

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

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

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

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

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

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

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

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

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

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

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

answer all questions posed by this committee
honestly?

KYLE KIMBALL: I do.

COMMITTEE COUNSEL: Thank you.

CHAIRPERSON GARODNICK: Thank you. Go
right ahead.

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

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

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

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

To accomplish these goals, we have three primary functions. First, we manage a wide range of capital construction projects on behalf of the city and are also responsible for managing some of the city's major assets, an approximately 60 million square foot portfolio of about 150 properties ranging from food distribution centers to cruise terminals to commercial properties.

Second, we execute real estate transactions on behalf of the city, helping to revitalize or establish vibrant neighborhoods with high quality jobs and affordable housing. Third, we serve as a think tank that makes strategic and programmatic investments to diversify and strengthen our economy. Some, such as our five borough network of 15 incubators, directly address the daily needs of small business and entrepreneurs. Others, such as the Applied Sciences initiative, will have a

lasting impact on our economy and transform the economic landscape for generations.

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

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

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

face serious challenges. Unemployment is down considerably from recession era levels to a five-year lull of 7.8 percent, but still remains too high, and although we have consistently added jobs for the past several years, the majority of these jobs are not at a low end of the wage spectrum, deepening the inequality between the highest and lowest earners in our economy. In fact, since the end of the recession in 2009, almost 128,000 jobs added in New York City have come in the retail trade and accommodation and food service sectors where salaries average approximately \$37,000 and \$30,000 a year, respectively. We must work to add jobs that can support middle class families and to establish career pathways that enable low-income individuals to reach and to at least remain in, if not travel through, the middle class. In addition to using our leverage to expand living wages, we need to invest significantly in core city assets that have strong potential to support middle class job growth.

Moving on to our operating budget, the contributions that we make to the city's budget include required annual contract payments. These

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

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

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

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

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

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

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

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

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

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

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

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

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

19
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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and implementing a more progressive approach to supporting businesses. We will lead this effort to change the borough bias that Mayor de Blasio discussed in his campaign. We know, for instance, that immigrant businesses and businesses outside of Manhattan get hit with more fines and violations. To fix this, we will need to work with community stakeholders to improve outreach and with the relevant city agencies to streamline the inspection process and rework what is too often a confusing and contradictory regulatory process. We will also expand our Small Business Technology Coalition to help increase small business knowledge and access to technology tools and resources, particularly in low to moderate income communities. We will continue to expand our digital tool kit, consisting of 14 online resource guides, five how-to tutorials and three in-person digital courses. Our team is committed to expanding our outreach in immigrant communities by translating more of our business classes and downloadable resource guides into different languages. We will also assist the Department of Consumer Affairs in their outreach and education efforts regarding the paid sick leave

legislation. We will distribute information to our Business Solution Centers and networks of community-based development organizations to ensure that businesses understand how to be compliant. Our business engagement and service team is strong and I am confident they will continue to help start, operate and grow businesses in all five boroughs.

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

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

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

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

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

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

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

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

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

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

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

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

KYLE KIMBALL: Sure.

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

KYLE KIMBALL: Okay.

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

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

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

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

[crosstalk]

CHAIRPERSON GARODNICK: From the other room.

[crosstalk]

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

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

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

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

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

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

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

5 [crosstalk]

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

9 KYLE KIMBALL: 'Kay.

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

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

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

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

22 KYLE KIMBALL: She's my Chief Financial
23 Officer, Kim Vaccari.
24
25

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

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

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

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

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

[crosstalk]

KIM VACCARI: Well...

[crosstalk]

CHAIRPERSON GARODNICK: Through EDC in this coming fiscal year?

KIM VACCARI: For one year probably not.

CHAIRPERSON GARODNICK: Probably...

KIM VACCARI: Probably not.

CHAIRPERSON GARODNICK: Probably not.

KIM VACCARI: Probably not.

CHAIRPERSON GARODNICK: So what is the better estimate?

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

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

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

KYLE KIMBALL: So the general question is yes, whenever we ask for capital, we work very closely with OMB to put the money in the right fiscal years in anticipating when something's going to be spent. Having said that, there are certain projects like... and just a point of clarification, the other confusing thing, which is why we need to 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.

