

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON RECOVERY & RESILIENCY

Jointly with

COMMITTEE ON SMALL BUSINESS

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May 7, 2014

Start: 1:17 a.m.

Recess: 4:52 p.m.

HELD AT: City Council Chambers
250 Broadway - Hearing Room,
14th Fl

B E F O R E:

MARK TREYGER
Chairperson
ROBERT CORNEGY
Co-Chairperson

COUNCIL MEMBERS:

Rosie Mendez
Margaret S. Chin
Donovan J. Richards
Carlos Menchaca
Eric Ulrich
Steven Matteo
Inez E. Dickens
Mathieu Eugene
Peter Koo
Karen Koslowitz
Rubin Wills
Paul Vallone

A P P E A R A N C E S:

COUNCIL MEMBERS:

Carlos Menchaca
Steve Matteo
Inez Dickens
Donovan Richards
Margaret Chin
Chaim Deutsch

Bill Goldstein
Senior Advisor to the Mayor
Recovery, Resiliency and Infrastructure

Marie Torres-Springer
Commissioner, Department of Small Business
Services

Kyle Kimball
President
NYC Economic Development Corporation

Greg Bishop, Deputy Commissioner of
Business Development

Dan Zarrilli
Director of the Mayor's Office of Recovery
and Resiliency

Edwin Cosme
Coney Island Small Business Owner

Miriam Smith
Coney Island Beauty Salon

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

Shiekh Ullah
Coney Island Small Business Owner

Christine Silletti
Business Outreach Center

Yelena Makhnin
Executive Director
Brighton Beach Business Improvement
District

Linda Baran
President and CEO
Staten Island Chamber of Commerce

Phillip St. Pierre
General Manager
South Street Seaport for the Howard Hughes
Corporation

James Dean Ellis
Director
Neighborhood Economic Development
Initiatives of Brooklyn Chamber of
Commerce

Mohammad Safi
Owner
Bargain Land Discount Center

Unidentified Male

Unidentified Male

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

Magda Perez
Owner, Mermaid Prime Meat

Jamal Shoyet
Small Business Owner

Rolando Gonzalez
The Legal Aid Society Community
Development Project

Jacques David
The Legal Aid Society Community
Development Project

Jorge Farber
President and CEO
Madelaine Chocolate Company

2 [Background comments]

3 [Gavel]

4 MALE VOICE: Quiet please.

5 CHAIRPERSON TREYGER: Good afternoon, my
6 name in Councilman Mark Treyger I am chair of the
7 City Council's Committee on Recovery and Resiliency.
8 I welcome you all to this joint hearing as well with
9 the Committee on Small Business is chair by Chair
10 Robert Cornegy and I thank him for his leadership and
11 his willingness to work with us on this very
12 important issue, on the status of the city's programs
13 to assist small businesses that were impacted by
14 Super Storm Hurricane Sandy. With me here today are
15 members of the Committee on Recovery and Resiliency
16 as well as members of the Small Business Committee.
17 We are joined by Council Member Donovan Richards,
18 thank you so much for leadership for representing
19 your district in the Rockaways, absolutely. We are
20 joined by..., just making sure I see everybody here...,
21 Council Member Peter Koo, joined by Council Member
22 Margaret Chin, who's been a vocal advocate as well
23 and Council Member Inez Dickens, oh, and as well as
24 Council Member Rosie Mendez, my apologies.
25

1
2 Thank you council members, you have all
3 been very active and very engaged on this very, very
4 important issue and I thank the council.

5 At a previous hearing on the city's
6 program's design to build back housing damaged and
7 destroyed by Super Storm Sandy, we unveiled some
8 extremely serious and troubling problems that were
9 keeping people out of their homes, indefinitely and
10 in some cases leading to people losing their homes
11 through foreclosure. At that hearing and in
12 subsequent interactions, I believe that we started to
13 lay out a better path forward so we can get New
14 Yorkers back in their homes and get reimbursement
15 checks as soon as possible. And again, let me
16 repeat, this recovery will not be judged by
17 announcements or presentations but this recovery will
18 be judged by the number of reimbursement checks
19 issued to those impacted homes, and communities and
20 businesses rebuild.

21 Now we are here today to look at the
22 city's programs to get people's businesses back up
23 and running after Sandy and to see where we stand a
24 little more than a year and a half after the storm.
25 At a recent hearing with Recovery Resiliency and the

1 Finance Committee we learned about a \$42 million
2 program that was launched last fall of which only
3 seven businesses received aid. This topic is as
4 important as the housing hearing, because really the
5 only possession that might be as precious as a home
6 is a business that often people have worked a better
7 of a lifetime to start up and keep going. These
8 small businesses make up the heart of our
9 neighborhoods and of the city as a whole and
10 protecting them is vital to people's livelihood and
11 well-being and yet as with housing we seem to losing
12 this battle. With literally hundreds of millions of
13 dollars at our disposal, we have managed to hand out
14 precious little money to the people who are
15 desperately trying to get their businesses back
16 online and their lives back to normal and those who
17 have, emptied out their life savings to get their
18 businesses back up and running, have seen very little
19 aid and reimbursements. Instead we keep them in a
20 state of uncertainty or simply deny them aid forcing
21 them to take on massive debt and/or spend their life
22 savings when they shouldn't have to or worse yet
23 force them to close permanently. And it seems to me
24 in all the planning that gone into these efforts
25

1 we've lost sight of the basic idea to get all
2 businesses damaged or destroyed by Sandy up and
3 running again. Not some businesses in some places,
4 not certain classes of business, all businesses.
5 That means directly getting them the money they need
6 to restart their business, not offering loans they're
7 not eligible for and we need to complete this job
8 first before spending money on contests, games or
9 less important priorities. Last, as with housing
10 these programs need to be part of the community and
11 need to emerge from our neighborhoods instead of
12 attempting to impose them from the outside. So
13 outreach needs to utilize the local non-profits
14 organizations who know the communities and their
15 needs, who speak the same languages our constituents,
16 speak and who can advocate for business owners to
17 help them get through red tape so that those owners
18 could focus on getting their businesses going again.
19 So as with housing, I think we need a direction shift
20 and we need it quickly. So I look forward to hearing
21 from the administration and the public so that we
22 could start to move forward in a way that's going to
23 solve problems and bring back and revitalize our
24 small businesses.
25

And I now turn to the chair of the Small Business Committee and I again thank him for his leadership and his partnership, Chair Robert Cornegy.

CO-CHAIRPERSON CORNEGY: Good afternoon everyone, my name is Robert E. Cornegy, Jr. and I'm the Chair of the Committee on Small Business and I want to thank my colleague, Mark Treyger, for focusing the attention of the Committee on Recovery and Resiliency on the important issue of the city's utilization of the Federal Community Development Block Grants to stimulate small business recovery in the aftermath of Super Storm Sandy.

This is the third hearing of the Committee on Small Business in connection with the city's response to Sandy. During the first hearing in February 2013 the committee heard testimony from small business owners and advocates about insurers who refused to pay claims because they claimed the storm was a wind rather than a flood event. We heard testimony that many small business owners were not in position to take on new debt which was then a prerequisite to qualify for the city's grant programs. Other business owners complained of landlord malfeasance blocking business restoration,

1 reporting that landlords were increasing rents on
2 damaged properties and shrinking their responsibility
3 to make structural repairs. And we heard the non-
4 profit lenders who testified that the city was not
5 including them in outreach efforts. At the time,
6 then Commissioner Robert Walsh testified that he
7 hoped to put up incoming federal funds to use helping
8 business owners with bad credit who didn't qualify
9 for loans. However, when in May 2013 HUD approved
10 Mayor Bloomberg's Community Development Block Grant
11 Allocation Plan for \$1.8 billion in federal
12 assistance, only \$72 million was dedicated to loans
13 and grants for small businesses and grants were
14 awarded only as a part of financing package that
15 included a loan. At the same time, \$90 million was
16 set aside for a Game Changer Investment Competition
17 to fund innovative proposals for accelerating long-
18 term economic growth.

19
20 In November 2013, this committee
21 revisited Sandy recovery and again raised concerns
22 that the city's assistance for small businesses
23 dismissed many businesses as undeserving of help
24 because of the way they had filed their taxes or
25 filed their books before they were flooded. By that

1
2 time, many businesses that had not been able to
3 rebuild had closed and the concern for those that
4 remained in the hardest hit areas became the blight
5 and decreased foot traffic caused by vacancies.

6 Members of this committee and small business
7 advocates implored SBS and EDC to make more grants
8 available to small businesses to help them get
9 through this period of low cash flow.

10 Now as we sit here six months later we
11 still hear from members of the community that they
12 need help but that the city has not been able to find
13 a way, though millions of dollars allocated to assist
14 small businesses has gone unused. People who need
15 grants continue to suffer. I hope today we can find
16 out why. But as important as getting assistance to
17 the businesses that still need help is the issue of
18 how is this new administration going to bring new
19 businesses in when others have left

20 Under the previous administration, the
21 mention of the Game Changer Investment Program
22 brought images of gentrifying forces that would
23 displace local residents and entrepreneurs to create
24 new luxury waterfront communities. So I hope we
25 learn today what the new administration's philosophy

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2 of economic development is and what it is doing to
3 avoid displacing the communities that call the
4 Rockaways and the South Shore of Staten Island home.
5 And I hope all of this testimony helps inform the
6 administration and the council how we can better
7 serve all New Yorkers in the future.

8 I want to acknowledge my colleagues on
9 the Small Business Committee, Dickens, Koo and Ulrich
10 and thank my legislative director Donachelle Gross
11 and my small business committee counsel Jeff Campagna
12 for the continued dedication to this issue and their
13 hard work.

14 CHAIRPERSON TREYGER: Thank you chair and
15 having said that I wanted to thank all the staff that
16 has been so helpful. The staff on Small Business and
17 Recovery and Resiliency, Brad Reed, Dan Avery, Kate,
18 this has been truly a team effort and really good
19 cooperation. We've also been joined by Council
20 Members Steve Matteo from Staten Island who's been a
21 very vocal advocate as well and anyone else did I
22 mention Eric Ulrich is here and Council Member Eric
23 Ulrich from Rockaways as well.

24 [Background talk]
25

CHAIRPERSON TREYGER: Oh and the minority leader, another vocal advocate, Council Member Vincent Ignizio from Staten Island who has a good seat in the house. Umm, I want to call up the administration and I'm going to ask the administration and those who are able to stay behind to listen to the testimony from those impacted. This has been very crucial because in years past sometimes, we'd hear from the administration and then they would all leave. It is crucial that we understand that we have to make sure that we make time to listen to people directly. People have been waiting now 18, 19 months, the least that we can do is give them a couple hours of our time and hear from them and respond. So having said that, I'm going to call up Kyle Kimball, from EDC, please, Commissioner Kimball please, Commissioner Maria Torres-Spring from Department of Small Business Services, Mayor's Senior Advisor, the Office of Recovery and Resiliency, William Goldstein and Bill Goldstein, Sr. Advisor to the Mayor for Recovery Resilience and Infrastructure. Is that..., oh and we've been joined by Council Member Paul Vallone from Queens and Council Member Carlos Menchaca from Brooklyn.

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2 Okay, if I could ask the panel to raise
3 your right hand, do you swear or affirm to tell the
4 truth, the whole truth and nothing but the truth in
5 your testimony before these committees and respond
6 honestly to Council Members questions.

7 [Background talk]

8 Thank you. Please.

9 BILL GOLDSTEIN: Good afternoon
10 Chairperson Treyger, Chairperson Cornegy and members
11 of the Committee on Recovery and Resiliency and the
12 Committee on Small Business. My name is Bill
13 Goldstein I'm the Senior Advisor to the Mayor for
14 Recovery, Resiliency and Infrastructure and I oversee
15 the housing recovery office led by Amy Peterson who I
16 think appeared before you a few weeks and the Office
17 of Recovery and Resiliency led by Dan Zarrilli who is
18 here with me today.

19 We've been working hard with you and many
20 of your colleagues on this city council to make sure
21 that our recovery and resiliency efforts are
22 addressing the needs of all New Yorkers impacted by
23 Sandy and I'm very pleased to have the opportunity to
24 speak with you today. Today I'm also joined by Kyle
25 Kimball, President of EDC and Marie Torres-Springer,

Commissioner of Small Business Services and we'll provide testimony on the city's Sandy recovery focusing on efforts to help small businesses that were impacted by the worst natural disaster to hit New York City.

Sandy had a devastating impact on New York City with tragically 44 lives lost and thousands of homes damaged and destroyed; many businesses were disrupted and shuttered. It is estimated the storm caused more than \$19 billion in damages and lost economic activity nearly 95% of the enterprises impacted in areas flooded by Sandy were small and medium sized with many concentrated in the retail and service sectors. Many of these small businesses were directly impacted by flooding, however the loss of power, telecommunications, and transportation also had a significant effect on the ability of many more small businesses, their employees and their customers to recover quickly. This, in turn, impacted the recovery of communities who relied on their services and lessons we've learned from previous disasters including the event of September 11th, we know that full recovery and resiliency requires a combination of individual assistance and community level

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2 investment. With federal resources about to flow
3 into the region, it was clear the city needed a
4 comprehensive response to Sandy. To expedite all of
5 the city's recovery and resiliency efforts Mayor de
6 Blasio announced the establishment of the Office of
7 Recovery and Resiliency. This office will lead the
8 city's efforts to build a stronger, more resilient
9 New York. This includes strengthening coastal
10 defenses, upgrading buildings, protecting
11 infrastructure and critical services and making
12 neighborhoods, safer and more resilient. And we'll
13 do this through a variety of physical, social
14 economic resiliency initiatives.

15 By advancing this work, Mayor de Blasio
16 made a comprehensive commitment to recovery and
17 resiliency and tasked ORR with improving the city's
18 activities in four areas. First, by enhancing policy
19 and planning coordination as well as implementation
20 strategies of long term climate resiliency effort
21 among city agencies while also incorporating
22 resiliency into how the city operates. Second, by
23 expediting efforts to secure additional federal
24 funding for resiliency upgrades, third by continuing
25 to collaborate on state and federal recovery and

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2 resiliency planning processes to maximize investment
3 in New York City and lastly, by expanding economic
4 opportunity for New Yorkers in aligning workforce
5 development and local hiring into every recovery and
6 resiliency project.

7 Business resiliency is a core part of the
8 city's full recovery efforts. To date, the city has
9 helped hundreds of businesses through loans, grants
10 and technical assistance and distributed tens of
11 millions of dollars, some of it from directly city
12 sources to achieve this. In a moment I'll turn it
13 over to my colleagues to discuss our past and present
14 efforts to assist small businesses, but first let me
15 describe these efforts at a high level.

16 Since Hurricane Sandy several key
17 programs were established to help small businesses.
18 For example, the city has distributed more than \$23
19 million dollar in direct loan and grant assistance to
20 over 650 businesses through the emergency loan fund
21 and matching grant program. We've issued waivers
22 from IDA of up to \$100,000 in New York City. In New
23 York City and New York State sales tax helping with
24 60 businesses save almost \$3 million. Under Mayor de
25 Blasio this effort has intensified. The city has

received application for the Resilience Innovations for a Stronger Economy Program called RISE New York, the competition to identify innovative resiliency technology solutions provided for free to New York City small businesses impacted by Sandy, to help prepare for future storms and impacts of climate change. We've accelerated the business loan and grant program to help businesses still struggling 18 months after the storm. With 10 businesses receiving approval for \$2.6 million and another 147 businesses in the pipeline to receive awards.

Going forward you will see program changes to continue making all of our business recovery programs more effective for small businesses. You'll also see the launch of the Business Resiliency Program, which aims to incent business tenants and owners to make investments in building level flood protection measures. And you'll also see announcements of winning proposals under the Neighborhood Game Changers Competition, an opportunity to fund catalytic economic development projects in areas impacted by Sandy. But this is just the start of our efforts to continue supporting small businesses by making certain process and

procedural changes, these efforts will accelerate. In addition, ORR, OMB and SBS will continue to assess program effectiveness of its entire portfolio of business recovery programs. This will insure that these programs get financial support to small businesses throughout the five boroughs as quickly and efficiently as possible. I would like to now turn it over to my colleague, Maria Torres-Springer to provide more details on the work that SBS is doing in this area. Thank, you.

COMMISSIONER TORRES-SPRINGER: Thank you Bill. Good afternoon, Chairman Cornegy, Chairman Treyger and members of the small business committee and recovery and resiliency committee. My name is Maria Torres-Springer and I'm the Commissioner of the Department of Small Business Services. Thank you for the opportunity to testify today on this critically important topic of how we assist small businesses still reeling from the effects of Hurricane Sandy. We spent yesterday morning with Council Member Donovan Richards, visiting commercial corridors in the Rockaways, including speaking to businesses who more than a year and a half later are still feeling the effects of Hurricane Sandy.

I am deeply committed to insuring we are doing all that we can to help these businesses get back on their feet, which includes making the necessary improvements to the Hurricane Sandy Business Loan and Grant Program. Changes are already underway to improve efficiency and adjust the program to better address the needs of New York City's businesses. We're working hard to make sure businesses aren't left behind in the recovery effort.

I'd like to take a couple of minutes to first discuss the totality of this city's efforts to assist Sandy affected businesses. Since the storm hit, we've distributed through both public and private funding more than \$23 million in direct loan and grant assistance as part of SBS's Hurricane Sandy Relief Programs with more than \$2.8 million in tax exemptions to the New York City Industrial Development Agency. To date, our programs have awarded nearly 1,400 loans and grants to small businesses impacted by Sandy.

To break down these efforts, first I'll explain our agency's initial response through our privately funded Sandy One Program before I outline the federally funded Sandy Two Program. On October

29, 2012 Hurricane Sandy struck New York City with unparalleled force. It left thousands of New York City homes and businesses with power outages, extensive flooding and fire damage. Just days after the storm hit, the city launched the New York City Emergency Loan and Matching Grant Program to help damaged businesses. With funding support from Goldman Sachs and members of the New York Banker's Association, a \$20.5 million fund was created to distribute \$25,000 low interest loans and \$10,000 matching grants. Through that program, SBS awarded nearly \$15 million in loans to nearly 650 impacted businesses and nearly 500 matching grants totaling approximately \$5 million. In addition, SBS partnered with Barclays, City and UBS to create a \$1 million dollar fund for business grants of up to \$5,000. This small business assistance grant program offered \$5,000 grants to businesses that reopened but needed help repairing or replacing lost and damaged equipment. More than 200 businesses received nearly \$1 million in small business assistance grants.

In addition to these funds, in August 2013 the Mayor's fund to advance New York City and SBS launched a \$1 million citywide storefront

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2 improvement program, providing grants of up to
3 \$20,000 to cover construction costs of storefront
4 improvements for businesses in commercial corridors
5 impacted by Hurricane Sandy. To date, approximately
6 45 business have been approved in Brooklyn, Queens,
7 Manhattan and Staten Island. The citywide program
8 has helped local businesses and neighborhoods
9 impacted by the hurricane repair their storefronts,
10 create a cohesive image for commercial corridors, and
11 help draw customers and attract new investments to
12 these neighborhoods.

13 Then in May 2013, the city announced an
14 initial allocation of \$1.7 billion in Federal
15 Community Development Block Grant Disaster Recovery
16 Funds distributed by the U.S. Department of Housing
17 and Urban Development to address the most urgent
18 housing, business and infrastructure needs in
19 neighborhoods impacted by the storm, this federal
20 funding included \$42 million for low interest loans
21 and matching grants for impacted businesses. In
22 order to begin distributing this funding, we
23 conducted email, direct mail, phone and neighborhood
24 outreach. We developed an application, policies and
25 procedures to insure compliance with HUD regulations

1
2 and the proper use of funds. We engaged and
3 coordinated with lending partners and we hired and
4 trained a team dedicated to assisting businesses with
5 loan and grant applications. The New York City
6 Business Solutions account managers continue to
7 provide technical assistance and packing guidance for
8 small businesses interested in applying for the
9 federally funded program. It's important to note
10 that the federal funding differs from our initial
11 privately funded loan and grant program, because it
12 is significantly narrower in scope, acting as the
13 funding of last resort.

14 We are administering this federal funding
15 within the parameters and restrictions designated by
16 HUD. These parameters allow federal funding to be
17 distributed to businesses that one, have an unmet
18 need, a term defined by HUD, as still in need of
19 funding after receiving insurance payments and
20 federal SBA funding and two, can prove their ability
21 to repay the loan. In order to meet these parameters
22 and make the application process as smooth as
23 possible, New York City Business Solutions account
24 managers are currently working with 146 businesses in
25 the initial states of the process. Additionally the

1
2 account managers are completing final reviews for
3 another 45 packages before referring them to the
4 lender. They have submitted a total of 150 packages
5 to the lender and the loan underwriter is currently
6 reviewing 64 of them.

