

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS
JOINTLY WITH THE
COMMITTEE ON ECONOMIC DEVELOPMENT

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HELD AT: Committee Room
City Hall

B E F O R E:
DANIEL R. GARODNICK
ROBERT CORNEGY
Chairpersons

COUNCIL MEMBERS:
Eric Ulrich
Peter Koo
Ruben Wills
Carlos Menchaca
Inez Barron
Helen Rosenthal
Vincent Gentile
Mark Weprin
Karen Koslowitz
Donovan Richards
Paul Vallone
Inez E. Dickens
I. Daneek Miller

Ydanis Rodriguez
Mathieu Eugene

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

Kyle Kimball
President
NYC Economic Development Corporation

Zac Smith
Chief Operating Officer
NYC Economic Development Corporation

Maria Torres-Springer
Commissioner
NYC Department of Small Business
Services

Andrew Schwartz
First Deputy Commissioner
NYC Department of Small Business
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Jackie Mallon
Deputy Commissioner
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NYC Department of Small Business
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Gregg Bishop
Deputy Commissioner
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NYC Department of Small Business
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Elizabeth Lusskin
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Greater Jamaica Development
Corporation

Karen Nieves
Manager
Business Expansion and Retention
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Theodore Renz
Executive Director
Ridgewood Local Development
Corporation

Harvey Epstein
Deputy Director
NYC Urban Justice Center

David Meade
Executive Director
Southwest Brooklyn Industrial
Development Corporation

Nancy Carin
Executive Director
Business Outreach Center Network/
BOC Capital

Jean Tanler
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Industrial Business Development
Business Outreach Center Network

Stephan Hyacinthe
Director
Industrial Business Zones
South Bronx Overall Economic
Development

Robert Medlock
Assistant Executive Director
Consortium for Worker Education

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2 CHAIRPERSON GARODNICK: Good afternoon,
3 everyone. My name is Dan Garodnick and I am the
4 chair of the council's committee on Economic
5 Development. Today, we will be presiding over the
6 Fiscal 2015 Preliminary Budget for the Economic
7 Development Corporation and Department of Small
8 Business Services. This is a joint hearing with
9 the Committee on Small Business and I am very happy
10 to co-chair this hearing today with Chairman
11 Cornegy. We're joined today by Council Members
12 Eric Ulrich. We have Peter Koo. We've got Ruben
13 Wills and Carlos Menchaca.

14 New York City's Economic Development
15 programs are initiated and managed by two agencies.
16 They are the Department of Small Business Services
17 and the Economic Development Corporation. SBS
18 provides direct technical assistance and services
19 to businesses within the city, encourages
20 participation in the procurement process,
21 administers neighborhood commercial and industrial
22 development and manages business improvement
23 district programs. EDC is funded through a
24 contract with SBS. EDC works with the private and
25 public sectors on Economic Development initiatives

1 that revitalize business, create jobs and generate
2 revenues for the city. In addition to corporate or
3 attention efforts, EDC markets, sells and leases
4 city-owned commercial and industrial properties,
5 plans and prepares sites for development through
6 infrastructure improvement, carries out capital
7 improvements in neighborhood shopping districts and
8 public spaces and provides technical assistance to
9 guide projects through the necessary public
10 approval process. EDC is also involved in property
11 management and development of the city's marine
12 terminals, heliports, railyards and industrial
13 parks. We are grateful that EDC and Small Business
14 Services have agreed to testify together today, and
15 we hope that the joint panel will allow for us to
16 answer important questions about both entities, and
17 I want to especially thank Commissioner Torres-
18 Springer for being here today even though she
19 doesn't actually start until March 30th and is on
20 maternity leave, so congratulations to you on both.

22 We are particularly interested as to
23 EDC's Capital Budget, which rolls over from year to
24 year. We're going to be exploring the four-year
25 commitment plan and the anticipated expenditures

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2 and projects. Additionally, while revenue
3 generating agencies send revenue to the city's
4 General Fund, EDC is only required to do so at the
5 request of the Deputy Mayor. We will review how
6 much EDC has earned in revenue, how it is getting
7 spent and EDC's rationale for making those
8 expenditures. EDC also received funding for
9 Superstorm Sandy, both from the city and from the
10 federal government and we look forward to an update
11 on recovery efforts and where these dollars are
12 being spent.

13 So that's all I have by the way of an
14 intro, and I want to recognize we have been joined
15 by Council Member Inez Barron and Council Member
16 Helen Rosenthal and with that, I am going to go to
17 my co-chair, Robert Cornegy.

18 CHAIRPERSON CORNEGY: Good afternoon.
19 I would like to say that the Committee on Small
20 Business is interested in learning about the
21 recently integrated New York City Business
22 Acceleration Unit, progress made in determining if
23 there is a need for a citywide program to promote
24 opportunities for variance in city procurement and
25 the various performance and the various performance

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2 measures in different program areas. We'd also
3 like you to elaborate on the \$1.2 million decrease
4 in the IBZs or Industrial Business Zone funding,
5 reduction to one-stop centers and the \$1.4 million
6 transferred to New York City Department of
7 Environmental Protection for the Clean Heat
8 initiative. Additionally, the committee would like
9 to hear about the use of Hurricane Sandy funds so
10 far and the agency's allocations to help small
11 businesses.

12 I am hopeful that the administration is
13 prepared to answer many of the questions today.
14 We'll hear from the Department of Small Business
15 Services and then members of the public will have
16 an opportunity to provide testimony. I look
17 forward to working with the agency and other
18 interested parties to finalize the budget in the
19 next few months.

20 In closing, I would like to thank my
21 staff and committee staff for working to put this
22 hearing together; Jeff Campagna, Peter Dreyfuss
23 [phonetic] and Dinah Shell-Gross [phonetic]. We'll
24 now hear testimony from the Department of Small
25 Business Services.

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CHAIRPERSON GARODNICK: Let us...

[crosstalk]

CHAIRPERSON CORNEGY: Oh, you want me to start...

[crosstalk]

CHAIRPERSON GARODNICK: Let's... yeah, let's start with EDC, then Small Business Services and then we're going to ask questions to them both, if that's okay...

[crosstalk]

CHAIRPERSON CORNEGY: Okay.

[crosstalk]

CHAIRPERSON GARODNICK: Mr. Chairman, and let's also recognize that we have been joined by Council Member Vincent Gentile, and I noted Council Member Barron is here. And we're going to swear in the witnesses.

[Pause]

COMMITTEE COUNSEL: Yes, will you please raise your right hand, all of you? do you swear that the testimony you are about to give before this committee is the truth, the whole truth and nothing but the truth and that you are going to

1
2 answer all questions posed by this committee
3 honestly?

4 KYLE KIMBALL: I do.

5 COMMITTEE COUNSEL: Thank you.

6 CHAIRPERSON GARODNICK: Thank you. Go
7 right ahead.

8 KYLE KIMBALL: Alright, good afternoon,
9 Chairman Garodnick, Chairman Cornegy and members of
10 the Committees on Economic Development and Small
11 Businesses. I am Kyle Kimball, President of the
12 New York City Economic Development Corporation and
13 I'm pleased to join the Department of Small
14 Business Services Commissioner Maria Torres-
15 Springer in testifying before you today.

16 Together with my Chief Operating Zach
17 Smith here to my left and other members of my
18 staff, I have a brief presentation about our
19 Operating and Capital Budgets, as well as a few
20 principles that will guide EDC's work over the
21 coming months.

22 NYCEDC is a not-for-profit that
23 operates under two annually renewed contracts with
24 the city, the Master and Maritime Contract. Under
25 the leadership of Deputy Mayor for Housing and

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2 Economic Development, Alicia Glen, we are
3 responsible for economic development, strengthening
4 and diversifying our economy, while working to
5 ensure that every New Yorker can benefit from new
6 opportunities in a transformed economy.

7 To accomplish these goals, we have
8 three primary functions. First, we manage a wide
9 range of capital construction projects on behalf of
10 the city and are also responsible for managing some
11 of the city's major assets, an approximately 60
12 million square foot portfolio of about 150
13 properties ranging from food distribution centers
14 to cruise terminals to commercial properties.
15 Second, we execute real estate transactions on
16 behalf of the city, helping to revitalize or
17 establish vibrant neighborhoods with high quality
18 jobs and affordable housing. Third, we serve as a
19 think tank that makes strategic and programmatic
20 investments to diversify and strengthen our
21 economy. Some, such as our five borough network of
22 15 incubators, directly address the daily needs of
23 small business and entrepreneurs. Others, such as
24 the Applied Sciences initiative, will have a
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2 lasting impact on our economy and transform the
3 economic landscape for generations.

4 EDC is self-sustaining and receives no
5 operating funds from the city. We derive our
6 revenues primarily from property management,
7 financing fees and land sale proceeds. Because of
8 this unique structure, EDC utilizes revenue
9 generated by our assets, not only to make fiscal
10 contributions to the city, but to make these
11 strategic investments either in our own assets or
12 to fund a broad spectrum of programs and services.

13 Before moving on to our operating
14 budget, I want to provide a brief overview of the
15 economic conditions we currently face. Since the
16 end of the 2007 to 2009 recession, the New York
17 City's economy has outperformed the national
18 economy, recovering nearly four private sector jobs
19 for every job lost during the national recession,
20 and the city now exceeds its pre-recession
21 employment level, just recently eclipsing the four
22 million total jobs mark for the first time in the
23 city's history.

24 While in many ways, our city's economy
25 is moving in a positive direction, we continue to

1 face serious challenges. Unemployment is down
2 considerably from recession era levels to a five-
3 year lull of 7.8 percent, but still remains too
4 high, and although we have consistently added jobs
5 for the past several years, the majority of these
6 jobs are not at a low end of the wage spectrum,
7 deepening the inequality between the highest and
8 lowest earners in our economy. In fact, since the
9 end of the recession in 2009, almost 128,000 jobs
10 added in New York City have come in the retail
11 trade and accommodation and food service sectors
12 where salaries average approximately \$37,000 and
13 \$30,000 a year, respectively. We must work to add
14 jobs that can support middle class families and to
15 establish career pathways that enable low-income
16 individuals to reach and to at least remain in, if
17 not travel through, the middle class. In addition
18 to using our leverage to expand living wages, we
19 need to invest significantly in core city assets
20 that have strong potential to support middle class
21 job growth.
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23 Moving on to our operating budget, the
24 contributions that we make to the city's budget
25 include required annual contract payments. These

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2 contributions also include payments to eliminate
3 the gap, or PEGs, that in the case of EDC, largely
4 take the form of additional contributions to the
5 General Fund. In total, from 2001 to 2015, it is
6 expected that EDC will have made payments to the
7 city totaling \$1.6 billion. This sum includes
8 payments derived from our asset management
9 functions, as well as an EDC negotiated sales of
10 city-owned properties that have generated hundreds
11 of millions of additional dollars for the city.
12 Today, payments made by EDC to the city are at
13 historic highs, totaling an estimated \$370 million
14 in FY '04. This figure includes non-recurring
15 payments resulting from the Civic Center property
16 sale, as well as rent revenue from the Marriott
17 Marquis Hotel. Excluding these non-recurring
18 payments, expected payments in FY '14 total
19 approximately \$133 million. In FY '15, we expect
20 our total payments to the city to be approximately
21 \$88 million.

22 Investing strategically in EDC's assets
23 has generated significant returns for the city.
24 For example, since 2005, the city and EDC have
25 worked together and invested more than \$250 million

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2 in our cruise terminals. As a result, our
3 terminals attract the world's state of the art
4 cruise ships and in my effort at comedy, propelling
5 a dramatic expansion of cruise in New York City
6 that has generated total economic impacts of nearly
7 \$230 million last year, an increase of over 70
8 percent since 2012, contributing to a total
9 economic impact of almost \$1 billion since 2009.

10 Within our portfolio, we see clear
11 opportunities to spur to creation of additional
12 good jobs in in-demand sectors, while also
13 supporting traditional employers. But in order to
14 accomplish the goal of creating jobs and promoting
15 economic growth, we need to work together to secure
16 this investment. First, we need to continue the
17 successful modernization of the Brooklyn Army
18 Terminal or BAT, a city-owned facility managed by
19 EDC in Sunset Park that is a critical source of
20 quality industrial jobs. If you could direct your
21 attention to the picture on here the... this is a
22 scene from BAT, the picture that I took at BAT.
23 Over the years, EDC has transformed about 3.1
24 million square feet of the four million total
25 square feet of raw space into a modern, subdivided

1 campus that is appropriate for modern industrial
2 uses as part of our Sunset Park Vision Plan. We
3 are proud of the fact that 3.1 million square feet
4 already transformed is 99 percent occupied by more
5 than 100 companies that employ approximately 3,500
6 people. BAT is home to diverse uses ranging from
7 manufacturing to medical labs. Companies based at
8 BAT include Uncommon Goods, an online retailer of
9 gifts and accessories that employs more than 120
10 people full-time and 600 people seasonally. And
11 two weeks ago I took William Dudley, President of
12 the Federal Reserve Bank of New York on a tour in
13 the facility, and he found the level of job
14 intensive manufacturing at companies like IEH,
15 which is just depicted here, which employs 125
16 people in producing circuit connectors used in
17 medicine, aerospace and commercial electronics
18 applications, to be an impressive sight.

19
20 However, more than half a million of
21 BAT, space that could be home to dozens more
22 companies and up to 1,000 new jobs, is currently
23 sitting empty and unused because the space lacks
24 the critical operational safety systems, including
25 fire and working elevators that would permit its

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2 occupancy. This space is also not subdivided,
3 making it too large for the small businesses
4 currently driving industrial sector growth. By
5 installing the necessary infrastructure, we could
6 make this space leasable, building upon BAT's
7 success and attracting new companies and new jobs.
8 The industrial sector has recently seen the highest
9 rate of annual rate of annual growth in these three
10 decades, currently accounting for 13 percent of the
11 city's private sector employment. We can
12 capitalize upon and nurture this momentum by
13 activating BAT's remaining raw and unleased space.
14 The large capital investment in BAT would generate
15 numerous benefits, including good jobs and expanded
16 tax base and a great return for EDC, Sunset Park
17 and the city.

18 Another major source of industrial
19 employment in the city is the Hunts Point Food
20 Distribution Center, the home to wholesale produce,
21 meat, fish markets, as well as to other companies
22 related to food distribution. One of the largest
23 distribution centers in the world, the site is the
24 most active industrial site in the Bronx, housing
25 more than 120 firms that employ 8,000 people. The

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2 distribution center currently plays a vital role in
3 our food supply chain with three wholesale markets
4 supplying more than 50 percent of the produce, meat
5 and fish consumed in the city, totaling between \$5
6 and \$6 billion in annual sales.

7 Today, however, the aging
8 infrastructure, high energy costs, business model
9 disruption threaten the distribution center's
10 future as both a critical element in the city's
11 food supply chain, as well as a major Bronx
12 employment hub. Aging and inefficient buildings,
13 constrained storage capacity and layouts
14 inappropriate for today's uses are hampering the
15 market's ability to meet modern food safety
16 standards, limiting their ability to support
17 employment and business growth and putting them at
18 risk of becoming unviable in the future.

19 With your support in securing the
20 necessary capital to modernize the facilities,
21 while making them more energy efficient and
22 resilient, EDC is poised to not only help the
23 distribution center maintain its current critically
24 important position, but to encourage development to
25 its full potential. An investment in this core

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2 asset would maintain and increase New Yorkers'
3 access to affordable, quality food, support
4 immigrant businesses who are both core customers
5 and members of market co-ops and promote
6 manufacturing and industrial job growth in the
7 Bronx and citywide. BAT and the Hunts Point Food
8 Distribution Center are just two examples of the
9 many assets we are ready to upgrade with your
10 support and partnership in order to promote the
11 growth of high quality jobs.

12 Another major component of our work
13 includes continuing to promote the recovery and
14 resiliency of businesses and neighborhoods across
15 the city following the devastation of Hurricane
16 Sandy, utilizing HUD Community Development Block
17 Grant program funding, and EDC is responsible for
18 implementing a partnership with the city's
19 Department of Small Business Services,
20 approximately \$266 million in programs to foster
21 recovery and improve the resiliency of businesses
22 affected by the storm. For example, in January, we
23 launched the Resiliency Innovations for a Stronger
24 Economy or RISE: New York City competition, which
25 will utilize up to \$30 million in CDBG funding to

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2 attract innovations and technologies from around
3 the world to improve the resiliency of small
4 businesses' infrastructure and building systems.
5 Small businesses that were either directly damaged
6 as a result of Sandy or that are most at risk of
7 future damage can apply to have winning
8 technologies installed at no cost. Eventually, we
9 hope the most effective solutions will be
10 replicated and scaled up, decreasing the
11 vulnerability of small businesses citywide. And in
12 addition, \$110 million has been allocated for the
13 Business Resiliency Investment Program, which will
14 incentivize tenants and owners of commercial space
15 to invest directly in flood resiliency
16 improvements. This program is currently being
17 developed and we look forward to sharing more
18 information with you later this year as we prepare
19 for the program's launch.

20 Before I conclude, I'd briefly like to
21 discuss a broader agenda moving forward and how the
22 policies outlined today will help continue with
23 this strategy. As you can tell, we are focused on
24 building upon EDC's past successes and utilizing
25 city resources to generate economic activity and

1 jobs that benefit New Yorkers. But creating
2 economic opportunity is not enough. We must forge
3 new paths so that every New Yorker can access these
4 opportunities. We are working to achieve this
5 goal, first, by looking through a more holistic
6 lens in developing physical transformation projects
7 beyond real estate activation. Going forward, EDC
8 projects will endeavor to take a more comprehensive
9 approach for revitalizing and transforming
10 neighborhoods. This new neighborhood oriented
11 outlook will take into account community priorities
12 related to affordable housing, transportation,
13 education, the people who work and live in these
14 neighborhoods and the community specific needs.

16 Our second overarching goal is to
17 combat income inequality by increasing economic
18 mobility for all New Yorkers. EDU has already made
19 progress on this front, launching for example,
20 eight initiatives to help low-income New Yorkers
21 access quality jobs, as well as our successful
22 entrepreneurship program for public high school
23 students interested in computer and technology
24 careers. We are working to develop more robust and
25 scalable plans to help more New Yorkers access

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2 opportunities in today's economy and I look forward
3 to sharing details regarding these new initiatives
4 in partnership with Deputy Mayor Glen and
5 Commissioner Torres-Springer in the coming months.

6 In the meantime, I am pleased to
7 announce today that we are taking another step
8 forward in this effort by broadening opportunities
9 for the city's minority, women-owned and
10 disadvantaged business enterprises with respect to
11 all EDC real estate projects. Beginning today, EDC
12 Opportunity MWDBE staff will set a participation
13 goal that will be incorporated into every real
14 estate transaction RFP, and every RFP response will
15 consequently be evaluated based on proposed plans
16 to meet these goals. Opportunity MWDBE staff will
17 provide support to selected respondents in reaching
18 these goals, and there will be consequences in
19 cases where respondents do not work to meet these
20 goals. This is a first but important step in
21 attracting and utilizing more MWDBE businesses.

22 As you can see, EDC is engaging in the
23 ambitious work of strengthening and diversifying
24 our city's economy. We still have a long way to
25 go, as we seek to increase opportunities for all

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2 New Yorkers. With the continued support of and in
3 partnership with the City Council, I have every
4 confidence that we will be able to leverage EDC
5 assets even further so we can achieve these
6 critical goals. I will turn it over to Maria.

7 CHAIRPERSON CORNEGY: I'm sorry, before
8 you go any further, I just want to acknowledge the
9 presence of some Queens colleagues who have just
10 joined us: Council Member Weprin, Council Member
11 Koslowitz, I see you, and Council Member Richards.
12 Also, I was remiss earlier in not mentioning our
13 very hardworking Finance staff, Nathan Tauk
14 [phonetic] and Aleah Ali [phonetic].

15 COMMISSIONER TORRES-SPRINGER: Thank
16 you. Good afternoon, Chairman Garodnick and
17 Chairman Cornegy and the members of the Economic
18 Development of Small Business Committees. My name
19 is Maria Torres-Springer and I'm the Commissioner
20 of the New York City Department of Small Business
21 Services. I am joined here today by the agency's
22 First Deputy Commissioner, Andrew Schwartz and the
23 agency's senior leadership team. This afternoon, I
24 will lay out the basic organization of SBS, discuss
25 the top initiatives we are currently working on and

1
2 touch on some of the goals that we have for the
3 upcoming year.

4 SBS is an agency of approximately 270
5 employees and an overall budget of approximately
6 \$98.7 million. We have three main functions:
7 providing assistance to businesses with an emphasis
8 on minority and women-owned businesses, providing
9 assistance to job seekers and supporting commercial
10 districts throughout the city. To accomplish these
11 goals, the agency is structured into five core
12 programmatic divisions, with three focused on
13 supporting businesses, including the Business
14 Development Division, the Division of Business
15 Acceleration and the Division of Economic and
16 Financial Opportunity.

