

COMMITTEE ON FINANCE

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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HELD AT: Council Chambers- City Hall

B E F O R E: DANIEL DROMM
Chairperson

COUNCIL MEMBERS:

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COMMITTEE ON FINANCE

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

James Patchett
President and CEO of the New York City Economic
Development Corporation, EDC

Brian Huseman
Vice President of Public Policy at Amazon

Ardine Williams
Vice President of Human Resources at Amazon

Holly Sullivan
Head of World Economic Development at Amazon

Lydia Downing
Senior Vice President, Government and Community
Relations at New York City's Economic Development
Corporation, EDC

[gavel]

CHAIRPERSON DROMM: Good morning, I'm Council Member Daniel Dromm and I'm Chair of the Committee on Finance. Welcome to today's oversight hearing on the deal entered into between Amazon New York City and New York State for Amazon to locate its second headquarters or HQ2 in Long Island City, Queens. I'm joined by my colleagues on the Council starting with Council Member Steve Matteo, Council Member Barry Grodenchik, Council Member Adrienne Adams, Council Member Jimmy Van Bramer, of course our Speaker is here as well and I'm sure other Council Members will be joining us shortly. The title of today's hearing is Amazon HQ2 state two, does the Amazon deal deliver for New York City residents. This hearing is the Council's second hearing on the deal. The first hearing which was held on December 12th by the Committee on Economic Development Chaired by Council Member Paul Vallone focused on the closed-door process of getting Amazon to New York City. As the second oversight hearing and in my role as Finance Chair, the purpose of today's hearing is to conduct an in-depth review and evaluation of the economic and tax incentives offered to Amazon and to

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2 examine the citywide cost and impacts of the deal to
3 assess whether the city is getting a good bang for
4 its buck. Before continuing I'd like to thank the
5 Speaker, Corey Johnson for being at today's hearing
6 and give him an opportunity to say some opening
7 remarks, here's the Speaker.

8 COUNCIL MEMBER JOHNSON: Thank you Chair
9 Dromm. Good morning, I'm Corey Johnson, Speaker of
10 the New York City Council and I'd like to thank
11 everyone for coming here today for this very
12 important hearing on the Amazon deal. This deal
13 arguably the largest economic development deal this
14 city has ever seen not only impacts community
15 residents in Queens but all New Yorkers alike and
16 today's hearing is going to focus on the citywide
17 issues. I would like to thank EDC and Amazon for
18 being present with us today to continue the dialogue
19 we began at the first oversight hearing in December.
20 And while I certainly appreciate the breadth and
21 depth of information you can provide, I am
22 disappointed that the Empire State Development
23 Corporation again chose to decline our invitation to
24 testify. I understand that they have made themselves
25 available for other forums and panels to discuss the

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2 deal and I think that it is a shame that they refuse
3 to come before the Council, the representative body
4 of the people of New York City to shed some light on
5 a deal that they were involved in orchestrating. As
6 mentioned by Chair Dromm the purpose of today's
7 hearing is to conduct an in-depth review and
8 evaluation of the economic and tax incentives offered
9 to Amazon and to examine citywide cost and impacts of
10 the deal to the city as a whole. From the outset I
11 want to state that the Council as a body has not yet
12 determined whether this deal is a good deal or not a
13 good deal for the city, but we're here today is to
14 ask questions, conduct oversight and gather
15 information. This needs to be done because it is
16 clear from the Council's first hearing and the manner
17 of which the deal was rolled out that this was a
18 secretive process, intentionally structured to avoid
19 a substantive public review in advance of any
20 commitments being made. At the first hearing we
21 discussed at length that the process circumvented the
22 uniform land use review procedure or ULURP which is a
23 process laid out in our city charter to review and
24 approve deals of this type and size in our city. I
25 don't want to rehash the Council's skepticism and

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2 displeasure of that choice, but I mentioned ULURP as
3 a contrast for how the negotiations and analysis were
4 conducted in the case of Amazon. When we consider a
5 ULURP action, a rezoning action, a land use action we
6 get the facts first, we negotiate extensively, we
7 hear from the community and the public and then only
8 then once we have all the information, the plans, the
9 data we make a well-reasoned decision, do we approve
10 this deal or do we not approve this deal, does this
11 deal need more negotiation? Does this deal need more
12 protection for workers? Does this deal need more
13 benefits for the public? In this case this deal was
14 done backwards, the city and the state made a deal
15 with Amazon for HQ2 in Long Island City and agreed to
16 give away at least three billion dollars in public
17 subsidy before they did their due diligence. They
18 signed an MOU, a memorandum of understanding before
19 an environmental impact study was done, before any
20 citywide studies were conducted about how this would
21 affect the housing market in Western Queens or in
22 city as a whole, they did this before we were able to
23 determine an additional need for school seats and
24 before we looked at additional congestion on the
25 seven line and before there were any significant

