

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEES ON FINANCE and SMALL BUSINESS

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MAY 14, 2009  
Start: 2:27pm  
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HELD AT: Council Chambers  
City Hall

B E F O R E:

DAVID I. WEPRIN  
Chairperson

DAVID I. YASSKY  
Chair, Small Business

COUNCIL MEMBERS:

Vincent J. Gentile  
Letitia James  
Darlene Mealy  
Kenny Mitchell  
Annabel Palma  
James Sanders, Jr.  
Albert Vann

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

Robert W. Walsh

Commissioner

Department of Small Business Services

Angie Komath

Deputy Commissioner for Workforce Development

Department of Small Business Services

CHAIRPERSON WEPRIN: Now we're having Small Business Services. Finance is back in session and we're now joined with the Small Business Committee, chaired by Council Member David Yassky. We're about to hear from Commissioner Robert Walsh of the Small Business Services Committee. We have Council Member Annabel Palma, Council Member Albert Vann, Council Member James Sanders and other Council Members will be coming and going. But I'd like to call upon Chair Yassky for a statement.

COUNCIL MEMBER YASSKY: Thank you. I know we're running behind schedule so I'd like to just get going with the meat of the hearing, hear from Commissioner Walsh. Obviously, one of the major issues, probably the major, is we are expecting, I gather, a very substantial infusion of stimulus funds for workforce development. I'm sure, Commissioner, you're going to address that in your testimony, what your plans are for that. But that's something I want to make sure we discuss. Let's go ahead and hear from the Commissioner. Thank you Mr. Chairman.

ROBERT WALSH: Good afternoon

1  
2 Chairmen. I'm Rob Walsh, I'm the Commissioner of  
3 the Department of Small Business Services. I'm  
4 joined to the left by First Deputy Commissioner,  
5 Andy Schwartz, to the right by Angie Komath, she's  
6 the Deputy Commissioner for Workforce Development  
7 along with a number of colleagues here to help  
8 answer any questions and clarify and directions  
9 that we're going forward.

10 This afternoon what I want do is  
11 quickly tell you about some of the programs that  
12 we have underway, particularly during these tough  
13 times of the recession. As Chairman Yassky  
14 already mentioned and eluded to, talk about the  
15 federal stimulus and some of the things we have  
16 plans for and obviously hear some of your ideas.  
17 And highlight some of the accomplishments over the  
18 last year.

19 I want to start in the area of  
20 business development. Our Business Development  
21 division helps business start, operate and expand  
22 in New York City. Their work obviously has never  
23 been more important than it is today. As Mayor  
24 Bloomberg has said time and time again, small  
25 businesses are the lifeblood of our communities

and we need to make sure we're doing everything we can to help them.

Over the years I reported to you about the build out of our business solution centers. We've partnered with non profits and for profit organizations to meet the needs of the small business community. Today we have a network of six centers that provide direct services to individual businesses and entrepreneurs. People come in for help for business planning, navigating government, accessing incentives, hiring and training.

These days more and more of the focus is on helping clients secure financing. And more and more they're coming in because they need capital. According to a recent Seed Co study entitled Crisis on Main Street, only a fraction of small business have access to affordable loans. As traditional lenders become more strict in their borrowing and their lending criteria, the number of small businesses turning to alternative lenders will continue to grow. But money from alternative lenders make up only 0.3% of small business capital.

The New York City Business Solution Centers have responded to the credit crunch by working closely with banks, with credit unions and alternative lenders to help position small businesses for loans. We've helped businesses prepare all their financial documents required for their loan applications. We've also helped businesses find the right lending opportunities for their needs including the EDC Capital Access lenders program. Just yesterday, the mayor announced the first 30 New Yorkers to secure loans through the Capital Access program out in Bushwick.

In 2008, New York City Business Solutions help 170 clients secure over \$11.8 million in financing. I'm pleased to tell you today that despite the credit crunch, we're on track to significantly exceed last year's performance. In the first four months of 2009, the New York City Business Solution centers achieved 118 loans for small business clients, that's more than doubling the number of loans achieved in the same months of 2008.

In 2008, we ramped up our effort to

provide pro bono legal services to our clients. We work with law firms in each of the boroughs so that clients can obtain legal services like determining the right legal structure for their businesses and having their leases and contracts reviewed at no cost. In 2008 this saved clients an average of \$2,000 on legal fees.

New York Business Solutions has also initiated new courses to focus on helping entrepreneurs and small businesses adjust to the current economic climate. As part of this expansion, SBS has partnered with the Kaufman Foundation to provide two new business training courses called Fast Track. The first, Fast Track New Ventures helped emerging entrepreneurs, including those displaced from the financial services sector to start new businesses. Launched in march, participants determine the viability of their business idea and develop a plan to launch their business. The second course is Fast Track Growth Venture began in April and will help existing businesses adapt their business models to remain strong in the face of a dramatically changing marketplace.

Over 80 participants have already graduated from this program and two more Fast Track classes are scheduled to begin this month. Both Fast Track courses will be offered on a monthly basis and will result in the training of up to 1,000 New Yorkers over the next year.

We're also helping businesses invest in their employees by covering up to 70% of their training costs. Through New York City Business Solutions Training Funds program, businesses can help their employees gain skills that the market demands. The objective is to help businesses promote workers rather than lay them off, pay higher wages, create more good jobs and grow in New York City. Since 2005 SBS has helped 69 employers train over 4,300 New Yorkers. The employers have contributed \$6.4 million.