17 First, the Business Development
18 Division provides direct assistance to businesses
19 to help them form, operate and grow. We've
20 developed a network of Business Solutions Centers,
21 with four outside Manhattan, where businesses can
22 take advantage of nine key services: financial
23 assistance; business courses; employee training and
24 recruitment; government navigation; access to
25 incentives; selling to government; certification of

1
2 local minority and women-owned businesses and
3 connections to a network of pro bono lawyers. In
4 2013, these centers assisted more than 8,300
5 businesses. Over 6,000 of those entrepreneurs
6 attended one of our 25 free business courses;
7 another 670 saved thousands in legal fees, while
8 more than 110 were helped in launching a small
9 business venture.

10 Increasing access to capital is another
11 critical focus of SBS. In 2007, we began an
12 aggressive and sustained push to develop
13 relationships with critical lending institutions,
14 forming the New York City Bank Advisory Council
15 with 10 major banks in 2011. Our staff helps
16 businesses with loan applications, connects
17 businesses to loan programs and refers businesses
18 that do not qualify for traditional bank products
19 to alternative lenders. As a result of these
20 efforts in 2013, 900 businesses received over \$44
21 million in capital, a figure that over the last
22 four years has doubled.

23 Also, the Business Development Division
24 remains fully committed to helping businesses
25 affected by Hurricane Sandy get back on their feet.

1
2 Days after Sandy hit, SBS launched the \$20 million
3 New York City Emergency Loan and Matching Grant
4 Program and a \$5 million Small Business Grant
5 Program funded by city and private dollars. The
6 programs offer \$25,000 low-interest loans with
7 \$10,000 matching grants and up to \$5,000 grants to
8 damaged businesses. In May of 2013, the city then
9 announced the federal Community Development Block
10 Grant Loan Program for businesses that still had an
11 unmet need. SBS worked with our agency partners at
12 EDC and OMB to develop the application, policies
13 and procedures to ensure compliance with HUD
14 regulations and then hired and trained a staff
15 specifically dedicated to assisting applicants.

16 In August of 2013, we began providing
17 technical assistance to businesses applying for
18 these loans. Our first disbursement was in October
19 2013 and to date, more than \$2.1 million have been
20 approved. The combined efforts of private and
21 public dollars has resulted in over 1,300 loans and
22 grants, totaling more than \$24 million in capital
23 towards Sandy impacted businesses.

24 The second programmatic division that
25 served businesses is the Division of Business

1 Acceleration. This team's primary goal is to make
2 a process of starting and operating a business less
3 confusing and more efficient by providing services
4 to help navigate city government and streamline the
5 regulatory process. More simply put, the division
6 focuses on cutting red tape. Our team provides
7 client management services that allows business
8 owners a single point of contact when dealing with
9 the city. They help businesses understand
10 government requirements to open, resolve challenges
11 experienced by existing businesses and coordinate
12 services on behalf of the Department of Buildings,
13 Fire, Department of Health and Mental Hygiene and
14 the Department of Environmental Protection.
15 Through the efforts of this team, SBS has served
16 over 4,100 unique businesses and reduced the time
17 it takes to open a business by 35 percent. The
18 division also has an Emergency Response Unit to
19 help businesses affected by disasters that in 2013
20 assisted nearly 700 businesses.

21
22 The last programmatic division
23 specifically focused on supporting businesses is
24 the Division of Economic and Financial Opportunity.
25 Their mission is to make it easier for small

1 businesses to compete for government contracts with
2 a emphasis on historically underserved groups. In
3 2013, the division began the implementation of
4 Local Law 1, which strengthens the city's previous
5 Minority and Women-owned Business Enterprise
6 program. Local Law 1 eliminates the million dollar
7 cap on contracts, strengthens certification
8 standards, improves the online directory of
9 certified firms and establishes a detailed
10 accountability system for agencies. The division
11 also provides selling to government workshops,
12 courses and one-on-one assistance to help
13 businesses navigate the city, state and federal
14 procurement systems. Outlined in our Local Law 1
15 Compliance Report to the City Council submitted
16 this past January, the total number of certified
17 firms has reached 3,656. In the first quarter of
18 this fiscal year, Mayoral agencies awarded
19 approximately \$9.2 million in contracts to
20 certified MWBEs or 25 percent of the value of all
21 contracts covered by the Local Law 1 goals program.
22

23 While we are proud of all the work that
24 SBS has done, I do believe that we can do much
25 more. I hope that SBS can lead the way in creating

1 and implementing a more progressive approach to
2 supporting businesses. We will lead this effort to
3 change the borough bias that Mayor de Blasio
4 discussed in his campaign. We know, for instance,
5 that immigrant businesses and businesses outside of
6 Manhattan get hit with more fines and violations.
7 To fix this, we will need to work with community
8 stakeholders to improve outreach and with the
9 relevant city agencies to streamline the inspection
10 process and rework what is too often a confusing
11 and contradictory regulatory process. We will also
12 expand our Small Business Technology Coalition to
13 help increase small business knowledge and access
14 to technology tools and resources, particularly in
15 low to moderate income communities. We will
16 continue to expand our digital tool kit, consisting
17 of 14 online resource guides, five how-to tutorials
18 and three in-person digital courses. Our team is
19 committed to expanding our outreach in immigrant
20 communities by translating more of our business
21 classes and downloadable resource guides into
22 different languages. We will also assist the
23 Department of Consumer Affairs in their outreach
24 and education efforts regarding the paid sick leave
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1
2 legislation. We will distribute information to our
3 Business Solution Centers and networks of
4 community-based development organizations to ensure
5 that businesses understand how to be compliant.
6 Our business engagement and service team is strong
7 and I am confident they will continue to help
8 start, operate and grow businesses in all five
9 boroughs.

10 The second core function of SBS is to
11 support job seekers through our Workforce
12 Development Division. This division trains job
13 seekers, connects them to job opportunities and
14 offers businesses cost-saving recruitment services.
15 The division manages a \$62 million budget, 75
16 percent of which is funded by the Workforce
17 Investment Act or WIA. Like other sources that
18 rely on federal funding, WIA has seen
19 unfortunately, a decrease of close to \$20 million
20 since 2004. This division operates 17 Workforce 1
21 Centers throughout the five boroughs. Of the 17
22 centers, there are five Hub Centers, eight
23 affiliate sites located in public libraries and two
24 sector centers, specifically focused on careers in
25 healthcare, transportation and manufacturing. In

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2 2013, nearly 164,000 people visited a Workforce 1
3 Center, and we were able to place more than 30,000
4 into jobs. Of these visitors, 57 percent were from
5 Brooklyn or Queens, 34 had a high school degree or
6 GED and 18 percent had a bachelor's degree.

7 We also place a high priority on job
8 training. The division trained approximately 4,000
9 people last year through a variety of channels,
10 including training grants, business customized
11 training and specialized sector-focused training
12 with educational institutions and student
13 internships. For instance, our Workforce Division
14 is launching the second New York City Web
15 Development Fellowship class, a five-month training
16 program with people with little to no coding
17 experience that trains participants as web
18 developers. You may have also heard of our New
19 York City Craft Entrepreneurship program for low-
20 income underemployed adults with craft skills to
21 train them with the skills to create an online
22 store. We also currently have the Brooklyn Tech
23 Triangle Program for city tech students to gain
24 experience through internships in technology and
25 manufacturing.

1
2 Providing veterans with workforce
3 support is also a focus of this division. With the
4 support of the Robin Hood Foundation, we launched
5 the Workforce 1 Veterans Employment initiative in
6 2012. We have put 10 veteran specialists in our
7 Workforce 1 Centers, assuring that any veteran that
8 walks into a center gets priority treatment. Since
9 the program's inception, we have served nearly
10 6,000 veterans and helped connect 1,300 to jobs.

11 Connecting New Yorkers to jobs will
12 continue to be a central goal of SBS. We are
13 committed to providing training and job placement
14 to help lift struggling New Yorkers out of poverty.
15 We will continue to advocate for more federal
16 dollars, launch programs in high growth sectors and
17 increase the city's job training efforts and
18 integrate newly trained people into the workforce.
19 To complement our work helping job seekers, we need
20 to recruit more businesses by maintaining a focus
21 on sector-specific outreach, target businesses that
22 offer a wide range of jobs and then become
23 exclusive partners with them, set collaboration
24 goals among centers and engage companies that are
25

1
2 opening in New York and giving them access to our
3 databases.

4 Our third core function is to support
5 commercial districts throughout the city. To
6 support these corridors, the Neighborhood
7 Developmental Division works with community-based
8 development organizations: BIDs, Local Development
9 Corporations and Merchants Associations to create
10 conditions for businesses in neighborhoods to grow
11 and thrive. Today, there are 69 BIDs throughout
12 New York City, with 45 outside of Manhattan. The
13 Neighborhood Development Division administers and
14 provides oversight of the BID program and helps
15 guide property owners, businesses, public officials
16 and local stakeholders through the BID formation
17 process. BIDs invest more than \$112 million in
18 supplemental maintenance, improvements and
19 promotion of their respective districts to make
20 them better places to live, work and visit.

21 The Neighborhood Development Division
22 also manages Avenue NYC, which is a competitive
23 grant program that funds local economic development
24 organizations to carry out commercial
25 revitalization projects. It is funded by federal

1
2 CDBG money, targeting investments in low and
3 moderate income communities. The division is
4 currently managing nearly \$1.4 million in Avenue
5 NYC contracts in 46 neighborhoods across 39
6 organizations. Additionally, NDD continues to
7 provide technical and capacity building assistance
8 and other critical resources to community
9 organizations through our Neighborhood Recruitment
10 Leadership program, Website Redevelopment and
11 Citywide Storefront Improvement program.

12 At the New York City Department of
13 Small Business Services we are committed to
14 fulfilling Mayor de Blasio's vision for a
15 progressive, diverse and economically thriving New
16 York City. Together and with the support of the
17 City Council, we will continue to work to
18 strengthen our neighborhoods, grow the economy and
19 improve the lives of hardworking New Yorkers. I'd
20 like to thank you for your attention and for your
21 dedication to continuing to improve the small
22 business climate in New York. Please know that we
23 are, at the agency, very committed to working with
24 you to achieve the Mayor's objective for supporting
25

1
2 small businesses and creating prosperous commercial
3 corridors throughout the five boroughs. Thank you.

4 CHAIRPERSON GARODNICK: Thank you very
5 much and let me note that we have been joined by
6 Council Members Paul Vallone of Queens and Council
7 Member Inez Dickens of Manhattan. We thank you for
8 your testimony and I am going to start off with
9 some questions for Mr. Kimball of EDC.

10 KYLE KIMBALL: Sure.

11 CHAIRPERSON GARODNICK: I would note
12 that the EDC budget is one of the more complicated
13 ones that I certainly have encountered and anybody
14 who has looked at it I'm sure would agree. Not
15 only are you on the basis of a contract with SBS,
16 but you have your own revenue, some of which may or
17 may not be attacked by the city for general
18 revenue, general operating purposes. We have a
19 Capital Plan over time, which may not be spent in
20 any given year. So it's complicated and we want to
21 get into some of that with you.

22 KYLE KIMBALL: Okay.

23 CHAIRPERSON GARODNICK: Let's start
24 with the capital piece of this for a second. We
25 have a long list of capital projects, which are on

1
2 the agenda for EDC, whether it's Cornell or
3 Governors Island or Willets Point or the Brooklyn
4 Navy Yard or many, many others. It is common for
5 EDC to spend... to roll unspent capital funds from
6 one year into the next for future fiscal years. We
7 saw no change between the November plan and the
8 federal aid plan for capital spending for Fiscal
9 2014 at around \$1.06 billion, but what we see is
10 the out years '15, '16 and '17, the Capital Plan
11 Budget is much, much smaller. It goes from a
12 billion dollars down to \$50 million down to \$18
13 million back up to \$30 million. Explain that to
14 us.

15 KYLE KIMBALL: Sure. So the first
16 question about the capital projects spanning
17 multiple years... the first question about sort of
18 rolling money is that there's a certain amount of
19 money that's given to us to maintain assets, things
20 like called the water lump, which the city gives to
21 us and then we spend those as we see fit to
22 maintain the assets. So there could be a number of
23 things going on with the different years, so one is
24 that we are in the process of thinking about how
25 to... as I sort of talked about in my testimony,

1 about how to strategically invest in the assets.
2 So you could see some revisions to those capital
3 asks in the certain years, and so what you were
4 seeing in the February plan is in many ways a
5 snapshot of where we left things at the end of the
6 last administration, and it doesn't necessarily
7 reflect, from the EDU perspective, some of our
8 current priorities. I think second, in terms of
9 the question about rolling you know, we endeavor to
10 estimate how much plans; different projects will
11 cost and we have to sometimes adjust those as we
12 see fit because the projects are complex; they span
13 multiple years. We sometimes face delays in
14 getting CPs, contracts registered, different delays
15 from the vendors, that kind of thing, but we do
16 tend to expect to receive capital allocations in
17 certain years for certain projects, but thing like
18 the water lump or different monies that we're given
19 to just generally maint... [background voices]
20 sorry, uhm...

22 [crosstalk]

23 CHAIRPERSON GARODNICK: From the other
24 room.

25 [crosstalk]

1
2 CHAIRPERSON GARODNICK: Of the amount
3 that we're given to generally maintain certain
4 assets like the water lump, for example, in our
5 assets, are monies that we do roll every year
6 'cause they are... we don't... we need to have the
7 flexibility to spend them, but we do... at the same
8 time OMB gives them back to us to maintain the
9 assets.

10 CHAIRPERSON GARODNICK: So with that,
11 let's go to what you actually did spend last year.
12 My understanding is that last year you spent \$281
13 million of the \$1.2 billion that was budgeted. In
14 light of the fact that you spent \$281 million and
15 that there is...

16 KYLE KIMBALL: [interposing] Sorry, say
17 that again. It's...

18 CHAIRPERSON GARODNICK: \$281 million.
19 Is that the correct number of what you spent on
20 capital funds last year?

21 KYLE KIMBALL: So it depends. So the
22 other thing is that our capital budget is... there
23 is an EDC... there's a capital budget and then
24 there's an EDC core capital budget, okay? So in
25 other words, as you said, EDC is a complex entity

1
2 and there are times when our economic development
3 budget is... we're passing through monies that
4 someone has given to us to give to a not-for-
5 profit; we're passing through monies to do a
6 specific capital project and then there's sort of
7 the EDC's core capital budget. So among the \$281,
8 I'm not sure if that includes... what that could
9 include, but sometimes people give us money to
10 either spend for ourselves or for... if the City
11 Council gives money to us to spend on a particular
12 funding agreement, that kind of thing, so the
13 budget reflects a number of different roles that we
14 play for the city and the \$281 versus the numbers
15 that you're citing, I'm not sure exactly and we'd
16 just have to look into more detail about...

17 [crosstalk]

18 CHAIRPERSON GARODNICK: Okay well, if
19 you could I think that would be useful to us
20 because what it looks like on the material that I
21 have is that you're spending a fraction of what you
22 have for capital dollars to spend, and when you
23 don't spend them you are rolling those dollars over
24 to future years. That may be a practical you know,
25 reality for the projects that you are managing. It

1
2 may reflect the fact that some of it is just being
3 passed through, understood, but what I would like
4 to see is a little more clarity as to what and in
5 which year you expect to be spending these funds
6 because right now, I can't imagine that sitting
7 here today you would say that you would expect to
8 spend \$18 million in capital funds in Fiscal Year
9 '16. Is that fair?

10 KYLE KIMBALL: That seems correct.

11 CHAIRPERSON GARODNICK: Okay and yet,
12 that's the... what we have in the budget for...
13 within year three of the four-year capital plan.

14 KYLE KIMBALL: Yes, so a big...
15 probably a big part... and we should go through the
16 numbers that you have in more detail, but a big
17 part of that will be so we see these lump sums from
18 the city to maintain the assets, and they just give
19 them to us every year. They are not split out in
20 terms of the specific years we expect to do
21 specific maintenance on the assets. So it's a
22 certain amount of capital that's given to EDC to
23 maintain the assets and if we don't spend it, we
24 roll it to the following years and there is not
25 a... in some cases we do think about the capital

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2 projects that need to be spent, so if we're
3 maintaining the assets, but sometimes unforeseen
4 things come up that we have to have them all
5 waterlogged to make it...

6 [crosstalk]

7 CHAIRPERSON GARODNICK: Okay, so that's
8 a little hard to break down, but let's just talk
9 about Fiscal Year '15 for a second.

10 KYLE KIMBALL: 'Kay.

11 CHAIRPERSON GARODNICK: We have \$50
12 million budgeted for the Preliminary Budget for the
13 Capital Plan for Fiscal Year '15. This \$50
14 million, is that the amount that you expect to be
15 spending in Fiscal Year '15 for capital projects
16 through EDC?

17 KYLE KIMBALL: I'm going to invite Kim
18 up to speak.

19 KIM VACCARI: [off mic] Yeah, we've got
20 a...

21 CHAIRPERSON GARODNICK: [interposing]
22 Wait, you got to come up and introduce yourself.

23 KYLE KIMBALL: She's my Chief Financial
24 Officer, Kim Vaccari.

25

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2 KIM VACCARI: [off mic] We've got a
3 number of different categories that we...

4 CHAIRPERSON GARODNICK: Well, you grab
5 the microphone and introduce yourself and...

6 KIM VACCARI: I'm Kim Vaccari. I'm the
7 CFO for EDC and our capital program is broken up by
8 projects, as you can imagine, and that project
9 spans a number of years. Each of the capital
10 projects for which we receive city money is in our
11 master contract, and sometimes the year in which it
12 was spent does get moved or pushed out based on
13 delays for getting registration or getting CPs.
14 All of the money that is in our... all of the
15 projects that are currently in our capital program
16 we do expect to spend that money and the amount
17 that we spend each year just is a moving target
18 depending on delays and timing of those specific
19 projects. But there's no projects that have
20 currently been given an allocation where we don't
21 expect to spend the money and if we did, that money
22 would return to the city.

23 CHAIRPERSON GARODNICK: okay, but way
24 of an example, Cornell, \$100 million in capital
25 funds for their Applied Science campus; Governors

1
2 Island, \$159 million for the redevelopment of
3 Governors Island, et cetera, et cetera. Those
4 numbers are much, much larger, of course, than \$50
5 million and I recognize you're not going to spend
6 all of it all at once, but do you think the \$50
7 million is truly the fairest estimate of what
8 you're planning to spend on capital...

9 [crosstalk]

10 KIM VACCARI: Well...

11 [crosstalk]

12 CHAIRPERSON GARODNICK: Through EDC in
13 this coming fiscal year?

14 KIM VACCARI: For one year probably
15 not.

16 CHAIRPERSON GARODNICK: Probably...

17 KIM VACCARI: Probably not.

18 CHAIRPERSON GARODNICK: Probably not.

19 KIM VACCARI: Probably not.

20 CHAIRPERSON GARODNICK: So what is the
21 better estimate?

22 KIM VACCARI: It's hard to estimate
23 today exactly what we will be spending because
24 there are so many things; factors that are not in
25 our control, but we work very closely with OMB in

1
2 terms of timing as to what we need for a specific
3 project, when we need it for a specific project and
4 when we expect those funds to be spent. The
5 projects themselves are still alive and viable in
6 our capital program, but the cash flow is sometimes
7 a moving target.

8 CHAIRPERSON GARODNICK: Yeah,
9 presumably you have project timelines for each of
10 these various projects where you know, you all work
11 all the time to month by month breakdown exactly
12 where you need to be for Governors Island or for
13 you know, for Cornell or any of these examples, and
14 if you were to adhere to the current timelines,
15 presumably you would know when you would be
16 spending the money to be able to move them forward.
17 Is that right?

18 KYLE KIMBALL: So the general question
19 is yes, whenever we ask for capital, we work very
20 closely with OMB to put the money in the right
21 fiscal years in anticipating when something's going
22 to be spent. Having said that, there are certain
23 projects like... and just a point of clarification,
24 the other confusing thing, which is why we need to
25 actually sit down as a working group and go through

1 this is that there is money in our capital budget
2 that is not truly EDC money, so Governors Island
3 is... I think bringing it up is a perfect example
4 where for OMB purposes, it's in the EDC budget
5 code, which is 801 and so it's technically flowing
6 through EDC, but we have zero control over the
7 timing, how it's spent, what it's spent on. It's
8 mostly from a tech standpoint, not anything that's
9 programmatically ours to spend. Cornell is a
10 different story, which is one that we... that is
11 our project, but at the same time, we don't control
12 how Cornell and the timing that Cornell spends the
13 money other than it's just available for them to...
14 the funding agreement for them to spend. So this
15 is the city passing through money to Cornell for
16 infrastructure improvements. So we would endeavor
17 to put in the right fiscal years, but at the same
18 time, we do oftentimes ask to roll money to
19 different fiscal years on the capital side.

21 CHAIRPERSON GARODNICK: Okay, well, I
22 guess then I won't be in a dead rush, but I guess
23 what we're looking for is the best and clearest
24 estimation of what you're planning on spending when
25 because we're looking at a 2014 capital budget of a

1 billion dollars and just \$10, \$20, \$30 million in
2 each of the other years of the plan. We know, and
3 as you have acknowledged, that's not really what's
4 going to happen here and so to help us understand
5 the timing and the timeframe, et cetera, that would
6 be very useful and if you could share that with
7 this committee we'd appreciate it.