7 To date, 10 businesses have been approved
8 to receive more than \$2.76 million through the
9 Hurricane Sandy Business Loan and Grant Program. Now
10 since the storm hit outreach has been very critical
11 and I wanted to spend a couple of minutes talking
12 about our outreach and technical assistance efforts.
13 Businesses were informed of the funding assistance
14 through several different channels immediately after
15 the storm. There were hundreds of businesses
16 canvassed and informed about the financing options
17 post-storm in the business recovery zones. The five
18 most damaged areas of the city. Another channel was
19 our network of 15 New York City Business Solution
20 Centers and our industrial providers. To date, the
21 New York City Business Solutions System has helped
22 more than 2,400 clients with hurricane related
23 issues. SBS also collaborated with community based
24 organizations and local banks to offer outreach and
25 technical assistance for those unable to travel to a

business solutions center. Another channel was the seven restoration centers opened in the communities hardest hit by the storm to deliver recovery related services like business recovery information, food assistance, temporary housing information and medical services to property and business owners. 40 SBS staff distributed business recovery information through the seven centers in the months following the storm. Additionally, marketing and program materials for the Hurricane Sandy Business Loan and Grant Program are available in several languages including, Spanish, Russian, Chinese and Korean. We also worked with the City Council, the Mayor's Office of Media and Entertainment, New York City and Company, MasterCard and City Community Development to launch two rounds of an advertising campaign called Support New York City's Small Businesses that highlighted impacted businesses. Advertisements were featured across 12 print publications, 50 bus shelters, and 1,000 subway cars that collectively exceeded more than 65 million in total circulation. Ad were translated in Spanish and Russian and included and El Diario Impacto and Russian Bizarre. The campaign also included a Support New York City Small

Businesses website with an interactive map of open businesses that located more than 1,300 businesses that reopened after the storm.

So I've outlined what we've already done to help small businesses but I know that we can and that we must do more. I recognize that the city must continue to take steps to address the needs of businesses still reeling from the effects of the storm and I'm committed to redoubling our efforts to streamline the Hurricane Sandy Business Loan and Grant Program process and to get more businesses through the pipeline and to get these businesses the assistance that they need in order to recover.

So today I wanted to outline four areas that we are focused on to improve the process and to insure that no businesses are left behind in the ongoing recovery. We will make programmatic changes in our agreement with HUD, we will make process changes, we will increase capacity and we will improve our outreach. First we are working closely with OMB, HUD and other government partners to address systemic issues that need to be fixed, specifically through a few programmatic changes including raising the maximum cap from \$1 million,

1 decoupling the loan from the grant element which
2 would allow us to award grants more quickly and
3 revisiting the eligibility requirements mandated by
4 HUD to increase the number of eligible businesses.
5 These types of changes need to be approved by HUD but
6 we are aggressively working on coming to a resolution
7 on them. Second, currently the process just takes
8 too long. The compliance review process for instance
9 takes up to six weeks. We need to do better and I've
10 directed my team to cut this time by at least in half
11 so that businesses can get the support they need more
12 quickly. We have been working closely with OMB as
13 well to implement necessary changes to insure that we
14 meet this goal. Third, we will continue to improve
15 the capacity of our account managers who directly
16 assist businesses with the Hurricane Sandy Business
17 Loan and Grant Program applications. For example
18 we've seen that business owners have difficulty
19 providing all of the required documents needed for
20 the underwriting process, one solution we intend to
21 implement is working with community development
22 finance institutions or CDFIs to provide businesses
23 with additional technical assistance. We will also
24 be adding additional staff where needed. In an
25

1
2 effort to diversity the existing program offerings
3 the city is currently adding additional CDFI partners
4 to expand our program reach to additional
5 neighborhoods and business types. And lastly, we
6 plan to improve our outreach to continue to increase
7 businesses awareness about this program. We will
8 directly target those businesses who received
9 assistance from the SBA as well as those businesses
10 residing in zip codes in the city's most damaged
11 areas. In the coming months, we will place targeted
12 advertisements in local and ethnic papers, partners
13 with CDFIs to market the program through their
14 networks and share success stories through all of our
15 media channels.

16 I will do everything that I can to
17 continue to improve the rate of awards through this
18 program so that businesses can get the help that they
19 need and certainly welcome any feedback that you
20 might have to insure that we are making businesses
21 aware of this program in the most effective way.

22 I'd like to thank you for your attention
23 and your dedication to addressing the needs of small
24 businesses in New York City. We at SBS are committed
25 to helping businesses and our neighborhoods recover

1
2 from Hurricane Sandy and I look forward to working
3 with you to insure that we achieve these goals. I'd
4 be happy to take questions after Kyle testifies and
5 I'm also eager to hear feedback from business owners
6 directly after our testimony.

7 KYLE KIMBALL: Good afternoon Chairman
8 Treyger and members of the committee on recovery and
9 resiliency as well as the committee on small
10 business. I'm Kyle Kimball, President of New York
11 City Economic Development Corporation and together
12 with Commissioner Torres-Springer of SBS and Bill
13 Goldstein of the Office of Recovery and Resiliency,
14 I'm here today to discuss the business recovery and
15 resiliency initiatives that EDC has developed in
16 conjunction with SBS to help assist New York City
17 businesses following Hurricane Sandy.

18 Hurricane Sandy presented us with one of
19 the greatest challenges we have faced as a city and
20 severely damaged businesses and homes across the five
21 boroughs, the losses to the city's economy and assets
22 costing tens of billions of dollars. Today I'd like
23 to discuss EDC's crisis recovery efforts immediately
24 following the storm to help businesses recover. From
25 the initial emergency impacts of the hurricane EDC

1
2 worked with this initial period to assist SBS in
3 developing the Emergency Financial Recovery efforts
4 to help those businesses that Maria just describe.
5 In the time since, we have turned our attention to
6 the unique role we can help full in bolstering the
7 long term economic and physical resiliency of the
8 impacted businesses and neighborhoods.

9 In the days following the storm our
10 efforts at EDC centered around helping New Yorkers
11 get back to work as quickly as possible, in order to
12 stimulate the recovery of communities across the
13 city. One of our top priorities was transportation.
14 We were able to restore limited service on the East
15 River Ferry only three days after the storm and
16 provided emergency ferry service to the Rockaways to
17 account for the suspension of the A-Train Service.
18 To insure businesses could begin rebuilding as
19 quickly as possible EDC in partnership with SBS as
20 Maria mentioned launched the emergency loan fund for
21 impacted businesses to cover costs such as repairs
22 and equipment replacement. In addition, through
23 initiative administered by the New York City IDA, EDC
24 provided businesses with a waiver of up to \$100,000
25 in New York City and New York State sales taxes for

1 materials purchased for recovery efforts. More than
2 sixty businesses across the city received waivers for
3 city and state sales taxes for rebuilding projects
4 allowing them to proceed with reconstruction while
5 saving almost \$3 million in sales taxes.
6

7 Later EDC worked with SBS to develop the
8 framework and planning process for the Small Business
9 Recovery Loan and Grant Program as discussed by Maria
10 just a few minutes ago. An implementation of this
11 program has been led by SBS with technical assistance
12 and support provided by EDC when necessary. So once
13 financial businesses recovery programs were
14 established, EDC looked to how we could develop
15 programs to help affected businesses and
16 neighborhoods better prepare and plan for future
17 weather events and the long term effects of climate
18 change. We hoped to assist these communities in
19 creating more resilient economy so that the residents
20 and workers in these communities would have improved
21 access to good jobs and steady strong economic
22 activity.

23 Hurricane Sandy revealed significant
24 vulnerabilities in both the city's buildings and its
25 infrastructure networks. Following the storm

businesses in affected areas were faced with extensive repairs, damaged inventory and losses due to business closure and re-location, lost or cancelled orders and the displacement of customers and employees. Therefore, the major component of our ongoing work includes to continuing to promote the resiliency of businesses and neighborhoods across the city, utilizing the U.S. HUD CDBG Disaster Recovery Program Funding. For example, EDC launched the Resiliency Innovations for a Stronger Economy or RISE NYC Competition which will utilize up to \$30 million in CDBG funding to attract innovations and technologies from around the world to improve the resiliency of New York City's small businesses infrastructure and building systems. Eligible projects are those that enhance the resiliency of telecommunication, energy and infrastructure and building systems. For example a winning solution could insure wireless communication continues uninterrupted in the event of a future storm or improve fire protection for our building system protections. Small businesses that were either directly damaged as a result of Sandy or that are most at risk of future damage can apply to have

1 winning technologies installed at no cost to their
2 locations. The competition will identify and deploy
3 new or innovative technologies that include flood
4 resistance, flood resilience enable systems to fail
5 gracefully, expedite recovery or support the
6 continuation of services during a storm or similar
7 event. Eventually we'd hope the most effective
8 solutions were replicated and scaled up decreasing
9 the vulnerability of small businesses citywide.
10 Stage 1 of the program is now complete.

12 EDC has received over 100 technology
13 applications from around the world with innovative
14 technologies that could be used to assist small
15 business owners in New York City to improve
16 resiliency. These applications have been narrowed
17 down to 38 semi-finalists and we are moving forward
18 in the evaluation process to identify the best
19 technology solutions in this set. In addition to the
20 technology applications received another 100 small
21 businesses that were impacted by Hurricane Sandy
22 across all five boroughs have signed up to become
23 installation sites for selected technologies and
24 those selected will receive installations of free
25 resiliency technology solutions to minimize potential

1
2 damage before an event or if damage does occur,
3 recover and return to operation quickly following an
4 event.

5 EDC will evaluate and select technologies
6 with guidance from an expert panel of competition
7 advisors and we expect to announce selected winners
8 this fall. EDC also coordinates with the Office of
9 Recovery and Resiliency in planning two other
10 programs focused on improving the long term economic
11 and physical resiliency of storm impacted
12 neighborhoods and businesses. The Neighborhood Game
13 Changer Investment Competition is an initiative to
14 spur transformational investments in the five Sandy
15 impacted areas, East and South Shores of Staten
16 Island, Southern Manhattan, Southern Brooklyn, The
17 Brooklyn Queens Waterfront and South Queens. Game
18 Changers competition seeks to leverage award funds to
19 attract significant private investment for capital
20 intensive projects that benefit the impact areas by
21 supporting small business and creating jobs,
22 particularly for low and moderate individuals and
23 families. Part of the program's process included
24 input from an advisor panel compiled of local
25 community members selected by the representative

council members and borough presidents in the impact areas as well as citywide policy experts.

Lastly EDC is coordinating with the Office of Recovery and Resiliency to plan the Business Resiliency Investment Program as Bill mentioned. This programs remains in a conceptualization phase as we identify the best ways to incentivize eligible business tenants and owners to improve the resiliency for future storms by investing in flood protection measure. I am now happy to take your questions.

CHAIRPERSON TREYGER: Thank you and I'm sure that we will certainly..., I have questions and I'm sure those members have questions. Just inform our council staff.

This question is for I believe the Commissioner of Small Businesses and feel free to chime in if you have any more information. How many businesses total in New York City were directly damaged or destroyed by Sandy? Do we have a number to that?

COMMISSIONER TORRES-SPRINGER: We have...

CHAIRPERSON TREYGER: Speak into the mic please.

COMMISSIONER TORRES-SPRINGER: There are approximately 24,000 businesses in the flood zone, and I believe about 13,000 businesses who are effected which, and those effects vary from business interruption, to actually having damage, I could get specific numbers and a breakdown of that number after this.

CHAIRPERSON TREYGER: So you calculated 24,000 in the flood zone and around 13,000 affected?

COMMISSIONER TORRES-SPRINGER: Some affect from the storm.

CHAIRPERSON TREYGER: And what criteria did you use to come up with that number of 13,000?

COMMISSIONER TORRES-SPRINGER: That's based on research that was done, I can get that for you, but its, as I mentioned that it is businesses who were effected either because of damage in those areas or because the business had claimed business interruption and a few others.

CHAIRPERSON TREYGER: Because, we're mentioning here, there's a number of things mentioned about different pots of money, different programs, one was mentioned through an emergency loan fund, it

1
2 said \$23.4 million in direct loan and grant
3 assistance to over 650 businesses.

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

6 CHAIRPERSON TREYGER: 650 compared to,
7 you're saying over 13,000 that were affected by the
8 storm. Why the discrepancy?

9 COMMISSIONER TORRES-SPRINGER: I think
10 what's important is to look at the different types of
11 assistance that's needed by businesses so for the
12 Emergency Loan and Grant Program that is a financing
13 issues, umm, which is certainly a critical need. And
14 as I mentioned for umm, those two programs we have
15 helped over 600 businesses. Businesses affected by
16 Sandy could also have umm, other types of challenges
17 that need to be addressed and so these numbers, the
18 650 that I mentioned are specifically for on the
19 financing side. And as Kyle Kimball mentioned
20 earlier, there are other programs like the ones that
21 he mentioned that we are hoping will address other
22 needs of businesses outside of financing.

23 CHAIRPERSON TREYGER: Well the other
24 program that was launched last fall, I think you had
25 mentioned it was a \$42 million program.

COMMISSIONER TORRES-SPRINGER: That's the Sandy Two Program. That's right.

CHAIRPERSON TREYGER: Sandy Two program. A the hearing we had with the finance committee and my committee the number was I think seven. Now you're saying the number has jumped to 10.

COMMISSIONER TORRES-SPRINGER: The number is 10.

CHAIRPERSON TREYGER: And you mentioned in your testimony 147 in the pipeline. Why is that number so low, compared to the number of businesses that were impacted?

COMMISSIONER TORRES-SPRINGER: So I would note two things. One is the way the program structured, as I mentioned in my testimony is narrow in scope. It is intended to be a program, a funding of last resort, so that that funding kicks in after insurance proceeds are distributed, and SBA funding, for instance, is distributed. So it's structured for a particular type of business. Umm, Second in terms of the pace, as I mentioned in looking at the program there are process improvements that we can make so that that number which was 7 a couple of weeks ago, which is now 10 is dramatically higher, as quickly as

possible. And those, the capacity changes, the process changes that we have internally as well as outreach, additional outreach measures. So, my expectation and hope and what we're working feverishly on is to make sure that we can increase the rate of awards.

CHAIRPERSON TREYGER: I just want to again kind of explain the gravity of this, because you know, the fact that first of all, in my opinion had no idea about these programs. I understand, you know, you mentioned quite a number of efforts that was done last year. It's my position that many people had no idea about these programs. I am also interested in getting a list. Do you have a list of all businesses that did get aid from any of these programs? Do you have a list of those businesses?

COMMISSIONER TORRES-SPRINGER: Yes. We do.

CHAIRPERSON TREYGER: And are they all businesses in the most damaged areas in our city?

COMMISSIONER TORRES-SPRINGER: In order to qualify for these programs they would have to be in those areas so we can depending on the information that you're looking for, so if it's geographic

breakdown, size of business, I think we can certainly pull that together in a way that makes sense.

CHAIRPERSON TREYGER: So there are no businesses, for example, that, are not in the Sandy impacted zones? I mean I'm just asking a question just to make sure that you know there are businesses on Mermaid Avenue in Coney Island that are still shut down and many of them had no idea about any of these programs and they've been left by themselves to advocate for themselves dealing with SBA, dealing with the City. No one is fighting for them and they have to pick up the pieces of their lives and at the same time spend the day fighting bureaucracy to get help and get assistance and it was to their shock that there were any programs in the first place that were available from the city's end. You had mentioned that you set up some sort of business solution centers to assist. Where are these centers? Are they in the impacted communities?

COMMISSIONER TORRES-SPRINGER: So we have field staff that are, they're based in our business solution centers which are pre-existing sectors throughout the city, but they also are mobile and they work with local organizations to insure that

1
2 they get to small businesses. Having said that I
3 think we can do better in terms of outreach to make
4 sure that the businesses that you just mentioned,
5 that they're fully aware of all of the programs that
6 we have.

7 CHAIRPERSON TREYGER: But are these
8 business solution center cites are they in the
9 impacted area?

10 COMMISSIONER TORRES-SPRINGER: Greg, are
11 they? I'm going to ask my Deputy Commissioner of
12 Business Development to confirm what bricks and
13 mortar we have in the Sandy effected areas, what's
14 we've had not just for this program but for..., since
15 the storm. If you could, also talk about some of the
16 mobile outreach that we've done.

17 GREG BISHOP: Good afternoon, my name is
18 Greg Bishop, Deputy Commissioner of Business
19 Development.

20 [Interpose]

21 CHAIRPERSON TREYGER: If I could just ask
22 you, just to swear you in. Do you swear and/or
23 affirm to tell the truth, the whole truth and nothing
24 but the truth in your testimony before these
25

committees and to respond honestly to council members questions.

GREG BISHOP: Yes.

CHAIRPERSON TREYGER: Thank you, please.

GREG BISHOP: So are business solutions centers are located in the five boroughs. So, for instance in Brooklyn its actually, its downtown Brooklyn, but for the impacted areas, shortly after the storm, as the Commissioner said we were co-located with the restoration centers and our field staff works with local organizations that's in the impacted areas and we have established office hours so the from the business solution actually goes out to the impacted areas either like a Monday or Tuesday, whatever day of the week, so businesses do not have to travel to the business solution center, they can just go to a local organization that's in the area.

CHAIRPERSON TREYGER: So can you tell me which organization is partnered in Coney Island?

GREG BISHOP: In Coney Island it's Astella.

CHAIRPERSON TREYGER: I don't know if you've heard that Astella has been absorbed by

Brooklyn Community Services. They're not really in existence right now, they're kind of been taken over by another group and that is really news to the community, because many folks have no idea where to go. I don't know if you are aware of that.

GREG BISHOP: Okay, we can work with you in identifying of proper organizations, so that we can establish more office hours in the area.

CHAIRPERSON TREYGER: Yes. I think that..., and this is very eerily similar to the housing recovery, that there is no localized structure, visible structure in the impacted communities so people can turn to immediately for assistance and aid. Umm and we need to definitely work with existing council members, because if Astella is not really in existence, you know they've been absorbed by a different group and I would be more than happy to work with you to provide you a list of existing organizations that actually do the outreach and work with the local community. We have in the audience sitting behind; actually Ed Cosme on Mermaid Avenue who will testify later to that, that he has no knowledge of where to go and so forth. We'll save that for later.

1
2 This \$42 million program, is that a
3 number that is at the discretion of the Mayor? Could
4 it be increased, does the Mayor have authority to
5 increase that number if necessary?

6 GREG BISHOP: We would have to submit an
7 action plan to HUD in order to increase it and that
8 has happened..., periodically we've done that. So we
9 would have to propose it to HUD and they would have
10 to agree.

11 CHAIRPERSON TREYGER: Because the
12 question I have is that, how many applications have
13 you received so far for aid from small businesses
14 impacted by Sandy?

15 COMMISSIONER TORRES-SPRINGER: Right now
16 we have a total of 342 active applications.

17 CHAIRPERSON TREYGER: How many?

18 COMMISSIONER TORRES-SPRINGER: 342 active
19 applications.

20 CHAIRPERSON TREYGER: See there's
21 something wrong here, because again we're talking
22 about thousands of businesses, you know and we have
23 340 applications, there's the proof that something...,
24 there's a major disconnect between the number of
25 applicants and the number of people who have actually

1
2 been effected. And I will question about this
3 outreach that was done and you know, and in addition
4 to outreach the advocacy that has to be done on
5 behalf of those who were impacted. In the interest
6 of time I will turn over..., I have a lot more
7 questions and a lot more to say..., but in the interest
8 of time I will pass it over to the Co-Chair Robert
9 Cornegy. Please.

10 COMMISSIONER TORRES-SPRINGER: If I could
11 just reiterate one thing.

12 CHAIRPERSON TREYGER: Yes.

13 COMMISSIONER TORRES-SPRINGER: which I
14 think is important as we think about these numbers and
15 what the discrepancy is. This particular program, as
16 it's set up today is a funding of last resort and so
17 to the extent that businesses had insurance, to the
18 extent that they umm, got SBA loans, this funding
19 comes in only after those two pots have been, and if
20 there's still an unmet need after those two sources
21 of funding have been used. So it's narrower in scope
22 which doesn't mean that we can't move these
23 applications faster, but that's important to note
24 when comparing the number of businesses affected by
25

1
2 Sandy and the number of applications that we're
3 working on.

4 CHAIRPERSON TREYGER: But, it just sounds
5 exactly like what's happening with the housing
6 recovery situation. You put all the bureaucracy up
7 front and people are still trying to pick up the
8 pieces of their lives and if they survive. Many
9 people couldn't wait and they probably closed down
10 and not just the owners are out of work, but the
11 employees lost their jobs. So the state has it the
12 other way, where they actually put some money up
13 front and then people deal with some of the paper...,
14 I'm not saying which way is better right now, but we
15 need to expedite, cut red tape and get aid to these
16 people immediately to save their livelihoods and the
17 livelihoods of those employees who are reliant on
18 that small business for being up and running.

19 COMMISSIONER TORRES-SPRINGER: I
20 understand.

21 CHAIRPERSON TREYGER: Now I'll turn it
22 over to Chair Cornegy.

23 CO-CHAIRPERSON CORNEGY: Good afternoon.

24 COMMISSIONER TORRES-SPRINGER: Good
25 afternoon.

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2 CO-CHAIRPERSON CORNEGY: So much like my
3 colleague and Chair Treyger, but I'll limit this
4 first round to one statement and one question and my
5 statement would be that there's a..., unfortunately
6 with our small businesses there's a popular
7 conception that government can and will complicate
8 very simple objectives. And I'm hoping that through
9 this hearing we'll find that that's not the case and
10 if it is we'll make the corrective actions where
11 necessary.