Another key initiative in the last couple of years has been New York City Business Express. SBS has been working with 20 city agencies to build out New York City Business Express. It's an online one stop resource where business owners can go to learn about licenses, permits and other government requirements quickly



and easily.

To put it simply, New York Business Express will make it easier for businesses to do business with New York City. We have developed a business wizard. What this is, it allows businesses to plug in information about their business. It gives them updated information, step by step instructions on meeting their government requirements for starting, operating or expanding in New York City. The site now serves 11 sectors, which collectively represent approximately 85% of all businesses working in New York City.

We have made a lot of progress in this area. In January 2009 for the first time New York City Business Express made it possible for businesses to apply online for licenses and permits, starting with the Department of Consumer Affairs. Before the end of this year, New York Business Express will allow businesses through one web site to learn about the permits, licenses and requirements needed to start and operate a business in all sectors relevant to New York City. Receive customized information about city, state, federal incentives that can help a business save

money, apply and pay for more than 36 license, permits and certifications from multiple agencies. Providing information only once and when it's needed, save information about their businesses in order to manage interactions with the city such as status of a permit, taxes owed, outstanding balances, inspection dates.

New York City Business Express is already saving time and money for our small businesses and our larger business and allowing businesses to focus on what is really important, opening their doors, generating revenue, creating jobs and stay in New York City.

We're also working in commercial corridors throughout the five boroughs to strengthen neighborhoods and make them more attractive places to do business. Our business improvement districts continue to grow. Over the last six years this administration has created 20 new business improvement districts in cooperation with the City Council. 18 of the new bids are in boroughs outside of Manhattan. This brings the total number of bids to the city to 64. so far in fiscal 09 four bids have been signed into law,

Belmont Avenue in the Bronx, Fulton Street in Bedford Stuyvesant, Hudson Square in Manhattan and also I guess there's Fulton Street and Bedford Stuyvesant.

Collectively bids annually contribute more than \$98 million in supplement services that strengthen and improve our commercial corridors. We are expecting to present at least two additional bids for your approval this calendar year, East Broadway in Brooklyn and Vickery Boulevard in Staten Island. There are another 10 additional bids in the development stage.

Our work in city neighborhoods goes beyond bids. We have focused on providing technical assistance and supporting community based organizations that need extra help to make a greater difference in neighborhoods. Through the New York City Clean Streets program we're working with 12 neighborhood organizations to make their streets, sidewalks and storefronts cleaner, more attractive places to do business. But we do more than just provide sanitation services.

As part of this program, SBS is

1 helping these organizations develop the skills  
2 that are needed to independently manage and  
3 finance these services after two years. More than  
4 3,.200 businesses and property owners throughout  
5 the five boroughs are served by the New York City  
6 Clean Streets program. Our Avenue NYC Program  
7 also provides critical support to the community  
8 based groups that work to create vibrant  
9 commercial corridors.

11 In fiscal 09 Avenue NYC is  
12 investing close to \$2 million in commercial  
13 revitalization programs in 40 neighborhood  
14 organizations that are working to attract  
15 businesses and shoppers to their district, improve  
16 the appearance of storefront and build new  
17 merchant associations. Throughout these  
18 initiatives we are strengthening organizations and  
19 we are bringing together merchants to improve  
20 neighborhoods through a collaborative local  
21 effort.

22 Another way to help small  
23 businesses is to ensure that minority and women  
24 owned companies have greater opportunities to do  
25 business in New York City. In our third year of

1  
2 implementing Local Law 129, we're seeing a greater  
3 number of businesses participating in the MWBE  
4 program and in increase in the number of end value  
5 of contracts they are winning.

6 Since July 2006 certified companies  
7 have been awarded over 14,000 prime contracts  
8 representing approximately \$617 million in fiscal  
9 2007, 2008 and the first half of 2009. In the  
10 same period certified companies were awarded over  
11 \$258 million in sub contracts including a doubling  
12 of the total from fiscal 2007 to 2008. The MWBE  
13 utilization rate continues to increase year over  
14 year and we're driving even harder to increase the  
15 participation.

16 Part of improving the number of  
17 contracts awarded comes about by bringing  
18 certified companies into the program. SBS has  
19 worked hard to make certifications simpler and  
20 quicker. We've streamlined the application.  
21 We've increased the certification period. And now  
22 we are working to incorporate the front end of the  
23 MWBE application on to New York City Business  
24 Express, the city's one stop online tool for  
25 businesses, allowing for companies to

electronically complete their applications.

With the help of the City Council and the hard work of the MWBE Leadership Association we've been able to reach more companies. These efforts are paying off. Over the past three years we have doubled the number of certified companies from 1,035 in 2006, today it's 2,075. In order to continue this trend, we're leveraging the resources of the New York City Business Solution Centers to identify prospective companies for certification and to provide one on one assistance on completing applications.

As our pool of certified companies grow, we're putting more and more focus on improving our ability to collect, update, verify and access information about each of our certified companies and what they sell. We have a dedicated staff that focuses exclusively on assessing and assisting our certified companies with getting ready to do business with the city. For companies that need additional assistance, our staff directs them to workshops and classes such as the CUNY Construction Management program that we created and our classes on doing business with the city.

We also provide guidance on where to find opportunities and one on one bidding assistance for companies competing on specific contracts.

Additionally, we help these companies take advantage of all the business services that we have built out over the years and I think that's an important point. The fact that we now have something called New York City Business Solutions in all of our five boroughs and working hand in hand with our efforts to reach out to more Black, Hispanic, Asian and women owned companies throughout the five boroughs.