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2 agreements from Amazon about what they would be
3 providing to support their move to the city on a
4 scale that one would expect to see from one of the
5 world's most valuable companies owned by one of the
6 world's richest people, I think the... I think the
7 company is worth almost a trillion dollars and I
8 think Jeff Bezos is worth somewhere in the tune of
9 150 billion dollars. At the prior hearing EDC and
10 Amazon both testified that this work and negotiation
11 was just starting. After the deal had been made I for
12 one do not understand how New York City and New York
13 State could have signed an MOU without a fuller
14 understanding of how HQ2 could shape our city for the
15 next several decades or without any concrete
16 guarantees from Amazon about what additionally they
17 would give. So, instead we as a Council are left to
18 conduct an after the fact review of the agreement to
19 learn more and to make public all the facts of the
20 deal and because the analysis have thus far been
21 publicly released by ESD and EDC has been lacking I
22 have directed the City Council's Finance Division to
23 put together a white paper that outlines exactly how
24 an economic development deal such as Amazon should be
25 evaluated and highlights the questions that should be

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2 asked before signing on the dotted line. Part one of
3 that white paper is available and attached to the
4 hearing report today, it's part of an appendix of
5 today's committee report and it's also available
6 online on our City Council website if you want to
7 take a look at it. As representatives of the people
8 of New York City and stewards of the city's budget,
9 it is the City Council's responsibility to take a
10 critical look at the full package from a citywide
11 perspective. The Mayor himself said it best in 2013,
12 he said government must focus on the needs of
13 families, must be the protector of neighborhoods and
14 must guard the people from the enormous power of
15 monied interests, that is the essence of what we are
16 here to do today. As a reminder the Council will have
17 at least one additional oversight hearing on the
18 Amazon deal to be conducted by the Committee on Land
19 Use and a separate hearing solely dedicated for
20 public testimony, so any member of the public can
21 come and testify. The dates of those hearings will be
22 made available in the coming weeks. And although we
23 are not taking public testimony at today's hearing,
24 we want to hear from the public and we encourage you
25 to submit any questions about today's hearing to the

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2 City Council on twitter using the hashtag, hashtag
3 Amazon answers NYC, we will keep the hashtag up on
4 the screen for the duration of this hearing and we
5 will pose some of the questions submitted to the
6 representatives of Amazon and EDC who are here. Since
7 our time is limited today, we ask that questions
8 submitted be about the financial incentives Amazon
9 will receive from the deal and the cost and impacts
10 that it will have on the city. I want to thank again
11 you all for being here, I appreciate you living up to
12 your word in saying that you would come back and
13 testify and I look forward to hearing today that
14 answers many of the questions that we have and now I
15 will turn it back to our Finance Committee Chair,
16 Danny Dromm for the remainder of his opening
17 statement.

18 CHAIRPERSON DROMM: Thank you Speaker
19 Johnson and thank you for your leadership on this
20 important issue. As the Speaker referenced both
21 Empire State Development and the Economic Development
22 Corporation put out their analysis of the economic
23 and fiscal impact of the Amazon deal on New York
24 City. These reports estimate that the deal will
25 generate 27 billion dollars in additional revenue

1 while only costing three billion dollars in tax
2 expenditures leading to the Governor and Mayor's
3 claims that we will be receiving a nine to one return
4 on investment. I'll comment on those specific numbers
5 in a moment but the first question we need to address
6 is why did the city and state choose to issue such
7 limited analysis of the deal? Neither evaluation
8 accounted for any cost or impacts accommodating
9 Amazon's growth in the city. Of course, there will be
10 additional costs when bringing an estimated 130,000
11 new people into the city. Those people will need to
12 be housed, educated, transported and protected, how
13 much will that cost? What will the influx of skilled,
14 well paid workers into the city do to our already
15 escalating affordable housing crisis and what will
16 happen to our home grown and existing tech companies
17 that will now have to compete with a publicly
18 subsidized behemoth for employees? Instead of delving
19 into these important analyses both reports simply
20 reviewed the expected tax gains and compared that to
21 the cost of the tax expenditures and other financial
22 incentives and then when the deal was announced Mayor
23 De Blasio said it was a giant step on our path to
24 building an economy in New York City that leaves no
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2 one behind. Similarly, the Governor said New York can
3 proudly say that we have attracted one of the largest
4 most competitive economic development investments in
5 United States history but without having done of a
6 full citywide impact analysis how do they know that
7 this will be to the advantage of city residents in
8 the long run? Yes, the jobs are coming but there is
9 so much more that needs to be evaluated and
10 considered including whether the jobs would have come
11 without such a hefty incentive package. Now back to
12 the specific numbers, Amazon is promising to
13 construct four million square feet of commercial
14 space in ten years with the possibility of expanding
15 up to eight million square feet over 15 years with a
16 total 3.6-billion-dollar capital investment. In
17 addition, Amazon is expected to create 25,000 jobs by
18 2029 with the potential to create 40,000 jobs by 2034
19 with an average annual salary of 150,000 dollars. All
20 totaled as I mentioned ESD and EDC conclude that 27
21 billion dollars in tax revenue will be generated.
22 According to city and state officials in exchange as
23 Amazon will receive at least 1.2 billion dollars in
24 discretionary excelsior tax credits from the state, a
25 505 million dollar discretionary, discretionary