8 KYLE KIMBALL: Absolutely.

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

13 KYLE KIMBALL: We have about 396 people
14 in FY '14. In FY '15 we expect it to be a little
15 bit higher than that, about 406. Some of that is
16 with respect to CDBG head count that we have added,
17 but at the same time, that number is... so if I say
18 there's 406 people in FY '14 or FY '15, at any
19 given time we have about a five, 10 percent vacancy
20 rate and so we have... essentially the way to think
21 about it is we have 406 seats, but at any given
22 time only you know, about 20 to 30 of those are
23 vacant.
24
25

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

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

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

KYLE KIMBALL: I don't think so.

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

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

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

[crosstalk]

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

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

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

KYLE KIMBALL: That's not us.

CHAIRPERSON GARODNICK: And Brooklyn Meat Market permits?

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

CHAIRPERSON GARODNICK: Okay, got it. Okay.

KYLE KIMBALL: It just sounds like...

CHAIRPERSON GARODNICK: Of your annual revenues, and we'll take a look back and see what the...

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

[crosstalk]

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

KYLE KIMBALL: No, so...

[crosstalk]

CHAIRPERSON GARODNICK: Tell us how it works.

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

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

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

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

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

KYLE KIMBALL: [interposing] Yep.

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

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

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

KYLE KIMBALL: That's about right, yeah.

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

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

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

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

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

KYLE KIMBALL: Mm-hm.

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

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

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.

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

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

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

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

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

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

KYLE KIMBALL: Sure.

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

1
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

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

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

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

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

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

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

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

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

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

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

KYLE KIMBALL: No.

[crosstalk]

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

[crosstalk]

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

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

KYLE KIMBALL: Yeah.

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

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

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

6 [crosstalk]

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

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

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

18 [crosstalk]

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

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

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

[crosstalk]

COUNCIL MEMBER GENTILE: Okay.

[crosstalk]

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.

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?

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

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

COUNCIL MEMBER GENTILE: One time programs.

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

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

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

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

KYLE KIMBALL: We are getting ferry responses tomorrow.

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

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

KYLE KIMBALL: [interposing] Oh, yes.

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

1
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,
25

in fact, required to pay \$73 million back to the city?

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

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

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

1
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.

CHAIRPERSON GARODNICK: Yeah, the
actuals...

[crosstalk]

KIM VACCARI: Right, yes.

[crosstalk]

CHAIRPERSON GARODNICK: For 2013 and
'12.

KIM VACCARI: Exactly.

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

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

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

CHAIRPERSON CORNEGY: Mm-hm.

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

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

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

[crosstalk]

KYLE KIMBALL: Okay.

[crosstalk]

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.

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

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

CHAIRPERSON CORNEGY: Okay, thank you.

KYLE KIMBALL: That's it.

CHAIRPERSON CORNEGY: Council Member
Richards.

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

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

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

[crosstalk]

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

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

[crosstalk]

COUNCIL MEMBER RICHARDS: Oh.

[crosstalk]

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

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

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

COMMISSIONER TORRES-SPRINGER: That's right.

COUNCIL MEMBER RICHARDS: Okay.

COMMISSIONER TORRES-SPRINGER: That's right.

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

COMMISSIONER TORRES-SPRINGER: Reduction.

COUNCIL MEMBER RICHARDS: Okay, great.

COMMISSIONER TORRES-SPRINGER: Related to that.

COUNCIL MEMBER RICHARDS: Okay.

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

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

5
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

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

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

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

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

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

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

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

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.

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

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

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

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

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

8
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

with our construction manager and their subcontractors and their suppliers.

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

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

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

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

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

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

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

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

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

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

COUNCIL MEMBER MENCHACA: [interposing] Okay.

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

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

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

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

COUNCIL MEMBER MENCHACA: [interposing]
Mm-hm.

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

CONCIL MEMBER MENCHACA: [interposing]
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

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

[background voices]

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

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

15
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

protection of the Industrial Business Zones in
general or...

COUNCIL MEMBER MENCHACA: [interposing]
Mm-hm.