To be able to match our companies with agency contracting opportunities, SBS is developing even stronger relationships with the city buyers. Each member of the newly established account management team has been assigned a portfolio of agencies and is responsible for working with the agencies purchasing staff to better understand their purchasing needs, their buying needs, actively market the services of our certified companies and direct agency purchasing staff to our online directory of certified companies.

In addition, they have been meeting with agency chief contracting officers, better known as ACCOs, to review their performance and make recommendations on how they can improve their MWBE utilization. Additionally we've recently enhanced our online directory to enable buyers to access performance and contract information about our certified companies, while also allowing certified companies to market their goods, services and experience.

In addition we now send email blasts to our companies to notify them of the relevant contract opportunities. And regularly host industry focused networking events to bring our companies and agencies together. In July we'll host our signature networking event, the third annual citywide Business Opportunity Fair, a full day conference designed to bring together certified companies and procurement personnel from city and state agencies, public authorities and prime contractors.

We anticipate exceeding last year's attendance of nearly 500 certified companies and over 50 purchasing entities. Certified companies



that came to the fair last year won over 1,200 contracts valued at nearly \$7.5 million within six months of attending the fairs. So these networking events are working. Just this week we launched our New York City Minority and Women Owned Business Enterprise electronic newsletter that will market newly certified companies, highlight the success of current certified companies and promote competition among the city agencies by highlighting their success in contracting with certified companies.

Finally I want to tell you about the achievements and plans to getting more people jobs here in New York City. We're aggressively building our job placements and training services. This year we will place 20,000 New Yorkers in jobs, that's more than 3,000 of the total of last year which was 17,000 placements. We're off to a strong start. In the first quarter of 2009, the Center has achieved a record 4,986 placements, 23% more than the first quarter of 2008. To date this year we have achieved 7,533 placements.

We're also investing more than ever in training to help New Yorkers develop the skills

1  
2 that are in high demand and increase their earning  
3 potentials. Federal stimulus money has helped  
4 make this possible. First let me tell you about  
5 where we started.

6 When we began managing the adult  
7 workforce programs we had three workforce centers  
8 placing 127 people per quarter. Over the last  
9 five years the career centers have placed more  
10 than 70,000 people in jobs, increasing the  
11 placement of New Yorkers to over 4,000 in each of  
12 the last 12 quarters to state. We have expanded  
13 the total number of our Workforce 1 Career centers  
14 to three in 2004 to our current portfolio of eight  
15 centers.

16 In 2008 we added a new center in  
17 Hunts Point and our first sector based center, the  
18 Workforce 1 New York City Transportation Center,  
19 that's a mouthful, in Jamaica. Our center in  
20 Hunts Point has made over 600 job placements since  
21 August. Last year we launched, as I mentioned,  
22 the New York City Transportation Center in  
23 Jamaica. At that center we have already seen  
24 nearly 900 placements and promotions, with  
25 placements averaging at \$13.50 an hour.

We've also introduced a new pricing system for our individual training grants program that will lead to smarter investments, allowing the city to pay more for courses that result in higher paying jobs. This also means that we're paying less money for training in occupations that lead to lower wages. And I think that's an important point.

We've expanded the hours of our career centers so that customers can now access services on evenings and weekends. New Yorkers are taking advantage of this initiative. Since December, we have served an additional 13,000 customers at the centers during the expanded hours. With the Council's help we're also making greater investments and partnering with community based organizations throughout the city.

We're working with the City Council to administer Community Workforce Innovations, a program that funds organizations to serve and place individuals with high barriers to employment. In 2008 we placed over 900 New Yorkers in jobs through this program and we're looking to continue the success this year with 16

1  
2 organizations.

3           We have received \$31.7 million  
4 through the Federal Recover Package that we will  
5 use to train and place an additional 6,000 New  
6 Yorkers over the next year. There are a few ways  
7 we're going to expand the current programs and  
8 launch new ones. First, building on the success  
9 of the Transportation Center as I mentioned  
10 earlier that we created in Jamaica, we will open  
11 up additional sector centers later this year.

12           There is great potential for  
13 centers focusing on manufacturing and health care,  
14 where we are seeing growth. We are evaluating  
15 additional sectors as well. We're also expanding  
16 the services that we offer to help low wage  
17 workers increase their incomes or move into new  
18 careers.

19           Second, we'll increase our  
20 investment in quality training to help New Yorker  
21 access jobs that are in demand. For example, in  
22 March we began piloting a nurse certification  
23 course in partnership with LaGuardia Community  
24 College. We're investing over \$400,000 in this  
25 program because health care is a demand industry

and the starting salary for a nurse is over \$40,000 a year. We will expand these types of course to make sure that more New Yorkers are trained to take advantage of available job opportunities.

Lastly, we will forge partnerships with organizations with successful track records to provide targeted workforce services to high need populations. I think this is an important point. As all of you know, over the years we have seen a good amount of cuts to our budget. We rely on the federal government through WIA funds for our workforce month. As you know, we had to make a number of cuts to many needy organizations out there that have barriers and sometimes they're geographic, sometimes there's a special need.

But what we're going to be looking to do is reach out the tentacles and we all know this. Our career centers, the centers that we have and even the sector centers that we're developing, doesn't reach out to all five boroughs and every different communities. So we're going to be putting RFPs out to reach out to have even more specialized contracts and special populations

1  
2 to reach out to, to various communities throughout  
3 the city.