9 KYLE KIMBALL: Absolutely.

10 CHAIRPERSON GARODNICK: Okay, let's
11 talk about the head count of EDC; the total head
12 count as of the adopted Fiscal Year 2014 versus
13 what is proposed here today.

14 KYLE KIMBALL: We have about 396 people
15 in FY '14. In FY '15 we expect it to be a little
16 bit higher than that, about 406. Some of that is
17 with respect to CDBG head count that we have added,
18 but at the same time, that number is... so if I say
19 there's 406 people in FY '14 or FY '15, at any
20 given time we have about a five, 10 percent vacancy
21 rate and so we have... essentially the way to think
22 about it is we have 406 seats, but at any given
23 time only you know, about 20 to 30 of those are
24 vacant.

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2 CHAIRPERSON GARODNICK: Okay, let me
3 ask you and then I'm going to go my colleagues. I
4 know that Chair Cornegy has questions and there are
5 others who have questions too, and I'm not going to
6 hog all the time here. But on your revenues, and
7 we have this useful chart that you've put before
8 us, about the total revenues projected in Fiscal
9 Year '14 at \$272 million. We, in the information
10 that we got from the Mayor's office, have a much
11 smaller number than that, and I wanted to see if
12 you could help us understand what the difference
13 is. We have a total of \$94 million in revenue
14 sources. That's the fines and forfeitures, rental
15 income, charge per services, licenses and permits
16 totaling \$94 million and you have up here a total
17 revenue of \$272 million. Can you help us
18 understand what the... what...

19 KYLE KIMBALL: It sounds just not
20 seeing what you're looking at, it sounds... we
21 don't issue licenses or permits or... so it sounds
22 like...

23 CHAIRPERSON GARODNICK: Terminal market
24 permits; do you do those?

25 KYLE KIMBALL: I don't think so.

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2 KIM VACCARI: [off mic] those go right
3 to the city. Those are not...

4 CHAIRPERSON GARODNICK: [interposing]
5 I'm sorry, can you use the microphone?

6 KIM VACCARI: [off mic] Those are
7 city...

8 [crosstalk]

9 CHAIRPERSON GARODNICK: Can you... you
10 got to use the microphone.

11 KIM VACCARI: Oh, those are city
12 revenues from our market, but they do not flow
13 through EDC.

14 CHAIRPERSON GARODNICK: Okay and we
15 have work permit plan examination. Not you?

16 KYLE KIMBALL: That's not us.

17 CHAIRPERSON GARODNICK: And Brooklyn
18 Meat Market permits?

19 KIM VACCARI: That's direct city
20 revenue, no through us.

21 CHAIRPERSON GARODNICK: Okay, got it.
22 Okay.

23 KYLE KIMBALL: It just sounds like...
24
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2 CHAIRPERSON GARODNICK: Of your annual
3 revenues, and we'll take a look back and see what
4 the...

5 KYLE KIMBALL: This isn't... this \$272
6 is an audited Ernst and Young...

7 [crosstalk]

8 CHAIRPERSON GARODNICK: Okay, so let's
9 talk about the \$272 for minute. You take that in.
10 You don't have an obligation, as I understand it,
11 to give back any leftover to the General Fund of
12 the city unless it is called from you by the Deputy
13 Mayor. Is that an accurate assessment?

14 KYLE KIMBALL: No, so...

15 [crosstalk]

16 CHAIRPERSON GARODNICK: Tell us how it
17 works.

18 KYLE KIMBALL: So we take in a certain
19 amount of... we take in however much money we take
20 in and there are various agreements, formal and
21 informal, about how much money we return to the
22 city. So for example, we pay a contract payment to
23 the city for the right to be in business of around
24 \$16 million I believe.

25

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2 CHAIRPERSON GARODNICK: That's your
3 contract with SBS. Is that right?

4 KYLE KIMBALL: That's essentially to
5 the maritime contract, so the better way to think
6 about it is that the revenues that come from our
7 portfolio that we're managing the fees they cover
8 the expenses on the properties in some cases that
9 we're managing, personnel expenses and then our
10 payments to the city and contract. So with respect
11 to the payments that we make, we have, for example,
12 as I said, this formal agreement on the master and
13 maritime contracts. We also have separate
14 agreements on 42nd Street, how we split land sales
15 and sometimes it's case by case, but we do have
16 formal PEG payments that we have to make that
17 are... each time the city has put on a PEG payment
18 that we have to make. So the key difference is
19 that we don't receive any operating from the city,
20 so the way that the OMB asks us to contribute in a
21 PEG is they look at our operating budget and they
22 say, "We want to charge you five percent of your
23 operating... we need you to give the city five
24 percent of your operating budget," so over time, we
25 have built up PEGs that create payments to the

1
2 city. So in summary, we have contract payments; we
3 have land sale payments; we have PEG payments; 42nd
4 Street payments that we make to the city, some of
5 which are formal; some of which are informal; all
6 of which are heavily negotiated with OMB in terms
7 of how much we send over.

8 CHAIRPERSON GARODNICK: Okay and so...
9 so in the end, this chart...

10 KYLE KIMBALL: [interposing] Yep.

11 CHAIRPERSON GARODNICK: All of those
12 informal and formal agreements amount up to \$133
13 million. Okay and the operating expenses that you
14 cite here of \$167 million, what are those?

15 KYLE KIMBALL: So that's keeping the
16 lights on; that's personnel expenses; that's
17 investments we have made back into the properties
18 from that money to running a ferry service from the
19 Rockaways; it's making programmatic investments in
20 different programs to fight poverty and inequality.
21 So that's in addition to our core how to keep us in
22 business and it's also our programmatic investments
23 and personnel.

24

25

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2 CHAIRPERSON GARODNICK: So you have
3 \$300 million and about \$272 million in revenues, at
4 least for Fiscal Year '14.

5 KYLE KIMBALL: That's about right,
6 yeah.

7 CHAIRPERSON GARODNICK: Does that
8 suggest that you have other monies that are
9 available to you to make up that shortfall in the
10 years in which such a thing happens?

11 KYLE KIMBALL: Other than surprise
12 revenues; surprise one time revenues that we don't
13 know about, we typically forecast about a \$30
14 million deficit, but over time, in the past when we
15 were able to keep 42nd Street revenues, we were
16 able to build up a corpus, a fund balance
17 essentially of restricted and unrestricted
18 revenues, and until we find new revenue sources or
19 surprise one time revenue sources, we will have a
20 projected deficit, so we're basically spending down
21 the corpus that we have accumulated, which is why
22 we're making the case that we need to invest back
23 in our assets, so in addition to jobs that we can
24 create that helps us... you know, to putting
25 500,000 square feet on line at BAT in addition to

1
2 creating great jobs, we'll create additional rental
3 revenue on the properties we manage. So taking
4 capital and investing it back into our assets in
5 addition to our policy goals will help us achieve
6 our business model goals.

7 CHAIRPERSON GARODNICK: Okay, got it.
8 Thank you. Chairman Cornegy.

9 CHAIRPERSON CORNEGY: Thank you so
10 much. So you mentioned on several occasions the
11 relationship or working relationship that you have
12 with OMB.

13 KYLE KIMBALL: Mm-hm.

14 CHAIRPERSON CORNEGY: I'm just curious,
15 do you have a formal agreement with OMB, and if you
16 do, can you give me the details of what that looks
17 like?

18 KYLE KIMBALL: So we have some formal
19 and so in other words, when I say... there's some
20 formal and some informal. So for example, we have
21 a formal agreement to pay a contract payment to the
22 city; that's part of our contract. We have a
23 formal agreement to share revenues. We have a
24 formal agreement to pass through 42nd Street
25 revenues and like keep a small fee. Then

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informally, we have each time we've done a land sale, we have an agreement about how much we share with the city as a percentage, but at the same time there are some land sales where we only charge a small fee. So for example, when we did the Civic Center, which created several hundred millions of dollars for the city, we just charged a small fee to basically cover our costs for the year and a half that it took to do that project, whereas when we are repositioning vacant land on the city and going out and creating true economic value through a programmatic investment or activating vacant land, we share in a greater percentage of that revenue, but it's a mix of formal and informal. The PEG agreements I would say are also formal in that they are a formal negotiation between us and OMB about how much of our operating expenses we were reduced to in order to make a payment to the city of a certain amount. So we are a... we have a number of formal and informal agreements with OMB.

CHAIRPERSON CORNEGY: Thank you.

KYLE KIMBALL: But those are the general details.

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2 CHAIRPERSON CORNEGY: So I realize that
3 unrestricted net assets is not the same as cash on
4 hand obviously, so how much cash on hand and cash
5 equivalence did you have at the end of Fiscal Year
6 2013 and how much do you currently have?

7 KYLE KIMBALL: At the end of Fiscal
8 Year 2013, we had \$103 million. In terms of cash
9 on hand at the moment...

10 KIM VACCARI: At the end of our fiscal
11 Year 2013, we had about \$132 and right now, we have
12 about \$103 in cash and cash equivalence.

13 CHAIRPERSON CORNEGY: So are there any
14 restrictions on the use of cash in hand?

15 KYLE KIMBALL: So the expenditures that
16 we make are approved by our 27 member board, so the
17 money that goes out goes through our 27 member
18 board. I think there are five council seats on
19 that board, but those are the restrictions. I have
20 to go to the board and ask for it to be approved.

21 CHAIRPERSON CORNEGY: Are there any...
22 can you detail any plans for that use?

23 KYLE KIMBALL: Sure.

24 CHAIRPERSON CORNEGY: That you know of
25 right now as we sit?

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2 KYLE KIMBALL: So for example, we want
3 to spend \$15 million. There's a building at that
4 Brooklyn Army Terminal called the Administration
5 building and we want to invest about \$15 million to
6 bring that building on line. Right now, it's
7 vacant and we think that's going to create
8 commercial space where we can create jobs, that
9 kind of thing. So we want to reinvest some back
10 into our assets. Some of that we have to keep as
11 an operating reserve because we are running as a
12 deficit, but there are a number of different
13 initiatives, small and large, that we're currently
14 contemplating.

15 CHAIRPERSON CORNEGY: Thank you and at
16 the risk of time and not wanting to monopolize all
17 of your time, I'm going to let some of the other
18 colleagues ask some questions, but I do have more
19 I'd like to come back to. Oh, my colleague from
20 Brooklyn, Vincent Gentile.

21 COUNCIL MEMBER GENTILE: Thank you, Mr.
22 Chairman and Mr. Chairman. Thank you very and
23 thank you to both President Kimball and
24 Commissioner. Thank you for being here and
25 President Kimball, I did get your joke about

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2 propelling, so [laughter] that's good to know,
3 okay. I'm curious, of the projects how do you
4 determine what properties you control and manage at
5 EDC?

6 KYLE KIMBALL: They are enumerated in
7 our contract with the city.

8 COUNCIL MEMBER GENTILE: So it's
9 predetermined or... that you would have a certain
10 number of properties?

11 KYLE KIMBALL: So there are certain
12 properties that we manage and that's enumerated
13 with our contract in the city. We also work
14 closely with DCAS, the other sort of property owner
15 for the city, to help them reposition vacant land
16 that might be used, but that's not enumerated in
17 our contract, those specific parcels, but so we
18 control certain parcels like that, Bush, the Hunts
19 Point Meat Market, those things are part of our
20 contract with the city. That's why this is what
21 the city's asking us to do is managing those and
22 actually what SBS is asking us to do, Essex Street
23 Market, for example and then separately we work
24 closely with our agency partners to identify assets
25 that could be repositioned to the city's benefit.

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2 COUNCIL MEMBER GENTILE: So all the
3 property you manage or control is all city-owned
4 property, correct?

5 KYLE KIMBALL: There are some
6 properties that we... so there is properties that
7 the city owns fee title to that we manage on behalf
8 of the city. There are a few properties that EDC
9 owns fee interest to, so we actually own the
10 assets, but generally speaking, those are
11 properties that the city has asked us to buy on its
12 behalf to facilitate a larger economic development
13 project, for example, Coney Island. There's
14 property out there that we own. The intention is
15 it's to go back to the city at some point to become
16 park land, but the city a number of years ago asked
17 us to buy it on its behalf, so we play a number of
18 different roles in doing that, but generally
19 speaking, the property that we manage is owned by
20 the city.

21 COUNCIL MEMBER GENTILE: And the
22 reason I ask is because I'm not clear about one of
23 the charts here where you indicate the total
24 revenue from the rentals and sales and income is
25 \$272 million, but the payment to the city is \$133

1 million. So what accounts for that difference
2 between what you're collecting on behalf of the
3 city and what you give to the city?
4

5 KYLE KIMBALL: So we are able to manage
6 properties on behalf of the city and because we
7 don't receive any operating funds from the city, so
8 we have to manage these assets on our own and then
9 return a certain amount of money back to the city,
10 so and that's what we were talking about in terms
11 of that's a negotiated amount and then we have to
12 run our organization and fund economic development.
13 So the difference is essentially if we make \$272
14 million from the assets, we then have to return
15 \$133 of that through various negotiated agreements
16 with OMB and then we have to run the organization
17 and then we have to invest in programmatic
18 investments, so that's the difference.

19 COUNCIL MEMBER GENTILE: So that amount
20 is predetermined or it just works out that way?

21 KYLE KIMBALL: No.

22 [crosstalk]

23 COUNCIL MEMBER GENTILE: Or that's the
24 rule that we...

25 [crosstalk]

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2 KYLE KIMBALL: The \$133 is generally
3 predetermined or negotiated and that's... or land
4 sales, that kind of thing and then our operating
5 expenses are like I said, keeping the lights on,
6 paying personnel, making investments in different
7 programs to... then we get to the business of
8 economic development when we make investments, so
9 yeah, and after all that's done, we have a deficit
10 of about \$228 million.

11 COUNCIL MEMBER GENTILE: You have a
12 deficit of \$228 million.

13 KYLE KIMBALL: Yeah.

14 COUNCIL MEMBER GENTILE: Okay, let me
15 just ask you then quickly about an investment and a
16 property that you know I have interest in, the
17 Brooklyn Army Terminal, and I think Council Member
18 Menchaca also would have an interest in it. You
19 talked about the vacant space and the available
20 space at the Brooklyn Army Terminal. Is there a
21 cost associated? Have you determined what it would
22 cost to renovate, rehabilitate the open space at
23 Brooklyn Army Terminal?

24 KYLE KIMBALL: We think it will
25 probably cost about \$100 million to do it from...

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2 this is taking property that is completely at this
3 point not able to be occupied. Like I said, the
4 life safety systems are not in place; there are no
5 elevators; I think we have outdated electrical
6 systems. This is obviously a World War I building.

7 [crosstalk]

8 COUNCIL MEMBER GENTILE: It's been
9 vacant for...

10 KYLE KIMBALL: [interposing] Right,
11 it's been vacant for a very long time, so we think
12 to do that right and get building systems on line
13 and get it to the point where it's tenantable is
14 about \$100 million, and we've been forecasting this
15 for a while.

16 COUNCIL MEMBER GENTILE: And I didn't
17 see everything here, but is that in this budget
18 somewhere, your...

19 [crosstalk]

20 KYLE KIMBALL: We are endeavoring and
21 working with the administration to make sure that
22 it is part of our capital ask.

23 COUNCIL MEMBER GENTILE: In the new
24 fiscal year.

25 KYLE KIMBALL: Yep, yep, it's not...

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[crosstalk]

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COUNCIL MEMBER GENTILE: Okay.

3

[crosstalk]

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KYLE KIMBALL: It's not currently in yet, but we are working with the administration to come together on all of our capital requests and this will certainly be one of them.

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COUNCIL MEMBER GENTILE: Okay, that's great. That's great. Just quickly then let me just ask you about... I saw some... I think it was in this, your different incentive programs, the Business Recovery Infrastructure programs. You have some that seem to be direct grants, but then others that you call I guess race to the top style competitions. Could you describe the difference in those?

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KYLE KIMBALL: Sure, so the program that has grants and loans is a program that we work together with SBS, which I should let Maria talk about. At the same time, we have a RISE competition, which is the resiliency investment competition, which is about a \$30 million competition, and that is meant to be a grant to help proliferate innovative ways for the city to

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2 become more resilient in the future. That was
3 something that was enumerated in the special
4 initiative on rebuilding and residency. It was
5 given to us. The federal government approved the
6 program through HUD and CDBG and we are responsible
7 for administering that particular program in terms
8 of policy ownership and administering the program,
9 and that's about a \$30 million program that we're
10 doing. And then separately we are working on a
11 Business Resiliency Investment program that's not
12 yet launched, so the one I just talked about is
13 launched, and we have gotten responses back. The
14 Business Resiliency Improvement program is
15 something we're still designing. It's about \$110
16 million program, and that's to help businesses
17 actually afford resiliency investments in order for
18 flood protection and that kind of thing.

19 COUNCIL MEMBER GENTILE: So are these
20 recurring programs or these are...

21 [crosstalk]

22 KYLE KIMBALL: No, these are one time.

23 COUNCIL MEMBER GENTILE: One time.

24 KYLE KIMBALL: Yeah, this is...

25 [crosstalk]

2 COUNCIL MEMBER GENTILE: One time
3 programs.

4 KYLE KIMBALL: One time. The federal
5 government gave us the money to do it and we have
6 designed programs and are going out and executing
7 them.

8 COUNCIL MEMBER GENTILE: I see, so
9 you're using federal money here.

10 KYLE KIMBALL: In this case, we're
11 pass... so going back to the original question,
12 it's sort of we have a number of different funds
13 passing through us; state, federal, local and in
14 this case this is federal money that's passing
15 through us to administer these programs.

16 COUNCIL MEMBER GENTILE: I see.
17 Commissioner, I had some questions for you that are
18 not really budget related, so I'll have to hold on
19 at another time, but I just have to say to EDC,
20 it's been a pleasure in working with you on the
21 Brooklyn Army Terminal, particularly on the ferry
22 service issue and I hope that that continues and
23 certainly forward to it. Thank you.

24 KYLE KIMBALL: We are getting ferry
25 responses tomorrow.

2 COUNCIL MEMBER GENTILE: Thank you.
3 That's good to hear.

4 CHAIRPERSON GARODNICK: Thank you,
5 Council Member Gentile. In a moment, we're going
6 to go to Council Member Richards, but let me just
7 jump in for one follow-up on the questions that I
8 was asking before, in which I suggested the city
9 had the ability to call...

10 KYLE KIMBALL: [interposing] Oh, yes.

11 CHAIRPERSON GARODNICK: Call back. So
12 this is what I was referring to, and I just want to
13 be clear. This is Section 11.05 of the master
14 contract and I'm reading from document where Ernst
15 and Young did their audit of the city's Economic
16 Development Corporation, and notes that at any time
17 upon written request of the Mayor of the city or
18 his designee, EDC must remit to the city assets
19 having a fair market value up to the amount, if
20 any, by which EDC's unrestricted net position
21 exceeds \$7 million. At the direction of the city,
22 EDC was required to remit \$73 million and change in
23 2013 and \$55 million and change from its
24 unrestricted net position in 2002. Is that the
25 parallel to this \$133 million number?

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2 KYLE KIMBALL: That Section 11 is what
3 is written into our contract, so that's essentially
4 if you wanted to not have an EDC, then the Mayor
5 has the ability to sweep the ability to sweep the
6 assets of EDC because we are technically a not-for-
7 profit that had a contract with the city, so the
8 way that it's set up is that at the end of the day,
9 the Mayor can claw back the remaining money,
10 leaving \$7 million for EDC to sort of close out its
11 business, but that has nothing to do with the \$133
12 million. So this, in essence, the \$133 million is
13 just a product of ongoing negotiations on a case by
14 case year by year basis with OMB over far... I mean
15 having nothing to do with that provision, but just
16 we recognize that we are seen as a profit center
17 for the city, and so on a case by case basis we
18 negotiate what that looks like.

19 CHAIRPERSON GARODNICK: So when it
20 says... I mean this document, again, this is the
21 Ernst and Young document and when it says that EDC
22 was required to remit \$73 million, are they... is
23 what they are saying that you negotiated \$73
24 million of payments back to the city or were you,
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2 in fact, required to pay \$73 million back to the
3 city?

4 KIM VACCARI: There's a number of
5 different provisions that govern the funds that we
6 return to the city in the master contract. I
7 believe that that refers to the restricted funds,
8 funds that basically the outline... the master
9 contract outlines that if we collect we must turn
10 it over to the city. Those are all restricted.
11 They pretty much just pass through EDC based on the
12 terms of that contract. The other, the \$133 is
13 from our unrestricted fund we call unrestricted...

14 CHAIRPERSON GARODNICK: [interposing]
15 Sorry, can I just interrupt you for a second
16 because it says that these were from the
17 unrestricted net position. The \$73 million and the
18 \$55 million were remitted from its unrestricted net
19 position in 2013 and 20...

20 KIM VACCARI: There is a portion of
21 both, unfortunately. There's a number of different
22 agreements and we turn over a number of different
23 pots of money to the city, both restricted and
24 unrestricted, and then most of it is governed by
25 that contract. The \$133 that we were referring to

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2 is another... is our leftover unrestricted pot, and
3 that is governed by different agreements that we
4 have with OMB in terms of how we share our land
5 sales, the PEGs and additional payments over and
6 above the ones outlined in that contract. So it's
7 confusing, but there are restricted funds that we
8 turn over and unrestricted funds.