12 But as it relates to the Neighborhood
13 Game Changer Investment Program, now on the face
14 value it seems like a fairly good program but one of
15 the concerns I have is that one of the unintended, as
16 we did the research, with Mark and I on this, one of
17 the unintended consequences that seemed to come up
18 regularly the potential to speed up gentrification,
19 because the requirements in and around the Game
20 Changer program don't match those businesses that are
21 indigenous or that have operated in those districts.
22 So, very quickly, if not supervised correctly, the
23 Game Changer Program can change the complexion of
24 businesses in the area and I believe that potentially
25 could be an unintended consequence and I just want to

1
2 know what your thoughts were and this is for
3 everybody. I'm looking at Commissioner Torres-
4 Springer, but I'm...

5 KYLE KIMBALL: So without sort of waiting
6 until a discussion about gentrification, I think that
7 the whole idea was that EDC's focus has been on long-
8 term resiliency of neighborhoods, so at the end of
9 the day, I think we are on the same page that it's
10 about jobs and it's about wages and it's about
11 economic activity in areas and it sort of depends on
12 the proposals that we're talking about. I couldn't
13 say that there is one proposal that is umm..., or that
14 the point of the Game Changer Project is to
15 facilitate gentrification, I think the point of it is
16 that you have..., when situations like this happen in
17 areas that are flood prone, that you have economic
18 resiliency and that is either through having both
19 long term investments in jobs, businesses, but also
20 investments to make sure that those businesses can
21 recover quickly. That's really the main goal.

22 CO-CHAIRPERSON CORNEGY: So it wasn't my
23 intention to accuse..., be accusatory in the goal of
24 EDC in this, but I just wanted to make sure that we
25 were conscious that there's an unintended consequence

1
2 that happens to that and that the amount of money
3 potentially through the Game Changer Program, being
4 invested in new businesses as opposed to building the
5 infrastructure and the capacity with an existing
6 business is arguable. That was my only point

7 KYLE KIMBALL: I would also say that one
8 of the things, this is certainly something that the
9 previous administration I think thought about in
10 terms of the way the competition was set up, in terms
11 of the advisory panels so there has been a lot of
12 discussion with the community, some outreach with the
13 previous council members and the borough presidents,
14 to make sure that the proposals were not just
15 evaluated by EDC, but evaluated by a broad swath of
16 people representing the community.

17 CO-CHAIRPERSON CORNEGY: Thank you for
18 that. So my question would be then, has that
19 advisory, has the composition of the advisory panel
20 changed from the last administration?

21 KYLE KIMBALL: I don't think it has
22 necessarily, we're also sort of just evaluating the
23 Game Changer Competition with Bill to making sure
24 that this is something that was conceived of in a
25 previous administration and we just want to make sure

that the projects that the community groups have selected, as well as this administration, that they comport with the values of this administration.

CO-CHAIRPERSON CORNEGY: Then I would ask that on behalf of my colleagues who represent Sandy ravaged districts, that you include them in that process.

KYLE KIMBALL: Sure that makes sense.
Yes.

CO-CHAIRPERSON CORNEGY: Thank you.

CHAIRPERSON TREYGER: Just to make clear, I mean so, we're asking just for a list of those businesses that did get aid, if that's something that you can get to us, I really truly appreciate that because it's crucial that we have that and I also want a list of what organizations you're working with to do that outreach, because we need to definitely have input about, first of all, if they are still in existence and whether we have the right group that is reaching the effected residents. I'll now turn to Council Member Carlos Menchaca.

COUNCIL MEMBER MENCHACA: Thank you
Chairs and I want to let me get organized here.
Okay, I want help navigating through the conversation

1
2 around loans versus grants and kind of drill in a
3 little bit further and thank you so much for the kind
4 of prop questions on understanding the world of
5 businesses effected in the different zones, but the
6 way that I understand it right now is that you've
7 kind of lumped in loans and grants into one. First
8 can you just delineate or differentiate what total
9 you gave out in loans, what total you've given out in
10 grants out of the \$2.76.

11 COMMISSIONER TORRES-SPRINGER: Yes, in
12 terms of grants, it's approximately \$660,000 and
13 loans it's approximately \$2.1 million.

14 COUNCIL MEMBER MENCHACA: Okay, can you
15 explain that difference and where the philosophy
16 behind the administration SBS is in that
17 discrepancy..., or that vast difference between the
18 loan structure and the grant structure.

19 COMMISSIONER TORRES-SPRINGER: Greg, do
20 you want to talk about the criteria for the matching
21 grant?

22 COUNCIL MEMBER MENCHACA: Not the
23 criteria, the philosophy behind how you get to a \$2.1
24 million loan and \$600,000 grant release. Talk about
25 the criteria, but how do we get to a point where

1
2 we're only giving \$600,000 and \$2.1 million in loans.
3 What's driving that philosophy?

4 GREG BISHOP: If I could repeat your
5 question. You're asking basically, in terms of the
6 numbers of grants versus the number of loans. So
7 when we look at applicant, we look at..., especially if
8 they have had prior debt, if it's storm related then
9 we try to connect them to the grant only option, so
10 we either match it to SBA loan or umm, some other
11 loan that they've taken because of the hurricane. I
12 think if you're talking about the philosophy, I think
13 the philosophy is based on insuring that we are
14 helping businesses, that are basically viable, so one
15 of the ways of insuring that is if someone has
16 undergone an underwriting process they have
17 demonstrated the ability to repay their loan based on
18 projected cash flows. So therefore if someone has
19 already gotten a loan there's no need to actually
20 burden them with additional loans, so that's why
21 there's a matching grant component to this program.

22 COUNCIL MEMBER MENCHACA: Okay, and I
23 know this is a kind of ongoing conversation during
24 the hearings about the sense of..., how we define
25 viable vs. not viable. And so let's go down that

1
2 route. Clearly we've kind of learned through these
3 hearings that the sense of determining viability
4 through cash flow and through tax information, how
5 does that change in a moment of crisis, post Sandy,
6 when a business, a small business say was viable
7 somehow, maybe didn't report cash flow for whatever
8 reasons, and now is incurring costs due to a natural
9 disaster and therefore now is no longer viable for
10 whatever reason and so how are we..., and for some of
11 those reasons actually, there's a lag time in getting
12 some of these services because of the bureaucracy.
13 So how does viability change and does it change
14 within SBS, EDC and how you structure these loans?

15 COMMISSIONER TORRES-SPRINGER: The
16 requirement of the program is that business viability
17 is demonstrated at the time that the storm hit, umm
18 and in terms of the specific definition is that based
19 on feedback that we have heard from businesses, that
20 is also something that we are looking into. You know
21 it's important for..., that we make loans that
22 businesses can actually repay, but there are
23 different jurisdictions that have, that think about
24 that question of business viability in different
25 ways. We are currently in the process of determining

1
2 whether the definitions we're working on..., working
3 with right now make sense. Or if there are
4 adjustments we need to make and if so, working with
5 HUD to implement them, Greg would you add anything to
6 that?

7 COUNCIL MEMBER MENCHACA: So it sound
8 like you're rethinking, maybe, re-examining the sense
9 of viability and how viable it is within the current
10 structure of the loans from the federal government.
11 So let's talk about that, the sense of power that the
12 city has in determining it. Back to that number of
13 loans versus grants, what power do we have as a city
14 to kind of shift that and what's preventing us from
15 getting more grants out to these small businesses and
16 really my only expertise, and I'm not a small
17 business owner, but I have strong relationships with
18 the small businesses that are keeping the corridor of
19 Red Hook alive and well that have really been a
20 blessing to that community, that when they kind of
21 talk to me about their needs, they need that stove
22 that was destroyed but they can't get, because they
23 can't get this loan. They need that one piece of
24 capital infrastructure that isn't large, necessarily,
25 a lot of times with these small businesses, but they

1
2 just can't get access to these things. And so for me
3 my kind of conclusion is that, wouldn't it be great
4 for them to get a grant. So what's preventing us at
5 the city level to change whatever CDBG criteria to
6 maybe increase it to that \$2.1 level so we have more
7 grants going to out into our communities?

8 COMMISSONER TORRES-SPRINGER: The one
9 thing I'll mention and then everyone else chime in is
10 that umm, we are in fact, we've asked HUD to help us
11 decouple the grant and loan piece, umm, because in
12 terms of the..., in order to make the process quicker
13 to get the grants out, in terms of... So that's one
14 piece, which we think will be a vast improvement on
15 the current program.

16 COUNCIL MEMBER MENCHACA: What will be
17 the effect of that? What's the conclusion, what do
18 we get from decoupling that?

19 COMMISSIONER TORRES-SPRINGER: Faster
20 grants to businesses.

21 COUNCIL MEMBER MENCHACA: Great. An
22 increased number of grants per business too, so do we
23 increase the number of dollars that go out in grants
24 or we just make it faster to get to small businesses?
25

GREG BISHOP: I think it's going to be an increase in number, umm, in terms of value I think that we're also going to have to look at.

COMMISSIONER TORRES-SPRINGR: So let me just clarify, so we definitely think it's going to be faster in general, both on grants and loans, those numbers have to be higher. There is right now also a cap on the grant, and so that's also something that we're looking into, to the extent that that makes sense to modify as well.

COUNCIL MEMBER MENCHACA: And is there a timeline on that?

COMMISSIONER TORRES-SPRINGER: We are hopefully hearing back from HUD on decoupling the loan and grant, when is that Greg?

[Background talk]

COMMISSIONER TORRES-SPRINGER: Okay. So over the next few weeks, our hope is to be able to implement something like that.

COUNCIL MEMBER MENCHACA: Great, we look to follow-up with you on that and just kind of keep track of that. It's an incredible kind of opportunity that small businesses have been asking for on the grant. I'm going to shift over to kind of

1
2 the moments after the storm and the kind of presence
3 that different organizations had on the ground and
4 I'm hoping that I can hear from you today how
5 different hiring structures, you're all change in
6 administrations, you bringing new people into the
7 agencies, how the value of having organizers, people
8 who understand the value of organizing on the ground,
9 maybe you can kind of speak to that, I think, when I
10 think about how we were able to respond in Red Hook,
11 I'm looking out here at James Alice from Chamber, he
12 understands the value of organizing and was able to
13 get information, not just to create brick and mortar,
14 but to say have a trailer, but really go to the
15 businesses, meet them at their time, understand the
16 value of door knocking, those kind of priorities?

17 COMMISSIONER TORRES-SPRINGER: I could
18 not agree with you more, and as we think about what
19 outreach looks like.

20 [Interpose]

21 UNIDENTIFIED MALE: I'm sorry
22 commissioner the chair wants to just make an
23 acknowledgement.

24 CHAIRPERSON TREYGER: We just have to
25 be..., some folks have to actually go back to their

communities to get their lives running. I want to acknowledge the brave and the courageous employees of the Madelaine Chocolate Factory from Queens, and these are folks. Yes, big round of applause.

[Applause]

CHAIRPERSON TREYGER: There are folks..., that was a business that employed hundreds of people, hard-working people who go to work every day to make a living for themselves and their families and they have been waiting for a long time to see any type of assistance and aid and just know that you have two committees here in the City Council that are very aggressively working and dedicated to making sure that you get everything that's rightfully owed to you. So we thank you for your courage and your sacrifice and your incredible patience but we will get this recovery right. Thank you very much. Let's give them one more big round of applause.

[Applause]

CHAIRPERSON TREYGER: Council Member Menchaca you may continue. Sorry.

COMMISSIONER TORRES-SPRINGER: I was saying that I could not agree with you more in terms of an opportunity to do a different type and a more

1
2 effective type of organizing so that businesses are
3 aware of this program working with local not for
4 profits who are still in existence and who are active
5 in the area, doing the door-to-door canvassing that
6 is necessary, being at the place people operate their
7 business, making sure that materials and assistance
8 is provided in the languages that they speak. So
9 these are all things that we are looking at right now
10 to make sure that businesses are aware of the program
11 and as importantly can get assistance as they go
12 through the process.

13 COUNCIL MEMBER MENCHACA: Great, thank
14 you and again I'd like to continue to offer any
15 feedback and share any experiences that I have had.
16 In the interest of time, if there's a second round
17 I'll come back. Thank you.

18 CO-CHAIRPERSON CORNEGY: Before we move
19 on I just wanted to kind of expand on Council Member
20 Menchaca's kind of train of thought. Umm, so
21 President Kimball in our access to capital hearing,
22 you noted the importance of small businesses that may
23 not be credit ready, but it seems like there was a
24 change in tone earlier on that, where are you with
25 those businesses that are not necessarily credit

1
2 ready? And it kind of lends back to my thought about
3 the Game Changer investment competition, which
4 doesn't allow for the inclusion of businesses that
5 haven't necessarily demonstrated good credit
6 worthiness but potentially have demonstrated a
7 positive cash flow which are businesses that should
8 be considered and I know that there was a formula
9 that you work with, and I can appreciate formulas.
10 I'm just saying I'd just like to consider, so we had
11 that prior conversation and the access to capital
12 where you eluded to the fact that those are viable
13 and important businesses. Is that still the
14 prevailing thought or is there a movement away from
15 that?

16 KYLE KIMBALL: I wouldn't say that the
17 philosophy has changed, I think as Maria spoke about
18 the decoupling of the loan and grants with respect to
19 the CDBG fund will make it easier for situations
20 where there is an issue that they need a certain
21 amount of money to continue to be viable,
22 irrespective of the credit potentially, they would be
23 able to get a loan. I think it's implicit in sort of
24 the decoupling of the loan and grants, that the
25

underwriting criteria, in a situation where we're providing a loan of last resort, may be decoupled.

COMMISSIONER TORRES-SPRINGER: The other thing that I would just add to that, is to the extent that businesses do not qualify for this program, one of the things we have done, and again, I think we could do a better job at it, is if not this lender, this program, other alternative lenders who can be of assistance, and so making that connection is something that we do at the business solutions centers and I think we can redouble our efforts to do that here, given the constraints of this program.

CO-CHAIRPERSON CORNEGY: So that would have led to my next question, which is umm, has there been consideration given to maintaining the pre-Sandy character of commercial strips designated through the Game Changer Competition.

KYLE KIMBALL: Yes again that's sort of going back to the..., we are not doing this in a vacuum, I think we are trying to consult very closely with community, we could probably add to the people we're having conversations with but it's absolutely important for us to make sure that the character of

the neighborhoods stays the same, at the same time bolstering the resiliency for future storms.

CO-CHAIRPERSON CORNEGY: I just wanted to let you know that your concern for building and maintaining sustainable is not wasted on me, I guess our concern is while you're doing that to go away from the natural character of communities is of great concern. So yes, we agree that we should be spending more time building that within existing businesses, so not going outside of those businesses to build capacity for sustainable business but spending our effort and energy with the businesses that already exist to help them build capacity to be at a place that they can be sustainable.

KYLE KIMBALL: I understand.

CHAIRPERSON TREYGER: Commissioner, do you have any data on how many businesses have actually closed down as a result of Sandy?

COMMISSIONER TORRES-SPRINGER: I don't know that off the top of my head.

CHAIRPERSON TREYGER: Could you speak into the mic please?

COMMISSIONER TORRES-SPRINGER: I don't have that information in front of me but to the extent that we do, we can share that with you.

CHAIRPERSON TREYGER: I would really, really appreciate that information and I just want to..., and I will turn this over to the next Council Member, if the city administration had the discretion and had the power to put together an \$84 million grant program for, I guess, consultants engineers to come up with Game Changers, you would think that we have the discretion and the power to come up with a \$84 million grant program for small businesses as opposed to simply relying on loans. That's kind of my..., I mean..., does the Mayor or does the administration have the authority to make that happen, just so I'm clear.

BILL GOLDSTEIN: As I said earlier, if I hear what your question is, if we wanted to make that change, we would have to submit, what they call, an action amendment to HUD and then get HUD to agree that we wanted to reallocate money from one pot to another. But we would be the initiator of that.

CHAIRPERSON TREYGER: So the answer technically is, yes.

BILL GOLDSTEIN: With HUD's agreement.

CHAIRPERSON TREYGER: Submit a recommendation, action plan change to HUD. And have they been accommodating too many of the recommendation changes?

BILL GOLDSTEIN: In the past, I think so yes, I think there's one action plan that's still outstanding that we haven't heard back on yet.

CHAIRPERSON TREYGER: Thank you. Council Member Steve Matteo. And by the way members, just so you know, forgive us, we've added the clock in the interest of time because we want to hear from many of the residents who really have been very patient here today. I'd like to call up Council Member Steve Matteo, please.

COUNCIL MEMBER MATTEO: Thank you Mr. Chair. Umm, I want to echo the concerns of my colleagues when talking about the grant and the loan program and I think it's important to understand the frustration for the last 18 months of small businesses. One arrived in the aftermath of Sandy of trying to get help, understanding that there's loan availability going through the paperwork, losing paperwork, now being able to get the loans, and then

1
2 just emailing our offices saying, we need help, we
3 need grant money and I think the problem today is
4 that businesses still don't know what's out there.
5 The businesses that went through the program to get a
6 loan, some have gotten them, some now have complained
7 to my office that they can't repay them. There in
8 Sandy effected areas, business isn't great, umm, so
9 what are we doing for those businesses that may have
10 gone through the process, may have gotten a loan,
11 still struggling. Can we use part of the grant
12 process to help them? They're on the verge of
13 closing down, so how can the city come in and help
14 those that started the process but are still
15 struggling?

16 COMMISSIONER TORRES-SPRINGER: Just to
17 make sure I understand, are these the businesses
18 who've applied to the second program, or any program?

19 COUNCIL MEMBER MATTEO: Any program.

20 COMMISSIONER TORRES-SPRINGER: So I think
21 umm, the important thing to do and to make sure that
22 we're doing well is that regardless of where they
23 come in, if it's through the business solution center
24 or through door-to-door canvassing, and regardless of
25 what loans or grants or other assistance they have

1
2 used before, that we are making clear what the
3 programs are that exist today to further help them,
4 whether they are specific Sandy related business
5 programs or other programs that we offer through our
6 business solution centers on training, umm, other
7 workshops, there's a full suite. And that's the
8 connection that we need to make sure always is made
9 because the needs of the business the day after the
10 storm are different from their needs six months
11 after, are different from their needs today. Umm,
12 and it's incumbent on us to make sure that we're
13 having, that we're making sure they're aware of all
14 the programs that can meet, or that can address
15 whatever challenges they have at the current moment.

16 COUNCIL MEMBER MATTEO: And I think it's
17 important that Linda Baran from the Staten Island
18 Chamber of Commerce is here and you know, in my nine
19 years with government we've partnered with the
20 Chamber in walking door-to-door to businesses just to
21 help with everything. Umm, and I know that happened
22 in the aftermath of Sandy, but I think we need to do
23 it again. I think we need to hit the areas that were
24 hard hit making sure that businesses are doing well,
25 making sure that they've applied, that they

1
2 understand what's out there, my office, you know,
3 want's to work with you and the Chamber will come out
4 with us. So I think it's imperative that we get back
5 out there, boots on the ground and go door to door to
6 our businesses to make sure that they're getting help
7 because Linda will probably tell you that a lot of
8 businesses just don't know, they're frustrated. It's
9 the same as the housing recovery, you know, Build It
10 Back, we're at a housing recovery meeting and 15
11 people will show up, why, they're tired. They want
12 results, they don't want to hear general numbers
13 anymore, they just want whatever help that the city
14 and the feds can help them. So I think it's
15 important that we do, we reboot this and get back on
16 the ground and visit businesses to make sure that
17 they are getting all the help that they can get.

18 In terms of the Game Changer, I know the
19 Chamber has applied and they've asked the status of
20 where they are, and I'm not sure if you have that
21 answer, but I ask that you look into it and let my
22 office know and let Linda know where exactly we are
23 in Game Changer and again, and again you know, we
24 want to be helpful and we have to get to our small
25

businesses to make sure that they are being helped.
So I appreciate it. Thank you Mr. Chair.

CHAIRPERSON TREYGER: Thank you Council
Member. Next we have Council Member Inez Dickens.

COUNCIL MEMBER DICKENS: Thank you Chairs
and thank you for coming to give testimony. Pardon
my inability to understand about this money, but for
instance in the business loan and grant program it
was reduced by \$30 million. What's happening with
that \$30 million? And I could ask you the same thing
for the Game Changer and the Small Business RISE NYC,
they've all been cut. Where's all these millions of
dollars going? What is being done with that?

BILL GOLDSTEIN: I think that refers to
that in the last amendment we made, we put more money
into the housing program and that's where, I don't
know if all of that, but the majority of that was
reallocated.

COUNCIL MEMBER DICKENS: So when various
programs were reduced then the amounts that it was
reduced by, that the programs were reduced by, were
put into a housing program, you said?

BILL GOLDSTEIN: Into Build It Back, yes.

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2 COUNCIL MEMBER DICKENS: Which one? Do my
3 Chairs have all that information to know where all
4 this excess money, because the home owners do need
5 it, there's no doubt about it, so I think it would be
6 incumbent upon the council to know where that money
7 is going and how it's being allocated and if indeed
8 it's getting into the residents hands.

9 BILL GOLDSTEIN: We'll lay that out for
10 you, I don't have it off the top of my head.

11 CHAIRPERSON TREYGER: Chair Dickens, we
12 had a seven hour hearing on March 31st, where we
13 learned that, whatever happened up to the last
14 administration up to now, as of March 31st, only
15 three people have received data. I think that number
16 has increased to now, I think 30 or more, I'm not
17 sure. But out of 22,000 applicants, so clearly there
18 is much, much more that has to be done with the
19 housing recovery and that's why we're finding
20 disturbing similarities with the business program
21 here as well.