1 capital grant from the state, 897 million dollars in
2 as of right relocation and employment assistance
3 program business tax credits from the city, 386
4 million dollars in as of right industrial and
5 commercial abatement program property tax credits
6 from the city and an additional discretionary benefit
7 on the city owned parcels where the city agreed to
8 reduce the amount of the payment in lieu of taxes or
9 pilots by the amount of ICAP benefit the parcel would
10 have been eligible to receive if it were owned by
11 Amazon. But these numbers are not an apples to apples
12 comparison because the benefits are magnified, and
13 the cost minimized. When the tax gains were
14 calculated it was assumed that Amazon would be
15 building out eight million square feet and creating
16 40,000 jobs but when reporting on the cost of the
17 incentives it was assumed that four million square
18 feet would be constructed and only 25,000 jobs would
19 be created. According to the Council's calculations
20 when properly accounted for the ICAP benefit could in
21 fact reach up to 830 million dollars and REAP could
22 be up to 1.44 billion dollars for a total of about
23 2.3 billion in city incentives exclusive of the
24 discretionary pilot benefit. Given the size of this
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1 deal the people of the city of New York deserve
2 straight forward facts without the use of misleading
3 numbers. Moreover, at the first hearing we repeatedly
4 heard from Amazon that it intends to be a quote,
5 unquote good neighbor to Long Island City and the
6 city as a whole but what does this really mean? Will
7 it treat its workforce well and allow them to
8 organize? Will it play the aggressive tax avoidance
9 game it has used in the past? Will it use its
10 significant market power to lobby against policies
11 intended to ameliorate the effects of its presence?
12 When our new neighbor is the world's most valuable
13 company and it is moving in through a process
14 designed to extract as large a public subsidy as
15 possible, what can New York City realistically expect
16 about Amazon's future behavior? Certainly, looking at
17 Seattle as a case student it is instructive. I'm
18 going to close by quoting Joseph Perilla, a fellow at
19 the Brookings Institute who posed the following
20 question about Amazon's coming to New York City, will
21 Amazon's arrival actually benefit local residents or
22 simply exacerbate existing structural inequities?
23 This question will guide the committee in the... guide
24 the committee and the Council as we prepare for
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1 additional details and come to our own conclusions
2 about the merit of Amazon coming to New York City.
3 I'd like to take a moment now to thank some of the
4 staff here at the Council for their work on this
5 hearing. From the Council's Finance Division, I'd
6 like to thank Senior Counsel Rebecca Chasan;
7 Assistant Counsel Stephanie Ruiz; Chief Economist Dr.
8 Raymond Majewski; Assistant Director Emre Edev;
9 Economist Kira McDonald and Principal Finance Analyst
10 Aliya Ali. Before hearing testimony I'm going to turn
11 it over to Council Member Van Bramer in whose
12 district the headquarters would be located for his
13 brief remarks, Council Member Van Bramer.

15 COUNCIL MEMBER VAN BRAMER: Thank you
16 very much Chair Dromm and Speaker Johnson for your
17 leadership. At a time when we should all be concerned
18 with growing income inequality, we are confronted by
19 a deal that literally takes billions in hard earned
20 tax dollars paid by janitors, teachers and bus
21 drivers only to give it to a man worth reportedly 160
22 billion dollars and yet we often hear there isn't
23 enough money for mass transit, schools, libraries and
24 parks. Now quite recently in a speech Mayor De Blasio
25 spoke about this very dilemma, he said and I quote,