9 CHAIRPERSON GARODNICK: Yes, it is
10 confusing. In fact...

11 KIM VACCARI: [interposing] And it's
12 different every year.

13 CHAIRPERSON GARODNICK: In fact, I
14 think it would be useful for you all to lay that
15 out for us as to how that \$133 million number
16 relates to the \$73 million and \$55 million, all
17 unrestricted, which Ernst and Young says you were
18 required to remit back to the city and if those are
19 not parallels and just to help...

20 KIM VACCARI: Right and now we would
21 like to note the one thing to point out is that the
22 \$133 and the numbers that you're looking up here
23 are projected for FY '14 and the numbers that
24 you're looking from Ernst and Young are audited for
25 FY '13.

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2 CHAIRPERSON GARODNICK: Yeah, the
3 actuals...

4 [crosstalk]

5 KIM VACCARI: Right, yes.

6 [crosstalk]

7 CHAIRPERSON GARODNICK: For 2013 and
8 '12.

9 KIM VACCARI: Exactly.

10 CHAIRPERSON GARODNICK: Right, okay.
11 Thank you. Sorry, Council Member Richards, it's
12 yours.

13 CHAIRPERSON CORNEGY: Wait, I'm sorry,
14 now I got to jump in. So I'm just unsure about
15 what happens to the revenue that is not transferred
16 to the General Fund.

17 KYLE KIMBALL: The revenue that was
18 not... so if you look at this chart right here...

19 CHAIRPERSON CORNEGY: Mm-hm.

20 KYLE KIMBALL: This, okay, so we
21 make... our \$272 million from our rent to the
22 properties that the city asked us to rent. We sell
23 property on the city's behalf. We make fees from
24 doing deed modifications or we charge a fee when a
25 not-for-profit uses a funding agreement and then

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2 different other smaller fees. So then of that \$272
3 million, we return \$133 to the city in the form of
4 different negotiated payments we have with OMB. So
5 \$272 minus \$133 is \$139, so of that \$139 then we
6 spend it on rents; personnel; electricity. We also
7 reinvest it back into the assets that we vantage,
8 so we reinvest back into BAT, for example, some of
9 our own money back into BAT to improve services out
10 there. We pay for our Rockaways ferry service for
11 a year and a half. We run a competition for low-
12 income youth to learn how to program and code and
13 hundreds of different programmatic things that we
14 do to actually create economic development in
15 different ways, and that leads to the \$167 on this
16 chart. So in other words, to answer your question,
17 what happens is we either give... of the \$272, we
18 either give some of it back to the city or we spend
19 it actually doing economic development.

20 CHAIRPERSON CORNEGY: And so we talked
21 about how much is available in Fiscal Year '13
22 and...

23 [crosstalk]

24 KYLE KIMBALL: Okay.

25 [crosstalk]

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CHAIRPERSON CORNEGY: Of cash...

KYLE KIMBALL: [interposing] Yeah.

CHAIRPERSON CORNEGY: In '14. Overall, is there a number that you can identify that is being held... that's in holdings in EDC, not from any one particular year? Is there an overall number?

KYLE KIMBALL: That's the cash... so that's the cash on hand, so that's the cash on hand.

KIM VACCARI: [off mic] The \$103.

KYLE KIMBALL: The \$103, yeah.

CHAIRPERSON CORNEGY: So there seems to be some... a little discrepancy about the way that money is returned and it seems as though, from my understanding, that the Deputy Mayor has to make a request for the money to be returned and if that request doesn't come, then it doesn't...

[crosstalk]

KYLE KIMBALL: The Mayor, it's the Mayor.

CHAIRPERSON CORNEGY: It's the Mayor.

KYLE KIMBALL: Yep.

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2 CHAIRPERSON CORNEGY: Right, so in the
3 event that that request does not happen, for
4 whatever reason, what happens to those funds?

5 KYLE KIMBALL: So absent that
6 provision, which is more about not having an EDC in
7 terms of our contract, everything is subject to a
8 negotiation. So in other words, you can think
9 about it in terms of whether or not the Mayor asks
10 for the money back to go to the General Fund. The
11 better way to think about it is that we negotiate
12 every single revenue item with OMB, so OMB sort of
13 dictates how much capital we receive; tends to
14 dictate how much capital we receive; when we
15 receive it. On the operating side, when we do a
16 land sale, we negotiate generally speaking with OMB
17 about how much of that land sale goes back. We
18 have certain contract payments that are very
19 specific, so there shouldn't be... so the
20 discrepancy is that you're focused on the provision
21 that's in the master contract that's more about how
22 you'd go about not having an EDC, but in reality
23 it's just a back and forth between ourselves and
24 OMB on a day-to-day basis about how much money we
25 return to the city.

2 CHAIRPERSON CORNEGY: Okay, thank you.

3 KYLE KIMBALL: That's it.

4 CHAIRPERSON CORNEGY: Council Member
5 Richards.

6 COUNCIL MEMBER RICHARDS: Thank you and
7 I get some more time because you cut into me.
8 Okay, thank you. Good afternoon, a pleasure.
9 Welcome aboard to the new Commissioner, and
10 obviously this is my first time as a Council Member
11 speaking with Mr. Kimball, so it's an honor to be
12 here. Just had a few questions. I wanted to raise
13 the first question about Workforce 1 Centers, and
14 we are very grateful for the prior administration
15 before they left finally awarding the Rockaways a
16 Workforce 1 Center and wanted to know if funding is
17 going to be restored citywide because obviously I
18 have an interest in the Rockaways in particular
19 because our unemployment rates are so high and you
20 know, it's been a good thing for our community, so
21 I wanted to know is there going to be an increase
22 in funding toward Workforce Centers citywide.
23 Also, you know, there was, according to your
24 reports, an increase in workforce traffic across
25

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2 the city, so just interested in knowing where we're
3 going with Workforce 1 Centers.

4 COMMISSIONER TORRES-SPRINGER: Right.
5 So as you mentioned, and thank you for doing so,
6 the Workforce...

7 [crosstalk]

8 COUNCIL MEMBER RICHARDS: You may want
9 to hit your mic.

10 COMMISSIONER TORRES-SPRINGER: The
11 Workforce 1 Centers...

12 [crosstalk]

13 COUNCIL MEMBER RICHARDS: Oh.

14 [crosstalk]

15 COMMISSIONER TORRES-SPRINGER: Are a
16 critical component of our workforce development
17 strategy. We operate 17 of them; five are hubs, 10
18 expansion centers and public libraries and two are
19 sector sections. In the upcoming budget, as the
20 questions are received from the City Council
21 beforehand, there are reductions that are
22 contemplated for Workforce development funding that
23 relate to positions related to the expansion
24 centers, as well... those are three positions and
25 there is funding for positions related to the

2 Center for Economic Opportunity funding programs
3 that we receive specifically focused on customized
4 training. Having said that, so there's reductions
5 that the Fiscal Year '15 Plan represent, but what
6 we are hoping to accomplish is that for the three
7 that are related to the expansion centers that
8 there will be no reduction in service levels.

9 COUNCIL MEMBER RICHARDS: And would the
10 Rockaway one be considered an expansion center?

11 COMMISSIONER TORRES-SPRINGER: That's
12 right.

13 COUNCIL MEMBER RICHARDS: Okay.

14 COMMISSIONER TORRES-SPRINGER: That's
15 right.

16 COUNCIL MEMBER RICHARDS: So you're
17 saying there would be no reduction to that.

18 COMMISSIONER TORRES-SPRINGER:
19 Reduction.

20 COUNCIL MEMBER RICHARDS: Okay, great.

21 COMMISSIONER TORRES-SPRINGER: Related
22 to that.

23 COUNCIL MEMBER RICHARDS: Okay.

24 COMMISSIONER TORRES-SPRINGER: For the
25 others, what we're currently trying to better

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2 understand what the impact of those particularly
3 reductions are in between now and adoption, looking
4 to see how we can also in that case ensure that
5 there are no reductions in service levels.

6 COUNCIL MEMBER RICHARDS: That's great
7 news. I wanted to go into CDBG funding and speak
8 of... so I know \$266 million came into forcing the
9 recovery and improvement resiliency for businesses
10 and then another \$110 million, I believe, came in
11 for Business Resiliency Investment programs. So
12 we, in the Rockaways, have been living with...
13 before you, and I don't expect for you to take
14 credit for what's going on beforehand, but we were
15 experiencing "A Tale of Two Rockaways," where more
16 of the emphasis has been placed on one end of the
17 Rockaways, but the area where 60 percent of the
18 population was 30 percent; over 30 percent of the
19 people are on some sort of income subsidy, tearing
20 up the welfare, but we have not been able to access
21 the resources to really help our businesses move in
22 a direction post-Sandy; even prior to Sandy it was
23 a problem, but post-Sandy obviously things were
24 exacerbated and I'm just hoping that under new
25 leadership that we will finally get to a place

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2 where it's just one Rockaways where everybody can
3 thrive and you know, additional resources can be
4 plugged into both ends of the Rockaways. So you
5 know, if you can speak to what has been done up...
6 to local businesses up until 90th Street, that
7 would be appreciated. I know the prior
8 administration, and like I said, I'm not blaming
9 you, plugged a lot of money into 116th Street, but
10 left the businesses where 60 percent of the
11 population lives you know, in a dismal state, so
12 I'm hoping to hear you know, what are your plans
13 moving forward?

14 COMMISSIONER TORRES-SPRINGER: Right.
15 Well, first of all, I share your goal of ensuring
16 that there is no "Tale of Two Rockaways," and so...

17 [crosstalk]

18 COUNCIL MEMBER RICHARDS: Thank you.

19 [crosstalk]

20 COMMISSIONER TORRES-SPRINGER: Looking
21 forward to hearing your ideas and to working with
22 you very closely to realize that particular goal.
23 If the question is specifically related to Sandy...

24 COUNCIL MEMBER RICHARDS: Mm-hm.

25

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2 COMMISSIONER TORRES-SPRINGER: So the
3 agency has, from what I have learned since being
4 appointed, has done a tremendous amount in the wake
5 of Sandy, which isn't to say that the work has been
6 easy or that there isn't more to be done. There's
7 certainly more to be done. With what we have...
8 right in the aftermath of Sandy, we launched and
9 executed an Emergency Loan and Matching Grant
10 program, where we distributed \$15 million in loans
11 to nearly 650 businesses and \$5 million in grants
12 to 500 businesses. The second Sandy program, the
13 CDBG Business Recovery Loan and Grant program,
14 where we're using federal dollars, is a program
15 intended to help businesses who still have an unmet
16 need. Given that these are federal dollars, it's
17 actually more narrowly tailored in that businesses
18 have to show that they were cash flow positive
19 before the storm, and that there is today still an
20 unmet need, so it's a program that is a funding of
21 last resort. That funding gets distributed after
22 an SBA loan and insurance get distributed, so we
23 are working to ensure that, having said all of
24 that, in terms of the additional requirements that
25 those funds get out to businesses as quickly as

1 possible. To date, we have 17 loans approved,
2 totally approximately \$2.1 million and one of
3 things that I am focused on is looking to ensure
4 that the pace; both the pace of the funding to
5 businesses increases, but that we are also looking
6 to make sure that we understand to the extent that
7 the pace has been slower than what we want that
8 we're understanding why and then getting rid of
9 those bottlenecks. And so if there are particular
10 businesses or issues in your district that you have
11 heard, we are more than happy to talk about that
12 and figure out how to resolve those issues.

14 COUNCIL MEMBER RICHARDS: 'Kay, great.
15 Thank you so much and if you... I don't know if
16 this is asking too much, but if we can get a
17 breakdown on how... by maybe council districts on
18 how much resources were distributed that would be
19 great.

20 COMMISSIONER TORRES-SPRINGER:
21 Absolutely. We can do that.

22 COUNCIL MEMBER RICHARDS: I just want
23 to... just a few more questions. Sorry I'm taking
24 up so much... yes, just a few more. We're almost
25 to the Promised Land. So I want to speak about the

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Fresh Foods initiative, and I guess this is a question for Mr. Kimball. Is there any plan to expand the Fresh Foods initiative and also, you know, there has been... you know, it's obviously a great program. We would love to see it expanded into bodegas because many of our communities don't have access to supermarkets, unfortunately, and so I was wondering if you guys were one, ensuring that that Fresh Foods was going to stay in the budget, and two, that it would be expanded into other communities, and I'll just stay on EDC. I'll just give several so I'm not... so that we can just in my whole presentation, and then if you can speak to Boardwalk Bay. I know you guys are doing a Rockaway Boardwalk and wanted to know what's your plan or your goal to ensure that local hiring is occurring, and that MWBEs are really going to be included in these projects? And I know that you're going to be working with contractors, but we need to ensure that before we're allowing contractors to come into our communities to rebuild that one, local people get preference, but also that you know, these contractors know that they should be paying a living wage as well.

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2 KYLE KIMBALL: Sure. So I'll just hit
3 quickly on Fresh. I've also invited the person
4 who's actually managing the Rockaway Boardwalk
5 project on a day-to-day basis 'cause I had a sense
6 this might come up, but on the Fresh Program
7 narrowly I'm not aware of any particular policy
8 ideas to expand the program to different styles of
9 business. It's an interesting idea. We should
10 continue to talk about that and think about how to
11 make the program broader. On the Rockaway
12 Boardwalk, so this is going back to something I
13 said at the very beginning. There are... our
14 Capital Budget is a reflection of both EDC's
15 priorities and other agencies' priorities and that
16 are flowing through us because we do have the
17 ability to procure relatively quickly. We have
18 long-standing construction management contracts, so
19 going through one of first steps in terms of making
20 sure that Rockaway Boardwalk happened quickly was
21 to put it through EDC, and so we are... this is not
22 an EDC project per se, but it is something we are
23 taking responsibility for on the construction side,
24 so it's a Parks project, but we are... they are
25 using us to do the construction and contracting and

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2 in our Capital Department, Greg Clancy has been
3 managing this on a day-to-day basis.

4 GREG CLANCY: Good afternoon. My name
5 is Greg Clancy. I'm the Senior Vice President at
6 the New York City EDC and I'm the co-head of the
7 Capital Program managing the Rockaway Boardwalk
8 project, among others. Regarding local hiring, it
9 can be broken into a few different categories. The
10 first is the hiring of minority and women-owned
11 business... you know, the hiring of businesses. We
12 have a contract with a construction manager, which
13 is Skanska Construction Management USA, who was
14 publically procured. Skanska is procuring our
15 subcontractors on the city's behalf; however, what
16 the EDC did is the EDC issued two public RFQs,
17 Requests for Qualifications, to solicit; openly and
18 publically solicit packages from contractors,
19 including Minority and Women-owned Business
20 Enterprises. To date, we have approximately 60
21 contractors have responded to this. Of those 60,
22 only about 13 percent were Minority and Women-owned
23 Business Enterprises; however, we've set a goal for
24 this project in excess of 20 percent. Right now,
25 we're looking at 22 percent is our goal because

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2 we're not only limited to those first year
3 subcontractors, which would be directly underneath
4 Skanska. We can take those subcontractors and work
5 with them down to second and third tier
6 subcontractors and suppliers. So even though the
7 response was less than 20 percent, we have given
8 ourselves a goal of greater than 20 percent.

9 Second category is as it pertains to
10 individuals. So the reconstruction of the
11 boardwalk, which stretches from Beach 19th to Beach
12 126th, will be completed over the course of the
13 next three years and will create approximately 200
14 full-time equivalents. We're required under
15 Section 3 of our Community Development Block Grant
16 to 30 percent of new hires to come from low or
17 moderate income earners as defined by HUD.

18 COUNCIL MEMBER RICHARDS: Mm-hm.

19 GREG CLANCY: This is a little bit
20 tricky because it's not 30 percent of our 200
21 workers; it's 30 percent of new hires, any workers
22 who have to be hired by the subcontracting
23 community just for this project. Many of our
24 subcontractors will bring in their own workers
25 mostly out of the union halls, although we're not

1
2 strictly limited to trade unions. So what we've
3 done is we've set a goal for a minimum of several
4 dozen out of the 200 to come from low and moderate
5 income. We have, to date, hosted two Career Fairs.
6 We have a third one coming on March 26th. The
7 exact location is posted on the Parks Department
8 website.

9 COUNCIL MEMBER RICHARDS: Yeah.

10 GREG CLANCY: We're taking applications
11 from individuals. Also we're going to have an
12 office on Rockaway Boulevard, 9028 Rockaway
13 Boulevard, which will be open next week...

14 COUNCIL MEMBER RICHARDS: [interposing]
15 Mm-hm.

16 GREG CLANCY: From 8:00 to 4:00, five
17 days a week for the next two years minimum. Any
18 individual, whether they are from the low-income
19 population, as defined by HUD, or anyone else can
20 come in and we are working. We have a community
21 outreach, which is separate, called McKissick,
22 who's doing... is our liaison to the community and
23 we're working with any and all individuals from the
24 community to place them and get them interviews
25

1
2 with our construction manager and their
3 subcontractors and their suppliers.

4 KYLE KIMBALL: So I will just say one
5 last thing on the broader question of MWBE hiring
6 and local hiring. This is something we are very
7 committed to. We are very proud of the work we've
8 done in terms of local hiring on our construction
9 projects and I think also we're announcing today
10 that we are expanding our efforts to improve our
11 MWBE hiring with respect to real estate projects.
12 So this is something we take very seriously, not
13 only though just on the construction projects, but
14 I would also say that we are, again, going back to
15 where is the operating deficit that we're running,
16 so another program that we're running right now is
17 a thing called Blueprint to Success, where we have
18 found that it's not enough just to have goals
19 within programs and the construction, but that we
20 have to build to capacity and work with small
21 businesses to get them ready for city contracts and
22 so this is essentially a "MWBE Construction
23 University" that we have put two dozen businesses
24 through to get them ready for how to navigate city
25 contracts, how to know about them and that sort of

1
2 thing, so we are aware that city procurement is a
3 complicated process and so we are very focused on
4 not only using our leverage with the construction
5 projects to award these contracts, but also to
6 address another policy problem, which is building
7 capacity, so this is something we take very
8 seriously.

9 COUNCIL MEMBER RICHARDS: Alright, the
10 last question, I promise, and this is on Rockaway
11 ferry service. So I've been speaking to your
12 administration certainly expanding Rockaway
13 service, which seems to have gone nowhere so far,
14 but one of the things I recommended is possibly
15 doing a shuttle service, and I know you guys did
16 something of this nature I think in Brooklyn, and
17 60 percent, once again, of the Rockaways population
18 is on the East end of the Rockaways. It's very
19 hard for people from my end of the district to go
20 to 108th Street to get on the ferry and we want to
21 make it successful. We want to make sure that
22 we're maximizing as much as we can and I know you
23 can't answer this question today, but I would hope
24 we can have a conversation about possibly piloting
25

1
2 maybe some sort of shuttle service so that we can
3 really make it even more successful than it is now.

4 KYLE KIMBALL: So one of the things I
5 would say just to manage... the Rockaway ferry
6 service is something that we, as I said to Council
7 Member Gentile, we're expecting answers back
8 tomorrow essentially about the service. This is
9 something we put in place originally as a temporary
10 measure when the atrium was down after Sandy. It's
11 something that the last administration wanted to
12 keep through last January, this most recent
13 January. We then agreed to ask the Market what it
14 could do with respect to ferry service. It
15 remained very concerned about the economics of the
16 ferry service because it is something that EDC is
17 paying for directly, number one, and that's not
18 something that's sustainable. And number two, the
19 reason it's not sustainable is that it's about \$30
20 a passenger to run that ferry service and
21 passengers are paying \$3.50 each way and so it's
22 something that as we think about expanding
23 alternative forms of transportation around the
24 city, we also have to work closely with the council
25 members to find a way for this to be paid for

1 because it's not free and it is an expense as
2 opposed to a capital expense. There are ways we
3 can bring down the expense through capital, but at
4 the end of the day, it is an expense unless...
5 because I don't think people are going to pay \$30
6 one way for the ferry service, so I share the
7 enthusiasm for ferries as an alternative form of
8 transportation as a way to reunite the city in
9 different communities with its waterfronts and
10 improving access for communities that do not have
11 access or better access and I understand there are
12 issues of equity. At the same time, I'm aware that
13 there are some practical issues we just have to
14 deal with with respect to how much ferries cost and
15 how we're going to pay for them.

17 COUNCIL MEMBER RICHARDS: Well, I heard
18 of a lot of extra money in your budget [laughter]
19 that is unspent, so I don't see a problem where...
20 I don't see where EDC has any issues of money and I
21 think that if we are maximizing and really
22 utilizing our resources in a fashion that if they
23 can be used and stretched to the maximum that we
24 certainly won't have this problem, so we can
25 continue this conversation later, but I can tell

1
2 you now we will be fighting to make sure that that
3 ferry remains. Thank you.

4 CHAIRPERSON GARODNICK: Thank you,
5 Council Member Richards, and let me note we've
6 joined by Council Members Miller, Rodriguez and
7 Eugene. We have a number of council members who
8 still have questions, so we'll just ask them to
9 hold their fire just a little bit, but Council
10 Member Menchaca, you are up next, followed by
11 Council Member Rosenthal.