4 In conclusion I would be remiss not  
5 to thank the Council for all your help and support  
6 over the last year. Whether it's been building  
7 new business improvement districts, an issue that  
8 Council Member Weprin has taken a great deal of  
9 interest. Developing capital access programs that  
10 Council Member Yassky has pushed very hard and  
11 joined us at the announcement yesterday in  
12 Bushwick. Or the grass root organizations, and I  
13 quickly think of our Clean Streets program and  
14 that came out of conversations with Letitia James,  
15 the Councilwoman that represents that area. These  
16 things are so important and they make a heck of a  
17 difference in empowering and developing the small  
18 businesses throughout the five boroughs. So I  
19 want to thank all of you for all your help over  
20 the last year.

21 CHAIRPERSON WEPRIN: Thank you  
22 Commissioner, we've been joined by Council Member  
23 Tish James and Council Member Kenny Mitchell.  
24 What's the status of federal stimulus money that  
25 you're going to be administering or being involved

1  
2 in? And can you give us an update, what you know  
3 that you might be eligible for or at least  
4 eligible to kind of act as a middle person veesa  
5 vee some other projects?

6 MR. WALSH: Here's what I'd like to  
7 do. What I'd like to do is walk you through the  
8 specific steps that we're going to take on the  
9 federal stimulus money. I'm going to ask Deputy  
10 Commissioner Angie Komath to walk us all through  
11 that.

12 CHAIRPERSON WEPRIN: Sure.

13 ANGIE KOMATH: Sure, good  
14 afternoon. So we received \$31.77 million from New  
15 York State Department of Labor in the month of  
16 April so we get our federal dollars through the  
17 New York City Department of Labor. In order to  
18 implement our programs we have been working really  
19 closely with City Hall and with a number of  
20 partner agencies to make sure that we've got a  
21 plan in place that's going to be able to meet the  
22 needs of job seekers and business across all five  
23 boroughs.

24 In order to spend these dollars  
25 quickly and effectively with strong outcomes and

1  
2 good success, we really needed to look to existing  
3 contracts and existing programs and figure out how  
4 we can best enhance those through current  
5 contracts. So about 80% of the funding that we're  
6 going to be pursuing and the programs that we're  
7 going to be pursuing will be enhancements to  
8 existing contracts, whether those contracts are  
9 through our Workforce 1 Career centers or other  
10 partnerships with organizations like CUNY for  
11 example.

12 20% of the funds that we are going  
13 to be administering will be through new RFPs as  
14 the Commissioner mentioned. We are working with  
15 the Mayor's Office of Contract Services to devise  
16 a negotiated acquisition procurement, which will  
17 hopefully be made public within the coming weeks.  
18 I can go through specific initiatives if there are  
19 specific questions.

20 MR. WALSH: I think the key thing  
21 is we now have a nice foundation to build off of  
22 the centers and we clearly have seen results at  
23 our career centers. To build off of that, expand  
24 the hours, provide more services and delve--we  
25 often talk a lot about placement. What we have



1  
2 been doing and give credit where credit is due,  
3 Assistant Commissioner Katey Gall, has been  
4 working with a lot of vocational and commercial  
5 schools.

6 I mentioned the nursing program at  
7 LaGuardia; it was a great example. If we see a  
8 high demand of jobs in a particular area,  
9 tailoring our vouchers as they're called in many  
10 circles, to those demand jobs. Or in Jamaica,  
11 which Council Member Sanders represents, that  
12 transportation center is phenomenal. I don't know  
13 if you've been out to it. But the 900 placements.  
14 When you start talking about the average salary at  
15 \$13.50, I'll take it. Because what we saw early  
16 on when we were building out these programs, we  
17 relied heavily on retail jobs, \$7, \$8, \$9, \$7 and  
18 change. What you end of doing is seeing a lot of  
19 flip in that. If we can get people off on the  
20 right start and focus a lot more on skill sets,  
21 that high wage and the focus on that makes one  
22 heck of a difference.

23 CHAIRPERSON WEPRIN: Thank you.

24 Chair Yassky, do you have some questions?

25 COUNCIL MEMBER YASSKY: I think I

1  
2 followed what you said but I just want to make  
3 sure. Will some of the federal money go to beef  
4 up the existing Workforce 1 or will it all go  
5 through kind of community based?

6 MR. WALSH: A lion's share of it  
7 will beef up our existing career centers. I think  
8 part of the strategy, as we all know, is we have  
9 to move fast and quickly on getting these services  
10 on the street. And we have a proven product and  
11 we have tentacles to the community based  
12 organizations. Now mindful of that, we are also  
13 going to be developing and reaching out and  
14 forging relationships where we once had. Some of  
15 the new efforts that are taking place in the five  
16 boroughs of new organizations that are in the  
17 workforce business.

18 COUNCIL MEMBER YASSKY: When you  
19 said do an additional RFP, over the last few years  
20 the city's been unable to fund programs that we've  
21 been funding and operating in the past--

22 MR. WALSH: [interposing] Clear  
23 example of some in your district, Williamsburg. A  
24 number of the Orthodox Jewish organizations and  
25 some of them, clearly some barriers in the use of

the career centers and making a concentrated effort of one, restoring relationships and then again reaching out--

COUNCIL MEMBER YASSKY:

[interposing] My other question was going to be do we need--

MR. WALSH: [interposing] About how much money do we have set aside?

MS. KOMATH: We have about \$13 million that's going to be set aside for contracts to organizations.

MR. WALSH: If we're talking about federal stimulus over the two years, we have to have organizations that are lack of better word, job ready and have a foundation in place to make things happen on the street.