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

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

COUNCIL MEMBER MENCHACA: Thank you.

CHAIRPERSON GARODNICK: Thank you,

Council Member Menchaca, and let me just follow-up on one point there. We noted in the SBS budget that for the Preliminary, there was a decrease of \$1.2 million for Industrial Business Zone contracts. Our understanding is those are the service providers who are helping people access the dollars that are available to them for locating into an Industrial Business Zone. Why was that \$1.2 million cut out?

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

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

[crosstalk]

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

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

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

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

KYLE KIMBALL: I think our opinion is, 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.

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

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

managing BAT goes to pay for Council Member
Donovan's ferry service... not that it's your ferry
service, but your constituent's ferry service.

[laughter] So it is an important... it's just the
way that EDC works is that we are a double bottom
line agency. We try to make as much money as we
can from our assets and then we try to spend it in
the most effective way, either giving it back to
the city or running programmatic initiatives to
create economic development. So in this particular
budget you will see us investing our capital, you
will see us thinking about mission driven
management and then the other components about how
you actually segregate out the assets we will have
to figure out.

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

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

CHAIRPERSON CORNEGY: Okay.

COMMISSIONER TORRES-SPRINGER: Thank
you.

CHAIRPERSON CORNEGY: Thank you.

CHAIRPERSON GARODNICK: Council Member Rosenthal followed by Council Member Dickens.

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

KYLE KIMBALL: Yes.

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

KYLE KIMBALL: Well, the one that is...
[crosstalk]

COUNCIL MEMBER ROSENTHAL: At 22 Chambers.

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

COUNCIL MEMBER ROSENTHAL: Okay.

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

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

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

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

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

KYLE KIMBALL: Yeah.

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

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

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

[crosstalk]

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

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

KYLE KIMBALL: YeAh, I mean a lot of it is...

[crosstalk]

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

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

[crosstalk]

COUNCIL MEMBER ROSENTHAL: Yep.

[crosstalk]

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

COUNCIL MEMBER ROSENTHAL: I'm just curious.

KYLE KIMBALL: Yeah.

COUNCIL MEMBER ROSENTHAL: Okay.

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

[crosstalk]

COUNCIL MEMBER ROSENTHAL: Sure.

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

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

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

COUNCIL MEMBER ROSENTHAL: But to 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...

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

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

COMMISSIONER TORRES-SPRINGER: As Andy mentioned...

[crosstalk]

DEPUTY COMMISSIONER SCHWARTZ: Yeah.

[crosstalk]

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

DEPUTY COMMISSIONER SCHWARTZ:

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

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

[crosstalk]

COUNCIL MEMBER ROSENTHAL: Mm...

[crosstalk]

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

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

[crosstalk]

KYLE KIMBALL: Yes.

[crosstalk]

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

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

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

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

[crosstalk]

COUNCIL MEMBER ROSENTHAL: Yeah.

[crosstalk]

KYLE KIMBALL: Head how much we set up.

[crosstalk]

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

KYLE KIMBALL: [interposing] Sure.

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

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

COUNCIL MEMBER ROSENTHAL: You're not seeing that?

KYLE KIMBALL: I don't know, yeah.

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

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

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

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

[crosstalk]

COUNCIL MEMBER ROSENTHAL: Oh and...

[crosstalk]

DEPUTY COMMISSIONER SCHWARTZ: Have
con...

[crosstalk]

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

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

[crosstalk]

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

[crosstalk]

DEPUTY COMMISSIONER SCHWARTZ: Access this year.

[crosstalk]

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

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

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

DEPUTY COMMISSIONER SCHWARTZ: Yes.

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

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

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

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

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

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

KYLE KIMBALL: Yes.

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

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

COMMISSIONER TORRES-SPRINGER: Sure.

KYLE KIMBALL: Okay.

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

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

[crosstalk]

COMMISSIONER TORRES-SPRINGER: Sure.

[crosstalk]

COUNCIL MEMBER DICKENS: Please?

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

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

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

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

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

22 COMMISSIONER TORRES-SPRINGER: That's
23 right.
24
25

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

COMMISSIONER TORRES-SPRINGER: That's right.