1 we actually do have the money to solve the problems
2 and I know where the money is he said, this country
3 has spent decades taking from the working people and
4 concentrating the wealth in the hands of the one
5 percent, that's where the money is. He added there's
6 plenty of money in this country, it's just in the
7 wrong hands which brings us to the Amazon deal an, an
8 over three-billion-dollar act of corporate give away
9 of tax payer dollars to make the richest of rich even
10 more rich. The Mayor and the Governor signed off on
11 this deal, I will not, the City Council has not. The
12 question I've been asking myself is how much is too
13 much in a world where so many are hungry at night,
14 cold all day and unable to afford a doctor when they
15 inevitably get sick, how can so much wealth be
16 concentrated in so few hands and how does the city
17 and state celebrate a deal that exacerbates income
18 inequality? We often hear that it's too much or we're
19 going too far when it comes to giving poor or
20 working-class people more and better health care. It
21 would be too much of a burden for all workers to be
22 unionized but we never hear those same people say
23 that Jeff Bezos and people worth tens of billions of
24 dollars have too much damn money. This Amazon debacle
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2 must be an inflection point for our society where we
3 rein in corporate welfare in the billionaire class
4 and give more power to the people who have the least
5 in our world. We need to delve further into this deal
6 and these subsidies and programs. We need to
7 challenge Amazon and the Mayor and Governor on its
8 cooperation with ICE. We need to know why Amazon is
9 opposed to allowing Amazon workers to join a union,
10 we've got to rethink how we structure economic
11 development deals. Amazon is apparently spending
12 millions of dollars on flyers, these flyers, my
13 advice to you on behalf of my constituents, stop
14 sending them, they are not working, opposition is
15 growing..

16 [applause]

17 COUNCIL MEMBER VAN BRAMER: You have
18 millions of dollars to waste unlike working and poor
19 people in the city of New York but save the trees,
20 stop selling them, we're not interested in this
21 Amazon BS. The Speaker agrees so.. I've got so many
22 questions but I want you to know I've got a lot more
23 fight, I would also let you know that by at least two
24 to one my constituents have called me not to say to
25 support the project as you say they must tell me but

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2 instead to tell me to keep fighting you and to keep
3 fighting this deal which I will. Now the Mayor has
4 said he's going to go across the country and spread
5 the gospel of progressive values, his words but I
6 believe it is this record-breaking act of corporate
7 welfare that will define his Mayoralty. Thank you.

8 [applause]

9 CHAIRPERSON DROMM: Thank you Council
10 Member Van Bramer. I got three of them as well just
11 to let you know and I'm in a... I'm in a district over
12 from you so... anyway we will now hear from James
13 Patchett, President and CEO of the City's Economic
14 Development Corporation as well as Senior Vice
15 President Lydia Downing and Brian Huseman, Holly
16 Sullivan and Ardine Williams of Amazon after they are
17 sworn in by Counsel. I'm sorry, I also want to
18 introduce the Council Members who have joined us
19 Council Member Francisco Moya, Council Member Robert
20 Cornegy, Council Member Rory Lancman, Council Member
21 Andy Cohen are also here. Okay and Council Member
22 Powers and Cumbo and Rosenthal.

23 COMMITTEE CLERK: Do you affirm that your
24 testimony will be truthful to the best of your
25 knowledge, information and belief?

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2 JAMES PATCHETT: I do. Good morning
3 Speaker Johnson, Chair Dromm and members of the
4 Finance Committee. I am James Patchett, President and
5 CEO of the New York City Economic Development
6 Corporation known as EDC. We're responsible for
7 driving and shaping economic growth across the five
8 boroughs. EDC, in conjunction with our state
9 counterpart, Empire State Development, is proud to
10 have spearheaded the bid to bring Amazon's new
11 headquarters to our city. I am here today to discuss
12 why Amazon coming to New York is a victory for every
13 one of the city's 8.6 million residents. Even though
14 New York City did not give Amazon a single
15 discretionary dollar to move here—not one.
16 Discretionary incentives are offered to businesses on
17 a case-by-case basis when a company is expected to
18 have an outside impact on the local economy. Most
19 cities would have seen it as totally reasonable to
20 offer them and did. But we chose not to. We held firm
21 on our stance and yet still secured the largest
22 economic development opportunity in New York State
23 history. This opportunity will put tens of thousands
24 of New Yorkers to work and dramatically increase our
25 annual tax revenue, which can help shore up our

1 schools, libraries, transit, and
2 infrastructure. Cities work best when everyone is
3 working. And that's exactly what Amazon promises New
4 Yorkers today. By further diversifying the economy
5 and providing a reliable financial anchor, the new
6 headquarters will help safeguard New York against
7 future recessions and secure the resources we need to
8 keep spearheading progressive change. All told,
9 Amazon's new headquarters is expected to deliver... to
10 deliver nearly 30 billion dollars in tax revenue to
11 the city and state, including more than 13.5 billion
12 dollars to the city alone. For New Yorkers, the
13 exponential return on investment putting in zero
14 discretionary benefits and getting over 13.5 billion
15 dollars in return will have a profound ripple effect.
16 Whether they live in Hunts Point or New Brighton,
17 Laurelton, Sunset Park, or East Harlem, New Yorkers
18 will benefit from this opportunity. This project is a
19 model of what responsible and effective governments
20 do: take the long view and make decisions that do the
21 most good for the greatest number of people. I
22 appreciate the chance to discuss the incredible
23 return New York City will get from Amazon and how the
24 company will help protect our economic future. I will
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2 also speak to how this opportunity will create new
3 job and workforce development programs, as well as
4 spark unprecedented investments in infrastructure in
5 Long Island City. Following my testimony, I will be
6 happy to answer any questions. In November of 2018,
7 Amazon announced it had selected Long Island City for
8 its new headquarters. As mentioned, this is the
9 single biggest job creation opportunity in New York
10 State history, one that will create up to 40,000 jobs
11 over the next 15 years. While I will discuss the
12 extraordinary fiscal impact of the agreement later
13 this morning, the most important benefit Amazon
14 brings New Yorkers is economic security. Today, there
15 is no question that the city's economy is thriving.
16 Unemployment is at a record low and job creation is
17 at a record high. If New York were a country, we
18 would be among the 20 largest national economies in
19 the world, just below Spain's and Canada's. This
20 success is remarkable, and we should be proud of it.
21 We, as a city, have worked hard at it for years. But
22 we know that it won't last forever. In recent
23 decades, the city has managed to weather a number of
24 downturns and recessions. Some have been short, and
25 some have been long, but all have adversely impacted