COUNCIL MEMBER YASSKY: Okay, that's what I was going to say. This is my last question. But I like the phrase job ready or kind of operation ready. I was wondering whether you need to go through the expense, time and delay of an RFP when I know there are programs out there we have not been able to fund the last couple of years that were worthwhile, it was just because of

1  
2 a tail off in funding. And whether it makes sense  
3 to simply go back to those. That was my question.

4 MS. KOMATH: We worked really  
5 closely with the Mayor's Office of Contract  
6 Services to figure out the most expedited fashion  
7 we can work with organizations with whom we don't  
8 have a current contract but with whom we know had  
9 a successful track record in the past. This  
10 particular type of procurement is called a  
11 negotiated acquisition. It's one which is  
12 abbreviated and it is one that we would hope to  
13 make operational by July or August.

14 COUNCIL MEMBER YASSKY: All right.  
15 That's really fast, great. Thank you. Thank you  
16 Mr. Chair.

17 CHAIRPERSON WEPRIN: Council Member  
18 Sanders.

19 COUNCIL MEMBER SANDERS: Thank you  
20 Mr. Chair. Good to see you again Commissioner.

21 MR. WALSH: Good to see you.

22 COUNCIL MEMBER SANDERS: Good to  
23 see your worthy staff. I trust they're still  
24 worthy.

25 MR. WALSH: Absolutely.

COUNCIL MEMBER SANDERS: Your agency does some amazing things but there's always ways to do better.

MR. WALSH: You bet.

COUNCIL MEMBER SANDERS: Allow me to take you through three different areas. I want to briefly raise the question of the WIA boards, location of career centers and minority business creation. In terms of the WIA boards, what initiatives has the local WIA board taken? In other cities the board itself has come up with initiatives, do we do that here in this city? What initiatives have they recommended?

MR. WALSH: I think the one that I could point to that stands out has been the area of training, particularly with the ITAs or the vouchers. The WIA board has spent a lot of time thinking about it. In the past discussion I've had with you and others is it used to be if you came in to a career center, it's basically no questions asked and vouchers were distributed at \$5,000 a pop. Quite frankly, in some cases not really delving into the issue of placement in a particular area. If there was a school on

1  
2 technology, that we were giving an individual to  
3 go to the technology school, if the person got the  
4 job we were happy about that. That is not the  
5 case anymore.

6 Now what we do is we have a range.  
7 I know the WIA board has spent a lot of time on  
8 building out our training component. They have  
9 spent also a lot of time on the sector centers and  
10 looking at sector centers. The Jamaica example is  
11 something that came in discussion after discussion  
12 with the WIA Board. One of the things that we did  
13 is we co-located it with the existing career  
14 center so people have, if they're not getting a  
15 job in transportation, they have other services.  
16 So I could think of those two areas particularly  
17 in training.

18 COUNCIL MEMBER SANDERS: I would  
19 like to be invited to the next meeting of the WIA  
20 board.

21 MR. WALSH: Okay.

22 COUNCIL MEMBER SANDERS: I would  
23 love to be there. On another issue, location, one  
24 study that led to the development of the New York  
25 City Council's New York City Works initiative

1 showed that 75% of New York City's poverty was  
2 located in 25 different zip codes. I'd be glad to  
3 give you this study, sir. The next logical step  
4 of course would be to move the location of all of  
5 our services to deal with poverty into those or at  
6 least 75% of it, into those 25 locations. Do you  
7 agree with this concept? If so, how are we going  
8 to move stuff to those areas?  
9

10 MR. WALSH: Here's mine and  
11 Commissioner Komath probably add additional, when  
12 we were looking to expand from the three to the  
13 seven centers, one of the things obviously we kept  
14 in mind is ensuring that transportation access was  
15 critical. That people could get to our centers  
16 from a lot of different points. So we looked at  
17 central business district where there also were  
18 other jobs and lots of transportation lines to get  
19 people to and from our centers, whether it's  
20 Jamaica, Long Island City, Harlem on 125th Street.

21 We've been growing and expanding  
22 along. I guess your home borough in Queens, there  
23 is a lot of space in between our Long Island City  
24 site and the Jamaica, and I realize that. I think  
25 the efforts that we have made together with the

Council on working with community based organizations to help us get the tentacles out to the various neighborhoods throughout the city is of utmost importance.

I also thin that we have an opportunity with the stimulus money to reignite, if you will, some relations that we've had in the past when we had a lot more money. Some of the things were cut out over the years because of federal cuts in WIA. I think there's some opportunities to do that. The work that we've done together on community based organizations has made a difference. Angie could probably talk more about that and see if there's other areas or voids that we're not getting to. We probably should be talking more and more.

But to move the centers, we've made some major investments, whether it's Downtown Brooklyn at 9 Bond Street or up on 149th Street in the hub of the Bronx, Hunts Point now in the lower part, just on the edge of the food center. I would love to see if we could get instead of 7 centers, 15 centers where we could do more. It's been an issue of trying to balance the money and



also the partnerships that we have out there. Maybe you could shed a little bit more light on that.

MS. KOMATH: What I would just add is that last year in 2008 our two Queens centers ended up serving nearly 34,000 individuals within our two centers in Queens. This year we would probably serve a higher number because our traffic has greatly increased across all of our centers. We would probably look to place nearly 5,000 individuals within our two Queens centers.

Rob eluded to our work with community based organizations, which we are really proud of. Over the past two years we really developed a strong program in all of our career centers where we have a team. It's called a Community Outreach Team, it's typically a team of two or three people in each of our Workforce 1 Career centers. And their mission is to connect to community based organizations, non profits, training providers, schools, other in many cases faith based organizations to look for folks who are looking for work, who are qualified for work who are available to apply for opportunities

within our system.