22 COUNCIL MEMBER DICKENS: And one other
23 question is, should that money not have come FEMA
24 rather than out of the Block Grants? No? Yes?

BILL GOLDSTEIN: I'm not sure that they would be eligible.

COUNCIL MEMBER DICKENS: Would that be an application or a process that the city should look into?

BILL GOLDSTEIN: For small business?

COUNCIL MEMBER DICKENS: No. We're talking about, you reallocated each program, these business programs, the Business Loan and Grant Program. All of them, RISE NYC, all of them have a reduction of millions of dollars. What I asked and you answered, was that I asked where did all of those millions of dollars go? And you answered that it went into the home owners program, is that correct?

BILL GOLDSTEIN: Yes.

COUNCIL MEMBER DICKENS: Alright. Well now my question is, if that's where that went, should we not be getting additional funds from FEMA for some of that rather than reallocating that money that way and support the businesses?

BILL GOLDSTEIN: I'll ask Dan Zarrilli whose head of the office to answer that.

COUNCIL MEMBER DICKENS: Can we do that?

CHAIRPERSON TREYGER: I'll just ask. Do you swear or affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this committee and to respond honestly to council members questions?

DAN ZARRILLI: Yes.

CHAIRPERSON TREYGER: Thank you.

DAN ZARRILLI: To answer the question simply, different programs have different eligibility and so the money that we are putting through to business program, to home programs, that are coming from CDBG dollars are specifically tied to the eligibility of the CD. FEMA sources go towards to fixing public infrastructure. There's a number of different programs within FEMA, but generally we've aligned the uses to the eligibility of the sources of funds, in the best way that we could.

CHAIRPERSON TREYGER: Could you just also mention your name and title.

DAN ZARRILLI: I'm sorry, my name is Daniel Zarrilli, Director of the Office of Recovery and Resiliency.

COUNCIL MEMBER DICKENS: Now I'd still like the report to be given to my Chairs as to the

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2 reallocation of those funds so that we can indeed
3 find out if it did get into the hands of the
4 residents that need it so bad.

5 DAN ZARRILLI: So we have laid out in the
6 most recent CDBG DR Action Plan Amendment, in
7 Amendment 5, there's a chart in that report, it's on
8 the NYC.gov\CDBG website. The whole action plan is
9 there. We can show you the chart that shows the
10 reallocation from one program to another and it does
11 the math.

12 COUNCIL MEMBER DICKENS: Alright and then
13 the last question I had was in reference to the RISE
14 NYC. Umm, for the small businesses or for property
15 owners, it's about the technology. How many
16 applications have you indeed received from
17 developers, property owners or small businesses v.
18 the small businesses? That's number one. Do you
19 anticipate, because there's already been a cut, do
20 you anticipate that there will be further
21 applications? And the last thing is that the process
22 is currently closed for technology providers, does
23 that mean because it's been fulfilled in totality,
24 that you don't need any more technology providers.
25 Is that my understanding?

1
2 DAN ZARRILLI: The first part to your
3 question, so umm, the RISE program, we received about
4 100 applications, it's a competition, so we had a
5 window of time, so the first and third question, was
6 a competition we had a window of time where we were
7 accepting applications of technologies. We have now
8 short-listed from 100 to 38, so it's, it's closed and
9 we are no longer accepting preliminary applications
10 for the original 100, we've now narrowed it down to
11 38.

12 COUNCIL MEMBER DICKENS: So does that
13 mean that you review the applications, and based upon
14 what they're offering, the determination is made by
15 EDC?

16 DAN ZARRILLI: It's made by EDC and we
17 also have a panel of technical experts who are
18 helping us weigh through the different technologies
19 as well as working with the office of Recovery and
20 Resiliency.

21 COUNCIL MEMBER DICKENS: Alright. And how
22 many applications have you received thus far from
23 developers or property owners versus small business
24 owners RISE NYC program?
25

DAN ZARRILLI: So the applications, umm, it looks like we've received about, actually I'll have to get back to you on the number of businesses that have applied.

COUNCIL MEMBER DICKENS: And what about...

DAN ZARRILLI: One thing I would say that, even though we're not accepting applications for the technology, we are still accepting applications for businesses to apply.

COUNCIL MEMBER DICKENS: And how many applications have you received from business then?

DAN ZARRILLI: That's just a number...

COUNCIL MEMBER DICKENS: I'm talking for technology. That's a different question.

DAN ZARRILLI: So over 100 applications from different businesses and it's still open for businesses to apply.

COUNCIL MEMBER DICKENS: So businesses can still apply under the RISE NYC and for technology as well as for the, is this for the technology, I'm not talking about as a provider, I'm talking about a business seeking assistance.

DAN ZARRILLI: To receive grants in order install the technology.

COUNCIL MEMBER DICKENS: Is RISE NYC just grants, or grants and loans?

DAN ZARRILLI: Its grants.

COUNCIL MEMBER DICKENT: Its 100% grants.

DAN ZARRILLI: Yes.

COUNCIL MEMBER DICKENS: Alright.

CHAIRPERSON TREYGER: Council Member Dickens, just with the interest of time, because we have a lot of people here who have been waiting very patiently, we have two more members, a couple members to ask questions. If we have a second round, I will definitely call on you again, and I thank you again so much for your very important and vital to the heart questions. Next, we have Council Member Donovan Richards.

COUNCIL MEMBER RICHARDS: Alrighty. My time is up already. Okay, got it.

[Laughing]

Jeez, talk about timing.

Good afternoon, it's a pleasure to see you again, Commissioner Torres-Springer. We had a great time out in the Rockaways and you're always welcome. So we had a great time and I want to thank

1
2 you for coming out and obviously to Mr. Goldstein and
3 Kyle, thank you for being here.

4 Just wanted to make a few points, as you
5 saw yesterday, obviously there are a lot of
6 businesses who just are not aware of what is
7 available to them and I think we went into one
8 particular store where there was a gentleman who just
9 had, I think he had got a loan or maybe got some FEMA
10 dollars and then ran out and obviously had no other
11 means. So I just wanted to bring that up to say
12 that, and he mentioned he just ran out of money.
13 There was nothing more he could do, so I just wanted
14 to underscore where many of colleagues say the
15 importance of the grants. And I don't think his
16 credit was necessarily stellar and we have to figure
17 a way to really work with businesses who were hit by
18 this storm and you know, I don't know if we would
19 call it a pardon, what we would call it, but, we need
20 to be able to still invest and help those businesses
21 who have bad credit, in particular.

22 I just also wanted to point out, so I
23 know you spoke of business solutions and I wanted to
24 make a recommendation more than anything, perhaps,
25 you know since we have Build It Back centers in a lot

1
2 of these neighborhoods, why aren't we putting someone
3 in from SBS or from Business Solutions, we should
4 assign perhaps a person who's there, just in
5 particular to work with the business owners and I
6 think that would make sense so that they're not
7 having to run all around the world. It's very hard
8 to leave the Rockaway Peninsula as you've seen
9 yesterday. Umm, and very hard to get there, but if
10 they had someone stationed perhaps in these Build It
11 Back centers, that can be a solution where we can
12 send people who come to us and say we need help, we
13 can send them to a person on the ground and then
14 obviously partner with local organizations as we
15 talked with one yesterday who's really been active up
16 and down the peninsula. The importance of doing that
17 is critical, because there's no one who's going to
18 know the ground better than obviously them.

19 I just wanted to touch on the Fresh
20 Initiative and yesterday she, the Commission had the
21 pleasure of seeing a site that's been abandoned for
22 over 30 years. Its NYCHA land, but we should be
23 thinking of how do we promote and utilize the Fresh
24 Initiative in these communities too. You know, as we
25 rebuild, and in terms of the Game Changer, I'm not

1
2 totally opposed to new ideas. I mean, you could see
3 that we needed some new ideas yesterday, obviously
4 looking at our business corridors, but perhaps there
5 should be some wiggle room to now, I would say get
6 rid of the program, but certainly to utilize some
7 more of that money for grant programs because, once
8 again, as you saw yesterday, many of the businesses,
9 their facades are horrible, but they're just not
10 aware of what's out there and I'm not sure how much
11 money is left in that particular program, so I would
12 say that and then the last point I wanted to make is
13 the equal distribution of resources and I think we
14 say this in the prior administration, you know, I
15 didn't feel that the East End of the Rockaways and
16 I'm sure there are other communities who feel the
17 same way, got their fair share of resources and
18 attention during and in the prior administration, in
19 terms of resources. Even if we took people to look
20 out to see, we didn't come back with much results, so
21 I'm just hoping that we're really going to take a
22 look at all communities to make sure that they're
23 being served equitably in terms of the resources.

24 With that being said I just want to thank
25 you again and if you could respond to the Fresh

Initiative and how we can really work, you know, to expand that in these particular areas that would be good.

DAN ZARRILLI: Sure, it's an interesting idea. We would want to..., It's an application process so we would need to find an operator to apply, so we can work together to go out and find a super market operator and a site and see what we can do. But it's an interesting idea.

COUNCIL MEMBER RICHARDS: Well, she saw one yesterday.

DAN ZARRILLI: Okay.

COUNCIL MEMBER RICHARDS: But I'm saying for all these particular communities who might have lost a super market or bodegas were hit. But we should be looking at, in particular, this program. And I would hope that you'd get back to me on this.

DAN ZARRILLI: Sure, absolutely.

CHAIRPERSON TREYGER: Thank you. And I just want to also just echo, you know, particularly in my district, Coney Island, we certain have the amusement district, but we also have, what I call the heart and soul of Coney Island which is Mermaid Avenue and there are..., we have someone in the

audience who is a small business owner who invested in Coney Island in the 70's when very few people invested and she's still shut down and she's gotten very little help and that's why we're here today to fight for those people and we must enter this with a greater sense of urgency than whatever took place in the last administration. And I worry about those that had to close down, because they couldn't wait and I worry about those who are scraping to get by right now. So we must enter this with that great sense of urgency.

Next I'd like to call Council Member Margaret Chin.

COUNCIL MEMBER CHIN: Thank you Chairs. I had to go to the meeting next door, so I missed your presentation but I just wanted to get some clarification on the number of loans and grants that the Department of Small Service gave to businesses that were affected by Sandy. You mentioned \$2.1 million in loans and about \$600,000 in grants.

COMMISSIONER TORRES-SPRINGER: That is for the what we've been calling the Sandy Two program, but for the first previous programs, loan grant programs right after the storm, it was

1
2 approximately \$24 million helping about 650
3 businesses. That was the first two programs and then
4 you were right, that with the current program that we
5 are administering, it's approximately \$2.1 million in
6 loans and \$600,000 in grants.

7 COUNCIL MEMBER CHIN: Okay that sounds
8 much better. And what was the total grant again,
9 that was given out in the first part, I mean on the
10 first part of the program?

11 COMMISSION TORRES-SPRINGER: I believe it
12 was \$5 million. Is that right? It's \$5 million.

13 COUNCIL MEMBER CHIN: It's \$5 million,
14 okay. I mean that was after a lot of small
15 businesses kept sending the same message, that they
16 really needed grants and not loans. I mean some of
17 the businesses in my district were still paying for
18 the 9/11 recover loan and people really didn't want
19 to get into the loan program. I think to this day
20 there are still businesses, that still hasn't gotten
21 grant support and luckily there are other
22 organizations out there. And I think it's really
23 important for the city to work with our local
24 business improvement district, like for example,
25 Downtown Alliance, they came to rescue the businesses

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2 in Lower Manhattan, in their area and also in the Sea
3 Port and they gave out \$1.6 million in loans. Some
4 of the loans were up to \$20,000 and it really helped
5 a lot of the businesses who couldn't get any kind of
6 loans. I'm sorry, these are grants they are not
7 loans, grants to these small businesses, where a lot
8 of these small businesses were still waiting for the
9 city. Then we also have local CDFI like renaissance,
10 EDC, they gave out over \$3 million in loan program
11 helping 180 businesses and they also gave out a
12 couple hundred thousand dollars in grants in
13 partnership with the NY Partnership.

14 So, I hope that you're still reaching out
15 to these groups like that to really help do the
16 outreach to let people know that programs are
17 available and to really work through the bureaucracy
18 and just get money to people when they need help.
19 Because we still have businesses that are still
20 suffering and some of them, they close and we cannot
21 help them anymore, but the ones that are still there
22 in relation to EDC, President Kimball, I think one
23 other aspect is how do you help businesses that don't
24 qualify for the loan? Like what else can the city
25 do? I know that in the beginning we did some, you

1 know business promotion, but that sort of, kind of
2 stopped. When we let people know that businesses
3 were open again in the Seaport and the other parts of
4 the city, but I think that kind of support, we need
5 that to be on an ongoing basis. It might not be a
6 grant or a loan, but in terms of publicity, media
7 campaigns, any kind of marketing that can help the
8 businesses in our community to really bring back the
9 customers that were lost. I think that would go a
10 long way in terms of helping them rebuild. But I
11 really want to get to the point about getting local
12 community groups, whether it's CDFI, whether it's
13 business improvement district, merchants association,
14 community non-profits, they are the ones on the
15 ground that can help us get to these businesses and
16 they were there right in the beginning and they came
17 to rescue these businesses right away and that's
18 really important. And I think that the council is
19 working on that in terms of getting our community
20 based organizations to help to continue to do the
21 outreach to the homeowners and to small businesses.
22 But we got to have a little bit more of a sense of
23 urgency. It's almost two years. You know, so I
24
25

think if anybody who were able to survive we better be there to help them before it's too late.

COMMISSIONER TORRES-SPRINGER: We understand and this administration is committed to looking at all that's been done and doing better moving forward.

COUNCIL MEMBER CHIN: I remember the last hearing that was dealing with the housing and we asked questions about how much money was spent. A lot on getting consultants, set up program, and things like that. I think you really need to, in this new administration, we need to revisit that. I mean money should be getting out to small businesses and to home owners. You know, money keep using on spending, on building programs and creating a lot more bureaucracy is not as helpful. So I hope that you are looking into that to see how we can get the support out to the homeowners and businesses as quickly as possible.

COMMISSIONER TORRES-SPRINGER: Understood.

COUNCIL MEMBER CHIN: Thank you very much.

CHAIRPERSON TREYGER: Thank you Council Member and again just to reiterate that if you speak

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2 with us, the current existing members, we'll guide
3 you to the right groups and organizations. I mean I
4 have to tell you, I'm keeping my best composure here
5 right now, but I am really upset that you know there
6 is a partnership with an organization that's not
7 really existing and you know, Coney Island and South
8 Brooklyn, they have been absorbed by another group
9 that claims to be a social service group, not a
10 business service group and I..., I mean we've lost
11 precious time, but we need to start immediately.

12 Next I'm going to call up Council Member
13 Chaim Deutsch who's been a very passionate vocal
14 advocate for businesses that were damaged in his
15 district and throughout Southern Brooklyn as well.
16 Council Member Deutsch.

17 COUNCL MEMBER DEUTSCH: Thank you Chair
18 and thank you Commissioner for being here this
19 afternoon. First I would like to thank our Chairs,
20 Council Member Treyger and Council Member Cornegy for
21 chairing this important hearing and it's a lot of
22 work that needs to get done and we have a lot of
23 confidence in our chairs and they're doing an
24 outstanding job.
25

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2 With at said I've been in elected office
3 since January and my constituents have hope and
4 confidence in me. So I need to pass that hope on
5 this new administration. I have the same hope and
6 confidence in the administration, and you
7 Commissioner, in helping the small businesses succeed
8 in my district and in particular I have a
9 representative here from the Brighton Beach
10 Improvement District, Yelena Makhnin and I know that
11 you work very closely with her and I look forward to
12 working with you in other areas in my district that
13 don't have the business improvement districts, so my
14 office could be used as an outreach and we'll get you
15 that information that you need in order to get out to
16 the businesses like Council Member Treyger mentioned.

17 Now, I learned a valuable lesson after
18 Hurricane Sandy, and I find it most crucial to help
19 the businesses to recover. Now, after Hurricane
20 Sandy many businesses and many people evacuated, many
21 people were left behind, the senior citizens who
22 didn't have those resources, the people with
23 disabilities who didn't have the resources and the
24 businesses, the nearby businesses, that they rely on
25 each and every day to buy bread, to buy milk, to get

1 medication, those businesses were closed. I'm
2 looking now at the future, god forbid, if another
3 disaster comes in, it doesn't need to be a storm, it
4 could be a blackout or any type of disaster, we need
5 to formulate an emergency preparedness plan that if
6 something does happen, we immediately help those
7 businesses, make sure they get open right away, the
8 senior citizens need a place to buy food and during
9 Hurricane Sandy, right after Hurricane Sandy, many
10 people had a very limited amount of food or not food,
11 and I can tell you that personally, I have delivered
12 hundreds of meals to people's doors bringing them
13 food because they didn't have any way to get out.
14 They refused to evacuate. These are senior citizens,
15 people with disabilities and they couldn't walk more
16 than a block or sometimes they couldn't even get out
17 of their apartment. So, I think that we have to have
18 an emergency preparedness plan and put something in
19 place, for the future. If anything happens, the
20 bread and butter, the medications, there wasn't any
21 resources bringing in medications to seniors that
22 needed them. And I know we reached out to different
23 pharmacies to come out with mobile trucks and we just
24 couldn't get anything in my district. So I just
25

1
2 wanted to bring that up and I hope we could work
3 together with you Commissioner and with the committed
4 in order to have a plan for the future. Thank you
5 very much.

6 CHAIRPERSON TREYGER: Thank you very much
7 Council Member Deutsch. We really want to hear from
8 the impacted residents, but I will close by saying
9 this. Just like with the housing recovery, we had a
10 seven hour hearing, we exposed a lot of the problems
11 that there was never a localized structure to better
12 advocate for the needs of those impacted residents.
13 We need to localize the structure to provide direct
14 aid to effected small businesses and I strongly
15 encourage the Small Business Solutions center to
16 directly reach into the impacted areas. I'd like to
17 see what staff you have in place. I'd like to meet
18 with them. I'd like to make sure that they are in
19 the right place, speaking to the right people. We
20 definitely need the list of all of the businesses
21 that have gotten aid so far. Discuss an outreach
22 plan. How do you market this? We know our
23 communities. We know the groups. We know who's
24 still there. We know who's closed down. So I really
25 expect and I hope that we have a direct engagement

and we work in very close cooperation and I make that request of all three of you.

Okay, so we're going to call..., who is staying? Just, thank you, I appreciate that, thank you very much. We're going to call up now the next panel. We're going to call up Edwin Cosme, who owns small businesses along Mermaid Avenue in Coney Island, Derek Smith, from Coney Island Beauty Salon, Miriam Smith, small business owner and Shiekh Ullah (phonetic)

[Pause]

CHAIRPERSON TREYGER: Miriam, are you waiting for someone?

[Background talk]

CHAIRPERSON TREYGER: Derek? Maybe Miss..., actually...

[Pause]

CHAIRPERSON TREYGER: Okay, and Christine Silletti. Please have a seat panel.

[Pause]

CHAIRPERSON TREYGER: Okay if I could ask all of you to raise your right hands, please? Do you swear or affirm to tell the truth, the whole truth and nothing but the truth in your testimony before

these committees and to respond honestly to council member questions?

[I do's]

CHAIRPERSON TREYGER: Thank you. I guess we'll start with Mr. Cosme and work our way around. Okay.

EDWIN COSME: Thank you councilman....,

CHAIRPERSON TREYGER: Introduce yourself and tell us your story.

EDWIN COSME: Thank you Councilman Treyger and thank you committee members for having me here today. I am a local businessman who has two businesses in Mermaid Avenue. We were adversely impacted, we lost everything, we owned in the businesses and I just want to say that's it been to this date that the city original action plan, under the Community Development Block Grant Disaster Recovery Bills passed by Congress to address and assist the needs of New Yorkers in rebuilding their homes, businesses and communities. I do know that \$325 million was allocated to small business services, small business administration.

I want to take you back to the darker side of Sandy. I don't think the administration knew

1
2 how serious we were impacted, the Rockaways, Staten
3 Island, Coney Island and the tri-state area. Looting
4 was very prevailing, businesses and nursing homes
5 were looted. We were in a crisis. Public safety was
6 a concern, a great concern. There was no police
7 presence and no national guardsman. Over the first
8 three days we had to pretty much fend for our
9 businesses. People were on social media sites, on
10 Twitter, on Facebook stating which area of which
11 neighborhood are we going to rob, which businesses.
12 We were pretty much left to fend for ourselves. We
13 had a Mayor that was more concerned about putting on
14 the New York City Marathon when people lost
15 everything they had. There was a huge disconnect, or
16 the tales of two cities. While the South Seaport and
17 Wall Street were back up and running within two days,
18 other neighborhoods have suffered.

19 As being president of the Coney Island
20 Sports Foundation and President of the Coney Island
21 Board of Trade back then, I felt compelled to
22 allocate over \$10,000 to several religious
23 organizations and organizations in Staten Island and
24 the Rockaways. I was on the front line and I can
25 only tell you that, it was a difficult sight to see

1
2 and experience. I organized a rally called Walk a
3 Miles in My Shoes in Coney Island with local
4 homeowners and businesses to protest the delay of
5 Super Storm Sandy relief funds. I traveled to
6 Washington DC as a guest of Peter King, sat in the
7 gallery to view the vote 154. The bill was passed on
8 January 28, 2013. Here we are today, many of us are
9 frustrated and feel that we have been victimized,
10 misled and ill-informed by the continued delay and
11 welcome back the bureaucratic black hole of the
12 recovery program.