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2 New Yorkers. I am sure many in this room remember the
3 tough times, like in 1992, when unemployment hovered
4 close to 12 percent. Or in 2003, when the War in Iraq
5 was looming, and the city was losing jobs, all while
6 we struggled to regain footing after the most
7 catastrophic event in our city's history. Certainly,
8 everyone here remembers the 2008 recession, when the
9 collapse of Lehman Brothers, a Wall Street anchor and
10 major city employer, catalyzed the worst economic
11 crisis since the Great Depression. Let me be clear
12 despite our current economic health, today there are
13 many New Yorkers that *still* feel the effects of the
14 Financial Crisis. In fact, we still feel the effects
15 of the 1970s Fiscal Crisis, the aftermath of which
16 devastated our public hospitals and schools. We know
17 the best time to protect a city against future
18 recessions is before one happens. And that time is
19 now. By strengthening our tech sector and
20 diversifying our economy, we are cushioning the city
21 against slumps that we know will come. In addition to
22 diversifying the economy, Amazon is the jobs and
23 income generator New York needs to remain a model
24 21st century city. From a job's perspective, the
25 Amazon opportunity will help real people in concrete

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2 ways. From the small business owner who will see an
3 increase in foot traffic at her bodega, to the
4 construction worker who will increase... who will help
5 build the headquarters, to the computer... CUNY
6 computer science student who will land a life-
7 changing internship at the company, it is clear that
8 this deal is about New Yorkers, front and center.
9 From this vantage point...

10 CHAIRPERSON DROMM: Folks if I could just
11 ask the people to give them respect and to... rather
12 than applaud go like this but let's give everybody
13 respect today, I'd appreciate it, thank you.

14 JAMES PATCHETT: Thank you Chair. From
15 this vantage point it's virtually impossible to
16 conceptualize the impact of these tens of thousands
17 of new jobs. But in the not so distant future, tens
18 of thousands of real New Yorkers will be working in
19 these jobs. They could be your constituents, their
20 children, or their grandchildren. Moreover, the
21 billions in tax... billions in tax revenue will pay
22 tremendous dividends to our public institutions; with
23 this windfall, the city will be able to hire more
24 police officers, build more schools and improve
25 social services like medical care and disability

1 assistance. What can more than 13.5 billion dollars
2 of additional tax revenue support here in our city?
3 To put this figure in perspective, this could pay for
4 every single three-year-old in the city to attend 3-K
5 for All for the next 16 years. Or that revenue could
6 support 289,000 units of affordable housing. What
7 about if we used that revenue to hire 5,600 new
8 public-school teachers with a bachelor's degree to
9 work for the next 25 years? Or to employ 6,300
10 firefighters for the next quarter century? Think for
11 a magnitude... for a moment about the magnitude of
12 that. With this additional revenue, some of our
13 boldest, most progressive ideals can become policies
14 and our greatest needs are more likely to be met. We
15 are looking forward and planning ahead—just like
16 governments are supposed to do. And to effectively
17 plan ahead, the city needed a sound methodology to
18 calculate the additional tax revenue Amazon will
19 generate. To create this, we first looked at the
20 benefits associated with building Amazon's new
21 headquarters from the ground-up: Amazon is expected
22 to invest a total of 3.6 billion dollars into Long
23 Island City from 2020 through 2029. We estimated that
24 the combined fiscal impact associated with this
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2 buildout will be 263 million dollars. Second, we
3 looked at the benefits associated with Amazon's
4 permanent operations in Long Island City: The
5 estimated 40,000 jobs Amazon is projected to create
6 in Long Island City are expected to bring in 9.2
7 billion dollars in tax revenue to New York City. This
8 includes business and personal income and sales and
9 use taxes, as well as non-commercial property taxes
10 and other miscellaneous non-property taxes. And these
11 jobs will have a multiplier effect throughout New
12 York City's economy, resulting in an estimated 5.1
13 billion dollars in indirect and induced impacts. And
14 finally, we looked at the property tax Amazon will
15 have to pay annually: Amazon will make payments in
16 lieu of taxes as part of the development of the new
17 headquarters. The pilot value will be equal to the
18 company's estimated real property tax value reduced
19 by the estimated value of the state's ICAP abatement.
20 Property taxes for the future headquarters were
21 estimated using the Department of Finance's real
22 property tax assessment guidelines for fiscal year
23 2019. Real property taxes that New York City
24 currently collects on the development sites were also
25 estimated from DOF's publicly available data. The