Last year we placed over 4,000 people in jobs through community based referrals. This year we hope to place over 5,000 people in jobs across our system through community based referrals. Again, I think the purpose of our system is to serve business customers and job seekers. Our job seekers come from all over the city and they get placed in jobs all over the city. I think getting the word out about our services is the most strong thing we can do and we are always looking for ways to inform more folks about our good services.

COUNCIL MEMBER YASSKY: All of those things are quite worthy. We're going to discover that the people of poverty tend to correspond to the worst transportation also. We're going to have to work on our model and I'm sure that you are, sir. We're either going to have to provide some sort of transportation to get people to these places or we will have to figure out how to create some type of satellite there.

My last point is on the question of minority business creation. As the author of the

1 local law that you eluded to, sir, and realizing  
2 that New York City is a so-called majority  
3 minority city. It is good to see that we're  
4 moving in a positive direction. You spoke of more  
5 than \$650 million in contracts that had been let.  
6 Yet I'm, of course, stunned that the budget of New  
7 York City is \$52 billion, not all of that of  
8 course in contracts. We have to keep the police  
9 going and lights and things of this nature. But  
10 the amount of money that the so-called minority  
11 community is involved in compared to their numbers  
12 in this city is stunning.

14 Other cities have done so much  
15 better. Selma, Alabama quickly comes to mind and  
16 other cities are doing so much better than me in  
17 New York. There's no way that we can let Selma of  
18 all places do better than New York City. What new  
19 efforts are we going to make to bring everyone in  
20 to America, and everyone in to a chance to  
21 participate in this great system that we have,  
22 especially the so-called minority community?

23 MR. WALSH: The good news is that  
24 the trends continue. As I mentioned, we're  
25 doubling, we're focusing on sub-contracts now.

1  
2 Ann Riscone, Carlisia Taylor, Greg Bishop, are all  
3 on the team now. Greg has a team of people of  
4 account managers where they've broken it up agency  
5 by agency. Example of DCAS, Walter Hurst agency,  
6 has done a great job on the micros in the MWBE  
7 opportunities, the smaller the contract the  
8 greater opportunity for your flexibility. If we  
9 could end up replicating some of the things,  
10 whether it's at DCAs or HRA where Robert Dorr has  
11 done a good job in getting the word out to some of  
12 these other agencies that it can be done.

13 It gets a lot more complicated as  
14 the contracts are larger because of procurement  
15 rules and regulations. Then we get into the whole  
16 issue of bundling and of contracts and you get a  
17 lot less flexibility. In some cases we're dealing  
18 with small business, whether their Black, White,  
19 Asian, Hispanic, the capacity issue, the bonding  
20 issues and some of those other things.

21 I think we're better positioned  
22 than ever before, quite frankly. Not only in  
23 getting information out to our certified  
24 companies, now over 2,000 strong. But helping a  
25 MWBE in other areas, whether it's capital access,

1  
2 whether it's introducing them to Business Express,  
3 whether it's alerting them to incentives in some  
4 of our manufacturing and industrial areas. None  
5 of these, we had none of this apparatus three or  
6 four years ago.

7 I'm not trying to duck the question  
8 on the numbers. I'm not happy with the numbers  
9 and we keep pushing. We keep networking. We keep  
10 trying new things. We keep improving our online  
11 directory. I meet with the staff, they will tell  
12 you every single week for an hour plus and maybe  
13 even some times into the night to see what can we  
14 be doing. What more can we be doing? If we have  
15 over 800 construction companies, are we doing  
16 enough to help them, to help the companies  
17 compete?

18 In some cases they can't compete  
19 because they can't get the bonding. Or in some  
20 cases they don't know about the rules and the  
21 regulations. I think it has to be a holistic  
22 approach that we take to continue this effort. We  
23 all knew it was going to be a ramp up period, we  
24 all knew that. We all knew that we're also  
25 working with a program that was not set asides.

We also knew that we would have to do work on the ground with a lot of agencies to make things happen. I'm telling you that I'm seeing bright signs in some of the places. We just have to replicate that and just keep banging away at it.

COUNCIL MEMBER YASSKY: I thank you for those things. I will continue to work with you on it.

MR. WALSH: You have been tremendous in the past in helping us, in urging us and I appreciate it.

COUNCIL MEMBER YASSKY: On this issue I'm back.

MR. WALSH: Thank you.

COUNCIL MEMBER YASSKY: I just wanted to let you know. I want to thank the Chairs for this opportunity and thank you and your staff. I look forward to working with you on these issues in the future. Thank you.

CHAIRPERSON WEPRIN: Thank you Council Member. Council Member James, did you want to ask the last question.

COUNCIL MEMBER JAMES: Yes.

CHAIRPERSON WEPRIN: Briefly.

COUNCIL MEMBER JAMES: I don't know about that but yes. Hi, Commissioner how are you?

MR. WALSH: Good.

COUNCIL MEMBER JAMES: I want to ask you a little bit about the funds for--I see in the briefing papers that the Committee forwarded to me that there's funds, one shot for Brooklyn's Arts Museum, \$1.24 million. What is that? That's apparently some empowerment zone money? And what museum is that, do you know anything about that?

MR. WALSH: I don't know anything about it and I'm just wondering if it's getting confused with EDC. I don't know.

COUNCIL MEMBER JAMES: I'll ask EDC about that. It's also my understanding, I put in a bill yesterday and I just want to put you on notice. I put in a bill requiring that the maintenance contracts with business improvement districts pay their employees a living wage as opposed to minimum wage. Most of the gentlemen work for ready, willing and able. I guess that's the Do Fund and so it would require the Do Fund to pay these young men, some of them who are homeless a living wage. That bill was introduced or will

be introduced shortly.