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

1 that's why I'm asking. You know, it becomes a
2 whole cycle, a vicious cycle for the small
3 businesses that if they don't have money hidden
4 away somewhere or falling off of a tree, then they
5 have real problems and I've been arguing this
6 forever about our small businesses and our MWBEs,
7 the impact that what you do and how you generate
8 the grants and the loan programs, and I know that's
9 not an official budget problem, but since I got
10 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 that we haven't heard before, but what each of the
2 centers tries to do is depending on the need,
3 whether you're a Sandy affected business or not,
4 what you're looking to spend on; what your business
5 record is; is to connect you with the right
6 financing that you would be eligible for. And so
7 if you though are hearing from businesses in your
8 district about a particular gap in what they are
9 looking to get after speaking with SBS, again, we'd
10 be happy to talk about that and figure out if
11 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.

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

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

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

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

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

DEPUTY COMMISSIONER MALLON:
[interposing] There is actually.

COUNCIL MEMBER DICKENS: What is the fiscal impact that that would be? What would be the fiscal impact?

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

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

[crosstalk]

DEPUTY COMMISSIONER MALLON: Does that answer it?

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

[crosstalk]

DEPUTY COMMISSIONER MALLON: That's alright.

[crosstalk]

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

DEPUTY COMMISSIONER MALLON:
Absolutely.

COUNCIL MEMBER DICKENS: Mm-hm.

DEPUTY COMMISSIONER MALLON: Without...
[crosstalk]

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

[crosstalk]

DEPUTY COMMISSIONER MALLON: Without...
[crosstalk]

COUNCIL MEMBER DICKENS: Okay.
[crosstalk]

DEPUTY COMMISSIONER MALLON: Without a doubt.

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

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

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

COMMISSIONER TORRES-SPRINGER: In the budget, yes.

DEPUTY COMMISSIONER MALLON: Yes.

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

KYLE KIMBALL: So...

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

KYLE KIMBALL: Disaster... is that yours?

COMMISSIONER TORRES-SPRINGER: Yeah.

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

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

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

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

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

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

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

KYLE KIMBALL: Sure.

COUNCIL MEMBER VALLONE: Thank you, Chairs.

CHAIRPERSON CORNEGY: Council Member Barron.

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

KYLE KIMBALL: Through an appraisal.

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

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

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

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

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

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

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

COUNCIL MEMBER BARRON: [interposing]

Mm-hm.

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

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

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

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

COUNCIL MEMBER BARRON: Mm-hm.

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

COUNCIL MEMBER BARRON: Yes.

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

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

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

12
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

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

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

[crosstalk]

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

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

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...

COMMISSIONER TORRES-SPRINGER:

[interposing] That's right.

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

COMMISSIONER TORRES-SPRINGER: Mm-hm.

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

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

[crosstalk]

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

COMMISSIONER TORRES-SPRINGER:
[interposing] Right.

CHAIRPERSON CORNEGY: To them.

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

1 there are ways we can do better. We can do better
2 by relying, in addition to what I mentioned, on
3 other forms of outreach; new media outreach, social
4 media outreach. We can build on what we've done to
5 provide our services and materials in languages
6 that are relevant to a particular business
7 community and to provide it in that community and
8 we can always do more with our network of bid
9 partners and community-based organizations to get
10 the work out. So there is... and from a budgetary
11 point of view, because it's important to us, it's
12 built into the budgets of every department, but
13 there is... but I'm looking forward to figuring out
14 if there are... determining how we can do even
15 better in terms of outreach, given the feedback
16 that you've heard from different communities. On
17 paid sick leave, in particular... [background
18 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 They have to create the marketing materials;
2 however, we've already provided them the assets
3 that SBS has and is willing to help in terms of
4 getting the work out, and that includes our NYC
5 Business Solution Centers, our Workforce Centers.
6 We are working in terms of training our staff to
7 help answer any questions small businesses may
8 have, and that training will be scheduled and DCA
9 will actually train us, so then we can then train
10 business owners. We also... at the last hearing we
11 heard some of the concerns in terms of just relying
12 on social media and relying on email, so there's
13 going to be a direct mail campaign. In terms of
14 funding, obviously we're using our existent
15 infrastructure, so there isn't necessarily a direct
16 impact on the budget. We just need... once DCA is
17 ready to actually you know, run with it, we're
18 going to be there with them. So that's the update
19 right now and you know, I'd be more than happy...
20 our division is working closely with them to
21 actually implement this, so I'll be more than happy
22 to keep you updated.