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2 future pilot revenue on redeveloped sites was
3 discounted for current property tax collections in
4 order to reflect only the incremental revenue to New
5 York City. This is estimated to be 963 million
6 dollars. The fact that the city will generate more
7 than 13.5 billion dollars without offering a single
8 discretionary dollar is truly unprecedented. With
9 Amazon in Long Island City, our economic forecast
10 looks far brighter. And so too do the futures of New
11 Yorkers who will be trained for the jobs of tomorrow.
12 In addition to ensuring our financial house is in
13 order, workforce development is pivotal to ensuring
14 the city's economic foundation is solid. Right now,
15 we are working to ensure people of all backgrounds
16 have an entry point into the high-wage, high growth
17 tech sector. And we are making an especially targeted
18 effort to reach communities that have been previously
19 excluded from economic booms and the tech sector as a
20 whole. During the bidding process, we connected
21 Amazon to some of the city's most inclusive workforce
22 development providers. Amazon also met with
23 representatives from CUNY and SUNY to learn how
24 talent pipelines can be built from college campus...
25 from college campuses to the Long Island City

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2 headquarters. It's important to remember that our
3 CUNY and SUNY schools are the best ladders to the
4 middle-class that we have, especially for immigrants
5 and first-generation college students. For these
6 kids, a job at Amazon doesn't just impact their own
7 future—it impacts the future of their whole family.
8 And we are not waiting for Amazon to put shovels in
9 the ground to start working on our workforce
10 development commitments. Just this week we released a
11 public proposal to provide grants to qualified
12 workforce organizations interested in creating
13 proven, innovative ideas in training and career
14 readiness programs that will help inform the city's
15 workforce investments. With these programs, New
16 Yorkers of all backgrounds will be prepared for the
17 in-demand jobs that companies like Amazon and Google
18 need to fill. This builds upon the millions of
19 dollars the City, State and Amazon will invest into
20 new training programs specifically designed to give
21 underrepresented New Yorkers the tools that they need
22 to thrive. We are also launching new initiatives at
23 Queensbridge Houses, starting with expanding the
24 city's successful JobsPlus program. Queensbridge
25 residents will be Amazon's next-door neighbors and we

1 know it's imperative that they directly benefit from
2 this incredible opportunity. But Queensbridge isn't
3 the only NYCHA development that will be getting new
4 investments. The city will also invest... invest
5 millions to launch a new program to train NYCHA
6 residents across the boroughs for careers in IT,
7 cybersecurity, and web development. As the head of
8 the economic development corporation, I have a
9 responsibility to make sure that the city inherited
10 by the next generation is even more and... secure and
11 resilient than it is today. We have an obligation to
12 set them up for success, which is exactly what the
13 Amazon deal does. This agreement makes it all but
14 certain that our financial bedrock will be stronger
15 tomorrow than it is today. And a stronger economic
16 bedrock means a better quality of life for New
17 Yorkers like Manohill Gohar, an 11th grader at the
18 Business Technology Early College High School in
19 Queens Village. She is a first-generation American
20 and will be the first person in her family to go to
21 college. She wants to be a mechanical engineer. For
22 her, Amazon coming to Queens opens up a world of new
23 engineering opportunities. "Amazon is one of the most
24 successful companies in the world, with some of the
25

1
2 smartest employees," she wrote in a Daily News. "And
3 with its incredible resources, it can make the road
4 for other 'firsts' like me much easier to travel." I
5 have no doubt that the Amazon project will open new
6 doors that lead to better futures for 8.6 million New
7 Yorkers. It will pay boundless dividends that will
8 help people like Manohill and countless other New
9 Yorkers go farther, reach higher, and succeed in a
10 21st Century economy. Thank you, and I look forward
11 to taking questions. I'm also joined by my colleague
12 from the Department of Finance if you have questions
13 about the specific programs, thank you.