MR. WALSH: Okay.

COUNCIL MEMBER JAMES: WMBE, as you know I've indicated to you privately and publicly that I'm not happy with our numbers.

MR. WALSH: I'm not either.

COUNCIL MEMBER JAMES: We focus primarily on certification. I know you joined me in that and I thank you. I'm hoping that we could perhaps focus more on capacity building and technical assistance so that these WMBE's are in a better position to successfully bid on contracts. Would you support me in that?

MR. WALSH: Absolutely. 100%.

COUNCIL MEMBER JAMES: I've also indicated to you publicly and privately support for a revolving loan fund for WMBEs and some bonding assistance. Do you have a position with regards to those initiatives?

MR. WALSH: The bonding assistance, we have been working to help them with through our construction management program that we have with New York Technical College. But the more we could do the better off we can. I'd like to work with



you on that.

COUNCIL MEMBER JAMES: Small businesses as you know, are hurting and right now do we only have a loan program. Are there any grants that some of the businesses could apply for, particularly these small businesses that have certain niches that are in some of your bids, our bids?

MR. WALSH: I don't know if EDC is following me up on this. The loan program, it is a good start, we have \$5 million to start. I also think that in my testimony I mentioned unfortunately the portion of that, one is lumps and two is trying to get more money to those alternative lenders. I guess those ethical alternative lenders such as the Seed Cos and the Axions and the Brooklyn Cooperatives that are not only providing loans but also helping build these organizations.

My hope is with a new SBA secretary, administrator that we can see even more programs just like we saw in the workforce programs. Help our cities in areas like this. Your district, I think it's a classic example that

1  
2 when you put some resources into a place. I was  
3 up and down Washington Avenue again this week and  
4 seeing some of the new shops and the new  
5 businesses that opened up. How did we do that?  
6 We did that through the, one, starting with the  
7 Clean Streets, the Community Development Block  
8 Grant money and pooling it together.

9 The small businesses who are  
10 significant changes in the quality, sanitation  
11 service, graffiti being removed, new marketing  
12 efforts. I couldn't help when I was out with  
13 Council Member Yassky yesterday of looking at the  
14 section in Bushwick where we were near  
15 Knickerbockers Avenue and taking a look at those  
16 retail corridors where we don't have programs like  
17 that. I think that's one way we can do it. But I  
18 also just think it's got to be a heavy lean and a  
19 relationship with our SBA.

20 COUNCIL MEMBER JAMES: I want to  
21 thank you for the bid of Fulton Street but there  
22 are some businesses on Fulton Street who are not  
23 happy, particularly...

24 MR. WALSH: I understand that.

25 COUNCIL MEMBER JAMES: ...given

these challenging times. I'm sure you've seen the signs on Fulton Street.

MR. WALSH: I have seen them.

COUNCIL MEMBER JAMES: We love Tish but we don't like the bid. They're all on Fulton Street.

MR. WALSH: You should see what they're saying about me. What I would caution on that is that I saw it when I was at Union Square on the bid. I guess when we get the services up and running and the merchants can see that they're having the impact and there's someone walking door to door helping them out, I would hope it makes a difference. I couldn't help it but read the story in the New York Times about the guy who had been selling hats for 30, 40 years. I think there's a number of great businesses along Fulton Street that we can help market and get better and get more New Yorkers out to visit them.

COUNCIL MEMBER JAMES: Commissioner I've got three--

CHAIRPERSON WEPRIN: [interposing]  
Council Member I'm just going to advise.

COUNCIL MEMBER JAMES: I'm going to

summarize.

CHAIRPERSON WEPRIN: Okay.

COUNCIL MEMBER JAMES: But there are three stores on Fulton Street that notified me within the last 48 hours that are about to close; one is a restaurant and two other, one is an athletic place. If we could talk off the record about the businesses on Fulton Street and the assessment they're about to receive and the fact that they may close their doors--

MR. WALSH: [interposing] If you could also give me a list of those companies.

COUNCIL MEMBER JAMES: I will.

MR. WALSH: The individuals. We will go door to door, we'll find out what the specific areas, if we could get a bridge loan, if we could get something. Let me know and I will do everything I can to help those businesses.

COUNCIL MEMBER JAMES: Lastly in Downtown Brooklyn, Metro Tech, as a result of the rezoning a number of businesses have closed their doors. A number of businesses in Downtown Brooklyn, which were mostly Black and Latino have been displaced; they've shut their doors. It's

1  
2 now my understanding that the Downtown Brooklyn  
3 Partnership would seek to "revitalize" Downtown  
4 Brooklyn. I don't know what revitalization means.  
5 I'm afraid that it may mean the displacement of  
6 people of color and poor people.

7                   There's been three buildings in  
8 Metro Tech with the rent stabilized individuals  
9 who have to relocate. The question is what is the  
10 Downtown Brooklyn Partnership doing to provide  
11 space for the small businesses who have now been  
12 displaced as a result of the rezoning. What are  
13 they doing?

14                   MR. WALSH: I don't know what the  
15 specific steps they're taking on their relocation  
16 of the businesses. I've had conversations with  
17 not only the Downtown Brooklyn Partnership but  
18 also the Fulton Mall and the Metro Tech bid. As  
19 you know there's been efforts to bring them all  
20 together. I would have to check into that and get  
21 back to you in terms of the specific steps. I'm  
22 not going to try to make an assumption. But if  
23 they're doing enough I'm happy to work with you  
24 and work with the president of that organizations  
25 to see if we could do a lot more.