12 COUNCIL MEMBER MENCHACA: Thank you,
13 Chairs and welcome again and congratulations on
14 your appointment and your reappointment. My first
15 question is on Game Changer. I would like an
16 update on the timeline of release for those funds,
17 and really with a note to underscore any kind of
18 confidence that you have in the resiliency portion
19 of the promised vision for Game Changer in our
20 communities.

21 KYLE KIMBALL: Sure. So we are working
22 with... my best answer on Game Changer is that
23 we're working with the administration to make sure
24 that the projects that might be selected comport
25 with the prior use of this administration. The

1
2 Game Changer project was released in a different
3 administration. We have had some good responses,
4 but it's important that the responses reflect a new
5 set of priorities with respect to wages and good
6 jobs and that kind of thing. So that is something
7 we are actively working on and should have some
8 results fairly quickly.

9 COUNCIL MEMBER MENCHACA: What's that
10 timeline quickly? Is that...

11 KYLE KIMBALL: [interposing] I think it
12 sort of depends on how quickly the respondents get
13 back to us with the new set of questions that
14 we're...

15 COUNCIL MEMBER MENCHACA: [interposing]
16 Okay.

17 KYLE KIMBALL: Have asked or are about
18 to ask them.

19 COUNCIL MEMBER MENCHACA: Okay, so the
20 next question is you know, the Mayor recommitted in
21 his campaign for industrial business support
22 increasing those manufacturing jobs. We see that
23 in part of the budget. One thing that I haven't
24 necessarily seen, but would like to see if he's
25 going to be able to commit to this, is the asset

1
2 management ideas where something like Bush Army
3 Terminal that could create a closed non-profit
4 system so that those... kind of like the Brooklyn
5 Navy Yard, the profits of each of those assets can
6 stay within that property. Will we see that in the
7 budget?

8 KYLE KIMBALL: We would very much like
9 to... as the managers ourselves, we are starting to
10 implement some of those ideas, so for example, on
11 Brooklyn Army Terminal us spending \$15 million of
12 our own money to improve the Admin building...

13 COUNCIL MEMBER MENCHACA: [interposing]
14 Mm-hm.

15 KYLE KIMBALL: Is an example of us
16 reinvesting our own assets into these properties.
17 Additionally, if we are able to get capital for
18 bringing 500,000 square feet on line at that,
19 that's another example of doing this. At the same
20 time, you know, looking at this revenues and
21 expenses chart, you know, BAT and Bush do... or
22 it's important to the overall economic development
23 agenda to the city, so...

24 CONCIL MEMBER MENCHACA: [interposing]
25 Mm-hm.

1
2 KYLE KIMBALL: The question of whether
3 or not the entirety of the money stays within the
4 different assets I'm not sure if you'll see that
5 dealt within this budget, but some of the
6 principles of really taking the assets, investing
7 in them...

8 COUNCIL MEMBER MENCHACA: [interposing]
9 Mm-hm.

10 KYLE KIMBALL: And making sure that the
11 money that's invested, at least in part, stays with
12 the assets is something we are in the process of
13 doing now.

14 COUNCIL MEMBER MENCHACA: Well, I think
15 we're also looking for him to really kind of hone
16 in on that particular nuance 'cause it's a pretty
17 major difference between a kind of unsecured
18 promise and a new structure that allows a non-
19 profit to take that on, so we'll be looking at that
20 carefully. And just in general, also the \$15
21 million that's going into the reconstruction of
22 BAT, will that include any services or program
23 funding for services for the small businesses or
24 the businesses that would be coming in? I think
25 what we're also seeing is a deficit in funding for

1 small businesses, both SBS and EDC, and so I'd like
2 to hear a little bit about how we're in this final
3 budget going to really give the resources needed.
4 For example, in Red Hook and a lot of our
5 industrial zones we're seeing non-industrial uses
6 creep into our industrial zones, some of them
7 illegally, and so what we want to do is make sure
8 that we offer resources that have yet to be funded,
9 including organizing allowing for small businesses
10 to organize and really protect our zones and so I'm
11 hoping to hear if we can today a little bit about
12 how that might happen in this next budget.

13 [background voices]

14
15 COMMISSIONER TORRES-SPRINGER: The
16 particular ideas that you mentioned seem really
17 interesting and I think that there is again, an
18 opportunity here to push the envelope and to do
19 more for industrial businesses. Having said that,
20 between EDC and City Planning and SBS, I think
21 we've taken a holistic approach to determining how
22 best to ensure that manufacturing and industrial
23 businesses thrive. This administration is
24 certainly very committed to that. The IBZs through
25 Land Use for sure are one way of protecting

1
2 businesses. SBS has played a role with industrial
3 business service providers and EDC has from a
4 larger strategic and policy point of view also
5 looked at very creative and innovative ways to help
6 manufacturing and industrial businesses, and so I
7 think the challenge for all of us is to build on
8 all that has happened and to see what more can be
9 done and how best to deploy the resources that we
10 have to ensure that we are taking as broad and as
11 comprehensive a look at how to support these
12 businesses. And if there are particular ideas that
13 you have heard that either we have not tried or
14 that are not funded, we'd be very happy to discuss
15 that.

16 COUNCIL MEMBER MENCHACA: And we'll be
17 able to just kind of compile that and maybe at an
18 individual council member level and I don't know,
19 Kyle, if you wanted to add to any...

20 KYLE KIMBALL: I would just say... just
21 echo that we have a number of different industrial
22 initiatives that I'm happy to talk about in more
23 depth because we feel very strongly about in many
24 ways EDC and SBS being the voice for our industrial
25 businesses, whether or not it's through our

1
2 protection of the Industrial Business Zones in
3 general or...

4 COUNCIL MEMBER MENCHACA: [interposing]
5 Mm-hm.

6 KYLE KIMBALL: Nearly two dozen
7 programs we have to benefit industrial businesses
8 in terms of helping them modernize and that kind of
9 thing, so I think we are very excited about all the
10 ideas that we have in industrial space, some of
11 which you'll see in this budget and some of which
12 we'll continue to work together, but this is
13 something we're very focused on.

14 COUNCIL MEMBER MENCHACA: And my final
15 thing is a follow-up to Council Member Richards'
16 question about the Sandy funding through loans. I
17 think what we're hearing on the ground is pretty
18 tragic in that some of these businesses have yet to
19 receive anything, partly because they just don't
20 qualify for any of the loans, the federal and the
21 city SBS loans. And so what we're hoping we can do
22 is really look at other innovative creative ways to
23 get more grants out to small businesses directly to
24 meet those unmet needs and I don't know how we'd
25 circumvent the HUD requirements and those

1
2 checklists, those long checklists, and so we're
3 open to ideas that you have to address that
4 specific need, but that's what we're going to be
5 hearing from the public at 4:00 when we bring them
6 in and I'm hoping that you can address that now,
7 but...

8 KYLE KIMBALL: [interposing] Yeah.

9 COUNCIL MEMBER MENCHACA: That you can
10 continue to play a big role in that.

11 KYLE KIMBALL: Mm-hm. So we have been
12 looking at the resiliency loans program and
13 received a number of comments on that program
14 through the CDBG comment period and we are actively
15 working to make some... so you don't circumvent
16 HUD, but we are working within the context of HUD
17 to make sure that the comments that we heard in the
18 comment period are a component of the loan and
19 grant programs, so making it easier and removing
20 caps, that kind of thing, so I think you'll see
21 some... you'll see in a program that will come out
22 after this most recent comment period, one that
23 looks a little bit easier to access and a little
24 bit more responsive to what we heard in the comment
25 period.

1 COUNCIL MEMBER MENCHACA: Thank you.

2 CHAIRPERSON GARODNICK: Thank you,
3 Council Member Menchaca, and let me just follow-up
4 on one point there. We noted in the SBS budget
5 that for the Preliminary, there was a decrease of
6 \$1.2 million for Industrial Business Zone
7 contracts. Our understanding is those are the
8 service providers who are helping people access the
9 dollars that are available to them for locating
10 into an Industrial Business Zone. Why was that
11 \$1.2 million cut out?
12

13 COMMISSIONER TORRES-SPRINGER: So these
14 are, in fact, the dollars that go to Contract
15 Services for Industrial Business Zone service
16 providers. That funding was not cut by this
17 administration. It did not exist in last year's
18 budget. The City Council by adoption in the last
19 fiscal year actually contributed approximately that
20 same amount to go towards that, so there's no cut
21 that happened with this administration for those
22 services.

23 CHAIRPERSON GARODNICK: Okay, we'll
24 have to take a...

25 [crosstalk]

1
2 COMMISSIONER TORRES-SPRINGER: That
3 that...

4 [crosstalk]

5 CHAIRPERSON GARODNICK: Closer look
6 because...

7 COMMISSIONER TORRES-SPRINGER:
8 [interposing] Yeah.

9 CHAIRPERSON GARODNICK: We have a \$1.1
10 million in the adopted 2014 budget.

11 KYLE KIMBALL: That's right.

12 COMMISSIONER TORRES-STRINGER: That's
13 right.

14 CHAIRPERSON GARODNICK: And zero in the
15 2015 Preliminary.

16 KYLE KIMBALL: What happened was it was
17 actually cut by the last administration two or
18 three cycles ago; I believe two and then the City
19 Council put its money into the programs, so it
20 was... on the one hand it wasn't added; on the
21 other hand it wasn't cut, but the money was there.
22 I understand where you're coming from. The money
23 was there and now it's not, but it was... it's
24 important I think to us that it wasn't... it's not
25 seen as being cut by this administration because it

1
2 was... you can't cut something that isn't in the
3 budget. It was actually cut by the last
4 administration.

5 COMMISSIONER TORRES-SPRINGER: Having
6 said... we understand that the... so this current
7 budget has no... it does not include the \$1.2 that
8 otherwise would go to the service providers and I
9 think what we are working on in the months to come
10 is to ensure that there is a comprehensive look at
11 how best to serve industrial and manufacturing
12 businesses. This is one of them. The service
13 providers have provided a great service to these
14 businesses so that is... we cannot dispute that,
15 but there are a whole number of ways between EDC
16 and SBS that we serve these businesses and the
17 work, our work over the next several months is to
18 ensure that we're using the resources that we have
19 in the most impactful way.

20 CHAIRPERSON GARODNICK: But so is it
21 your opinion that we can proceed without these
22 service providers; that they are not essential for
23 restoration in the budget?

24 KYLE KIMBALL: I think our opinion is,
25 and there is a hand-out that you... I think was

1 handed out at the beginning or it's being handed
2 out right now. I think it's important to us that
3 you see there are about 22 different programs
4 between us that are dealing with the industrial
5 sector starting with issues around space, IBZs,
6 entrepreneurship, incubators, different real estate
7 programs and different financial resources that
8 we're providing to the industrial space, different
9 funds in which we're actually investing EDC money
10 along with SBS into different sectors that we see
11 as in demand, as well as the various support
12 mechanisms for both modern and traditional
13 manufacturers. So I think the point that we want
14 to make is there has been a lot of focus on a
15 particular program with respect to our overall
16 industrial policy, which is Program Number 23 of 22
17 that we are actually working on this sector, so
18 it's important to us that it's communicated that
19 this is a very important sector to us and it's not
20 meant to be a statement one way or another about
21 the validity of that particular program.

22
23 CHAIRPERSON GARODNICK: Okay, so just
24 to summarize because I want to make sure that I
25 understand it, it was in the budget last year; cut

1
2 by the Mayor; restored by the council; not re-
3 included by this Mayor and you are revisiting
4 whether or not that is the precise way that you
5 intend to move forward in helping people to access
6 IBZ. Is that correct?

7 KYLE KIMBALL: I think that's a fair
8 statement.

9 CHAIRPERSON GARODNICK: Okay, thank
10 you. Council Member, I'm sorry.

11 CHAIRPERSON CORNEGY: I just wanted to
12 know if I could hear... I saw Commissioner
13 Springer-Torres shaking her head... Torres-
14 Springer, I'm sorry, shaking her head and I just
15 wanted to know if you would like to answer from an
16 SBS perspective on IBZs.

17 COMMISSIONER TORRES-SPRINGER: And I
18 think that's it; what my colleague, Kyle Kimball
19 mentioned is absolutely correct, that when we...
20 that the administration's support of industrial and
21 manufacturing businesses has to be viewed in the
22 context of all of the agencies that are assisting
23 them. There are 22 programs that EDC runs. We
24 have a few and each of them serves a particular
25 purpose and what we need to do in looking at that

1
2 particular kind of... the lack of the funding for
3 that piece is to figure out if it should continue
4 to be that way or if there is a smarter way to help
5 industrial and manufacturing businesses. So I'm in
6 agreement with Chair Garodnick and with my
7 colleague, Kyle Kimball, that it is that everything
8 is on the table right now and I think our
9 experience with the service providers has been
10 positive for sure, but it is only one of many
11 different levers we can pull to service sector.

12 CHAIRPERSON CORNEGY: Well, let me add
13 just one last piece to that. So prior to the
14 election, the Mayor released a Vision Statement
15 focused on encouraging industrial development and
16 the growth of manufacturing jobs in the city.
17 Important points in the statement included shifting
18 management of the Brooklyn Navy Yard and Bush Army
19 Terminal from EDC to new non-profits that would
20 reinvest their surpluses back into their specific
21 managed areas to a variety of programs and
22 infrastructure improvement. Is there anything in
23 the EDC budget that reflects the administration's
24 plan to carry out this change?

1
2 KYLE KIMBALL: It's something we're...
3 so yes, so there's various components of how to do
4 that. So a lot of people have said how do you
5 expand the Brooklyn Navy Yard model? So the
6 Brooklyn Navy Yard model it's a great model, they
7 do great work and their budget flows through EDC
8 like others, and the essential component is that
9 money made at the Brooklyn Navy Yard stays at the
10 Brooklyn Navy Yard, that they have access to city
11 capital and they are mission driven and have
12 someone on the ground who is thinking about the
13 Brooklyn Navy Yard specifically. So the various
14 components of that model we are beginning to
15 implement, so what I asked today in terms of
16 thinking about to reinvest in BAT with respect to
17 helping with city capital, we are beginning to
18 reinvest or continuing to reinvest a larger portion
19 of our own proceeds back in, so that's you know,
20 very consistent with that model. Just going back
21 to the revenue and expenses predictions, however,
22 the way EDC works is that the money that we make
23 from property rentals goes to support our citywide
24 economic development agenda. So the money we
25 make... so part of the money that we make from

1
2 managing BAT goes to pay for Council Member
3 Donovan's ferry service... not that it's your ferry
4 service, but your constituent's ferry service.
5 [laughter] So it is an important... it's just the
6 way that EDC works is that we are a double bottom
7 line agency. We try to make as much money as we
8 can from our assets and then we try to spend it in
9 the most effective way, either giving it back to
10 the city or running programmatic initiatives to
11 create economic development. So in this particular
12 budget you will see us investing our capital, you
13 will see us thinking about mission driven
14 management and then the other components about how
15 you actually segregate out the assets we will have
16 to figure out.

17 CHAIRPERSON CORNEGY: Commissioner,
18 would you like to comment on that third component
19 at all or no?

20 COMMISSIONER TORRES-SPRINGER: I think
21 my colleague covered it.

22 CHAIRPERSON CORNEGY: Okay.

23 COMMISSIONER TORRES-SPRINGER: Thank
24 you.

25 CHAIRPERSON CORNEGY: Thank you.

1
2 CHAIRPERSON GARODNICK: Council Member
3 Rosenthal followed by Council Member Dickens.

4 COUNCIL MEMBER ROSENTHAL: Thank you.
5 I'm new to this, so it's nice to meet you.

6 KYLE KIMBALL: Yes.

7 COUNCIL MEMBER ROSENTHAL: So just real
8 quickly, I remember one of the hub-bubs in the last
9 administration was selling off some of the major
10 city assets. Have those been taken off the table
11 now?

12 KYLE KIMBALL: Well, the one that is...

13 [crosstalk]

14 COUNCIL MEMBER ROSENTHAL: At 22
15 Chambers.

16 KYLE KIMBALL: The one particular... so
17 we did do a couple of sales that were Civic Center
18 sales. There were three; we ended up doing two.

19 COUNCIL MEMBER ROSENTHAL: Okay.

20 KYLE KIMBALL: And we have not
21 reengaged in discussions about 22 Reade Street.

22 COUNCIL MEMBER ROSENTHAL: Okay, great.
23 So my questions have a lot to do with how we
24 sustain the middle class and you spoke to it in
25 your testimony a bit and so I'm wondering first of

1
2 all, just sort of an easy you know, softball
3 question. If you had an additional x amount of
4 money, \$10 million, what industries would you
5 invest in in order to support or bring in more or
6 create more middle income jobs?

7 KYLE KIMBALL: Well, hopefully it's
8 more than \$10, but I won't look a gift horse in the
9 mouth, but...

10 COUNCIL MEMBER ROSENTHAL:
11 [interposing] No, no, I mean that's a fair
12 statement.

13 KYLE KIMBALL: Yeah.

14 COUNCIL MEMBER ROSENTHAL: If the
15 required investment in order to make a serious
16 impact is a bigger number, I'm interested.

17 KYLE KIMBALL: Yeah, so I think if we
18 were able to have \$100 million in bringing on on
19 line 500,000 square feet of space at BAT, you would
20 create 1,000 good jobs and well, and you will also
21 help EDC's bottom line. And so, but in addition to
22 just creating jobs, I think we're also very focused
23 on thinking about ways to improve income mobility,
24 so skills acquisition so that people can move into
25 and through the middle class. And so, we have a

1
2 number of different initiatives that endeavor to do
3 this and as part of this administra... that we
4 implemented in the last administration. As part of
5 this administration we're trying to figure out how
6 to scale those and what we've learned from those
7 pilot programs and how we can scale those up to
8 reach a larger audience. So that's various
9 different types of skills acquisitions for people
10 who are not involved in the education system;
11 people who have been justice involved; how to get
12 them ready for jobs in in-demand sectors 'cause
13 we're very... also very aware that we spent a lot
14 of time and energy in transforming the city's
15 economy with things like Cornell Tech, but at the
16 same time, we need to make sure that the folks who
17 are here are able to access the jobs that are going
18 to be created. So we're working with high school
19 students to get them ready for coding and that kind
20 of... so there's a lot of ways we can do it. We
21 have a ton of ideas on how to do it.

22 [crosstalk]

23 COUNCIL MEMBER ROSENTHAL: I'd be
24 interested in pursuing that. I mean just help me
25

1
2 with the math, so that's like \$100,000 per job that
3 you said \$100 million for 1,000 jobs.

4 KYLE KIMBALL: Yeah, I mean a lot of it
5 is...

6 [crosstalk]

7 COUNCIL MEMBER ROSENTHAL: It's... it's
8 interesting and...

9 KYLE KIMBALL: Well, I mean a lot of it
10 is... so the \$100 million goes into sort of
11 critical core systems that gets the...

12 [crosstalk]

13 COUNCIL MEMBER ROSENTHAL: Yep.

14 [crosstalk]

15 KYLE KIMBALL: Real estate on line, but
16 those thousand jobs will pay dividends for years to
17 come, you know.

18 COUNCIL MEMBER ROSENTHAL: I'm just
19 curious.

20 KYLE KIMBALL: Yeah.

21 COUNCIL MEMBER ROSENTHAL: Okay.

22 COMMISSIONER TORRES-SPRINGER: I wanted
23 to add to that if...

24 [crosstalk]

25 COUNCIL MEMBER ROSENTHAL: Sure.

1
2 COMMISSIONER TORRES-SPRINGER: If \$10
3 million... if SBS had an additional \$10 million...
4 [laughter] That's great. It's a great project,
5 Kyle, but as I mentioned before, the Workforce
6 Investment Act monies that have funded our
7 workforce development strategy has been decimated
8 over the course of the last several years. With
9 that amount, I think there are some really
10 innovative things that we can do that build on the
11 work that we've already done in sectors like
12 healthcare and information technology, sectors that
13 allow for good paying jobs, but also have
14 occupations within them where our lower skilled New
15 York City residents have the opportunity with
16 proper training and proper access to those jobs to
17 actually get on that career pathway. And so we can
18 build on those sectors and think about exactly what
19 the skill gap is and how we help bridge it.

20 COUNCIL MEMBER ROSENTHAL: Yeah, I'm
21 sorry she beat you out there. [laughter]

22 KYLE KIMBALL: That's fine. She's
23 really good.

24 COUNCIL MEMBER ROSENTHAL: But to
25 follow-up on that just a little bit, I'm looking at

2 your Workforce 1 Career Centers and there is a bit
3 of a spotty history with those, and would I be
4 reading the numbers right to say something like \$22
5 million annually, you have about 164,000 people
6 coming in and about 30,000 of them end up getting
7 jobs?

8 COMMISSIONER TORRES-SPRINGER: I think
9 that's right.

10 COUNCIL MEMBER ROSENTHAL: Fair
11 statement?

12 COMMISSIONER TORRES-SPRINGER: Is that
13 right? Higher the dollars, okay.

14 COUNCIL MEMBER ROSENTHAL: And with the
15 change in administration, did the CEO program get
16 folded into SBS or no; it's still in the Mayor's
17 office?