14 BRIAN HUSEMAN: Thank you Speaker
15 Johnson, Chair Dromm, City Council Member Van Bramer
16 and members of the City Council for inviting us here
17 today. I am Brian Huseman, Vice President of Public
18 Policy at Amazon and I'm joined here at the table by
19 Ardine Williams who is our Vice President of Human
20 Resources and Holly Sullivan our Head of World
21 Economic Development. And while you all know Holly,
22 Ardine is the leader of our new headquarters
23 workforce development and recruiting and she brings a
24 wealth of experience to this role after serving as a
25 captain in the US Army and she also built Amazon's

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2 apprenticeship programs, they train veterans
3 transitioning to the private sector for tech roles at
4 Amazon. And first I'd like to discuss our existing
5 presence in New York City and state, Amazon has over
6 8,000 employees in the state and over 5,000 employees
7 in New York City and these employees work in areas
8 across the company including corporate employees,
9 working in retail, web services, advertising in
10 fashion as well as our fulfillment center associates
11 working in our new facility in Staten Island. And I'm
12 joined today by a number of my fellow Amazon
13 employees, we call ourselves Amazonians. And Amazon
14 is a company with over 250,000 employees in the US
15 focused on innovating for our customers and I'm very
16 proud to work with such a talented group of people
17 and I'm excited for you to meet some of them. So,
18 with us today are associates from our Staten Island..

19 [applause]

20 COUNCIL MEMBER JOHNSON: Folks, folks sh..
21 sh... hey, hey, hey, excuse me... excuse me... excuse me..
22 hello, excuse me, thank you... so, we appreciate the
23 fact that you're here and we of course want to have
24 this hearing, we can't have interruptions like that,
25 people are fine to hold up the signs that you're

1
2 holding in your seats, totally fine but we... if we're
3 going to have this hearing we need to be able to
4 listen to the folks that came here to testify today
5 and ask the questions that Council Members need
6 answered so if it happens again and I don't want it
7 to happen again we are going to have to remove folks,
8 I don't want that to happen, I want everyone to be
9 here so again if you, you can hold the signs, totally
10 fine but I just want to make sure that we can
11 actually have a hearing today where we can ask the
12 questions that Council Members need to ask so, thank
13 you, I appreciate you being here. Mr. Huseman if you
14 want to continue with your testimony.

15 BRIAN HUSEMAN: Yes, with us today are
16 Associates from our Staten Island Fulfillment Center
17 and at this facility we provide access to our
18 innovative education program, we call it... [cross-
19 talk]

20 [interruptions]

21 COUNCIL MEMBER JOHNSON: Sir, sir, sir...
22 if you could... if you could... if you could escort this
23 gentleman out... if you could escort that gentleman out
24 please. So, if it happens again, if another
25 individual does it, we're going to clear the entire

1 balcony because we have to have a hearing. So, you
2 can stay and listen and hold the signs but if it
3 happens again, we're going to remove the whole
4 balcony, you can continue sir.

6 BRIAN HUSEMAN: At our Staten Island
7 Fulfillment Center we have our innovative program
8 called Career Choice which we pre-pay tuition for in
9 demand and high paying jobs. Just a few of the... my
10 fellow employees here just want to kind of, you know
11 introduce yourself, George works there as an area
12 manager and a learning ambassador and he's originally
13 from Staten Island but he lives in Brooklyn now and
14 Travis previously worked at a fulfillment center in
15 New Jersey before transferring and he works in
16 quality control and with our Amazon robotics drives,
17 Justin recently relocated to our Staten Island
18 facility this past summer and he supports employee
19 engagement across the site, Shane who lives in
20 Brooklyn who recently graduated from the University
21 of Connecticut before joining our team and Mathew who
22 recently retired from the career of professional
23 baseball and returned home to Staten Island working
24 to pick and pack our customer orders, Allison has
25 been with Amazon over five years, she works in our

1 Hudson Yards office with Amazon advertising, she
2 leads the New York City Chapter of Connect at Amazon
3 which is a global employee networking organization
4 driving community engagement and volunteering
5 opportunities for Amazonians and I know I've missed a
6 few but thank you all for joining me. There are more
7 than... there... just a few of the more than 5,000
8 existing employees we have in New York City and we
9 look forward to having them join the employees we're
10 going to begin hiring in the city. Amazon's
11 investment in Long Island City will create 25,000 new
12 jobs over ten years with an average annual salary of
13 more than 150,000 dollars and those jobs come with
14 full benefits, health care, dental care, generous
15 parental leave, job training, retirement savings and
16 more. There are going to be jobs in engineering,
17 sales, marketing and operation and our development is
18 going to create jobs in building and construction,
19 building management and hospitality. So, there are
20 going to be jobs at all skills and all education
21 levels. The new headquarters will generate more than
22 27 billion dollars in new tax revenues for the city
23 and state and if Amazon does not come here there is
24 no 27 billion dollars and there aren't those 25,000
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2 jobs and that 27 billion dollars could be reinvested
3 to improve New York subways and busses, build more
4 affordable housing or for health care expansion.
5 These jobs are good for Long Island City, good for
6 Queens and good for New York. We were invited to come
7 to New York and we want to invest in a... in a
8 community that wants us and that's why we're excited
9 to announce several new developments since we were
10 last before the City Council. First, we've begun
11 outreach to small businesses with whom we would
12 partner and who would benefit from our employee base
13 in Long Island City. Now unlike other companies
14 Amazon doesn't offer free catered food to our
15 employees and in fact our in-house food retail was
16 purposely designed to only feed one third of our
17 employees, so we can push our employees into the
18 neighborhood for lunch, coffee or dinner, push those
19 dollars into the local economy and benefit
20 neighborhood businesses. The space we do have for
21 food retail is typically first floor retail and we
22 work hard to recruit and foster locally owned
23 businesses in those spaces. So, for example each
24 Amazon office building leases space to just a few
25 local restaurants and we purposely choose to work