COUNCIL MEMBER JAMES: And my last-

-

CHAIRPERSON WEPRIN: [interposing]

Council Member I'm sorry because there are two more Council Members that want to have questions and EDC is here. I'm told that we're already an hour behind schedule.

COUNCIL MEMBER JAMES: I just want to close with the merger of Metro Tech and the Fulton Mall Improvement Association into the partnership. The intent is basically to displace a number of businesses which have catered to historically a African American and Latino and low income community. Now with the boom of Downtown Brooklyn, which right now is at a halt, that they would seek to redevelop Downtown Brooklyn with Manhattanites who are not coming to Brooklyn at this point in time. That it appears to be a waste of city funds and we can certainly use those funds at this time to preserve affordable housing and to preserve the businesses in Downtown Brooklyn that are struggling to survive. Thank you.

CHAIRPERSON WEPRIN: Thank you Council Member. Council Member Mitchell.

COUNCIL MEMBER MITCHELL: Thank you Mr. Chairman. Mine is more of a request rather than a question. Could you provide me as soon as possible with the funding amounts that are provided to each borough wide EDC?

MR. WALSH: I certainly will.

COUNCIL MEMBER MITCHELL: All the other business groups. If you could do that, I'd appreciate it. Thank you Mr. Chairman.

CHAIRPERSON WEPRIN: We've been joined by Council Member Gentile. Council Member Palma, you have a question?

COUNCIL MEMBER PALMA: Yes. Thank you. Mine is brief. I don't know if you have the answer to it but if you don't I would appreciate if you could share with the Committee. Ms. Schwartz, you had mentioned SBS met their goal by creating 4,000 new jobs in 2008.

MS. KOMATH: Last calendar year, yes.

COUNCIL MEMBER PALMA: I just wanted to know how many of those jobs were permanent jobs versus temporary jobs. How many of those people are still working? We've experienced

an increase of employment here in the city, especially in the Bronx. I was just interested in knowing how many of those 4,000 people were still working and whether they're union jobs earning a living wage versus making minimum wage.

MS. KOMATH: Sure. I can give you some information on those jobs and we probably need to get back to you for some of the more specifics. But Workforce Investment Act system is focused on full time work so the vast majority of our work is for full time positions, over 30 hours per week. From time to time we certainly do place folks in good seasonal jobs but then we try re-engage those folks to get them into permanent work after shorter term assignment is completed.

Again from the Workforce Investment Act, the federal compliance measures that we are subject to we place folks in full time jobs that they retain for six months. So from a preferment standpoint, every single year that we've operated our system we've exceeded, we've met all of our performance measures. So I can say with a good degree of confidence that those jobs from our Workforce 1 Career centers are good paying jobs



1  
2 that are full time, for the most part, that folks  
3 have been retained for six months. The average  
4 wages are over \$9 and they're about \$9.50 per hour  
5 across all of those 4,000 programs. I'm sorry, I  
6 think you asked another question in there.

7 COUNCIL MEMBER PALMA: I think you  
8 covered the bulk of it. Thank you Mr. Chair and  
9 thank you Commissioner for your testimony and I  
10 look forward to working in the Bronx in my  
11 district on some of these initiatives with you.

12 MR. WALSH: Thank you very much.  
13 Thanks for all your help.

14 CHAIRPERSON WEPRIN: Thank you  
15 Council Member. Council Member Vann.

16 COUNCIL MEMBER VANN: Commissioner,  
17 good afternoon.

18 MR. WALSH: Good afternoon.

19 COUNCIL MEMBER VANN: I understand  
20 that the Mayor announced I guess an emergency loan  
21 program for small businesses. One that I assume  
22 started some months ago but he announced the first  
23 recipients. Can you tell me just a little? I  
24 don't want to prolong this but who knows about  
25 this, all the small businesses and who qualifies

1  
2 for this? If you have something on it.

3 MR. WALSH: The particulars and the  
4 details, this is a program that is being run by  
5 EDC and they will have the details. I will give  
6 you a big picture. Citibank is involved, the  
7 Brooklyn Cooperative, Seed Co, Axion and it varies  
8 on different levels from the micro loans to the  
9 larger loans. I certainly, myself, I'm looking in  
10 the back I can see some of the EDC folks and they  
11 can get you a lot more of the details. But you're  
12 right, we have to get the word out about these  
13 programs. We're going to be working with EDC to  
14 do more than that.

15 We're seeing, in my testimony I  
16 talked about more and more, our business solution  
17 centers and we've been working with EDC on this is  
18 people have been coming into our centers and we've  
19 been helping them link it up. The number last  
20 month, I think it was 42 loans that we were able  
21 to help on.

22 COUNCIL MEMBER VANN: Thank you.

23 CHAIRPERSON WEPRIN: No further  
24 questions. We're going to take a two minute  
25 recess.

MR. WALSH: Thank you very much.

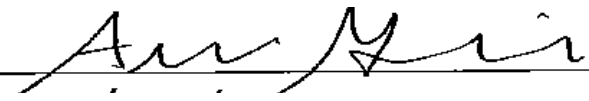
CHAIRPERSON WEPRIN: Thank you.

MR. WALSH: I appreciate it.

CHAIRPERSON WEPRIN: We're going to reconvene with the Committee on Economic Development with Chair White and Finance. We'll hear from Seth Pinski, president of the Economic Development Corporation. We're in a two minute recess.

C E R T I F I C A T E

I, Amber Gibson, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature 

Date June 11, 2009