18 COMMISSIONER TORRES-SPRINGER: It's...

19 KYLE KIMBALL: [interposing] As far as
20 we know.

21 DEPUTY COMMISSIONER SCHWARTZ: [off
22 mic] The programs of the CEO are still with us, the
23 ones that we were doing.

24 COMMISSIONER TORRES-SPRINGER: Andy,
25 why don't you...

1
2 DEPUTY COMMISSIONER SCHWARTZ: Hi, Andy
3 Schwartz, First Deputy Commissioner. We have been
4 administering some of the CEO's programs for
5 several years and we are still doing that now.
6 There is some funding in the budget for the CEO
7 this year and some customarily has been added at
8 adoption or at the Exec Budget. We're still
9 waiting to hear exactly the plan on CEOs.

10 COUNCIL ROSENTHAL: Yeah, it made me
11 nervous to hear that you lost a position or two
12 because it struck me as I was following what CEO
13 was doing that the investment in that program was
14 giving you probably great information about how
15 better to manage and spend Workforce 1 money.

16 COMMISSIONER TORRES-SPRINGER: As Andy
17 mentioned...

18 [crosstalk]

19 DEPUTY COMMISSIONER SCHWARTZ: Yeah.

20 [crosstalk]

21 COMMISSIONER TORRES-SPRINGER: We're
22 hoping that between now and...

23 DEPUTY COMMISSIONER SCHWARTZ:

24 [interposing] Yeah, at adoption it'll be added back
25

1
2 and we do have funding that's used for the
3 customized training grant program for...

4 [crosstalk]

5 COUNCIL MEMBER ROSENTHAL: Mm...

6 [crosstalk]

7 DEPUTY COMMISSIONER SCHWARTZ: CEO and
8 our transportation and sector centers as well.
9 That is currently in the FY '15 Budget.

10 COUNCIL MEMBER ROSENTHAL: Okay well,
11 I'd love to learn more about that. I'm going to
12 give you my card on the way out. And then in terms
13 of the minority and women-owned businesses, it
14 sounds like you have 24 that are going through a
15 training program. Kyle, you mentioned it was like
16 two...

17 [crosstalk]

18 KYLE KIMBALL: Yes.

19 [crosstalk]

20 COUNCIL MEMBER ROSENTHAL: Dozen going
21 through a training program to help them learn how
22 to deal with city contracts and going through that
23 procedure. So putting on my hat as chair of the
24 Contracts Committee, that it's unnerving to hear
25 that you would have to get that extensive training

1
2 just to sort to get through the contracting
3 process, and I have an upcoming hearing that tries
4 to look at what OMB, the Law Department possibly
5 and DOI are looking for that keeps slowing down the
6 process every year, so I also have a card for you
7 and I would like to learn more about what it is
8 that your training... what hiccups are in the
9 system that you have identified and that you're
10 training people for that we could maybe be helpful
11 in getting rid of.

12 KYLE KIMBALL: Sure. We have a lot of
13 ideas of different things that are required around
14 insurance and residuals and contracting in terms of
15 that make it a little bit harder. The good news is
16 that of those 24 getting... of those... I think
17 it's 24. I can get back to you with the exact
18 number.

19 COUNCIL MEMBER ROSENTHAL: Whatever,
20 you...

21 [crosstalk]

22 KYLE KIMBALL: It's about two dozen of
23 that people coming through the program, we believe
24 it's generated about \$5 million of construction
25 activity and about \$3 million of contracts, so it

1
2 is working and we want to continue... the other
3 thing we have done is in addition to the
4 requirement to doing capacity building with MWBE is
5 we've also been providing loans to those entities
6 to get them able to meet some of the capital
7 requirements, which is really one of the most
8 significant issues that MWBE faces.

9 [crosstalk]

10 COUNCIL MEMBER ROSENTHAL: Are they
11 below prime...

12 KYLE KIMBALL: [interposing] Yes, I
13 believe so. Yes...

14 [crosstalk]

15 COUNCIL MEMBER ROSENTHAL: Rate?

16 [crosstalk]

17 KYLE KIMBALL: They're low-interest
18 loans, yeah.

19 COUNCIL MEMBER ROSENTHAL: Yeah.

20 KYLE KIMBALL: Yes.

21 COUNCIL MEMBER ROSENTHAL: Do you have
22 a size of a grant fund that you keep on the ready
23 for these loans? Is it a revolving loan fund or...

24 KYLE KIMBALL: We set up a specific
25 amount of money. I don't exactly know how much we

1
2 set up. I can actually find out how... I don't
3 know off the top of my...

4 [crosstalk]

5 COUNCIL MEMBER ROSENTHAL: Yeah.

6 [crosstalk]

7 KYLE KIMBALL: Head how much we set up.

8 [crosstalk]

9 COUNCIL MEMBER ROSENTHAL: And I'd be
10 interested in learning more about the training
11 programs...

12 KYLE KIMBALL: [interposing] Sure.

13 COUNCIL MEMBER ROSENTHAL: As I said.
14 The last question, I promise. The delay in the
15 industrial business service contracts, we're
16 hearing long delays in getting those contracts out
17 and signed. Is that similarly because of problems
18 in the contracting process or... [background
19 voices]

20 DEPUTY COMMISSIONER SCHWARTZ: [off
21 mic] I'm not aware of that. That's...

22 COUNCIL MEMBER ROSENTHAL: You're not
23 seeing that?

24 KYLE KIMBALL: I don't know, yeah.
25

1
2 COUNCIL MEMBER ROSENTHAL: I'm going to
3 punt to you.

4 DEPUTY COMMISSIONER SCHWARTZ: I think
5 it's what Kyle was talking about, is that some
6 businesses do struggle with some of the city
7 processes, but I think we have those contract are
8 out and you know, they've been the providers for
9 several years. I think with the difference in
10 funding this year they had to go back and redo some
11 of that work with some of the providers, but I
12 think they're all pretty much through now.

13 COUNCIL MEMBER ROSENTHAL: Okay, 'cause
14 we had heard about delays as long as nine months.
15 And then would those businesses have access to the
16 loans or how does that work?

17 DEPUTY COMMISSIONER SCHWARTZ: Yeah,
18 there is a city loan program and I think that when
19 you're on the Contracts Committee and speaking with
20 MOCS, there is a program for city vendors who...

21 [crosstalk]

22 COUNCIL MEMBER ROSENTHAL: Oh and...

23 [crosstalk]

24 DEPUTY COMMISSIONER SCHWARTZ: Have
25 con...

2 [crosstalk]

3 COUNCIL MEMBER ROSENTHAL: So they have
4 access to that as well?

5 DEPUTY COMMISSIONER SCHWARTZ: I think
6 at least one of the IBZ vendors has...

7 [crosstalk]

8 COUNCIL MEMBER ROSENTHAL: Well, I'd be
9 interested...

10 [crosstalk]

11 DEPUTY COMMISSIONER SCHWARTZ: Access
12 this year.

13 [crosstalk]

14 COUNCIL MEMBER ROSENTHAL: To learn
15 about that. It's the Fund for the City of New York
16 and they didn't indicate to me that it was for a
17 private business, so I'm interested to learn.

18 DEPUTY COMMISSIONER SCHWARTZ: Yes, for
19 city vendors there is a loan program.

20 COUNCIL MEMBER ROSENTHAL: So one of
21 these contractors had access to it.

22 DEPUTY COMMISSIONER SCHWARTZ: Yes.

23 COUNCIL MEMBER ROSENTHAL: Right? And
24 they're all up to date now; they have all their...

25

1
2 DEPUTY COMMISSIONER SCHWARTZ: I'd have
3 to check on all of them and let... you know, get
4 back to you, but I'm... [background voice]
5 Certainly.

6 CHAIRPERSON CORNEGY: So next up...
7 thank you and next we have Council Member Dickens
8 and Council Member Vallone.

9 COUNCIL MEMBER DICKENS: Thank you so
10 much, Chairs, and good afternoon. Thank you for
11 your testimony. I want to congratulate
12 Commissioner Maria Torres-Springer. I've been
13 privileged to work with you before and so it's good
14 to see you here as the Commissioner, and of course,
15 Andy Schwartz. We've worked together on many
16 things. Kyle, you and I go back, and I want to
17 thank you, by the way, on the work that you did on
18 the acrimonious Land Use at 110th and Frederick
19 Douglass Boulevard, which you know, was a very long
20 ongoing issue that the community was very concerned
21 about. You took your time in making a decision
22 before the RFP was even issued, and I want to thank
23 you because the ones who held the leases at that
24 site are indeed very happy and helped to ease us
25

1
2 through with the community, so I just wanted to say
3 thank you for that, Kyle.

4 Now, let's go onto the things I'm not
5 so happy about. And I'm not clear. I'm going to
6 follow up on Chair Garodnick's question about the
7 IBZ. Are you here to ask for funding because that
8 has been defunded, that program or is it in the
9 budget? I'm not quite sure because that's
10 important and I'm asking this on behalf of my
11 former colleague, who is now the Brooklyn Deputy
12 Borough President, Diana Reyna, and this would be
13 her question.

14 KYLE KIMBALL: Yes.

15 COUNCIL MEMBER DICKENS: So I'm going
16 to stand in for her and ask about that.

17 KYLE KIMBALL: So we are... do you want
18 to go first?

19 COMMISSIONER TORRES-SPRINGER: Sure.

20 KYLE KIMBALL: Okay.

21 COMMISSIONER TORRES-SPRINGER: So the
22 funding for the contracts for...

23 COUNCIL MEMBER DICKENS: Can you pull
24 the mic closer to you...

25 [crosstalk]

1
2 COMMISSIONER TORRES-SPRINGER: Sure.

3 [crosstalk]

4 COUNCIL MEMBER DICKENS: Please?

5 COMMISSIONER TORRES-SPRINGER: The
6 funding for the IBZ contracts; service lead
7 contracts currently are not in the budget. They
8 were cut as part of the last administration and
9 former Council Member, now Deputy Borough President
10 Diana Reyna, was very helpful and a strong advocate
11 for this, the council, to fund those by adoption of
12 last year. As you mentioned before though, in
13 terms of whether that will be funded before
14 adoption of this budget, we are looking to
15 determine what the broader strategy is together
16 with the administration and with the members of
17 City Council to figure out how best to help
18 industrial businesses, which may or may not include
19 those contracts, but it's an ongoing conversation
20 and we would love to continue to engage with
21 members of the City Council about different ideas
22 that are on the table.

23 COUNCIL MEMBER DICKENS: If the funding
24 doesn't come through, how will you be able to
25

1
2 interface and indeed help the IBZs in that
3 community? What would be done to assist them?

4 COMMISSIONER TORRES-SPRINGER: Well,
5 two things. One is, as Kyle has mentioned, there
6 are other programs that exist that serve industrial
7 and manufacturing businesses. Second, our Business
8 Solution Centers with the variety and the range of
9 services that they provide could also help
10 supplement, which again, does not mean that we are
11 not supportive of the IBZ providers. We've worked
12 with them for a very long time in delivering the
13 service to these businesses, so it's something that
14 we're definitely taking into consideration as we
15 think about what the broader strategy should be.

16 COUNCIL MEMBER DICKENS: Alright, now
17 also I've seen in your testimony that you indicated
18 a \$20 million New York City Emergency Loan and
19 Matching Grant Program and a \$5 million Small
20 Business Grant Program funded between the city and
21 private dollars. They're low-interest loans. Is
22 that correct?

23 COMMISSIONER TORRES-SPRINGER: That's
24 right.

1
2 COUNCIL MEMBER DICKENS: Are they? And
3 there's grants as well.

4 COMMISSIONER TORRES-SPRINGER: That's
5 right.

6 COUNCIL MEMBER DICKENS: Alright and
7 how do these small businesses access it? And when
8 I say the small, I'm talking about the small
9 businesses because I know I heard something about
10 being cash flow positive. Well, the problem is
11 that SBS has encouraged small businesses to have
12 city contracts, and city contracts don't pay
13 timely. Sometimes they're as much as eight to 12
14 months late and behind even though they may put
15 them on the computer and it says that they have
16 been approved; they've looked at the work to see
17 that's it's been done and approved and then they
18 turn around and don't pay, so you know, what
19 happens is that the small businesses do as SBS has
20 encouraged and gone and put in bids; answered bids
21 for these various contracts, but then they turn
22 around and they have no money to do ongoing
23 operations because they haven't access to the
24 various programs that's available. So and it then
25 looks like they don't have a positive cash flow, so

1
2 that's why I'm asking. You know, it becomes a
3 whole cycle, a vicious cycle for the small
4 businesses that if they don't have money hidden
5 away somewhere or falling off of a tree, then they
6 have real problems and I've been arguing this
7 forever about our small businesses and our MWBEs,
8 the impact that what you do and how you generate
9 the grants and the loan programs, and I know that's
10 not an official budget problem, but since I got
11 them here I thought I'd ask it.

12 COMMISSIONER TORRES-SPRINGER: I think
13 that's an important question, Council Member, and
14 the two that... the Emergency Loan and Matching
15 Grant and the Business Recovery Loan and Grant
16 Program are specifically targeted to businesses who
17 were impacted by Sandy, so those are the
18 constraints that I mentioned and those thresholds
19 of being cash flow positive before Sandy relate to
20 just these particular programs. There are other
21 programs that we help... we don't administer, but
22 that our Business Solution Center staff know about
23 that connects businesses to other sources of
24 financing and so that... which isn't to say that
25 the particular issue that you mentioned isn't one

1
2 that we haven't heard before, but what each of the
3 centers tries to do is depending on the need,
4 whether you're a Sandy affected business or not,
5 what you're looking to spend on; what your business
6 record is; is to connect you with the right
7 financing that you would be eligible for. And so
8 if you though are hearing from businesses in your
9 district about a particular gap in what they are
10 looking to get after speaking with SBS, again, we'd
11 be happy to talk about that and figure out if
12 there's more we can do to help those businesses.

13 KYLE KIMBALL: And one thing I would
14 add that we worked together on in our program is we
15 have this program that we were talking with Council
16 Member Rosenthal, Blueprint to Success. We have
17 these kick start loans that actually do address
18 this particular problem, where in some cases, on
19 our projects there are long lead times before
20 someone is able to be repaid by the city, so in
21 those cases we do... if you are an MWBE in this
22 program, we will provide a loan for some of these
23 items or these long lead time pieces, so we
24 actually provide the bridge funding for those
25 MWDBEs who are doing city construction projects.

1
2 COUNCIL MEMBER DICKENS: Alright, and
3 is it a first-time offenders program; part of the
4 job seekers in your Workforce Development Division
5 and if so, what is the cost of that program and
6 what is the fiscal impact if you have to ask us to
7 put it in the budget?

8 COMMISSIONER TORRES-SPRINGER: Yeah,
9 I'm going to... Jackie Mallon, our Deputy
10 Commissioner for Workforce Development to talk
11 about that program.

12 COUNCIL MEMBER DICKENS: Would you
13 please state your name for me please and...

14 DEPUTY COMMISSIONER MALLON: Yes, I
15 sure will. Hi, I'm Jackie Mallon, Deputy
16 Commissioner for Workforce Development. Can you
17 hear me? Yeah? So your question is about...

18 COUNCIL MEMBER DICKENS: The job
19 seekers program, first-time offenders, is there a
20 part for first-time offenders for the job seekers
21 program within the Workforce Development services?
22 If there is not, have you made it a part of the
23 budget request that you're putting in...

24 DEPUTY COMMISSIONER MALLON:
25 [interposing] There is actually.

1
2 COUNCIL MEMBER DICKENS: What is the
3 fiscal impact that that would be? What would be
4 the fiscal impact?

5 DEPUTY COMMISSIONER MALLON: There is a
6 program. It's called Employment Works. Employment
7 Works and it offers people who were formerly
8 acquainted with the criminal justice system
9 assistance connecting to jobs. I'm going to work
10 from memory, but I can double check and get the
11 exact number. It's about \$1.5 million a year. We,
12 last year, again, off the top of my head, connected
13 about 800 folks to jobs with an average wage of
14 about \$12.50, again, off the top of my head, but I
15 can get back to you with some specifics.

16 COUNCIL MEMBER DICKENS: Okay, I'm...

17 [crosstalk]

18 DEPUTY COMMISSIONER MALLON: Does that
19 answer it?

20 COUNCIL MEMBER DICKENS: I'm sorry to
21 break in, but I want...

22 [crosstalk]

23 DEPUTY COMMISSIONER MALLON: That's
24 alright.

25 [crosstalk]

1
2 COUNCIL MEMBER DICKENS: Can... it's
3 800 that you say just... can you give us... when
4 you do get back to us with the exact numbers to the
5 chairs, would you be able to tell us what zip codes
6 those 800 come from, please?

7 DEPUTY COMMISSIONER MALLON:
8 Absolutely.

9 COUNCIL MEMBER DICKENS: Mm-hm.

10 DEPUTY COMMISSIONER MALLON: Without...
11 [crosstalk]

12 COUNCIL MEMBER DICKENS: Go ahead, I'm
13 sorry.

14 [crosstalk]

15 DEPUTY COMMISSIONER MALLON: Without...
16 [crosstalk]

17 COUNCIL MEMBER DICKENS: Okay.

18 [crosstalk]

19 DEPUTY COMMISSIONER MALLON: Without a
20 doubt.

21 COMMISSIONER TORRES-SPRINGER: And the
22 interesting fact about that program, which ensures
23 one of its benefits, is that the independent
24 evaluator looked at it and found that those... the
25 participants who got a job through the program have

1
2 an 80 percent decrease in the odds of re-arrest, so
3 we think that's one of the benefits of the program
4 and it's been successful thus far.

5 COUNCIL MEMBER DICKENS: So that is a
6 part of your budget request, this particular
7 program for the first-time offenders. Is that in
8 the budget?

9 COMMISSIONER TORRES-SPRINGER: In the
10 budget, yes.

11 DEPUTY COMMISSIONER MALLON: Yes.

12 COUNCIL MEMBER DICKENS: Alright,
13 that's... Kyle, I had a question to you about the
14 Block Grant. The one that you... that's been
15 mentioned or that I've heard a lot about is the
16 Block Grant Disaster Recovery funding. What is the
17 difference between that, the Disaster Recovery and
18 the Block Grant?

19 KYLE KIMBALL: So...

20 COUNCIL MEMBER DICKENS: [interposing]
21 As far as dollars I'm talking about.

22 KYLE KIMBALL: Disaster... is that
23 yours?

24 COMMISSIONER TORRES-SPRINGER: Yeah.
25

1
2 KYLE KIMBALL: So the Block Grant
3 refers to a block of money given to the city to
4 affect recovery and resiliency and then within that
5 we have different programs that comprise that Block
6 Grant and so the Disaster Recovery Loan Program is
7 one of them.

8 COUNCIL MEMBER DICKENS: So then other
9 than Disaster Recovery funding there's other
10 allocations that businesses can utilize through the
11 Block Grant. Is that right?

12 KYLE KIMBALL: That's right, so one is,
13 which we will announce at some point this spring,
14 is the Business Resiliency Investment Program, so
15 that's about \$110 million of the \$224 million Block
16 Grant that's meant to be for businesses to invest;
17 make resiliency investments in their businesses to
18 help us be more resilient in the next storm. \$84
19 million of that is a Game Changer competition, a
20 Neighborhood Game Changer competition. \$30 million
21 was a program called RISE, which is meant to bring
22 new technologies to the city to help the city
23 innovate with respect to resiliency and then the
24 remainder is a business loan and grant program that
25 we work with SBS to implement.

2 COUNCIL MEMBER DICKENS: Thank you and
3 I want to also thank you for the one-stop Business
4 Solutions that we've got in my community. It's
5 working out very well.

6 COMMISSIONER TORRES-SPRINGER:
7 [interposing] Great, I'm glad to hear it.

8 COUNCIL MEMBER DICKENS: And being
9 utilized, so I just want to say thank you.

10 COMMISSIONER TORRES-SPRINGER: Okay.

11 COUNCIL MEMBER DICKENS: Thank you so
12 much.

13 KYLE KIMBALL: Thank you.

14 CHAIRPERSON CORNEGY: Council Member
15 Vallone.

16 COUNCIL MEMBER VALLONE: Good
17 afternoon. Thank you to my co-chairs, and
18 congratulations on a well-deserved appointment and
19 your reappointment. I think with the
20 administration and the council fully dedicated to
21 both of your agencies and we look forward to
22 working with both of you and if we don't get to a
23 couple of things today, we look forward to some
24 follow-up time. I'm concerned with the in the
25 small business world of our bids and our areas and

1
2 communities that may have been economically
3 thriving, but now are struggling, as with everyone
4 in the city, but they often do not meet the
5 requirements of our grants programs or for the
6 assistance of the bridge loans. Can we expand a
7 visit upon some maybe new ways to reach out to some
8 of these small business and bid areas that may have
9 not sought your assistance before, but find
10 themselves in a place where they don't quite know
11 how to do that? And I find in Queens that's
12 happening more and more and Chairman Cornegy and I
13 on Small Business want to find this new way or new
14 path to reach these groups. Is there talk about
15 expanding or lessening some of the requirements
16 for... especially for the competitive grant
17 program?