13 Build It Back and it's rocky sandy
14 recovery efforts. I am not an activist per se, but I
15 do have strong feelings,

16 [Bell]

17 CHAIRPERSON TREYGER: You may continue.

18 EDWIN COSME: Thank you, and a strong
19 conviction about certain things that just don't add
20 up. Today I would like to propose to the Committee
21 on Recovery and Resiliency to make it their
22 initiative to review on how federal and taxpayer
23 dollars are being spent to protect from the abuses,
24 mismanagement, and taxpayer fraud, but more
25 importantly to identify which agencies and

1
2 organizations have misled the public and to hold them
3 accountable. It's been a complicated process when
4 you need to cut through the red tape and just to
5 think that this idea to Build It Back under the
6 Community Block Development Grant Program was to make
7 us people whole again. I want to thank City
8 Councilman Mark Treyger and the committee for holding
9 these hearings. Thank you.

10 CHAIRPERSON TREYGER: Thank you, thank
11 you Mr. Cosme. Sheikh.

12 SHEIKH ULLAH: My name is Sheikh Ullah,
13 I'm also the victim of Super Storm Sandy. I serve on
14 Community Board 13 as well as the board on Brighton
15 Neighborhood Association. Some years ago I had a
16 vision that I too could live the American dream. I
17 had brought a piece of land on Coney Island Avenue
18 and Banner Avenue in Brighton Beach. My dream was to
19 build a multi-use resident building that would be my
20 legacy for my children and my family who shared this
21 dream as well. I sat down with financial consultants
22 and bankers who led me to believe that my building
23 could be a reality. Then Sandy came ashore and
24 ripped through my property leaving destruction in the
25 wake. Adding to my despair, in the weeks that

1
2 followed vandals struck stealing plumbing supplies
3 and other valuable equipment. I have put my life
4 savings, those of my family, as well as friends on
5 the line to make my dream a reality. My building
6 sits at the gate where Brighton Beach is in limbo, a
7 testament to the failure of government to step up and
8 do the right thing. Thousands of dollars have been
9 set aside to assist victims of Sandy and yet every
10 door that I try to enter is closed to me. I'm here
11 today to once again humbly ask to be heard by you,
12 the people's representative. Please help me to get
13 back on my feet and make this building a symbol for.
14 Let it stand at the gateway to our immigrant
15 community and symbolically be the beacon of light for
16 all victims of Sandy. That they should not give up
17 and that our democratic government is for the people,
18 for the people and by the people. I thank you very
19 much Councilman Mark Treyger who supported me all the
20 way up to here and all committee members and I hope
21 the administration will try to do something good for
22 victims instead of hiring the consultants and waste
23 all that money to those consultants. Thank you.

24 CHAIRPERSON TREYGER: Thank you Sheikh.
25 Miriam.

MIRIAM SMITH: My name is Miriam Smith.

CHAIRPERSON TREYGER: Miriam, please speak into the microphone, because we definitely want to hear. Please.

MIRIAM SMITH: My name is Miriam Smith.

CHAIRPERSON TREYGER: Is it on?

MIRIAM SMITH: Okay. My name is Miriam Smith and I owned a beauty salon at 2805 Mermaid Avenue for almost 30 years. I've been in Coney Island since 1976. Umm, I was doing pretty good until Sandy came about. I had destruction in my house and also Sandy washed out my business. Now I've been trying all over the place to try to get some help and so far, I have gotten \$14,000 from SB and every time you turn around, you think you have all the necessary papers, they ask for more and it's just, like you have a job and not getting paid, trying to get some money to help you out. It's terrible, it really is not supposed to be like this. If there's money, you know, give money to help the poor people get back in business so they can continue paying taxes and take care of their families. I think it should be done, you know. And the way it's being done now is not right. It's just not right.

Now they're asking for insurance is going through the roof, people are not going to be able to afford it, people with small businesses are going to have to close their doors if this insurance company really keep going where they're going now. It's not good, it's not good. It's disgusting really.

CHAIRPERSON TREYGER: Your business, for the record, Miriam, it's still closed, it's still shut down?

MIRIAM SMITH: Yes. It is still shut down, because the \$14,000 that I got from SB I felt it wasn't even a drop in the bucket, so I really, I'm trying to wait for something else to come about. Right now I'm looking for contractors but I know it's going to cost a whole lot more than that.

CHAIRPERSON TREYGER: We're going to ask some further questions right after we hear from the whole panel. SO, please. Christine, please.

CHRISTINE SILLETTI: Hi, I'm a small business counselor from the business outreach center which is an 18 year old non-profit that works on financial empowerment by assisting entrepreneurs start, run, small and micro-sized businesses, repair credit, access capital and learn best practices in

1
2 their chosen field. I've been working primarily with
3 Sandy affected businesses for the past year. I have
4 been assisting clients in applying for programs such
5 as the SBA loans, SBS's programs, National Grid,
6 Brooklyn Community Foundation, our own programs and
7 then some non-traditional sources of funding, grants
8 and assistance. As you've already the city's loan
9 and grant program is bottlenecked right now at the
10 compliance and underwriting level. There are still
11 some issues without outreach in some neighborhoods
12 and more help is needed in breaking down the
13 application process for other groups but those issues
14 do seem to be improving. The teams on the ground
15 have learned and adjusted as they go, but because of
16 the underwriting issues, and the bottlenecks, small
17 businesses are not seeing their neighborhoods get
18 help so they're less willing to invest the time that
19 it takes. It's quite a lengthy application process.

20 The New York City Department of Small
21 Business Services also had a very effective highly
22 desired store front program. It granted up to
23 \$20,000 for businesses to fix their store fronts in
24 effected neighborhoods. I have three clients in the
25 room who've benefitted from that program. I have 40

1
2 more that would like the chance. It's a wonderful
3 program, it was just under-funded and under promoted.

4 One other important issue that I haven't
5 heard raised, is that homeowners were offered free
6 mold abatement services but we have not been able to
7 find free mold abatement services for businesses. So
8 owners have done the best that they can on their own
9 with varying degrees of failure or success. I've not
10 seen inspectors in effected neighborhoods checking on
11 the cleanliness of food vendors and other businesses
12 after the floods. I believe there is a potential for
13 long term health issues that no one's really talking
14 about yet.

15 The last thing I just wanted to say is
16 most of our clients here, they've gone into debt to
17 open their businesses, they've gone into debt again
18 to reopen their businesses. They really don't need
19 any more loans or any more debt, what they really
20 need is grants.

21 CHAIRPERSON TREYGER: I could not agree
22 more, I could not agree more.

23 I'll start off by asking some question
24 and be mindful that we have some more people in the
25 audience we want to ask my first question to Mr.

1
2 Cosme. Apparently the previous administration
3 partnered with Astella. Did Astella provide your
4 businesses any assistance, grants, money any
5 information.

6 EDWIN COSME: Not at all. Not at all, we
7 were pretty much left to fend for ourselves. Many of
8 the businesses, there was a disconnect and there was
9 no form of communication as, you know, many
10 organizations were also affected. There was just no
11 form of communication with many of the organizations
12 in the community.

13 CHAIRPERSON TREYGER: So were you aware
14 that the Department of Small Business Services had a
15 Solution Outreach Program at Astella?

16 EDWIN COSME: Not at that time. I did my
17 own research and I found out that these services were
18 available.

19 CHAIRPERSON TREYGER: I ask the same
20 question to Shiekh. Were you aware that there was
21 any type of small business services outreach in
22 Southern Brooklyn that was available to you? Were
23 you aware of any of these programs?

24 SHEIKH ULLAH: No I am not aware of that.

25 CHAIRPERSON TREYGER: Miriam?

1
2 MIRIAM SMITH: Umm, yes there was at the
3 old Social Security Building and that's where I
4 filled out my first application, which was rejected
5 and at that time they were giving \$25,000 with a 1%
6 interest. I applied for that and I was rejected.

7 CHAIRPERSON TREYGER: And how did you
8 learn about, that you even could go there. How did
9 you hear about it?

10 MIRIAM SMITH: Well there was a lot of...,
11 that was the main thing after the hurricane, which
12 was the main office for..., I don't know if Build it
13 Back was there yet, but Rapid Repair was there and
14 some other agencies, yes, SBA was there also.

15 CHAIRPERSON TREYGER: So that was, I
16 guess, for the emergency loan grant program and you
17 were rejected for that?

18 MIRIAM SMITH: Yes. Right.

19 CHAIRPERSON TREYGER: Did they tell you a
20 reason why you were rejected?

21 MIRIAM SMITH: I wasn't making enough
22 money.

23 CHAIRPERSON TREYGER: Really, interesting.
24 I guess if you had enough money you'd be up and
25 running right now right?

Christine, you mentioned about the program that you think that has been..., can you just explain the name of the program and explain why you feel its effective.

CHRISTINE SILLETTI: The SBS Storefront Program?

CHAIRPERSON TREYGER: Storefront.

CHRISTINE SALETTI: It granted up to \$20,000 to businesses in effected neighborhoods. So many people applied that it was kind of run like a lottery, so there were a number of businesses that applied that didn't get a spot and then there were businesses who heard about it late and didn't get a chance to apply. I literally..., I and someone from Astella and a couple of interns went door to door down Mermaid Avenue trying to get enough people to apply because we had one client who wanted to apply and you need a cluster of five within a quarter mile radius. We did the same thing in Sheepshead Bay and I believe we had a staff go out to Brighton Beach. Because, it's just a wonderful, they just didn't know it.

CHAIRPERSON TREYGER: So you were working with Astella, Christine. Because many folks had no

1
2 idea that Astella..., I mean Astella right now is not
3 really Astella, it's being absorbed.

4 CHRISTINE SILLETTI: No. But it was
5 absorbed by Brooklyn Community Service and actually
6 there is a representative from SBS there every other
7 Monday, so they really did absorb much of the same
8 staff.

9 CHAIRPERSON TREYGER: But we've heard a
10 lot of people mention that they had no knowledge of
11 this.

12 CHRISTINE SILLETTI: Ed actually is one
13 of my clients, who actually participated in the store
14 front program.

15 EDWIN COSME: I'm not your client, I was
16 never a client.

17 MIRIAM SMITH: I just want to say, that
18 after a while SBS was at Astella for a little while,
19 but Astella was destroyed also. They had moved to
20 the trailer and so there wasn't anything happening
21 there for a while either, so, that's why, I think
22 that's why they were at the Social Security office.

23 CHAIRPERSON TREYGER: Yes, Shiekh.

24 SHEIKH ULLAH: Mark, I want to correct
25 for the record that I did apply initially for SB

1
2 alone but it wasn't right and after that your office,
3 you supported me, Chaim Deutsch is supporting me and
4 those two councilman are encouraging me that we will
5 try to help you, city official are not able to help
6 me. But I did apply for SB loan and it was denied.

7 CHAIRPERSON TREYGER: So there's a lot
8 of..., this is frustrating to me because some folks
9 might have heard about this, many people did not. I
10 can tell you probably more did not, that I have
11 spoken to because we have people in the audience from
12 Coney Island who also had no clue about this, but
13 Astella was actually also destroyed by the storm, why
14 they would... We're working with the new
15 administration and we're going to work with them on
16 getting better existing groups that actually are on
17 the ground. I am just worried about folks like
18 Miriam as well as everyone here, but she's still shut
19 down, Mr. Cosme had to empty out his life savings to
20 get up and running again, but he hasn't really been
21 reimbursed or..., There are no, like case managers for
22 them. There's no one really spending every single
23 day fighting, advocating, trying to cut the red tape
24 for these individuals. That's my issue. I know
25 Christine Silletti has connected with Miriam and she

1
2 still has a ways to go, but she's still shut down and
3 she's financially bleeding every single day that that
4 business is not up and running and that's why we're
5 here.

6 Any other question?

7 CO-CHAIRPERSON CORNEGY: I don't have a
8 question, but I just want to say thank you so much
9 for your resiliency. I believe in the Committee on
10 Small Business. We believe that this economy will
11 not be righted by big business, but it will be by
12 helping and building capacity within our small
13 businesses. So I'm just glad to be able to partner
14 with Council Member Treyger to get that done.

15 CHAIRPERSON TREYGER: Thank you Chair.
16 And I'd like to request if possible, Commission, if
17 we could get the information of these folks here to
18 make sure that we follow-up and actually get them
19 some results. We'd greatly appreciate it. Thank you
20 to the panel

21 [Crosstalk]

22 [Pause]

23 CHAIRPERSON TREYGER: Okay. Next panel.
24 I'd like to call up. Quick add one more chair.

25

1
2 Sergeant at Arms, if we could add just one more chair
3 to the panel.

4 Yelena Makhnin, President of the Brighton
5 Beach BID, Philip St. Pierre, Linda, I believe Baron,
6 James Ellis and Mohammad Safi.

7 [Pause]

8 CHAIRPERSON TREYGER: Thank you, if we
9 could please raise our right hands. Do you swear or
10 affirm to tell the truth the whole and nothing but
11 the truth in your testimony before this committee and
12 to respond honestly to council member questions?

13 [Collective I do's]

14 CHAIRPERSON TREYGER: I guess we'll start
15 with Ms. Makhnin and work our way around.

16 YELENA MAKHNIN: Good afternoon. First
17 of all I would like to thank for this meeting and I
18 would like to start from a compliment actually. I
19 would like to comment SBS for doing what they were
20 doing from day one because it was the first entity I
21 was able to reach on October 30, 2012 and I'm
22 Executive Director of Brighton Beach Business
23 Improvement District affected by Sandy. And also
24 there is one more entity I would like to comment, it
25 is Brooklyn Chamber of Commerce.

1
2 Of course, we have a lot of problems and
3 a lot of questions. But SBS as well as other city
4 agencies are working on Sandy recovery. The work is
5 what they have, and I can answer why is there a big
6 difference between number of obligations and number
7 of businesses effected by Hurricane Sandy, why?
8 Because about 60 to 65% of really small businesses,
9 micro-businesses are not eligible for any kind of
10 loans and for any kind of grants. I had people on
11 Brighton Beach Avenue from SBA from minute one, not
12 even from day one, from minute one, and you know
13 what, people from Bright Beach Avenue, the small moms
14 and pops, they were simply told in the beginning
15 you're not eligible. So people never applied. When
16 Business Solution came over, with their loans, SBA
17 loans, if you look at the application, it says did
18 you apply, copy of your application, from SBA loan,
19 now there's some changes but still, you have little
20 bit different, but very, very similar eligibility
21 criteria. So, there are thousands of people not only
22 in South Brooklyn, but I believe all over New York
23 City affected by Sandy, thousands of people who are
24 not going to apply for existing programs, they are
25 not eligible, simply. So I want to go to some other

1 programs and it would be nice if you..., if there's
2 some kind of changes and changes in eligibility
3 criteria and a little bit more money in grant
4 programs, when people do not have to be qualified
5 according to their income and cash flow. Yes,
6 storefront improvement program, very good program.
7 And it came in effect in July 2013. But July 2013,
8 each and every business on Brighton Beach Avenue was
9 up and running. People spent their own money. You
10 know what, when I learn about this program, and I
11 have to say that I don't know about other areas,
12 maybe because it's a business improvement district in
13 Brighton, I cannot complain about any outreach from
14 SBS, I can't. It's not only emails, it's a lot of
15 personal visits, so I am aware of each and every
16 program. The question is, what do I have to offer to
17 my businesses? Mostly, nothing, why? Great program,
18 storefront improvement. The first question I asked,
19 do you have any kind of reimbursement program,
20 reimbursement component? No. So, I can go on and on
21 and my time is up and I would greatly appreciate when
22 everyone, city agencies, city council, mayor's
23 office, when you talk about small businesses, please
24 take into consideration that there are a lot of
25

1
2 micro-businesses. They have different problems,
3 different needs and I hope we all can work together.
4 Thank you.

5 CHAIRPERSON TREGYER: Thank you Yelena.
6 Please.

7 LINDA BARAN: Good afternoon, thank you
8 Council Member Treyger and Chair Cornegy for hosting
9 this hearing today. My name is Linda Baran, I'm the
10 President and CEO over at the Staten Island Chamber
11 of Commerce. We represent about 700 businesses on
12 Staten Island. Our experience with the Emergency
13 Loan and Grant Program was that SBS was out there on
14 the ground. Our Business Solution Center worked
15 directly with our organization and we made people
16 aware of these loans that were the application
17 process. They did fair better than the SBA loans but
18 they were for smaller amounts, for \$25,000 which was
19 also an issue, but I also believe that prior to when
20 Sandy hit there was a downturn in the economy so a
21 lot of these businesses because their cash flow
22 wasn't there, they were not eligible. So I don't
23 really think that it was so much that they didn't get
24 the word out...,

25 [Interpose]

CHAIRPERSON TREYGER: Speak into the microphone, I'm sorry, I apologize.

LINDA BARAN: I don't particularly think that they didn't get the word out, I do think though that the product is not that robust enough and I also think that the criteria behind it negated from a lot of businesses taking advantage. I also agree on Staten Island, we were told about the storefront program. I don't really believe, I'm not sure if that was CBDG money though. We were able to get five businesses clustered together to take advantage of that program. We would like to see more programs like that. We've also been in contact with New York City EDC about their programs as Council Member Matteo said before, we applied for the Game Changer Grant Program. Initially I was concerned about some of those programs and the criteria as to whether you know it's really going to fit and is it going to help the small business owner. With our particular project we partnered with five business owners to try and help them with their property, to rebuild their property. The issue with that is that there has been absolutely no information on where that program stands, you know we work very, very hard with very

1 limited resources and small staff to get that
2 together, that application, you know, in the fastest
3 time, turn-around time and we really haven't heard
4 anything there. There are also other programs out
5 there that have been extremely helpful on Staten
6 Island, different areas. Vacancy rates now are a
7 major problem. On Staten Island, the Bay Street are,
8 New York EDC had a race for space competition, and
9 that was for, to fill vacancies, they got 25, 50, and
10 \$75,000 grants, it was outside of the CBDG program.
11 It was a special program to enhance, you know help
12 out with the vacancies and the projects that are
13 happening in St. George and what I think they
14 granted, how many, I think 15 businesses got those
15 grants.
16

17 There are programs out there, I think the
18 businesses, you know you talked about it before, it's
19 where's the urgency? I mean, unfortunately there's
20 been a change of administration as part of this which
21 has slowed down the process and I understand the new
22 administration has to assess things. But I was out
23 to a business owner last week and Business Solutions
24 stopped in and I came after the fact, and he had the
25 grant program applicant, not the application, but the

1
2 flyer and he said I can't believe they stopped in
3 here again. This is nothing new, this is something
4 that's been out there. People are not interested in
5 this program. So you know, the other thing is on the
6 Game Changer and when we were out there speaking to
7 them as well, is like well when are these programs
8 going to get out to us, because they're on this wait
9 and see mode and how long can they stay in this
10 holding pattern and now they're going to start trying
11 to fill these properties, because they're going to
12 take any businesses that will come in because they
13 need the rent. And that's unfortunate, because there
14 are opportunities where certain corridors can be
15 redeveloped in a really, really aesthetically
16 pleasing way that can improve the entire community and
17 we're going to lose that opportunity if we continue
18 to have this wait and see approach and again the
19 business owners really just need some simple grant
20 programs. The loan programs, they've exhausted their
21 option at this point in time. They just really need
22 the help. Thank you.

23 CHAIRPERSON TREYGER: Thank you very
24 much.
25

1
2 LINDA BARAN: Oh, can I say one more
3 thing?

4 CHAIRPERSON TREYGER: Yes.

5 LINDA BARAN: One other thing that we
6 were involved in was the National Grid Program. I
7 don't know if you were familiar with that, but on
8 Staten Island we worked within six months, and the
9 criteria was, there was criteria for that program and
10 I had someone in my office work with each individual
11 business, but we granted over 50 business, \$1 million
12 in grants and if it wasn't for that program, they
13 wouldn't even be up and running again. So if the
14 city could look at programs like that and see how
15 they can mirror them, it would be unbelievable.

16 CHAIRPERSON TREYGER: Agreed.

17 Absolutely, we did discuss that at the Staff and
18 Briefing about what program can the city replicate
19 that are effective, not just from the private
20 industry but also from other cities and other
21 counties that have gone through crisis and
22 emergencies, what's working and are we sharing those
23 best practices. Those are conversations that we'll
24 definitely be having. So I thank you for that.

25

1
2 PHILLIP ST. PIERRE: Good afternoon, I'm
3 Phillip St. Pierre, General Manager of South Street
4 Seaport for the Howard Hughes Corporation, the
5 organization that operates a large part of the Lower
6 Manhattan South Street Seaport District. Thank you
7 committee, Committee Chairs Cornegy and Treyger and
8 members of the committee, particularly Council Member
9 Chin whose been a steady and fair hand throughout
10 this entire process and for allowing us to share with
11 you our efforts to support small businesses in the
12 South Street Seaport and surrounding Lower Manhattan
13 Business District.

