

5 DEEPAK DASS: Councilman Levin.

5

6 COUNCIL MEMBER LEVIN: Yes, sir.

6

7 DEEPAK DASS: At the end of this

7

8 night, after you go home, after a long exhaustive

8

9 day of listening to all of us pro and con, you

9

10 kick back, take a swig of wine, and try to go to

10

11 sleep. And you find you have this nagging pain at

11

12 the bottom of your belly. You think nothing of

12

13 it, take two Tylenol, go to bed. But around 2:00

13

14 a.m., it gets a lot worse. And back of your mind,

14

15 you're thinking, "I heard about appendicitis. You

15

16 know what? I'll go to the ER." You come into the

16

17 ER, you come into my scanner, and I do a scan, and

17

18 I find that unfortunately this is not

18

19 appendicitis. This is a tumor growing out the

19

20 side of your bladder, and it's starting to bleed.

20

21 And that nagging cough you've had over the past

21

22 few days, that's actually metastatic cancer slowly

22

23 stealing your breath. Now, no offense--

23

24 COUNCIL MEMBER LEVIN: Okay, no,

24

25 no, no.

25



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DEEPAK DASS: [laughs]

2

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COUNCIL MEMBER LEVIN: I didn't see this one coming, but okay.

4

5

DEEPAK DASS: All right. Now, let's say for this particular type of cancer, that the standard of care is eight rounds of chemotherapy, which gives you a 75 percent chance of survival. You go to your oncologist and he offers you four weeks of therapy, citing that he could treat twice as many patients if he gives you four weeks. And you ask him, "What's your estimated survival?" And he says, "It's unknown, but it's approximately 25 percent." What would you, what would your reaction be to the doctor's statement?

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COUNCIL MEMBER LEVIN: That I would, I'd rather op for the, for the higher standard of care, because I want to stay healthy and I want to live, and I want to, you know, live a fruitful, productive life.

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DEEPAK DASS: Well, of course, great. I'm glad you said that. In fact, it's considered malpractice and sometimes even criminal behavior for a physician to give inadequate care

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1

2 for financial reasons alone. So, if it is so  
3 unethical and so unacceptable for a physician to  
4 knowingly give inadequate care for those who are  
5 at their greatest need, why is it considered  
6 acceptable or ethical for a city administration to  
7 provide inadequate jobs?

8 CHAIRPERSON MEALY: Thank you.

9 COUNCIL MEMBER KOPPELL: Good  
10 question.

11 CHAIRPERSON MEALY: That was a good  
12 question. Thank you so much. Mr. Troy Brown.

13 TROY BROWN: Hi--

14 CHAIRPERSON MEALY: My number one  
15 fan.

16 TROY BROWN: That's right.

17 CHAIRPERSON MEALY: He got my  
18 autograph one day.

19 TROY BROWN: Yeah, that's right. I  
20 still got you in my phone right here, I'm going to  
21 pull it up.

22 CHAIRPERSON MEALY: Thank you.

23 TROY BROWN: Thank you, everybody,  
24 for letting me be here. Good afternoon, everyone.

25 CHAIRPERSON MEALY: Say your name.

1  
2 TROY BROWN: Good--Good afternoon,  
3 my name is Troy Brown. I'm here for Neighbors  
4 Together, for the living wage, power to the  
5 people. Good afternoon, I'm in support for Fair  
6 Wages for New Yorkers Act. First of all, I just  
7 want to say, I don't see why taxpayers should  
8 cater to leaders of failed companies. That's what  
9 it seems like we're doing. We're catering to  
10 these leaders that are failures to companies. But  
11 I got to say this now. My wife says she gave back  
12 to the community by having a healthy baby,  
13 beautiful thing. But I need a living wage to  
14 support the family for my tax dollars, so that I  
15 do for my, so I do not have to keep working three  
16 jobs, if not more, depends which comes along, to  
17 make ends meet. Also living in the project  
18 houses, with rent control helps, I still need to  
19 provide for necessities for ourselves. There has  
20 been hundreds of millions of dollars allocated in  
21 the neighborhood for schools, parks and senior  
22 centers, but nothing for the cost of living except  
23 dried prunes. Okay? A pack of government issue  
24 dried prunes for a family of five. And in my  
25 home, being the sole provider, to take this home

1  
2 is totally inappropriate. So I respectfully leave  
3 you, Council Members, the Council Members who do  
4 not support it: Dilan, Reyna, Nelson, Domenic,  
5 James, Ruben, Leroy, Mark, Jessica, Lewis, David,  
6 Daniel, James, Karen, Peter Koo, Elizabeth, Peter  
7 Vallone, Eric and Jim. Okay? I leave you those.  
8 They're perfectly good, and Mr. Mayor, don't  
9 forget Mr. Mayor, with these perfectly good,  
10 government issue dried prunes, and maybe you can  
11 find it in your hearts, I would say puny, but in  
12 your hearts, and big pockets, to support a living  
13 wage for New Yorkers. Thank you, that's all I  
14 have to say.