18 COMMISSIONER TORRES-SPRINGER: So I
19 think that from my perspective there are lots of
20 programs that... there's an existing set of
21 programs that SBS has run and some of them have
22 been wildly successful; some of them need
23 improvement and what I am looking to do and sooner
24 rather than later is to hear feedback from
25 different stakeholders, certainly the City Council,

1
2 about where there are gaps and if this is one of
3 them that given the slate of programs that we have
4 there are still businesses that either don't know
5 about the programs or are not eligible for the
6 ones...

7 [crosstalk]

8 COUNCIL MEMBER VALLONE: Right.

9 [crosstalk]

10 COMMISSIONER TORRES-SPRINGER: That
11 exist to figure out how to fill that need assuming
12 we have the resources to do that, so there's
13 nothing but openness on my part to figure that out.

14 COUNCIL MEMBER VALLONE: Okay and where
15 are we on the Veterans Procurement Study? Do we
16 have a consultant on that?

17 COMMISSIONER TORRES-SPRINGER: So we
18 are weeks away. The RFP has been issued for that
19 study. We are week away from having a consultant
20 on board, and as I'm sure you know, we are... the
21 study needs to be completed by December 1st, 2014
22 and we look forward to keeping you apprised on
23 that, but we are on schedule.

24 COUNCIL MEMBER VALLONE: Wonderful.
25 And with last year's budget, this year's budget and

1
2 next year's budget all putting over \$100 million
3 into the Willets Point project, could you give the
4 council an update as to where we are with Willets
5 Point Redevelopment Program?

6 KYLE KIMBALL: Sure. So right now,
7 probably the best way I like to think about Willets
8 is it's really four different projects, the first
9 one being business relocation and remediating, so
10 getting a hold of the land and then remediating the
11 land to facilitate development. So right now, we
12 are in the process of continuing to do business
13 relocation. There are about 100 and... at any
14 given time there are about 100 and... we thought at
15 a certain point in time there were about 160
16 businesses. There was about \$15 million set aside
17 for business relocation across three different
18 programs. We believe of about our 160 businesses,
19 we have been able to successfully move about or
20 give assistance to about half of those within
21 the... and so the other piece about Willets is
22 there's different phases of Willets, so in other
23 words, right now, we're just very focused on
24 working with businesses and the programs on
25 relocation. Most notably, we set aside about \$3

1 million for businesses to co-locate 'cause I think
2 we learned through the last... over the last few
3 years that these businesses are symbiotic and that
4 it's important in many cases for them to exist as a
5 collection of companies; of businesses to provide
6 one-stop shopping, and so we set aside a co-
7 location fund to help and we also did a lot of
8 technical assistance with those companies. With
9 the Sunrise Co-op in particular, we created a
10 financial model for them, helped them identify
11 properties and then set up a program so that if
12 they found... if and when they found a place to
13 move as a group, we would then help them with their
14 lease payments at about \$60,000 per business. So
15 that is something that you might've read recently.
16 We're very excited that they actually have signed a
17 lease to move as a group about 50 businesses to the
18 Bronx. So right now, in other words, in terms of
19 an update on the project, that's what we're very
20 focused on is working with the businesses to help
21 them access the funds that have been set aside.
22 We have... as well as we have a company that we are
23 also working with to actually identify different
24
25

1
2 properties for businesses to move, but essentially
3 right now we're focused on business relocation.

4 COUNCIL MEMBER VALLONE: Is there any
5 estimated time because what's happening now, and
6 it's not just my district, it's all of Queens, is
7 Queens is being held hostage by this project and
8 really not moving forward, so we're getting a lot
9 of frustration that coming at the community board
10 levels; at the civic levels; the streets; the
11 businesses; the areas that are looking forward to
12 the next phase and getting life moving,
13 everything's just been stalled and Linden
14 Boulevard's not been completed, so as a council,
15 we're receiving... God bless you... we're receiving
16 many, many concerns and calls on this, so is there
17 any other part Phase I that can continue with the
18 street and infrastructure as we are also
19 redeveloping 'cause it seems as we're waiting for
20 these last few businesses nothing's really
21 happening.

22 KYLE KIMBALL: Sure. So I neglected to
23 mention that there's... at the same time, we have
24 spent about \$100 million in capital improvements;
25 infrastructure improvements to the area. You've

1 probably seen the construction at City Field. We
2 are committed to being out of there by opening day,
3 so we are continuing to get the site... so
4 there's... within this first project that I call
5 the first project, which is relocation, remediation
6 and infrastructure, we have been working on the
7 infrastructure for a while and we are pretty close
8 to being done. We are focused on the businesses,
9 and then you will turn to the phase where the
10 developer Related and Sterling will begin to close
11 on the properties 'cause right now the city is
12 still buying properties or moving tenants, and then
13 we will close hopefully with Related and Sterling
14 later this year and then they will begin the
15 process of remediation. So at one point... at the
16 same time this will be a long project. There will
17 be many, many years of construction and remediation
18 at Willets Point, but we're doing the best we can I
19 think to minimize the disruption. If there are
20 other ways that we can be doing that, I'm happy to
21 talk with the community or with you.

22
23 COUNCIL MEMBER VALLONE: Right. I
24 think that'd be great just to wrap up on that so we
25 can move forward, is maybe we can have this

1 ongoing, especially with the community, and I think
2 because of the length of what's happening is there
3 seems to be a disconnect now and I'd like to use
4 the council to be able to bridge that and keep the
5 dialogue open with those very concerned groups,
6 especially Community Board 7, us going forward, so
7 I'd appreciate it if we can continue that. Thank
8 you.

9
10 KYLE KIMBALL: Sure.

11 COUNCIL MEMBER VALLONE: Thank you,
12 Chairs.

13 CHAIRPERSON CORNEGY: Council Member
14 Barron.

15 COUNCIL MEMBER BARRON: Thank you to
16 the Chairs Garodnick and Cornegy, and thank you to
17 the panel for coming and giving your testimony.
18 From the testimony for the EDC Corporation, it
19 talks about primary functions and says that they
20 execute real estate transactions on behalf of the
21 city. How is a fair market value determined as we
22 go through these purchases?

23 KYLE KIMBALL: Through an appraisal.

24 COUNCIL MEMBER BARRON: And what
25 generates a second appraisal because I believe

1
2 there have been times when parties have thought
3 that the appraisal price was not accurate and it
4 has to go back, so what generates that...

5 KYLE KIMBALL: It really depends on the
6 project, but generally speaking, for PAAA purposes,
7 we do an appraisal; if there is a disagreement, we
8 will oftentimes do what's called a baseball style
9 appraisal, where there will be essentially two
10 appraisals and we either pick a point or find a
11 third appraisal to settle the difference, but it
12 sort of depends on the project and the different
13 constraints that are put on the project, but
14 generally speaking, there is one appraisal that we
15 do.

16 COUNCIL MEMBER BARRON: Were you... in
17 the report from the Finance Briefing Paper, it
18 identifies the Downtown Brooklyn Redevelopment
19 Plan. Were you involved with that and does that
20 include the Atlantic Yards?

21 KYLE KIMBALL: I was not. Well, it
22 depends on... I've been at EDC for about six years.
23 I was not here for the Downtown Brooklyn rezoning,
24 but have been involved with Atlantic Yards and can
25

1
2 answer questions on that particular project if you
3 are...

4 COUNCIL MEMBER BARRON: Okay, so when
5 the city... and perhaps this will go to the
6 Commissioner; I'm not sure. When the city enters
7 into these agreements and sells property with the
8 understanding that it will generate housing and
9 that does not occur, are there any provisions for
10 claw back or any provisions for penalties in as
11 much as you have not... that the purchaser and the
12 developer have not done what they have said they
13 would do and which was, in fact, the basis for the
14 contract and the sale going forward?

15 KYLE KIMBALL: So generally speaking,
16 yes. There have been many times where... and
17 Council Member Dickens is aware of it, but one of
18 these where we have sold a property to a developer;
19 they did not do what they said they were going to
20 do; we take them to court and we take the property
21 back. That has been our practice, certainly our
22 legal right to do and has been our practice on
23 several occasions. If there's a particular project
24 you're asking about, you'd have to look at what the
25 provisions are, but as a general policy, that is

1
2 our... you know, when developers don't do what they
3 said they're going to do or why we sell the land...

4 COUNCIL MEMBER BARRON: [interposing]

5 Mm-hm.

6 KYLE KIMBALL: We either work with them
7 to modify the project or modify the timeline or
8 modify the price, but we generally speaking, if
9 developers are delinquent in their responsibilities
10 to the city, we will endeavor to take the property
11 back.

12 COUNCIL MEMBER BARRON: Oh, okay, I
13 believe that the city has... well, that... no, I'm
14 talking about in the project Atlantic Yards
15 development and the housing, which was the big
16 attraction for the sale of the property, has not
17 materialized and the construction that is going up
18 at a very modest pace has not created the jobs that
19 had been thought that would be generated by that,
20 so there's a proposal now to push the timeline back
21 some 15, 20, 25 years and I'm not sure exactly if
22 the city has accepted that timeline.

23 KYLE KIMBALL: So the Atlantic Yards
24 project in particular was a... so it was a state
25 led project. It's governed by a General Project

1
2 Plan. It's, in essence, a business deal with the
3 state.

4 COUNCIL MEMBER BARRON: Mm-hm.

5 KYLE KIMBALL: The city provided I
6 believe about \$100 million for infrastructure
7 leading up to the sites.

8 COUNCIL MEMBER BARRON: Yes.

9 KYLE KIMBALL: But at the same time,
10 you are... so it's not necessarily something for
11 the city to accept or deny as far as I'm aware. At
12 the same time, you are seeing... and as I said, we
13 try to work with developers certainly on large
14 multi-year projects as conditions change to make
15 sure that we are still getting what we bargained
16 for, so you know, in the case of Atlantic Yards, I
17 think it will be important for the state to make
18 sure that it continues to get its bargain, but you
19 also are seeing affordable housing starting to go
20 up, the pre-fab that's actually being built at the
21 Brooklyn Navy Yard. So we work with developers to
22 make sure that they are either doing what they say
23 they're going to do or are on a path to do that.

24 COUNCIL MEMBER BARRON: And in terms of
25 the Brooklyn Navy Yard and the push there for

1
2 developing that industry; I think the film
3 industry, the construction, the pre-fab housing is
4 there, what provisions are there to make sure that
5 the neighborhood persons have an opportunity to be
6 trained and to be hired? I mean I grew up in the
7 Fort Greene projects, as it was called then, and
8 it's literally across the street and it is a low-
9 income neighborhood, so what provisions; what
10 requirements are there that personnel and the
11 persons in that immediate neighborhood have an
12 opportunity to be trained and to be hired?

13 KYLE KIMBALL: So I'll answer a little
14 bit on behalf of... really it's David Ehrenberg,
15 who is the President of the Brooklyn Navy Yard, who
16 is an autonomous manager of that asset on behalf of
17 the city, so at the end of the day, the question
18 should be directed to him. I do know that they
19 have a very strong program working with the houses,
20 the NYCHA houses there, and I know this from my
21 capacity at NYCHA, that they have a good program
22 that is focused on local hiring for jobs within the
23 Brooklyn Navy Yard as best they can. So it's a
24 similar model to what we have at EDC, which is we
25 endeavor to make sure that the local community is

1
2 hyperaware of the jobs that are available and then
3 we try to place them into those jobs, and I believe
4 that Brooklyn Navy Yard is doing a good job of
5 that.

6 COUNCIL MEMBER BARRON: And finally,
7 you talked about some of the programs that you had.
8 You said there was a reduction in the Workforce
9 project that's going on. What will we see reduced
10 in terms of the numbers of people who had
11 involvement in those programs? How do we...

12 [crosstalk]

13 COMMISSIONER TORRES-SPRINGER: So the
14 reduction is associated with funding that was made
15 available for expansion of the centers after the
16 recession and that funding is slated to end at the
17 end of this fiscal year. There are some positions
18 that are associated with that, and I mentioned
19 earlier, when a similar question was brought up
20 that we are hoping that for those particular
21 positions that there is no reduction in services;
22 that we're able to accommodate and fulfill those
23 services throughout the entire system. There is
24 also funding associated with CEO, which has... the
25 Center for Economic Opportunity for funding made

1
2 available for customized training that as the first
3 step the Commissioner mentioned, we're hoping that
4 between now and adoption there's a way to see that
5 funding come back and so with all of these cuts,
6 they are a reality. Our goal is to ensure that
7 we're maintaining service levels as best we can.

8 COUNCIL MEMBER BARRON: Thank you.

9 Thank you, Chairs.

10 CHAIRPERSON GARODNICK: Thank you,
11 Council Member Barron, and Commissioner Torres-
12 Springer and President Kimball. We want to thank
13 you very much for your presence here, as well as of
14 your various teams. We know there are a few
15 follow-ups, particularly for EDC. I know that
16 Chair Cornegy wants to close it out, but we're
17 going to hear from some members of the public in a
18 moment, and Mr. Chairman, it's all yours.

19 CHAIRPERSON CORNEGY: So before I
20 close, I would be remiss if I didn't mention that
21 there have been, since I've been Chair, much to do
22 about outreach from SBS on a myriad of issues, but
23 particularly on the paid sick. Now, you mentioned
24 in your earlier testimony that you planned on
25 collaborating with DCA...

2 COMMISSIONER TORRES-SPRINGER:

3 [interposing] That's right.

4 CHAIRPERSON CORNEGY: On outreach, but
5 I'm extremely concerned that we sit here at this
6 particular time with no outreach materials and no
7 real plan and implementation is due to be April
8 1st.

9 COMMISSIONER TORRES-SPRINGER: Mm-hm.

10 CHAIRPERSON CORNEGY: So those of us
11 who signed on with the caveat that there would be a
12 robust outreach program are very concerned that to
13 date... and I know that this doesn't fall on you,
14 but you mentioned in your testimony the
15 collaboration that you had looked to do, so from a
16 budgeting perspective, I want to know if there's
17 any budget line that deals directly with outreach
18 and if it does is it enough? Is there... are you
19 seeking to do more with more because we're very
20 concerned about the rollout of information around
21 paid sick leave.

22 COMMISSIONER TORRES-SPRINGER: Okay, so
23 a couple of... I'm going to let Gregg talk, Gregg
24 Bishop...

25 [crosstalk]

1
2 CHAIRPERSON CORNEGY: And before you
3 deal with that, it's not just the paid sick. It's
4 obviously Sandy; it's obviously a lot of different
5 initiatives that came out of SBS that you know,
6 should have or could have a more robust outreach...

7 COMMISSIONER TORRES-SPRINGER:
8 [interposing] Right.

9 CHAIRPERSON CORNEGY: To them.

10 COMMISSIONER TORRES-SPRINGER: So
11 Gregg, why don't you talk about the paid sick leave
12 outreach that has happened or is planned? In
13 general though, I couldn't agree with you more that
14 outreach is incredibly important. Our programs are
15 no good if businesses don't know about them.
16 Currently, each division of the agency has an
17 outreach team specifically focused on getting the
18 word out. We also have a bi-weekly digital
19 newsletter that goes out to more than 77,000
20 people. We have our partners; the 69 bids, the 125
21 community-based development organizations who are
22 partners in Workforce Development, the network of
23 Merchants Associations, who we also partner with,
24 and we have staff who regularly attend community
25 meetings and are out there. Having said that,

1
2 there are ways we can do better. We can do better
3 by relying, in addition to what I mentioned, on
4 other forms of outreach; new media outreach, social
5 media outreach. We can build on what we've done to
6 provide our services and materials in languages
7 that are relevant to a particular business
8 community and to provide it in that community and
9 we can always do more with our network of bid
10 partners and community-based organizations to get
11 the work out. So there is... and from a budgetary
12 point of view, because it's important to us, it's
13 built into the budgets of every department, but
14 there is... but I'm looking forward to figuring out
15 if there are... determining how we can do even
16 better in terms of outreach, given the feedback
17 that you've heard from different communities. On
18 paid sick leave, in particular... [background
19 voice]

20 DEPUTY COMMISSIONER BISHOP: Good
21 afternoon. My name is Gregg Bishop, Deputy
22 Commissioner. In particular with paid sick, we
23 reached out with... actually we're collaborating
24 with DCA. Just this week we got an update from
25 them. They are... we're taking the lead from DCA.

1
2 They have to create the marketing materials;
3 however, we've already provided them the assets
4 that SBS has and is willing to help in terms of
5 getting the work out, and that includes our NYC
6 Business Solution Centers, our Workforce Centers.
7 We are working in terms of training our staff to
8 help answer any questions small businesses may
9 have, and that training will be scheduled and DCA
10 will actually train us, so then we can then train
11 business owners. We also... at the last hearing we
12 heard some of the concerns in terms of just relying
13 on social media and relying on email, so there's
14 going to be a direct mail campaign. In terms of
15 funding, obviously we're using our existent
16 infrastructure, so there isn't necessarily a direct
17 impact on the budget. We just need... once DCA is
18 ready to actually you know, run with it, we're
19 going to be there with them. So that's the update
20 right now and you know, I'd be more than happy...
21 our division is working closely with them to
22 actually implement this, so I'll be more than happy
23 to keep you updated.

24 CHAIRPERSON CORNEGY: Well, I do want
25 to give you an update. The first round of forums

1
2 are being held with my district the 27th at 8:30 in
3 the morning. I guess I'd have a reasonable
4 expectation that SBS would also show up since you
5 are now a partner in the outreach. So I don't know
6 if I can hold you accountable, but I will ask you
7 to be present for that. Thank you. I'll give you
8 the information before you leave. And that was
9 unusual that you said you got enough money, so
10 we'll move on from that point.

11 COMMISSIONER TORRES-SPRINGER: We could
12 always use more.

13 CHAIRPERSON GARODNICK: Thank you all,
14 and we're going to now call our first panel of
15 members of the public, but we do appreciate your
16 presence here today and we'll look forward to
17 following up with you and seeing you at the
18 Executive as well. We have two panels of members
19 of the public. I will apologize. We're going to
20 put a two minute clock because we have run way, way
21 past our timeframe here, but let me [pause in tape]
22 panel of Mikki Columbus; Eli Theodore Renz; Karen
23 Nieves; Debra Meslo and perhaps also Elizabeth
24 Lusskin, if you are all in the same boat. Come on
25 up. Have a seat at the table. Let's see what

1
2 we've got. [background voices] Okay, come take
3 your seats. We're going to get ready to get
4 started. Okay, do you want to start since you're
5 seated, either of you guys? Go ahead. State your
6 name and go right ahead.

7 ELIZABETH LUSSKIN: Hi, is this on?
8 Yes? Okay, there we go.

9 CHAIRPERSON GARODNICK: Good, thank
10 you.

11 ELIZABETH LUSSKIN: Hi, I'm Liz
12 Lussk... first of all, good afternoon, Chairmen,
13 Chairman Garodnick and Chairman Cornegy and the
14 members of the Committees on Economic Development
15 and Small Business. Thank you for allowing us to
16 testify on the IBZ program. I'm the President of
17 the Long Island City Partnership, which is the
18 local development corporation for Long Island City
19 and I'm here to tell you about one of our most
20 valuable programs, which is the services that we
21 provide directly to our vital industrial
22 businesses. We've been over the past 35 years
23 under one program or another providing these kinds
24 of services, and attached to my testimony are
25 letters from a number of companies that we've

1 served and I can tell you that they're extremely
2 passionate and grateful for what we've done. I
3 know time is short. You're cutting us down to two
4 minutes, which is fine, so I'll just cut straight
5 to the chase. These companies, small and mid-sized
6 companies, provide good jobs for local people and
7 they do not understand how to navigate the various
8 government programs, the services that they need;
9 everything from getting financing from private
10 companies to incentives from the city to dealing
11 with potholes, permits, et cetera and because we
12 are a neighborhood-based provider, we work hand in
13 glove with them, walk them personally through these
14 programs. In the last two years, even though our
15 program keeps getting cut, with only \$78,000 a
16 year, we've been able to get these companies over
17 \$40 million in financing, incentives, training
18 grants and the jobs are overwhelmingly going to
19 local people in the five boroughs and to people
20 really all along the educational spectrum, which is
21 very important. These are jobs that pay \$51,000 a
22 year on average, which is a middle class wage in
23 this city, not very low-income jobs and honestly,
24 we look forward to working with the city with both
25

1 EDC and SBS on developing even better programs, but
2 this program works. It's worked for a long time
3 and we need to keep it in place. We need to
4 frankly return it to its original funding level
5 from 2006 of \$4 million. There are over 38,000, by
6 conservative estimate, businesses that fit the...
7 that are within the zones of this program. [chime]
8 It's a tiny amount of money to help them leverage
9 literally over \$100 million a year in services. So
10 thank you.