14 As you know Super Storm Sandy impacted
15 our South Street Seaport operation and the small
16 businesses community in the entire district. The
17 Water and Front Street corridors were hit
18 particularly hard. Most of the Seaport District's
19 small businesses remained closed for months after the
20 storm, causing them to lose a significant share of
21 much relied upon holiday shopping revenue. While
22 reopening has been challenging and costly for us,
23 many of the communities local retailers and the
24 Howard Hughes Corporation have been, and continue to
25 be committed to be community partners in supporting

1
2 important Sandy relief efforts. Additionally we are
3 continuing to spearhead the reactivation of commerce
4 and cultural programs as the Seaport. Recognizing
5 the vital role small businesses played in New York
6 City's oldest historic district, we are proud to be a
7 partner sponsor of the Downtown Alliance's \$1.6
8 million grant program.

9 Last spring, at great cost to us, we
10 worked with Council Member Margaret Chin to postpone
11 the commencement of construction of our Pier 17
12 Redevelopment Project so that many of the small
13 businesses on the pier could recoup revenues lost as
14 a result of the storm. We then took quick steps to
15 create SEA Change our summer marketing to derive foot
16 traffic to the area and with the City's great help we
17 were able to launch SEA Change over the Memorial Day
18 weekend. We ultimately donated 100% of the rent
19 proceeds from our pop-up retail to the Old Seaport
20 Alliance Recovery Effort in the historic district.
21 Last summer, SEA Change program was a big success and
22 we are excited to re-launch it again this summer.

23 Looking ahead to redevelop Pier 17 and
24 rejuvenate a historic district, and our proposed
25 mixed-use project will provide a significant economic

1
2 boost to all of Lower Manhattan and will be
3 especially helpful to the long term recovery of the
4 small businesses surrounding the entire seaport area.
5 We understand that businesses helping one another and
6 working together is key to fully recovering from the
7 storm and achieving our common goal of a vibrant
8 seaport district. We look forward to our continued
9 support with the city and the surrounding community
10 in supporting our small businesses creating an
11 exciting resilient Lower Manhattan destination for
12 generations to come. Thank you.

13 CHAIRPERSON TREYGER: Thank you very
14 much.

15 [Pause]

16 JAMES DEAN ELLIS: Good afternoon Chair
17 Treyger and Chair Cornegy and other committee members
18 and guests. My name is James Dean Ellis and I am the
19 manager of Neighborhood Economic Development
20 Initiatives at the Brooklyn Chamber of Commerce. I'm
21 delivering this testimony on behalf of Carlo A.
22 Scissura, President and CEO of the Brooklyn Chamber.
23 The Brooklyn Chamber is a membership based business
24 assistance organization which represents the
25 interests of over 1,673 member businesses, as well as

1
2 other businesses across the borough of Brooklyn. The
3 Brooklyn Alliance is the not-for-profit economic
4 development organization of the chamber which works
5 to address the needs of businesses through direct
6 business service assistance programs. We thank this
7 committee for inviting the chamber to testify at this
8 hearing and commend your efforts on continuing
9 dialogue to seek ways to provide support to
10 businesses and individuals, almost two years after
11 Hurricane Sandy, which we strongly advocate.
12 Additionally, we voice our support for the action
13 plans outlined in the city's Community Development
14 Block Grant Disaster Recovery with appropriate
15 \$1.773 billion in federal funding to help New York
16 City businesses and residents build back. Of this
17 amount, we are pleased to see that \$293 million of
18 this much needed funding has been appropriated to
19 help businesses thus far.

20 Since the destruction left behind by
21 Hurricane Sandy, Brooklyn Chamber has led several
22 initiatives to help businesses build back.
23 Immediately after the storm the chamber circulated a
24 comprehensive Hurricane Sandy Relief Guide that
25 included contact information for insurance companies

1
2 as well as options for city, state and federal
3 financing. Additionally, the Chamber made office
4 space available at no cost for businesses directly
5 impacted by the hurricane which is the first step to
6 recovery for some of these local businesses. We also
7 partnered with the Brooklyn Community Foundation to
8 establish the Brooklyn Recovery Fund, a pool fund by
9 Brooklynites for Brooklynites, which has since raised
10 over \$3.5 million to help effected businesses.

11 On November 14, 2012 TD Bank awarded the
12 Brooklyn Chamber of Commerce a \$200,000 grant to
13 start a citywide neighborhood entrepreneurship
14 project to provide much needed assistance to
15 businesses effected by the storm. Over the past year
16 and a half this project has enabled us to provide
17 much needed assistance in Red Hook, Sheepshead Bay,
18 Brooklyn and through the five borough Chamber
19 Alliance, in City Island Bronx, Lower East Side
20 Manhattan and Midland Beach, Staten Island.
21 Specifically, resources went towards merchant
22 organizing, commercial beautification and shop local
23 initiatives.

24 Since December of 2013 the New York City
25 Business Solutions Brooklyn Center which we operate,

1
2 has helped more than 200 businesses access Hurricane
3 Sandy recovery loans and grants totaling \$1.669
4 million. One of the proposals contained in the CDBG
5 DR business programs section, that we strongly
6 support, is the Neighborhood Game Changer Investment
7 Competition, which allocates millions of dollars to
8 be awarded to organizations that present innovative
9 and effective ideas to spur economic growth in these
10 struggling communities.

11 Over the past decade Brooklyn Chamber of
12 Commerce has developed a number of well-respected
13 economic development business assistance and
14 marketing programs that have had overwhelmingly
15 positive impacts on the economic wellbeing of our
16 borough. To this end the Brooklyn Chamber submitted
17 an innovative job creation focus proposal giving our
18 commitment to continue to help struggling businesses
19 and communities as a whole. As we look ahead, the
20 Brooklyn Chamber would like to offer the following
21 concerns, as New York City makes plans to allocate
22 continuing funding.

23 Strengthening the New York City Business
24 Solutions Center's ability to be the first thought
25 resource for disaster preparedness, recovery and

1 rebuilding programming. This includes consolidating
2 and comprehension of information regarding available
3 financial, technical and New York City agency
4 resources. Sandy should be used as an opportunity to
5 have this information ready for both service
6 providers and the public. The continued support of
7 the New York City Department of Small Business
8 Services to build and strengthen community networks
9 and communication channels is incredibly important.
10 The Sandy experience demonstrated the importance of
11 these networks as communities with dedicated
12 merchants and community groups had much quicker and
13 comprehensive recovery periods. Businesses and
14 commercial property owners insurance remains a
15 critical issue. There's a need for more industry
16 transparency as complicated policies and claim
17 denials leave businesses confused, feeling hopeless
18 and angry. Utility providers including telephone and
19 internet were inundated with post Sandy issues. The
20 Brooklyn Chamber would like to urge the commitment to
21 strengthen the necessary infrastructure to minimize
22 service gaps in disaster situations. And finally,
23 the Brooklyn Chamber encourages the continuation of
24 reviewing regulations for small businesses to
25

eliminate confusion, unnecessary issuance of violations and fines and antiquated policies.

We thank you for your time and your continued support of our boroughs' small businesses.

CHAIRPERSON TREYGER: Thank you very much. Please.

MOHAMMAD SAFI: Good afternoon my name is Mohammad Safi (phonetic) owner of Bargain Land Discount Center located at 2811 Mermaid Avenue. I would like to thank Chairman Treyger and committee members for allowing us to be here today. 2811 Mermaid Avenue a power corp. known as Bargain Land Discount Center was established in February of 2014 and ever since has been a very successful business until the evening of October 29, 2012. When Super Storm Sandy struck the tri-state area. At that time, there was over \$350,000 worth of merchandise in our location, as we were preparing for the Christmas season. As the disaster hit the store flooded with over 8 feet high of water. All merchandise, seven feet below the water level were completely water damaged and two-thirds of the merchandise were lost to looters who broke the gate and filled the store. Until this day we have not received any type of

assistance from any Sandy relief organizations.

Along with the lost merchandise, our registers were

broken and found two blocks away from the store,

credit card terminals and the radio system and the

camera system were also looted out of our office.

The store fixtures, tables, shelves, and registers

were all totaling to about \$50,000 worth of loss. We

have filed an application with FEMA for assistance

and they offered us a loan with interest which we

rejected, given that we are at loss and we are not

willing to pay any interest. We also got denied by

our insurance company who claimed that we were not

eligible for flood insurance and that they are not

responsible for any natural disaster. Therefore we

ended up losing over \$300,000 worth of merchandise

and store fixtures in addition our landlord refused

to fix our store front and the gate which cost us

\$20,000. Regarding business interruption and

payroll, our store was out of business from October

29, 2012 until February 15, 2013. Any type of

financial assistance would be greatly appreciated.

Thank you for your time.

CHAIRPERSON TREYGER: You know this is

really difficult to hear and I'll start off since you

1
2 spoke last. Were you made aware of any type of
3 programs that were available in the community, did
4 someone come to your business and tell you, here's
5 help for you?

6 MOHAMMAD SAFI: I actually was not aware
7 of any of this support at all. Besides FEMA they had
8 a small trailer on Mermaid Avenue where I applied for
9 the support and that was it. I never heard from
10 anybody else.

11 CHAIRPERSON TREYGER: So were you aware
12 that there was New York City Small Business Solutions
13 Outreach being done in your area?

14 MOHAMMAD SAFI: There was a meeting held
15 by Small Business Administration in the South
16 Brooklyn Youth.

17 CHAIRPERSON TREYGER: Small Business
18 Administration?

19 MOHAMMAD SAFI: No the SBA.

20 CHAIRPERSON TREYGER: Okay that's
21 federal.

22 MOHAMMAD SAFI: Yeh, they had a meeting
23 held in South Brooklyn Youth about my location where
24 I attended that meeting and they asked me to actually
25 come to the location to see what was going on because

1
2 everything was still as is and I lifted the gate and
3 I left and they took a look and pictures but nothing
4 was done after that.

5 CHAIRPERSON TREYGER: So there was no one
6 from the city or from any group, Astella, knocked on
7 your door, on your business door and said here's
8 program assistance?

9 MOHAMMAD SAFI: Not at all. No.

10 CHAIRPERSON TREYGER: And you are back up
11 and running, am I correct?

12 MOHAMMAD SAFI: Yes we are back up and
13 running, unfortunately we had to end up selling
14 property overseas to come up with the money to
15 rebuild our store and depending on the vendors
16 because we get store credit from our vendors which
17 give us 60 to 90 days of credit, that's how we ended
18 up refilling the store with merchandise.

19 CHAIRPERSON TREYGER: I just..., the
20 disparity here between people who had no clue and
21 people like Yelena who... Yelena can you speak to how
22 were you first made aware that there was outreach
23 being done in..., just tell us what happened with you
24 that got that..., Speak in the microphone Yelena.

25

YELENA MAKHNIN: Number one, as soon as my phone started working, I know all of the phone numbers, so I called first and we had few workshops in the area, SBS, SBA, Chamber of Commerce in different entities. So I also hear people from Business Solution Center, Brooklyn Division and Department of Small Business Services walking from store to store, we walked together. I also if I could add I was surprised, I do believe if, I'm not talking about city, I'm talking about the state, I mean federal. Not only FEMA and SBA people came without maps, they had no idea but they knew we were multi-lingual area, they did not have any translators, so I was translating each and every document into Russian. I went to Russian radio to announce programs, but..., and even though as you said thank you very much for having all documents in Russian or in Spanish, but there is a problem. When we are talking about this micro-businesses, believe me they do not have time to sit in front of computer and look for the information and it applies to city rules and regulations and on and on. So outreach was done, but the total round of outreach people just were angry because they think we didn't lie we are

1 not eligible, what do they want from us? And loan
2 actually, not only in Brighton Beach area, but I
3 believe in Sheepshead Bay and Coney Island, they word
4 loan became a very bad word. And the problem is
5 talking about outreach do you know how many different
6 organizations have visited my office for the last 18
7 months offering workshops, counseling, some legal
8 assistance in appealing SBA application and I said
9 hold on a second, what do you want to appeal, how can
10 you appeal what doesn't exist? Many, many of those
11 organizations, they get money from the same pocket.
12 I'm talking about federal funds allocated. So I
13 don't know, I mean I don't know why, why do we need
14 so many redundant programs? Why do we need so much
15 counseling? As I said last night, you know what, if
16 you talk to me you're trying to calm me down and I
17 have to go back to my destroyed apartment house or
18 non-working business. I just wasted my time and
19 government wasted it's money. So..., it not about
20 outreach, it's about what you offer. I have no
21 problems with outreach, I have no complaints,
22 actually, I would like to second about National Grid
23 Program, because, we, Brighton Beach BID, one of the
24 economic development agencies who can sign, so I was
25

1
2 in Sheepshead Bay, I was in Coney Island myself and I
3 can tell you what was going on.

4 CHAIRPERSON TREYGER: I..., when I
5 mentioned before that I see similarities between eh
6 business recovery and the property recovery, another
7 similarity is that there were some property owners
8 particularly in co-ops that didn't know that they
9 were eligible for assistance and they were told wrong
10 information last year and I'm hearing the same things
11 with maybe some small businesses as well. And I
12 fully agree with you that I think people don't want
13 to talk about loans, when they're businesses are
14 still shuttered. The reality is, I think we heard
15 from the administration that there is some discretion
16 and there is the power to convert these loans, into
17 grants the same way they're granting monies to groups
18 to come up with competitions. They could use money
19 to provide much vital life-saving grants to these
20 vital small businesses. There really should be..., no
21 business should be scraping by that was impacted by
22 Sandy, there should be direct aid, we should cut
23 through red tape, cut through the bureaucracy, we've
24 done that in the case with the NYCHA boilers, we've
25 done that now, we have a new program that's being

1
2 changed with Build It Back, that we're hoping to see
3 some results and the same urgency has to happen with
4 the business recovery as well.

5 YELENA MAKHNIN: If I say one more. We
6 are immigrant area, like Coney Island, Brighton,
7 Sheepshead Bay and you know there are so many people
8 who came to this country for American dream and
9 American dream, especially for me, as an immigrant
10 from former Soviet Union, it's a government that you
11 can trust. And you know what I was told people on
12 Brighton Beach Avenue by Russians who came from
13 Soviet Union, they're saying what, they're spending
14 so much money, look at the ad, because you could see
15 ad about programs on TV, on bus shelters, what they
16 could not even give us \$500 check, and it's not about
17 money, it's about something else and also talking
18 about future events, it would be very nice if city
19 government works on some kind of emergency database
20 because in our areas it was impossible to find
21 somebody to pump out water and on and on. Thank you.

22 CHAIRPERSON TREYGER: I have a question
23 for the Chambers and please feel free to chime in
24 with comments as well. Have the Chambers been
25 collecting data as far as how many businesses were

1
2 affected in their boroughs, and how many have closed
3 down as a result of Sandy? I'm just curious.

4 LINDA BARON: We've collected data for
5 the ones that we've actually touched, but I's a funny
6 question though, because nobody is collecting that
7 data, so we've had FEMA come in and ask the Chamber,
8 do you have a list? We've had the city come in and
9 as the Chamber, do you have a list? So there isn't,
10 you know, and there is, when you talk about the
11 numbers in the SIRR report that says there are 2,800
12 businesses. We estimate that it's about a 1,000 or
13 so and that the piece of that missing is to as how
14 badly were they affected versus you know, business
15 interruption and that kind of thing.

16 JAMES DEAN ELLIS: Yes, I'll second what
17 my colleague has mentioned. We were only really to
18 track businesses that we had touches with and through
19 our Business Solution Center we were fortunate enough
20 to have a fairly comprehensive data tracking with
21 those that we touched through those mechanisms and
22 those application.

23 But I also wanted to speak to the concern
24 with outreach. One of the things that the Chamber
25 has been consistently advocating for and what we've

1 asked for in this testimony today, is the continuous
2 support of SBS to help organizations like ours, help
3 strengthen our commercial corridors. As we evident
4 in those neighborhoods that had something and
5 existing in place, or some sort of community
6 linkages, we were able to get in touch with
7 immediately to disseminate information and those
8 businesses were able to understand quicker some of
9 the opportunities that were available to them. Other
10 areas that we're hearing about today, that didn't get
11 this information spread throughout as comprehensively
12 were limited by the capacity of the community groups
13 that were there. So as a Chamber, when we were to do
14 our outreach, we couldn't boots on the ground that
15 were able to have that breadth and depth of
16 understanding to help share the information with that
17 we were getting and sometimes that information was
18 being turned around rather quickly, you know, so it
19 was just about getting information there and not
20 always about vetting the policy or the procedures or
21 the process. However, we were just trying to get
22 information out there as quick as possible and we
23 found successes in those communities where we had
24 community based groups to help us disseminate that
25

1
2 information, know who to speak with, and so we
3 encourage continuous support of SBS's programing's to
4 allow people like the Chamber and the Brooklyn
5 Alliance to continue strengthening our commercial
6 corridors.

7 CHAIRPERSON TREYGER: It's evident that
8 in Brighton Beach you have an active BID, you have
9 some sort of organization but in the case here of
10 Coney Island, first of all Astella was a store front,
11 they were also destroyed by Sandy and from my
12 understanding there going through some financial
13 difficulties that's why they were being absorbed by
14 BCS which presents itself to the community as a
15 social service group so no one would think to go
16 there for business help. So in essence you had
17 nobody as we've heard testimony unless it was word of
18 mouth or someone heard it as a rumor somewhere, or on
19 Facebook, that there was any type of assistance. So,
20 I think that Small Business Services needs to have a
21 visible presence in all areas..., but clearly if
22 there's already an existing structure, work within
23 the structure. I have no problem with that, but if
24 there's not an existing structure let's build one and
25

1
2 let's build them quickly. Let's be active and
3 visible in those communities.

4 JAMES DEAN ELLIS: Again, to echo the
5 idea of what Council Member Menchaca had mentioned
6 earlier, this idea of institutionalizing the concepts
7 of the community, organizing within our agencies and
8 our organizations that do this outreach would be very
9 helpful in that. I mean Red Hook in particular did
10 not have a strong existing merchants group but had a
11 very strong existing community that had a lot of
12 community organizing mentality behind it that was
13 able to help share that information, set structures
14 in place and help you know disseminate information
15 rather rapidly.

16 CHAIRPERSON TREYGER: I'll just give SBS,
17 Mr. Cosme is actually one individual who has not just
18 talked the talk, but walks the walk. He has two
19 businesses on Mermaid Avenue, he has outreach, he has
20 many people go to him, this gentleman here just
21 testified..., and again if he didn't know, many folks
22 did not know, and I'd like for you to also just make
23 sure you get your information with SBS as well so we
24 can follow-up to make sure we get you the help that
25

1
2 you desperately need. And I thank the first panel, I
3 thank the panel. Thank you.

4 [Pause]

5 CHAIRPERSON TREYGER: Okay, Previne Apana
6 (phonetic), Ally Mohammad Tehir (phonetic), Jamal
7 Shoyet, and Magda Perez, I believe.

8 CO-CHAIRPERSON CORNEGY: I just wanted to
9 mention to the administration that I thank you for
10 staying, and I believe it shows a commitment to kind
11 of put a corrective action in place to rectify and
12 remedy what's been happening in the past to those
13 businesses. I just wanted to acknowledge that.
14 Thank you.

15 CHAIRPERSON TREYGER: And I'll second,
16 Chair Cornegy on that, that's been a pattern, Dr.
17 Peterson, from Build It Back stayed the who seven
18 hours, at the last hearing and many folks here, and I
19 definitely..., and it sends a strong signal not just to
20 the committee but to the impacted folks that there is
21 a greater sense of care and urgency than maybe last
22 year.

23 CO-CHAIRPERSON CORNEGY: I don't think
24 we'll be here seven hours, though.

25

CHAIRPERSON TREYGER: I don't think seven hours though. Did we call up five people or four people? Is Magda here? Jamel? Ali Mohammad Tehir is here, Pravine. Okay so they're all here?

[Background talk]

CHAIRPERSON TREYGER: If I could ask everyone to raise their right hands. DO you swear or affirm to tell the truth, the whole truth, and nothing but the truth in your testimony before these committees and to respond honestly to council member questions?

[Background Talk]

CHAIRPERSON TREYGER: We will start from you and work our way around.

UNIDENTIFIED MALE: I have two pharmacies on Mermaid Avenue.

CHAIRPERSON TREYGER: Can you speak into the microphone, I apologize, thanks.

UNIDENTIFIED MALE: I have two pharmacies on Mermaid Avenue. I lost close to \$800,000 including the inventory and everything. I want to first program for Sandy recovery, I didn't get applied by the time they said it's done. So I went to SBA, SBA took like almost nine months to approve

1 the loan, in the meantime, I got to work with my
2 vendors to get the credit from them and I got paid
3 once that happened, but in June sometime, someone
4 told me about Sandy 2 program. I've been so far fill
5 three times the application. Every time they are
6 saying something changed, you've got to resend the
7 application, you have to..., even yesterday, they asked
8 me something. It's been happening. I told clearly I
9 don't want to pay a loan I want a grant of some type,
10 because I invested almost \$1.2 million for two
11 pharmacies and I lost \$800,000 and on top of
12 reconstructing everything, another half million I
13 spent. Now SB again with the loan, but I've got to
14 pay them full price and interest, and SB is making
15 sure I take the insurance. Now insurance itself is
16 costing each location \$15,000 to \$20,000 commercial
17 as well as flood insurance for both locations.
18 \$30,000 per annum I'm spending. We want some type of
19 support. I'm immigrant, I've worked hard as a
20 software engineer 15 years and I became a business
21 man, now I'm employing at least 10 people I the
22 pharmacies as well other people. But no we don't
23 have any help even though we come to work to do the
24 business but we are not getting any help, we want
25

1
2 some type of grants which take care of my loans,
3 because I put all my life savings, working 15 years
4 in this county and now I'm not getting anything back.
5 Some type of help we need. That is my only concern.