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

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

COMMISSIONER TORRES-SPRINGER: We could always use more.

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

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

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

CHAIRPERSON GARODNICK: Good, thank you.

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

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

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

CHAIRPERSON GARODNICK: Thank you very much. Go ahead.

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

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

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

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

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

KAREN NIEVES: Good afternoon. My name is Karen Nieves and I'm from East Williamsburg Valley Industrial Development Corp and I just want to thank you, Council, for the hearing today. 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

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

CHAIRPERSON GARODNICK: [interposing]
\$4 million.

KAREN NIEVES: Ask you restore the funding.

CHAIRPERSON GARODNICK: Thank you.

KAREN NIEVES: And I really appreciate it.

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

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

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

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

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

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

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

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

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

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

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

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

[crosstalk]

ELIZABETH LUSSKIN: How'd we do?

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

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

CHAIRPERSON CORNEGY: Thank you.

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

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

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

CHAIRPERSON GARODNICK: Thank you.

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

CHAIRPERSON GARODNICK: Appreciate it.

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

Project works with grassroots organizations around the city, strengthening them and their institutions, and what we focus on is our capacity building for low-income communities and the reality is that the City Council and the Mayor's office hasn't worked as collaboratively with community-based organizations to talk about capacity building, and that's where we've stepped in. Examples of our work around capacity building have to do with community-based organizations working with developers thinking about long-term planning and a huge example of that was last year. We negotiated a Community Benefits Agreement around the Kingsbridge Armory Redevelopment. We represented 27 community-based organizations called KARA, which negotiated a developer to build the Kingsbridge Armory, which the council voted on last fall. That agreement, to set aside a million of free ice skating time for low-income residents of the Bronx; low-income children who go to public school in the Bronx, where they've agreed to a living wage provision that wasn't otherwise in the law; they agreed to local hiring and local development. That's the kind of example where

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

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

CHAIRPERSON GARODNICK: Thank you very much. Go ahead.

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

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

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

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

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

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

NANCY CARIN: Hello, I'm Nancy Carin, Executive Director of the Business Outreach Center Network and BOC Capital. We're a micro-enterprise 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;

1 actually we make those loans, and Goldman Sachs
2 10,000 Small Businesses. BOC Capital has
3 successfully loaned millions to MWBE and small
4 businesses with government contracts and
5 mainstreamed purchase orders from construction
6 contractors and environmental engineers to
7 technology providers and fashion designers.
8

9 I have two key points to make today. I
10 am here to present BOC as in impactful and cost-
11 effective strategy to enhance business development
12 resources for immigrant, minority and women-owned
13 businesses. I am here today to express strong and
14 urgent support for expanding funding for industrial
15 and transportation providers. We are seeking to
16 expand our long-time partnership with New York City
17 to achieve our shared goals for community economic
18 development. A local BOC working in context and
19 concert with a mission driven network is a valuable
20 community asset. We have six such centers today,
21 we speak 18 languages and today we provide one-on-
22 one business assistance to over 1,300 new clients
23 each year and over [chime] 3,000 entrepreneurs
24 participate in our workshops.
25

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

[crosstalk]

CHAIRPERSON GARODNICK: Please wrap it
up.

[crosstalk]

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

CHAIRPERSON GARODNICK: We have to...

[crosstalk]

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

[crosstalk]

CHAIRPERSON GARODNICK: Thank you.

[crosstalk]

NANCY CARIN: Has stated.

CHAIRPERSON GARODNICK: I appreciate it. Go right ahead.

JEAN TANLER: Should I speak as well?

NANCY CARIN: Yes.

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

NANCY CARIN: Cornegy.

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

CHAIRPERSON GARODNICK: [off mic] Thank you.

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

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

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

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

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

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