12 CHAIRPERSON GARODNICK: Thank you very
13 much. Go ahead.

14 MIKKI COLUMBUS: I'd like to also thank
15 you for letting us speak. My name is Mikki
16 Columbus and I'm the Director of Real Estate and
17 Economic Development at the Greater Jamaica
18 Development Corporation. I want to thank you for
19 this opportunity to provide testimony regarding the
20 2015 Budget for the city of New York. GJDAC has
21 been working to create a vibrant community to live
22 and work in in Downtown Jamaica, Queens for 47
23 years. As a community-based Industrial Business
24 Service Provider, we respectfully request that the
25 funds for the IBSP program be restored. In the

1
2 current Executive Budget, as you know, no funds
3 have been allocated to this program. Services
4 provided to businesses within and outside the
5 Industrial Business Zones have been a critical
6 resource for local companies, helping them to
7 operate, expand and create jobs that remain in New
8 York City. As a group, Industrial Business
9 Service providers have provided direct assistance
10 to businesses that employ over 35,000 people
11 throughout New York City. The jobs the program
12 works to create/preserve are well paid.
13 Manufacturing jobs have an average annual salary of
14 \$41,000 or \$51,000, often with benefits and paid
15 time off. Moreover, industrial jobs are
16 predominantly filled by minority populations from
17 the outer boroughs and over 60 percent of the
18 industrial workforce is comprised of first or
19 second generation immigrants.

20 As we work together to make New York
21 City a more equitable place for all of us, creating
22 jobs that offer financial empowerment is vital.
23 The services we offer help retain and grow the very
24 businesses that offer the opportunities necessary
25 to realize this vision. We respectfully request

1
2 that the funding for the program be restored to the
3 2006 level of \$4 million. In addition, we ask your
4 consideration for an increase of funds available
5 through the Department of Small Business Services
6 to organizations like ours. At one time, DSBS
7 funds through its Neighborhood Improvement Program
8 were the single largest source of support for
9 GJDC's work toward the economic revitalization of
10 Southeast Queens. As funds available to DSBS for
11 this and similar successor programs like Avenue NYC
12 have dramatically declined over the last 10 years,
13 its support of GJDC through the program has
14 decreased to the point of elimination. [chime] We
15 regard our partnership as essential to our work and
16 hope that you would look to restore that as well.

17 CHAIRPERSON GARODNICK: Thank you very
18 much. Will you be testifying too? [background
19 voice] You're connected, okay, great. Okay,
20 terrific, please.

21 KAREN NIEVES: Good afternoon. My name
22 is Karen Nieves and I'm from East Williamsburg
23 Valley Industrial Development Corp and I just want
24 to thank you, Council, for the hearing today.
25 EWVIDCO is a membership organization that helps

1
2 nearly 1,000 industrial businesses in North
3 Brooklyn to grow in order to keep their 12,000
4 quality blue-collar jobs in our community. This
5 represents 14 percent of the city's manufacturing
6 employment base. I would like to highlight the
7 recent work that our organization has accomplished
8 through the Industrial Business Zone or IBZ Program
9 and to request that \$4 million in funding be
10 allocated for the program citywide.

11 Manufacturing is alive and well in
12 North Brooklyn and for the past 30 years EWVIDCO
13 has fought to keep it that way. North Brooklyn
14 companies make everything from bespoke suits to
15 architectural steel; from store installations for
16 Park Avenue boutiques to fortune cookies for the
17 corner take-out joints. This is a dynamic
18 combination of businesses, old and new,
19 traditional, innovative, big and small, but what
20 they create most are good paying jobs for the
21 people who live in our community. EWVICDO serves
22 as their voice in the community and advocate beyond
23 it. We help these businesses get financing, real
24 estate incentives and work tirelessly for support
25 for the city from state, city and federal

1
2 government. EWVIDCO has worked to keep North
3 Brooklyn booming. As a result, New York City can
4 continue to be the place where actual things happen
5 and not just ideas are made. In 2013, EWVIDCO
6 obtained \$3.6 million in financing for local firms,
7 placed six employees in jobs and improved the
8 average wage of these positions by 35 percent over
9 2011. We manage 22,000 square feet of [chime]
10 affordable housing... affordable industrial... and
11 just again, we echo the same in terms of you
12 restore the...

13 CHAIRPERSON GARODNICK: [interposing]
14 \$4 million.

15 KAREN NIEVES: Ask you restore the
16 funding.

17 CHAIRPERSON GARODNICK: Thank you.

18 KAREN NIEVES: And I really appreciate
19 it.

20 CHAIRPERSON GARODNICK: Thank you very
21 much. Thanks for your patience. Go ahead, sir.

22 THEODORE RENZ: Good afternoon,
23 Honorable Daniel Garodnick and Robert Carnegie...
24 Carnegie, forgive me. My name is Theodore Renz and
25 I'm the Executive Director of the Ridgewood Local

1 Development Corporation. It's a non-profit
2 development corporation that was formed in 1978 to
3 serve the economic interests and commercial and
4 industrial interest sectors within the Greater
5 Ridgewood community, primarily Ridgewood and
6 Glendale. The Ridgewood community has a long,
7 proud manufacturing history. Historically, we were
8 a knitwear center; at one time we were one of the
9 largest knitwear centers in the United States.

11 Although the presence of manufacturing
12 has somewhat decreased in recent years, we believe
13 manufacturing and its related businesses remain
14 important to our neighborhood, our city and our
15 nation as a whole. It is for this reason that the
16 Ridgewood LDC, Community Board 5, local elected
17 officials and other stakeholders fought for the
18 inclusion of the South of the Myrtle Avenue
19 Industrial Area in the Industrial Business Zone
20 Program. We finally were included in this program
21 in December 2013 when we were designated by the
22 Boundary Commission.

23 Currently, funding in this Industrial
24 Zone Program, as you well know, was not included in
25 the Fiscal 2015 Budget. I echo my esteemed

1
2 colleagues here; the sentiment that we strongly
3 urge that this important program be reinstated and
4 furthermore, that it be reinstated and restored to
5 its 2006 level of \$4 million.

6 Working with local manufacturers
7 provide sound jobs for people to assimilate and to
8 American society and we also work to strengthen the
9 industrial and residential communities; identify
10 opportunities for industrial expansion. A
11 diversified manufacturing base is sound economic
12 policy. These jobs produce both primary and
13 secondary benefits from taxes and locally spent
14 incomes.

15 Again, this program provides support to
16 community-based organizations so we can provide
17 assistance to industrial and manufacturing firms
18 throughout the city. This program has been a
19 critical element in its ability to provide chime]
20 local firms and create and maintain jobs and invest
21 in the future. Again, I urge you to restore
22 funding to this program at its 2006 level. Thank
23 you for your past support and consideration.

24 CHAIRPERSON CORNEGY: Thank you for
25 your testimony. I basically have one question.

1
2 Have you or your subsidiary organizations been
3 reached out to on behalf of paid sick leave?

4 ELIZABETH LUSSKIN: I believe I just
5 got an email actually. I meant to check my phone
6 from Department of Consumer Affairs on that, so
7 yes, I believe we've been contacted today actually
8 to help get the word out.

9 CHAIRPERSON CORNEGY: Well, that's good
10 to hear. Are...

11 [crosstalk]

12 ELIZABETH LUSSKIN: How'd we do?

13 CHAIRPERSON CORNEGY: Are you prepared
14 to reach out on behalf of DCA to your member
15 organization to update them on the new rulings on
16 sick leave or...

17 ELIZABETH LUSSKIN: Yes, I mean any
18 time there's a change in you know, programs,
19 anything, any kind of opportunities, we distribute
20 that through a number of channels. It's essential
21 service that we provide businesses and we're very
22 happy to do that.

23 CHAIRPERSON CORNEGY: Thank you.

24 CHAIRPERSON GARODNICK: Thank you all
25 very much and we're going to call our next panel.

1 We appreciate your time and your patience today.
2 The next and last panel today is a biggie, so maybe
3 we've lost one person and we'll have the right
4 number of chairs, but let's give it a shot. Harvey
5 Epstein from the Urban Justice Center; Jean Tanler,
6 Business Outreach Center; Nancy Carin of the
7 Business Outreach Center; Robert Medlock of CWE
8 Jobs to Build On; Stephan Hyacinthe, SoBRO and
9 David Meade of SBIDC. Alright, excellent. Harvey,
10 since you're there all seated and well-behaved, why
11 don't you kick it off for us and we apologize that
12 we're on a clock at this late hour, but we're glad
13 you're here so go right ahead.

15 HARVEY EPSTEIN: Well, thank you very
16 much, and Council Member Garodnick, I am also sorry
17 for your loss.

18 CHAIRPERSON GARODNICK: Thank you.

19 HARVEY EPSTEIN: I know it's a tough
20 time.

21 CHAIRPERSON GARODNICK: Appreciate it.

22 HARVEY EPSTEIN: Again, my name is
23 Harvey Epstein and I'm the Deputy Director of the
24 Urban Justice center and I also run the Community
25 Development Project. The Community Development

1
2 Project works with grassroots organizations around
3 the city, strengthening them and their
4 institutions, and what we focus on is our capacity
5 building for low-income communities and the reality
6 is that the City Council and the Mayor's office
7 hasn't worked as collaboratively with community-
8 based organizations to talk about capacity
9 building, and that's where we've stepped in.

10 Examples of our work around capacity building have
11 to do with community-based organizations working
12 with developers thinking about long-term planning
13 and a huge example of that was last year. We
14 negotiated a Community Benefits Agreement around
15 the Kingsbridge Armory Redevelopment. We
16 represented 27 community-based organizations called
17 KARA, which negotiated a developer to build the
18 Kingsbridge Armory, which the council voted on last
19 fall. That agreement, to set aside a million of
20 free ice skating time for low-income residents of
21 the Bronx; low-income children who go to public
22 school in the Bronx, where they've agreed to a
23 living wage provision that wasn't otherwise in the
24 law; they agreed to local hiring and local
25 development. That's the kind of example where

1
2 community-based organizations who have a plan can
3 work with organizations that do provide capacity
4 building to make a difference in their
5 neighborhood. Another such example of the work
6 that we do was around Willets Point redevelopment.
7 As people are well aware, the City Council rezoned
8 the area of Willets Point in October 2013. We
9 represent over 50 automobile workers and businesses
10 with helping them relocated to a new site in the
11 Bronx. They've created a worker-owned cooperative
12 called Sunrise Co-op, and with our assistance and
13 the work with EDC, and I know that Kyle Kimball
14 mentioned this earlier today, that we were able to
15 find a space in the Bronx and we're helping to
16 relocate those businesses. That's what fundamental
17 low-income economic development's about. It's
18 about working with people in communities around the
19 city making a difference in their lives and making
20 a difference [chime] day to day, and so I encourage
21 the council to be thinking about, when we're
22 talking about economic development projects,
23 thinking about the opportunities for low wage
24 workers, thinking about the opportunities for small

1
2 businesses and thinking about the opportunities to
3 do community development the way we do. Thank you.

4 CHAIRPERSON GARODNICK: Thank you very
5 much. Go ahead.

6 DAVID MEADE: Back on. Good afternoon,
7 my name is David Meade. I'm the Executive Director
8 of the Southwest Brooklyn Industrial Development
9 Corporation. SBIDC is a local economic development
10 organization whose mission is to provide advocacy
11 and services to help businesses in the Sunset Park,
12 Red Hook and Gowanus neighborhoods in Brooklyn grow
13 and create employment opportunities for local
14 residents. Thanks again for giving me the
15 opportunity to discuss the importance of the
16 program. Really I'm urging again that funding for
17 this program be not only reinstated, but expanded.
18 Without this funding, it would nearly be impossible
19 for our organization and organizations representing
20 other industrial areas within the city to advocate
21 and provide critical direct services to the
22 businesses we serve.

23 We help businesses on a couple levels
24 and I think the way in which business owners and
25 their employees, your constituents notice the most

1
2 is in the technical assistance workshops. We do
3 101 assistance to help them assembling loan
4 packages, coordinating the different city agencies,
5 such as Sanitation, Business Outreach,
6 Manufacturing Workforce Centers and all the other
7 different city agencies, and helping them deal with
8 a lot of different things; ticketing issues,
9 insurance problems, assigning temporary and
10 permanent space. In 2013, our organization
11 provided 101 assistance to 174 businesses. We
12 helped 15 businesses with the National Grid
13 application, resulting in over \$100,000 in grants;
14 helped another seven businesses with over \$150,000
15 in recovery loans through NYBDC in Sandy recovery
16 funding and we also helped [background noise]
17 access city and state incentives and 33 with a lot
18 of different navigating government issues.

19 The other way I think that we really
20 help the organizations here and it is a little...
21 you know, it goes unnoticed sometimes by
22 businesses, but it's essential to the sector of the
23 working class jobs economy, is making sure their
24 concerns are represented within our communities. I
25 think for us, as members of the New York Rising

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2 Community Reconstruction Program, Gowanus Canal
3 Superfund Community and the Red Hook Coalition,
4 we're able to inform other community stakeholders
5 about the impact decisions have on their day-to-day
6 operations. If not for our participation, I really
7 do believe some of these decisions could lead to
8 regulations that make it impossible for businesses
9 to continue to function.

10 Over the past few years, we've placed
11 over 300 new local residents in jobs with local
12 businesses and as you guys know, local employment
13 opportunities, particularly those in the industrial
14 and manufacturing sector, are extremely important
15 to the economic and social health of the waterfront
16 working class neighborhoods of Southwest Brooklyn
17 and as we know, poverty in these communities is
18 already high. Without a thriving [chime]
19 businesses corridor, many these residents would
20 have little opportunity out in the workforce at
21 all. So thank you again.

22 NANCY CARIN: Hello, I'm Nancy Carin,
23 Executive Director of the Business Outreach Center
24 Network and BOC Capital. We're a micro-enterprise
25 and small business development organization with an

1 affiliate loan fund with over 17 years experience
2 providing hands-on and bilingual small business
3 technical assistance, customized business training
4 and access to capital in immigrant and minority
5 communities throughout New York City. We're well-
6 known for our service model. We support
7 entrepreneurs at every stage of their business
8 development and we're known for our sector specific
9 training for childcare and construction businesses,
10 and for job creation and community economic
11 development projects and for our collaborative work
12 with New York City as a business solutions
13 industrial and transportation provider. Our loan
14 program, BOC Capital, has grown dramatically, soon
15 to reach \$10 million in loans to community
16 businesses, targeting minority and low-income
17 entrepreneurs and businesses located in low-income
18 neighborhoods. BOC supported growth of Tri-State
19 Biodiesel, for example, with loans and Workforce
20 Development assistance, helping the business grow
21 in Hunts Point, creating 40 jobs. BOC Capital's
22 innovative contract-based loans are marketed in
23 partnership with New York City EDC Kick-Start and
24 New York Small Business Services Upfront Capital;

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actually we make those loans, and Goldman Sachs 10,000 Small Businesses. BOC Capital has successfully loaned millions to MWBE and small businesses with government contracts and mainstreamed purchase orders from construction contractors and environmental engineers to technology providers and fashion designers.

I have two key points to make today. I am here to present BOC as in impactful and cost-effective strategy to enhance business development resources for immigrant, minority and women-owned businesses. I am here today to express strong and urgent support for expanding funding for industrial and transportation providers. We are seeking to expand our long-time partnership with New York City to achieve our shared goals for community economic development. A local BOC working in context and concert with a mission driven network is a valuable community asset. We have six such centers today, we speak 18 languages and today we provide one-on-one business assistance to over 1,300 new clients each year and over [chime] 3,000 entrepreneurs participate in our workshops.

1
2 I'm going to jump to the second point.
3 For the remainder of today's I'd like to focus on
4 the role of the industrial transportation
5 providers. The IBSP support business creation,
6 attraction, retention ultimately saving and
7 creating living wage jobs for New Yorkers. As a
8 group, we bring long-time experience, deep
9 community connections and organizational resources
10 to the city and its industrial...

11 [crosstalk]

12 CHAIRPERSON GARODNICK: Please wrap it
13 up.

14 [crosstalk]

15 NANCY CARIN: And transportation
16 centers. There's lots more here.

17 CHAIRPERSON GARODNICK: We have to...

18 [crosstalk]

19 NANCY CARIN: I reiterate the support
20 that my colleague...

21 [crosstalk]

22 CHAIRPERSON GARODNICK: Thank you.

23 [crosstalk]

24 NANCY CARIN: Has stated.
25

2 CHAIRPERSON GARODNICK: I appreciate
3 it. Go right ahead.

4 JEAN TANLER: Should I speak as well?

5 NANCY CARIN: Yes.

6 JEAN TANLER: Oh, okay. I, too... my
7 name is Jean Tanler. I am from the Business
8 Outreach Center. I'm the Director of Industrial
9 Business Development. Regarding Council Member
10 Corncheese...

11 NANCY CARIN: Cornegy.

12 JEAN TANLER: Cornegy, excuse me.
13 Question regarding the paid sick leave, we actively
14 seek out information that affects our businesses in
15 the industrial areas and we share that information
16 as soon as we receive it. We did sent out a
17 newsletter to our businesses a couple weeks ago
18 regarding information about the paid sick leave.
19 Also, we have been working closely with Urban
20 Justice working with the auto repair businesses in
21 Willets Point. We've been working with them for
22 the past several years, helping them to develop
23 their business plan and their plan to relocate to
24 the South Bronx. Okay, thank you.

1
2 CHAIRPERSON GARODNICK: [off mic] Thank
3 you.

4 STEPHAN HYACINTHE: Good afternoon,
5 Honorable council members. My name is Stephan
6 Hyacinthe. I am the Director of the Industrial
7 Business Zones in the Bronx and I'm here on behalf
8 of the South Bronx Overall Economic Development
9 Corporation. I'm going to keep this short and
10 sweet. I'm very aware of the time constraints that
11 we have. The Industrial Business Zone Program, I
12 was first introduced to it seven years ago when I
13 started and it's ironic that today is March 20th,
14 2014. When I was going through my notes I was
15 actually looking at a letter that we had sent to
16 the Council Speaker and it was dated March the
17 17th, 2010, so that kind of speaks to the fact that
18 we seem to be always at the table with our hats in
19 our hand, asking for assistance regarding the
20 Industrial Business Zone Program.

21 In order for us or in order for you to
22 understand how the Industrial Business Zone kind of
23 thrives, there needs to be an understanding of the
24 way business moves, and I used to tell my business
25 and people who don't understand the speed of

1 business in order for the city to thrive, the
2 Industrial Zones need to be in existence 'cause the
3 Industrial Zones allows us to be competitive, and
4 that means that instead of businesses going out to
5 Jersey or you hear businesses going out to the
6 South or overseas, Industrial Business Zones offers
7 the services and too, we are able to provide the
8 incentives that allows the businesses to stay in
9 the city. We speak about immigrant
10 entrepreneurship, but one aspect that is not talked
11 about is in Industrial Zones, there's a lot of
12 immigrant labor and that's how it starts. So the
13 Industrial Business Zone Program kind of sort of
14 functions as a frame and it allows these businesses
15 to thrive and allows these individuals to come in,
16 work hard and you know how the story kind of goes
17 from there. [chime] And that's pretty much it, so
18 I'd like to thank you for the time. Thank you.

19
20 ROBERT MEDLOCK: Good afternoon,
21 Councilmen. Robert Medlock, Consortium for Worker
22 Education. I am dually representing the
23 organization as the Workforce Development arm of
24 the New York City Central Labor Council, as well as
25 the Jobs To Build On Partnership, which is a

1
2 conglomerate of about 30 organizations, placed-
3 based organizations around New York City that are
4 the supply chain suppliers of workforce throughout
5 New York City for a variety of communities.

6 The entity that we're talking about
7 here today, Jobs To Build On, has been fully funded
8 by the New York City since 2007 and has placed over
9 12,500 community-based New Yorkers in jobs at
10 living wages of more than \$12.50 an hour and with
11 long-term back-up in the areas of job retention,
12 within one year they have shown a 23 percent
13 increase in those jobs. I am here to represent
14 many of the people sitting with this body and the
15 previous bodies here that we are... we act as their
16 supply chain. We act as the neighborhood beacons
17 for individuals looking for employment, seeking
18 career opportunities and upward mobility. Place-
19 based initiatives such as BOC and SoBRO, who are
20 part of our network do the yeomen's-like work in
21 those communities and are the beacons that connect
22 many of the businesses in those communities to how
23 to move their workers up the career ladder in the
24 career chain. We are very interested in the
25 continuity of the IBZ funding because they

1
2 represent the last link between the industrial and
3 manufacturing communities and those individuals who
4 seek jobs in those businesses for a long-term
5 impact and from a future development of their
6 livelihoods.

7 In closing, 'cause I want to keep it
8 brief and I've provided testimony to you, but the
9 effectiveness of what we do around the city and the
10 development of the workforce [chime] provides
11 numerous public benefits and we would like to
12 engage in a discussion continuously on the
13 development of workers around the city and into new
14 jobs. Thank you.

15 CHAIRPERSON GARODNICK: Thank you very
16 much and I think we're going to let that be the
17 final word of the day, and we appreciate your being
18 here and this was a productive hearing I will say.
19 It was a great pleasure to co-chair this with my
20 new colleague, Council Member Cornegy and we look
21 forward to many more, and with that, did you have
22 anything to add?

23 CHAIRPERSON CORNEGY: Just thank you
24 for coming out.

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CHAIRPERSON GARODNICK: Thank you all
and with that, we are adjourned. Thanks.

[gavel]

C E R T I F I C A T E

World Wide Dictation certifies 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.



Date: 04/17/2014