6 UNIDENTIFIED MALE: Good afternoon...

7 [Interpose]

8 CHAIRPERSON TREYGER: Could you speak
9 into the microphone please. Thank you sir.

10 UNIDENTIFIED MALE: I'm an owner of a
11 store at 224 Mermaid Avenue, Coney Island. When
12 Sandy happened we lose a lot of money, we close for
13 three months to better the store. The owners of the
14 business they ask for three month rent, we can't pay
15 them now. We still fight them, we just lost a lot of
16 money, we went back to the store we lost \$20,000
17 fixing stores and back to business. Nobody come to
18 us to ask what happened again when we get from the
19 flood insurance, nobody come to us.

20 CHAIRPERSON TREYGER: Next please.

21 MAGDA PEREZ: Hi my name is Magda Perez,
22 I'm a first time owner. We were going to open up our
23 business November 1st, Sandy came on the 29th, I was
24 unable to get started. It took me five months prior
25 fixing up the store. I went to all the meetings that

1
2 they had, I was looking for help everywhere. Umm, I
3 applied for FEMA, FEMA denied me. I went to SBA, SBA
4 okay, gave me a loan with 4% interest, it took them
5 over six months before I saw anything. I had to
6 borrow from family members, I had to borrow from
7 relatives far away, I zeroed out all my accounts, my
8 husband left his job, I'm a medical assistant, I quit
9 my job, me and my husband are running the store and
10 we're working like, excuse my French, we're working
11 like dogs, trying to make ends meet. I had
12 everything set up. I had the loans, I applied for
13 flood insurance, when Sandy happened, the insurance
14 company sent me a letter of cancellation, I didn't
15 get nothing. Umm, then we hung in there, we fixed
16 the store ourselves. We didn't get no help nowhere.
17 The SBA loan came through, they gave us \$30,000,
18 that's nothing. Umm, first they gave me \$5,000, then
19 they gave me another \$15,000, then they gave me
20 another \$8,000, little by little. It wasn't enough
21 and I kept borrowing money, borrowing money, the
22 store was torn apart. Everything was torn down, me
23 and my husband we had to fix this all ourselves and
24 ask for family help. Right now we're still there,
25 but we're working very hard. Then I found out of the

1
2 storefront, like a program, but they had a cutoff
3 date, like November 30th. I said let me put all my
4 paperwork in because I couldn't even afford to get an
5 awning on my store, I had just the paper signed,
6 Mermaid Prime Meat. Nobody knew that there was a
7 meat market there because they kept passing it by and
8 then a few people came in and said, wow, I didn't
9 know that there was a store. Like about four months
10 ago, they gave me the grant, like they fixed up like
11 my store front, they made a big improvement, people
12 are noticing more the stores, but we need more
13 programs, we need more help, you know, I didn't get
14 nothing from nowhere. Me and my husband are working
15 there with no salary, we're just living there
16 practically. And then we live in Bensonhurst and
17 stuff you know, like we don't get home to 10:30 at
18 night, we're exhausted, we got to take a shower go to
19 sleep to come back to work again, you know, it's
20 really tough for us, it's very tough. Coney Island
21 needs an improvement. A lot of stores are closed.
22 People..., like the dentist's office, everything is
23 closed there, even Chase Bank, is not even open yet,
24 you know, where is all this money that they say that
25 they have, that they're giving, where? I only got an

1 SBA grant and it wasn't even made to me because I
2 have to show them proof, that this is where the money
3 went, you know. Then I applied for the..., SBS has now
4 a grant, okay, a grant that they will give me a grant
5 to pay back my loan, yeh, but what happened with the
6 rest of the money that I owe everybody else. How am
7 I going to get that? What do I do, you know? If I
8 get that grant, which I'm hoping for, you know, I got
9 to use it wisely, I have to pay this one, that one
10 first and that one and then I still owe people a lot
11 of money, because \$32,000 is not nothing from what I
12 invested. The landlord didn't even give me a break
13 on the rent. I had to start paying rent as of
14 December and she didn't even fix the place, we fixed.
15 We had to break the concrete, the sheetrock, we had
16 to go to Home Depot and buy the sheetrock, paint it,
17 we did it. The landlord didn't do everything, she's
18 so money hungry she's asking for everybody's rent and
19 then when I told my neighbor's about this storefront
20 improvement, they're like oh she's not going to
21 approve it, I don't know. And then when they saw
22 that they started fixing my store front, they're like
23 oh, how can I get in. I told them, it's too late,
24 you should have applied when I told you. And how I

1
2 found out, a friend of mine that works in the city
3 here texted this information to me. And I even told
4 Christina, and I showed it to her. She's like, email
5 it to me, email it to me, because I'm going to tell
6 everybody. And I went across the street to Astella
7 and told them look, see if you can get people,
8 because it will make a big difference in Coney
9 Island. Coney Island looks like a dead zone.
10 Mermaid Avenue is destroyed. We need live trees, we
11 need new store fronts, it looks like a ghost town,
12 because why, everybody just went because they didn't
13 have no money to invest in the stores. And I hung in
14 there and my storefront is the prettiest store on
15 that block and Christina can show you the picture,
16 the prettiest store on Mermaid Avenue.

17 CHAIRPERSON TREYGER: Give it to the
18 Sergeant at Arms, Christina, thank you Christina.
19 We're very formal here.

20 [Laughing]

21 MAGDA PEREZ: And that's thanks to SBS
22 Storefront Program that they had and if they do that
23 down Mermaid Avenue what a big difference it will
24 make. People will come down there. When they are
25 going to the amusement park, of course they're going

to come down to Coney Island, it's almost like when you go to Washington, yes, there's the White House there, but then the rest of the place, it's pretty so people walk around. People spend a little more money. That's what we need in Coney Island

CHAIRPERSON TREYGER: You know what's powerful about your photograph is the signs for rent.

MAGDA PEREZ: It's beautiful.

CHAIRPERSON TREYGER: It's also the business next door.

MAGDA PEREZ: Yes. Right next door, they moved, they closed.

CHAIRPERSON TREYGER: That's very telling because you see her business and you see the one's next to hers that are for sale.

MAGDA PEREZ: And it's destroying my storefront. Because mine is so pretty and next door is like a ghost town. It's so dead.

CHAIRPERSON TREYGER: Well, that was very powerful testimony and we're going to have some follow-up with you and folks here from the administration.

MAGDA PEREZ: And it was almost list when I first opened my store, it took me over eight months

1
2 before I got my food stamp machine and kept calling
3 and people wasn't shopping and people were telling
4 me, why you don't have it. I said it's not my fault,
5 there's only so much I could do. I put in the
6 application, you know. It took a long time to get
7 things done in Coney Island and to date it's still
8 taking a long time before something is done.

9 CHAIRPERSON TREYGER: Well, there's a new
10 team in place and you know we are going to again
11 judge this recovery by ...

12 MAGDA PEREZ: And I joined the Alliance
13 just this year, you know, and I think it's a good
14 thing because they're out there for the business.
15 But, they have to know, if you don't tell them what
16 you need, how do they know, they can't read minds.

17 CHAIRPERSON TREYGER: Well, communication
18 is a two-way street and we heard today some folks on
19 Mermaid Avenue had no clue and some did, but you
20 mentioned that you heard through a text message.

21 MAGDA PEREZ: Yes, my friend that works
22 in the city somewhere.

23 CHAIRPERSON TREYGER: See the issue is
24 that not everyone has a friend in the city and that's
25 the issue and we shouldn't have to rely on just

1
2 friends in the city. That information should be
3 available to everybody.

4 MAGDA PEREZ: Right.

5 CHAIRPERSON TREYGER: Thank you, next
6 please

7 JAMAL SHOYET: Good afternoon, my name is
8 Jamal Shoyet, I own a car service at 1716 Mermaid
9 Avenue and I own a auto dealer on 20th Street [sic]
10 and I close down because I cannot pay no more. I
11 lost cars, TV systems, radio systems, I lost
12 everything. Christine she know because my number
13 [sic]. When SBA come to me I fill out application
14 and application nothing. Only from Christine,
15 \$20,000 for front, from five hundred [sic].

16 CHAIRPERSON TREYGER: How much did you
17 say?

18 JAMAL SHOYET: \$500.

19 CHAIRPERSON TREYGER: \$500 from who?

20 [Interpose]

21 MAGDA PEREZ: Astella Development.

22 CHAIRPERSON TREYGER: Gave \$500.

23 MAGDA PEREZ: Astella Development gave
24 \$500 to the Mermaid, only Mermaid business owners.
25

[Background talk]

MAGDA PEREZ: Yes only for Mermaid businesses. Because it was almost like the guy on the run...

[Interpose]

UNIDENTIFIED MALE: Speak in the microphone or it won't be on the record.

CHAIRPERSON TREYGER: Yes, please speak into the mic, because we have to get this on the record.

MAGDA PEREZ: My neighbor, which is On the Run, the pizza guy, he has two businesses, one on Mermaid, and one on Stillwell Avenue. So they gave him for one on Mermaid, but they didn't give him the one from Stillwell because they said the money that they were giving out was only for the Mermaid businesses. It doesn't make sense.

[Pause]

MAGDA PEREZ: You know, because, Coney Island is Coney Island, regardless if you live on Stillwell, Mermaid, Neptune.

CHAIRPERSON TREYGER: Yes, but even if he was from Mermaid, not everyone on Mermaid Avenue even knew about it and I am really getting more and more

1
2 frustrated and angry about this. And I, you know,
3 we're going to work with this new administration,
4 we're going to work with them and we're going to just
5 make sure that we improve the linkages of the
6 communication to make sure that they're working with
7 actually functioning groups and that information is
8 getting turn-keyed to people. I mean, it is
9 outrageous that many people haven't seen a dime and
10 some have. You had a friend in the city who gave you
11 a text message. He didn't. Many others didn't. And
12 that's just unacceptable. You know we have to make
13 sure that the system is equitable and fair and you
14 know, I think we're hearing more and more about the
15 need for more grants and how we can convert these
16 loans in to grants, because these folks already have
17 loans to repay. So you're going to take a loan to
18 pay back a loan, to pay back a loan. The families,
19 the banks, this should not be a cash cow for the
20 banking industry, they should be helping them and
21 that's what this is about.

22 So were any of you aware of, just to be
23 clear, so you were contacted by folks in the local
24 community by Astella. You got some information. Did
25 any of you hear about the Small Business Outreach

1
2 down in Coney Island? Did someone knock on your
3 business door, just so we're clear?

4 UNIDENTIFIED MALE: No actually because
5 of the lot of workshops they conducted by SBA and a
6 lot of people went, at least four or five workshops.
7 Through them only I came to know about SBS. Second
8 program. First program, by the time I came to know
9 about it, they said it's already done. So, that is
10 how. And one more thing, when Sandy actually
11 happened, instead of help, everybody coming to us and
12 asking us to sign the paper as if they're helping us.
13 They're asking, do we need any counseling? Please
14 sign the paper.

15 CHAIRPERSON TREYGER: Who was running the
16 workshops?

17 UNIDENTIFIED MALE: SBA people ran the
18 workshop.

19 CHAIRPERSON TREYGER: SBA?

20 UNIDENTIFIED MALE: Yes, and some
21 workshops they put. So, we didn't, and these Project
22 Hope, and all these people, they keep walking in the
23 place and say, do you need any help and sign the
24 paper. That's all they're doing. I don't know why
25

1
2 they want all those papers, maybe simply they can
3 claim the money.

4 CHAIRPERSON TREYGER: I think that you're
5 echoing the comments of what happened from Yelena
6 Makhnin in Brighton Beach where they got more
7 workshops and counseling than actual aid. And there
8 are many groups that come in to give you workshops
9 and counseling but no one actually comes through with
10 solid aid.

11 UNIDENTIFIED MALE: Yes that's right.

12 CHAIRPERSON TREGYER: Thank you for
13 further validating the concerns of these committees
14 and your testimony was extremely powerful and I would
15 also encourage, and make sure that you get in contact
16 with the administration, which is right here, and
17 pass along your information and I think Chair Cornegy
18 has something to say as well.

19 CO-CHAIRPERSON CORNEGY: Just two things.
20 We've heard a lot of testimony about umm what
21 services are provided, what aren't provided and from
22 the agencies which was great, but I'm wondering as a
23 business, what would have been the right way to get
24 this done, to get you up and running, if somebody
25 could just take a stab at what really would have

1
2 worked. Because I'm curious, as a business owner,
3 what would have been the correct process that would
4 have gotten you up and running and wouldn't have you
5 here today.

6 MAGDA PEREZ: The correct process would
7 have been that if they had grants from the beginning,
8 and we would apply for them, okay, people..., We
9 wouldn't be here today, if there was grants. Okay.
10 In the beginning when I went to SBS, when I went to
11 New York City Solutions, I filled out the
12 application, I gave them all my paperwork, then in a
13 couple of days they called me, oh, I'm sorry to tell
14 you that you don't qualify for the loan...

15 [Interpose]

16 CO-CHAIRPERSON CORNEGY: So you don't
17 qualify for the grant or for the loan?

18 MAGDA PEREZ: For the loan, because they
19 had a loan first. You don't qualify for the loan
20 because you can't show your 2012 tax return and then
21 I told her how can I show tax return, if I'm a first
22 time business owner, I never even got to open up, so
23 how can I show you these paperwork. But meanwhile,
24 they ask me for copies of every little single paper.
25 Why didn't they tell me that from the beginning,

1
2 because I could have saved myself \$20.00, going
3 making copies to give it to them, for what, to tell
4 me that I don't qualify for a loan or a grant because
5 I can't show tax...

6 CO-CHAIRPERSON CORNEGY: Magda what I'd
7 like for you to do though is, you may never get a
8 chance to have the audience of SBS and EDC in front
9 of you, if you could just concisely for me and for
10 them just tell me what would have worked. I
11 understand what didn't work.

12 MAGDA PEREZ: A grant. Grants would help
13 up 100%.

14 UNIDENTIFIED MALE: They should have come
15 to the place where it actually happened, we can't...,
16 they're saying Coney Island, everybody knows it got
17 effected, why we got to go and stand in the lines
18 every time and please help us, please help us. You
19 know that, you come and let us come to you and fill
20 out applications right in front of you. Done deal.
21 Send that document, send this document. Why you need
22 corporate papers now for the application. When I'm
23 filing my taxes, can't you get them from tax id, all
24 the car papers, why you need incorporate paper, why
25 you need those types of documents? I have my taxes,

1
2 I have everything, I give them my tax id. Can't you
3 get the information, your all government
4 organizations, can't get the information together, we
5 got to give each document. And in the process, they
6 keep changing the application. So far I filled out
7 the application three times. Every time they said we
8 change a little bit, again you got to re-file.

9 CO-CHAIRPERSON CORNEGY: I think it's
10 clear to me that some of this was lost in
11 communication and could it not have been based on the
12 amount of loans that you did, which is a couple of
13 hundred, could it not have been that it be more
14 centralized in the actual zones where it was
15 happening instead of this kind of gap, perhaps. So
16 if there would have been thousands and thousands,
17 then perhaps that wouldn't have made sense, but the
18 fact that the number, I don't want to say it's
19 miniscule, but it's a smaller number, could it have
20 been? And these are flood zones, so this scheduled
21 and predictable that it will happen maybe again, we
22 hope that it never does, but in the future can it be
23 their satellite office for resiliency in the actual
24 districts, maybe that would be more helpful? And
25

1
2 that's kind of what I'm hearing and if you'd like to
3 chime in Chair that's your district so.

4 CHAIRPERSON TREYGER: I couldn't agree
5 more with Chair Cornegy, I mean, I think, you know,
6 the most powerful thing the government could have
7 done is by setting up an emergency satellite business
8 solutions center right directly in Coney Island, and
9 not just send one or two people into a place that
10 many folks had no idea about. It would have been
11 powerful to see a sign, major sign, New York City
12 Small Business Recovery Office from the SBS or from
13 whatever agency, but to say that the government...,
14 that is a message to the folks that the government is
15 there for them, we're directly going to you, not from
16 an office from downtown Brooklyn, but directly into
17 Coney Island, into Sheepshead Bay or the other
18 impacted areas in Southern Brooklyn, because there
19 was mass confusion. I mean clearly some folk's heard
20 about, clearly other folks had no clue about it and
21 I'm worried about those people that have shut down as
22 a result. I worry about those who are scraping by,
23 people who owe money to banks, relatives, friends,
24 you name it. But I think that clearly moving
25 forward, if heaven forbid, another storm like this

1
2 hits again, we can't rely on just one or two people
3 doing some outreach. We need to have a visible
4 presence. Set up a tent, set up a satellite office.
5 We have some For Rent signs in Coney Island right
6 now, so I think that that to me is crucial and we
7 need to definitely make sure that these folks also
8 have advocates working for them, making sure that
9 they don't..., you know they have to still start up
10 their lives. They have to get their lives back up
11 and running again. Who's advocating for you right
12 now? You're depending upon yourself. Is there
13 someone working on your case? No?

14 UNIDENTIFIED MALE: No, some people are
15 coming from SBS always and asking if people are
16 coming to my businesses and asking for this paper and
17 this paper. How long I need to provide, the papers,
18 the paper, when does something happen.

19 CO-CHAIRPERSON CORNEGY: You got to use
20 the microphone.

21 CHAIRPERSON TREYGER: Yes. Please use
22 the microphone.

23 UNIDENTIFIED MALE: That is the problem,
24 it started last year, June, almost June came one
25 year. How many times do I need to give the papers

back and forth, back and forth, same thing, same thing. They keep coming and asking.

CHAIRPERSON TREYGER: So, we're going to make sure that your information gets transferred directly. This is the top of city government here. This is the Commissioner of Small Business Services, these are the senior people in the mayor's office dealing with Sandy recovery and these are the people to speak with and to get information to and these committees will continue. This is not the last time that we're going to have a hearing on this. Just like with housing recovery, we're going to continue to have our own hearings, same thing with small businesses as well. And I hope at the next hearing we're going to hear some positive success stories and just make sure that we get your information to the administration. Anything you wanted to add?

UNIDENTIFIED MALE: No. When FEMA is there, why can't SBS come there and put up some workshops there, why we got to reach them, they can reach us very easily. Coney Island, FEMA center, ran there almost six months in MCU Park, why no SBS came and put a shop there?

CHAIRPERSON TREYGER: Clearly there was a clear breakdown in communication in Coney Island.

UNIDENTIFIED MALE: And why it took six months after Sandy, eight months to come up with this plan. Why can't some plan can come immediately to help the small business people?

CHAIRPERSON TREYGER: And that's something that we're learning in other counties and we're going to study this further, how they would sometimes, upfront the grants, to give you immediate assistance and then we'll deal with the paperwork maybe a little bit later. Maybe that's something that can be looked at and there's no question that the housing recovery piece was completely fumbled and the business recovery piece has a lot of problems.

UNIDENTIFIED MALE: Even in the media, fast forward nobody speak about the Coney Island. We was divested, in there and my both pharmacies, I lost like more than \$800,000 worth of goods, my inventory.

CHAIRPERSON TREYGER: Well I can tell you that I have made sure that now...

[Interpose]

1
2 UNIDENTIFIED MALE: And pharmacies,
3 nobody realize pharmacy has that much inventory, that
4 is a problem. Everything is expense and nobody knows
5 that.

6 CHAIRPERSON TREYGER: Correct.

7 UNIDENTIFIED MALE: Because everything is
8 taken care of by the insurance for them, so all they
9 care about is about five dollars or ten dollars co-
10 pay, but we have a lot of inventory and it costs like
11 hundreds of thousands for us and I lost two
12 pharmacies there.

13 CHAIRPERSON TREYGER: It's outrageous.

14 CO-CHAIRPERSON CORNEGY: Could I just ask
15 are your pharmacies up and running?

16 UNIDENTIFIED MALE: Yes. I went to the
17 vendors and I got the note from the vendors and I
18 paid them once I got money from the SBA. Now I am
19 paying the SBA 4% interest and \$30,000 for the
20 insurances. Instead of costing me like \$2,000 to
21 \$3,000. And SBA don't approve the loan, unless I
22 took entire, of what they wanted us to take the
23 limits. The moment the limits go up your premium is
24 outrageous.

25

1
2 CO-CHAIRPERSON CORNEGY: I just want to
3 make a recommendation before we move on that there's
4 a greater coordination between SBA and SBS and those
5 two agencies, I think..., I'd be really interested to
6 see how going forward you guys can coordinate. We
7 know it's the difference between federal money and...,
8 but I think that there could be a little bit better
9 of a coordination so that they can feel it on the
10 ground. So I feel like both agencies were doing
11 something, but because of maybe the lack of
12 communication or a lack of coordination, they
13 didn't..., you know the businesses didn't feel it on
14 the ground. I had a chance to travel to Coney Island
15 and realized as soon as I got there, that between
16 FEMA and the Red Cross, there was so much chaos on
17 the ground and that was just from a residential
18 perspective. I can't imagine what it was like for
19 small business owners. If we could just get some
20 better coordination in the future, between those
21 agencies that we count on disseminate, not only
22 information, but resources.