15 CHAIRPERSON MEALY: Thank you.

16 TROY BROWN: You're welcome. But I  
17 don't want to leave the prunes, but I have my--

18 CHAIRPERSON MEALY: I don't mind  
19 prunes. [laughter]

20 TROY BROWN: I know, them's  
21 delicious.

22 CHAIRPERSON MEALY: Queen Mother.

23 QUEEN MOTHER: Thank you. I am  
24 Queen Mother, Dr. Delois Blakely. I am the  
25 Community Mayor of Harlem and the Ambassador of

1  
2 Goodwill to Africa. But foremost, I represent 55  
3 million African descendants and the spirit of  
4 Queen Mother Moore, who lived to be almost 100  
5 years old. I just want to say, as an elder,  
6 everyone have a right to a living wage, food,  
7 clothing, and shelter. Maintain and sustain life.  
8 Life is precious, life is godly. Human life, that  
9 is what I'm speaking of when we say we have a  
10 right to living wages. My ancestors were sold as  
11 the first commodities on Wall Street, worked from  
12 sunup to sundown, I demand reparation for this  
13 human tragedy and crime. As I seek a living wages  
14 ordinance in New York City, I thank you for  
15 allowing me to speak for those that cannot speak  
16 for themselves, I truly represent the 99 percent.  
17 And I thank you.

18 CHAIRPERSON MEALY: Thank you,  
19 Mother. We have Mr. Sanders.

20 COUNCIL MEMBER SANDERS: I'm glad  
21 that all of you are here, I'm glad that you are  
22 treating him, and not me.

23 DEEPAK DASS: I wish the best for  
24 you. [laughs]

25 COUNCIL MEMBER SANDERS: No, I'm

1  
2 sure, I'm sure. I do hear someone coughing in the  
3 background however, you may want to go and see  
4 what's happening there. I knew Queen Mother  
5 Moore, the Garveyite, she was a very proud  
6 Garveyite. We, we miss her. I'm glad she's still  
7 with us. Having said those things, my friends,  
8 this is going to be one tough struggle. It's  
9 going to be a tough struggle, although I have not  
10 earned one of those prunes, because I'm a, one of  
11 the people on here, although the prunes are good,  
12 and you know, it doesn't, you know, take those  
13 things right. It's going to be a touch struggle.  
14 Justice is always a tough struggle. If it wasn't  
15 tough, we would've had it already. So, under  
16 those conditions, if you are the bold enough to be  
17 here at 7:15 p.m., then--and in one of the coldest  
18 buildings, I have to say something about that,  
19 Madam Chair. Is this some Republican plot? I  
20 mean, you know, this is the coldest building I've  
21 seen. Having said those things, I do wish  
22 everyone a good Turkey Day, a good, what is that,  
23 Thanksgiving. And in spite of the, the holiday, I  
24 trust that we find something in it that we can be  
25 grateful for, and we can find a way of, of

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2 celebrating. Having said those things, I again  
3 compliment you for doing this marathon. And let's  
4 keep going till we get some justice.

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CHAIRPERSON MEALY: Now he trying  
to make sure I stay longer than his. We thank  
you. Olive Koppell, would you like closing words?

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COUNCIL MEMBER KOPPELL: Oh. I  
want to thank everybody who's still here. It was  
certainly a very I think worthwhile hearing, we  
heard a lot of views. And I'm convinced that we  
can fashion something that will enhance the wages  
of many New Yorkers without threatening economic  
development. I'm totally convinced of that. And  
just, we just have to be willing to, you know, to  
maybe break some new ground. But it'll be  
worthwhile doing. So, I'm certainly committed to  
proceeding, I want to thank you, Madam Chair, for  
having this hearing and, you know, working with us  
on this. I want to thank the staff who worked on  
this, and I look forward to working further. I  
think there's some adjustments we can do, but the  
basic principle of this legislation should in fact  
become law. Again, thank everybody for staying  
and I want to join in wishing everyone a great

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Thanksgiving.

[scattered thanks yours, applause]

CHAIRPERSON MEALY: Thank you. I want to like thank everybody for coming out today, hearing, and providing us with their testimony on this very important topic. The advocates for living wage bill and made a case about why we must help our City's poorest workers, make it out of poverty. Especially in these very difficult times. However, we have also heard why we must move forward carefully and thoughtfully, so as to not to hurt those we are seeking to help. Our goal must be to find the right balance. And that is what we will seek to do. And we thank you all for being so very patient for this hearing. And I hope everyone have a blessed Thanksgiving. And the living wage hearing is now closed. Thank you.

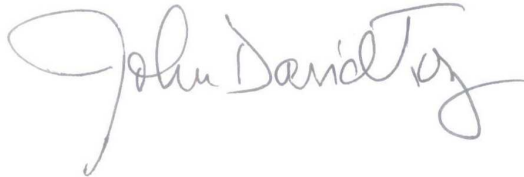
[gavel]



C E R T I F I C A T E

I, JOHN DAVID TONG 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

A handwritten signature in cursive script that reads "John David Tong". The signature is written in dark ink and is positioned to the right of the printed word "Signature".

Date December 30, 2011