23 CHAIRPERSON TREYGER: And I want to echo,
24 that I am not here simply saying that the city could
25 have done better, there's no question that the

1
2 federal government, actually I think bears a lot of
3 responsibility here as well, because they gave a lot
4 of wrong information and confusing information to
5 folks immediately and that I think confused the whole
6 process from there. So there is absolutely no
7 question that this is not just a city obligation,
8 this is a federal obligation as well. What that
9 might require to collaborate more to make sure that
10 they get the best information from us. So I'm
11 definitely going to say that SBA, FEMA, they are
12 equally, and I know that personally because when I
13 had the hearing about the boilers in public housing
14 that were damaged by Sandy, it was FEMA that was
15 giving a hard time to the New York City Housing
16 Authority about getting money. At the hearing they
17 only gave them \$3 million at that time. After the
18 hearing, they found hundreds of millions of dollars to
19 start working on the boilers right away, so there's
20 no question that the federal government needs to step
21 up to the plate and do a lot more here as well. And
22 I thank the panel for your powerful testimony.

23 Next panel I'd like to call up Jacques
24 David, Esquire, Rolando Gonzalez, Jorge Farber, Scott
25 Wright and Arthur Goldstein.

CO-CHAIRPERSON CORNEGY: And just for housekeeping, this is the last panel.

[Background talk]

[Pause]

[Background talk]

CHAIRPERSON TREYGER: If I could ask everyone to please their right hands. Do you swear or affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this committee and to respond honestly to council member question?

[Crosstalk]

CHAIRPERSON TREYGER: I guess we'll start this way, we've been doing that the whole day please. Introduce yourself and...

ROLANDO GONZALES: Good afternoon, my name is Rolando Gonzales and I'm an attorney in the Community Development Project of the Legal Aid Society and with me is my colleague, Jacques David who is also a member of the Community Development Project. We'd like to thank the city council for holding this hearing and for allowing us to provide testimony on this every important issue. You'll probably well aware of the Legal Aid Society, the

1
2 Community Development Project is a part of the civil
3 practice of the Legal Aid Society and what we do is
4 we primarily provide free legal representation,
5 assistance, advice, and advocacy for low income,
6 small businesses, non-profits and low income housing
7 cooperatives in the five boroughs, although we are
8 located in East Harlem.

9 In the immediate aftermath of Sandy we
10 reached out to the communities in Red Hook, Staten
11 Island, Coney Island, Lower Manhattan and Far
12 Rockaway and we did this by doing legal clinics,
13 workshops, we gave advice, we represented a number of
14 clients. We continue to do that, but what we've done
15 in the last few months, especially since about
16 January, we decided to focus our efforts in South
17 Brooklyn. We've met with your staff, we've met with
18 you and what we've done is..., we've decided to focus
19 on the Coney Island area and the surrounding areas,
20 we've done workshops, we've did a workshop in
21 conjunction with your office and with Congressman
22 Hakeem Jeffries, we have another one planned for
23 June, but we also decided to get the message out
24 about our services and available resources by
25 canvassing, doing door-to-door canvassing of small

1
2 businesses in Coney Island and the surrounding areas
3 and we met with about 200 businesses, at least over
4 200 businesses and most of them were small businesses
5 and by that I mean five employees or less and we want
6 to sort of share our observations which is a lot of
7 what you've heard today and some suggestions.

8 We were surprised to see how many
9 businesses were still struggling. It's a year and a
10 half later and for a lot of them it's almost as if it
11 Sandy had occurred just yesterday. We found that a
12 lot of small businesses, the major need, what they
13 told us was, they need money. And what they told us
14 was, they need grants, not loans. Unfortunately, for
15 a lot of small businesses, they either did not have
16 insurance or if they had insurance, they didn't have
17 business interruption or flood insurance. SO they
18 didn't receive insurance proceeds. As far as grants,
19 there were virtually no grants at the beginning and
20 they were all so..., most of the small businesses we
21 spoke to were either not eligible or were denied
22 assistance. So for that reason what they're looking
23 for now is grants, not loans. I'll turn it over to
24 my colleague to discuss our suggestions.

1
2 JACQUES DAVID: As Rolando said, we
3 canvassed the area extensively on Brighton Beach,
4 Manhattan Beach, Coney Island, Sheepshead Bay, talked
5 to a lot of business owners and distilled their
6 concerns down to..., four recommendations really. In
7 the first, it's been said so many times, but it bears
8 repeating. Small business owners need grants, they
9 are not in a position to take on more debt. So one
10 of the chief criticisms, I mean we were ushered out
11 of business, as you're here a year and a half later
12 to talk with me about a workshop, I need grant
13 assistance.

14 The second thing was that the application
15 process for assistance really has to be streamlined.
16 Small business owners are..., that's the population
17 that's least able after an emergency to jump through
18 hoop, after hoop, after hoop, after hoop. After an
19 emergency, assistance needs to be able to get to the
20 people who need it, as quickly as possible. The
21 urgency that's felt on the ground has to be met by a
22 sense of urgency by those who are providing
23 assistance.

24 The third thing that we heard over and
25 over again was that insurance is really, still too

1
2 unaffordable and that's a huge problem, because we
3 should anticipate that there might be another event
4 like Hurricane Sandy again, and what will we have
5 learned if so many small business owners still are
6 uninsured or underinsured. The final thing that we
7 learned was that, or that we would recommend, umm,
8 that the city and the city council insure that new
9 flood abatement regulations don't impede business
10 owners' efforts to reopen their businesses. And this
11 problem was illustrated by a case that Councilman
12 Treyger, your office actually referred to The Legal
13 Aid Society. It's a case of a small business owner
14 of Chinese descent who opened a Laundromat and the
15 Laundromat was open for 20 years on Mermaid Avenue,
16 it was completely destroyed by Hurricane Sandy, the
17 small business owner decided to reopen his shop down
18 the street, he's committed to this neighborhood, he
19 hired an architect, he had building plans drawn up,
20 he borrowed tens of thousands of dollars from family
21 members to buy equipment for this new Laundromat, he
22 got a Department of Building permit, started the
23 build out of his space. Three months after he got
24 the permit from DOB, they revoked the permit. They
25 revoked the permit because he can't elevate the

1
2 machines in his store by five or six feet. I
3 wouldn't be able to reach the machines, umm,...

4 [Background talk]

5 [Laughing]

6 JACQUES DAVID: and so now he's been sued
7 because he can't open his store. He signed a 20 year
8 lease, he can't open the Laundromat, he's been sued
9 by his landlord in a commercial landlord tenant
10 matter, which we're representing him on. The new
11 regulations, I understand we don't small business
12 owners to face what they experienced during Hurricane
13 Sandy, but umm, there's got to be some flex. They
14 ought to permit, people who are committed to
15 remaining the neighborhood to reopen their
16 businesses. We thank you for having these hearings,
17 Chair Cornegy and Chair Treyger.

18 CHAIRPERSON TREYGER: And I just wanted
19 to say that you're office and organization has been
20 outstanding, as far as the responsiveness to those
21 folks and I'd like if possible, they could not be
22 here today, those folks, if possible we can get that
23 information out as well to SBS to see how they can be
24 helpful to the administration. But I want to thank
25 both of you and your staff for the outreach that

1
2 you've been doing in my district and other districts
3 across the city. Thank you very much.

4 Chairman Treyger, Chairman Cornegy,
5 council members, good afternoon, my name is Jorge
6 Farber, I am the President and CEO of the Madelaine
7 Chocolate Company. Thank you for the opportunity to
8 tell you about our experience over the past 18 months
9 in the aftermath of Hurricane Sandy. I also would
10 like to thank the first panel who toured our facility
11 yesterday and as were touring the Rockaways and thank
12 you for spending time with us and listening to our
13 concerns.

14 This is not just a story of dollars of
15 cents though they are important. It's also a story
16 of people's livelihoods and dignity. We are part of
17 the solution, the responsibility we accept and one we
18 have been fulfilling since the day after Sandy. But
19 we are here today with representatives of our union
20 and some of our employees to ask each member of this
21 council for help. I want to explain that the union
22 representative had another meeting to attend, we are
23 very close in cooperation with them and as you saw
24 there were quite a few members of our staff, our
25

employees who had to return to Rockaways to take care of their families.

On the outset I want to make clear that had we gotten the assistance we needed when we most needed it, about 250 more employees would already be back on the job today. It is that simple.

Here is what Sandy did to us. The storm surge pushed about four feet of water into our 200,000 square foot factory. Every piece of machinery or equipment valued at \$30 million was damaged. Over 400 workers lost their job. We lost over \$8 million in inventory because Sandy hit us at the height of our holiday season. We removed over 450,000 pounds of ruined finished chocolate products and packaging material, more than 170, 30 yard dumpsters. We lost 250,000 pounds of liquid chocolate and 150,000 pounds of solid chocolate. We had no power for literally a month and when we were able to first to begin the long and expensive cleanup of the facility and then begin the longer as well as expensive repairs of our equipment. We did not start to produce chocolates again until early July 2013. We estimate our losses to be over \$50 million.

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2 Madelaine Chocolate is a classic New York
3 City family business success story. Two brothers-in-
4 law who survived the Holocaust started the business
5 on a fifth floor walkup on lower Broadway, not very
6 far from here in 1949. Now 65 years later the second
7 generation runs the business with a third generation
8 in the wings. We have been manufacturing chocolate
9 in the Rockaways since 1967 when we moved into a
10 20,000 square foot facility with a handful of
11 employees. Before Sandy, we produced 20 million
12 pounds of seasonal and everyday chocolate products
13 annually or 100,000 pounds per day. During our peak
14 season our unionized labor force reached about 450
15 predominately Hispanic and Haitian men and women who
16 produced items to be sold throughout the United
17 States and internationally. Our union men and women
18 make an average of 30 to 50% more than the new
19 minimum wage. In America it is significantly more
20 than that and have worked for us on an average of
21 over 15 years. They have pension and significant
22 health benefits, six paid sick days which was
23 established long before the recent mandate. After
24 four weeks paid vacation, paid bereavement dates and
25 other quality of life benefits. We support the Metro

1
2 Area vendors and we were the mainstay of the mom and
3 pop candy stores across the wonderful city and state
4 and we're the largest employer of the Rockaways. We
5 have enjoyed a long and successful partnership with
6 New York City and Queens in particular. One we are
7 rightfully proud of. Also the Rockaway is not only
8 our place of business, it is where we live, have been
9 raised and have raised our families. It is our
10 community and the community of many of our workers.
11 For almost five decades our \$12 million annual
12 payroll has helped sustain the economy of our
13 immediate community as well as Queens and Brooklyn
14 where a vast majority of our staff live, buy
15 groceries, go out to eat, entertain and shop.
16 Madelaine itself buys goods and services from local
17 vendors, from machine parts, to office supplies and
18 packaging components, to pest control.

19 On October 29, 2012 Sandy's storm surge
20 put us out of the chocolate business. Living in this
21 community, my wife and partner, Vivian and I can
22 never forget what Sandy did here, and not just to our
23 factory and our home. Many of our employees not only
24 lost their job but their place of residence and much
25 of their possessions. When I was able to get to the

1
2 factory on Tuesday morning, one thing was clear,
3 things would never be the same and our employees were
4 jobless. Many still are and as I sit here today we
5 have not been able to recall most of our best
6 employees who remain out of work. This need not
7 continue. When the family owners took a big breath
8 and made the pledge to come back we had no idea what
9 we were facing, but everyone agreed that it was the
10 right thing to do when we knew there were risks, it
11 wasn't a rash decision. We were motivated by several
12 important factors.

13 One, in January 2013 we met with senior
14 level officials in the Bloomberg Administration who
15 assured us that quote "we are all committed to
16 Madelaine Chocolate get back on its feet" end of
17 quote. Two, the federal government was providing \$50
18 billion in Sandy Relief Funds. Three, our primary
19 lender believed in us and was willing to support our
20 come back. Four, we had high hopes for an SBA loan.
21 Five, our customers and employees were desperate for
22 us to come back and finally, six, our families were
23 committed to our stewardship of the business.

24 Some of these expectations were met,
25 others were not. We still have not received one cent

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2 of the \$3 billion of the Sandy funds that the city
3 received so far. But our lenders stood beside us the
4 whole way. We received a \$13 million SBA loan
5 secured by all our real estate. The family provided
6 personal guarantees for loans and injected capital
7 into the business. Our customers were patient for a
8 season and we have recaptured over 90% of them so
9 far. The employees we were able to recall have been
10 extraordinary in their tireless work.

11 So what have we accomplished in 18
12 months? We spent the first months just cleaning out
13 the buildings and restoring the factory to food safe
14 condition. After that we faced, and still face the
15 most costly and difficult of all the tasks,
16 rebuilding our equipment which consumed time and
17 money, and time and money were and are the key
18 constraints we face.

19 Of our 450 employees we have been able to
20 call back about 125. Five of our production lines
21 are up and running. We have come as far as we can
22 with the SBA loan and our own personal resources.
23 Major equipment still needs to be repaired to
24 complete the line that will mean the recall of
25 hundreds of jobs. We estimate we need \$5 million for

1 this. We also need to prepare this coming holiday
2 season which we estimate will require another \$5
3 million in working capital. We are asking for
4 equitable treatment under the action plan being
5 reconsidered by the new administration. We have made
6 the following suggestions. Make the funds, grant
7 only. Many employers like Madelaine have already
8 taken all the debt they can handle. In our case our
9 shareholders have provided millions of dollars of
10 support and the company has borrowed to survive. We
11 have literally mortgaged the future. Increase the
12 grant limit to at least \$10 million for companies who
13 meet the fine criteria, such as number of employees.
14 We still have 300 jobs just waiting to be filled.
15 Right now we are in the enviable position of having
16 more potential orders that we can handle at current
17 capabilities.
18

19 Wages and benefits, I have already
20 outlined our wage and benefit package. Revenues, our
21 target is to more than double our sales to close to
22 pre-Sandy levels but we need the equipment and staff
23 to do it. Economic impact, I'm not an economist but
24 I have seen statistics that suggest every job in the
25 Metro area generates more than \$600,000 in economic

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2 impact. Madelaine alone has the potential to
3 continue to contribute millions to the New York City
4 economy. Especially worth reconsideration and I
5 think that this has been a topic that has been
6 mentioned frequently today, is that 42% reduction in
7 funds originally allocated for the rehabilitation of
8 effected businesses. I don't understanding where the
9 equation came from. One of the main purposes of the
10 Sandy Relief Fund is to retain jobs Sandy destroyed.
11 We at Madelaine have taken a lot of risk in sticking
12 with our comeback plans and are willing to take more,
13 but we would like the city to take some risk along
14 with us, recognizing what this 65 year fixture in the
15 Rockaways represents. We have been forced to
16 consider something once unthinkable, moving and
17 taking our jobs where their economic impact and our
18 employee's contribution to the community are
19 recognized and appreciated. I truly believe that
20 this new administration is an opportunity to show
21 that there can be an effective public private
22 partnership model in New York City, where public
23 funds help bring private employers back to life,
24 giving employees back their dignity and relieve the
25 immense pressure on the city, state and federal

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2 governments to support thousands of out of work
3 citizens through unemployment, welfare, food stamps
4 and other programs that do not put people back to
5 work. The best safety net for a productive job and
6 we have about 300 just waiting to be filled, who will
7 ultimately benefit, working class families who have
8 not received needed attention from the city. There
9 are still companies in the city like Madelaine
10 Chocolate who with your help can and will stay to
11 provide these jobs. The question is, Does the City
12 of New York want to retain them?

13 CHAIRPERSON TREYGER: I mean, you've said
14 it all. That is, you have..., and I'll tell you I just
15 you know spoke with Chair Cornegy as you were
16 speaking and in addition to making sure that the city
17 convert loans to grants, I think one of the
18 conversations we should have is how we can put
19 pressure on SBA and the federal government to have
20 some loan forgiveness, because quite frankly you know
21 they have to be helpful with us as well. I mean,
22 here you are trying to scrape..., try to put together
23 resources to get your business fully up and running,
24 you have a whole bunch of folks to repay, you have
25 employees, yourself, your family, your livelihood,

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2 your employees and I truly appreciate, you know..., I
3 appreciate your commitment to your employees and to
4 their families and to their livelihood. I wish we
5 had more employers who thought like that. And umm,
6 why can't the federal government have some loan
7 forgiveness as well. The fact of the matter is there
8 are people who are just not up and running and to
9 hear that your business might even leave, that would
10 be just destructive, I'm sure to the communities, to
11 the City of New York, to our local economies, to the
12 families, to the Rockaways and that is something that
13 we have to do all that we can to make sure that never
14 happens and to make sure that you get every single
15 aid, penny, that is rightfully owed to you. So in
16 addition, to I think loans to grants, I think we need
17 to start the conversation of loan forgiveness as
18 well.

19 CO-CHAIRPERSON CORNEGY: Well what I
20 wanted to say is like that some model business for
21 what we would have thought about building capacity
22 in, to increase the number of employees. So I think
23 that's actually a consistent conversation that we've
24 had in small businesses. How do we have those
25 businesses that rise to that level in terms of

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2 employers, and build capacity within them to hire
3 more and to do more. So, I'd be interested in
4 talking to you offline about what the vision and the
5 plan for building capacity within that business
6 outside of you know, obviously salvaging the place
7 that you are. We're really looking at a plan that
8 builds capacity.

9 CHAIRPERSON TREYGER: Definitely. And
10 I'll say that selflessly, I'd love for maybe us, the
11 committee to maybe tour the factory and selfishly to
12 try some of the chocolate.

13 JORGE FARBER: We certainly welcome you
14 and provide with as much chocolate as you can take.

15 [Laughing]

16 CHAIRPERSON TREYGER: Thank you so much
17 for being here and for that powerful testimony.
18 Thank you so much sir.

19 UNIDENTIFIED MALE: I don't have a
20 prepared statement, just a couple of comments. First
21 of all, this problem stems from the way Plan A was
22 devised in the last administration. So, I think I
23 heard the Commissioner loud and clear make the
24 statement about going back to HUD with some requests
25 for modifications. That is the answer. It was music

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2 to my ears. And in terms of the comment near the end
3 of Mr. Farber's statement, I've been in about a dozen
4 meetings with the family and conference calls and
5 throughout yesterday's very long talk, which we very
6 much appreciated all the time, no one was looking at
7 their watches they were just taking it in, which was
8 a breath of fresh air. And just actually seeing them
9 stay this long, I've been doing since I left
10 government 24 years and doing a lot of these
11 hearings. They're not many officials, senior
12 officials who stay this long, so it's appreciated.
13 But I will tell you that in all these calls and
14 meetings, almost every word, breath and feeling out
15 of family members was striving to stay in the
16 Rockaways. This entity that they have analyzing the
17 real estate situation, it's out of desperation.
18 Other states like Texas and Jersey, they're looking
19 to grab what could be 450 jobs. They don't want
20 that. With almost every breath that they've been
21 taking, it has been to stay here and I for one am
22 really glad there's a new administration and a new
23 commitment and particularly the way you and Speaker
24 Viverito have focused on this whole resiliency issue
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2 with the committee itself, we hope to really see some
3 movement in the very near future. So thank you.

4 COMMISSIONER TREYGER: No I thank you and
5 I have even told the mayor, you know, at the press
6 conference we had in Staten Island when there was an
7 announcement to make changes to Build It Back. That,
8 you know, we'll work with the administration as much
9 as possible, but we're going to hold them equally
10 accountable, because ultimately the recovery will be
11 judged by the number of checks issued to those
12 victims, homes and communities rebuilt and made whole
13 again and the assistance provided to small
14 businesses. This cuts this issue..., this cuts to the
15 core of why we have government. It cuts directly to
16 the core. If you ask, why do we have government?
17 It's to provide that safety net that structure, that
18 order, that stability that we strive for and I think
19 that we have an obligation more than legal, moral and
20 ethical to make sure that we help every single storm
21 victim and I just applaud your sacrifice and your
22 patience waiting this long for this type of aid and
23 scraping by and looking out not just for yourself,
24 but looking out for your employees and that to me...,
25 and again many of the folks we heard today, the same

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2 thing, I want to applaud all of them. They've been
3 looking out for themselves but also for their
4 employees making sure..., and that's who we care about.
5 The business workers and of course the workers who
6 desperately..., we need them, they are..., small business
7 makes up our economy. You are the economy. We lose
8 you there's no economy. And so I commit to you that
9 this committee, it's not the last hearing that we're
10 going to have, we're going to continue to make sure
11 that work is being done, that words turn into action
12 and we're going to explore and we're going to see
13 what changes the administration now makes. We're
14 going to measure those changes, make sure that they
15 are actually working and I think we need to have
16 discussions with both the city, and also the state
17 and federal government to make sure that what can
18 they do to better assist storm victims.

19 Any other...? Thank you very much. Is
20 that the last panel?

21 [Background talk]

22 CHAIRPERSON TREYGER: I just want to
23 close by thanking all those who came out, and to all
24 the small businesses and employers who came out. And
25 to thank you know, Bill Goldstein, Commission Torres,

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2 thank you Dan Zarrilli, the EDC, I just want to say
3 that it means a lot that you guys stayed the duration
4 of the hearing. I think that sends a very strong
5 message to us and to those impacted and to say that
6 you know we need to just get results for these folks,
7 sooner rather than later.

8 And with that I close the committee.

9 [Gavel]

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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. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date May 21, 2014