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2 with local restaurateurs and we are already working
3 and partnering with the local business community.
4 It's clear to us that the local business community is
5 excited about the opportunities and jobs that
6 Amazon's new investment will bring into the community
7 and one example is Donna Drimmer who owns a small
8 business in Long Island City called Matted LIC and
9 she started her business in 2009 selling contemporary
10 art and photography, framing jewelry and artisan
11 items and at a recent press report she said quote,
12 "the truth of the matter is I've been 110 percent
13 behind this project since it was announced in
14 November". After a recent round table we held for
15 small business owners in Long Island City she said
16 that Amazon quote, "really wanted to hear our issues
17 and they want to be a part of the community and not a
18 plague on it, yes they will have 25,000 employees who
19 will be out on the streets and hopefully they will
20 come into my shop and make purchases". And Donna we
21 very much look forward to working with you and your
22 fellow small business owners. We believe our new
23 headquarters should provide job opportunities for all
24 New Yorkers and today we are announcing that we are
25 beginning a program to hire NYCHA residents for jobs

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2 in our award-winning customer service department.
3 This program, program is not only good for Long
4 Island City and NYCHA residents but it's good for
5 Amazon and we're excited to access this terrific
6 talent pool. We will begin accepting applications
7 next quarter and we look forward to working with the
8 community advisory committee for workforce
9 development and the tenant association presidents of
10 Queensbridge, Ravens Wood, of Woodside, and Astoria
11 Houses to define and build a successful program.
12 Next, we believe that young people from all
13 backgrounds should have the help they need from
14 childhood to career to access highly paid, rapidly
15 growing careers in computer science and computer
16 science courses should be available in every
17 classroom in every school in the country. Amazon's
18 future engineer or AFE is our comprehensive childhood
19 to career program designed to educate and train
20 children and young adults from low income communities
21 to pursue careers in computer science. We aim to fund
22 computer science courses for underprivileged young
23 people across the US and to award students from these
24 communities pursuing degrees in computer science with
25 four-year, 10,000-dollar annual scholarships as well

1 as internships at Amazon to gain work experience.
2
3 Yesterday we announced that we have enrolled more
4 than 130 New York City high schools in our Amazon
5 Future Engineer program that means that one in every
6 six New York City high schools is receiving funding
7 and programs for computer science education through
8 AFE and that's one in every four high schools in
9 Queens, Queens. Over two thirds of our participating
10 New York City high schools are title I high schools
11 and applications are still coming in from new schools
12 across the New York City area. Amazon is delivering
13 access to computer science education for thousands of
14 New York City high school students and we're just
15 getting started. And this is just one of the ways we
16 are working with the community to ensure that there
17 is a pipeline of young people who will have the
18 skills and education to work for Amazon or any tech
19 company they choose. And if any members of the
20 Council if you have a high school in your district
21 that is interested in participating in the Amazon
22 Future Engineer program my team can follow up with
23 you right after this to help facilitate that
24 application process. Next cloud computing is widely
25 considered the biggest growth area in technology jobs

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2 today, it has been ranked as one of the most in
3 demand skills over the past few years. Amazon web
4 services or AWS through its AWS educate program
5 provides a workforce development and training program
6 that creates a foundational base in cloud computing
7 technologies for careers in the field at Amazon or
8 elsewhere. AWS educate provides hands on experience
9 with cloud technology and tools including
10 instructional content and activities and no cost
11 access to the AWS cloud for hands on project-based
12 learning and AWS educates vast listing of jobs and
13 internships in the cloud industry. I'm pleased to
14 announce today that we've teamed up with La Guardia
15 Community College, the City University of New York
16 and the State University of New York to launch a
17 pathway to employment in cloud computing jobs with a
18 new cloud computing certificate program. This program
19 will help students across New York learn skills for
20 entry level tech roles whether at Amazon or other
21 tech companies. This initiative will start in La
22 Guardia Community College this fall and we plan to
23 continue to work with these partners to enable
24 thousands of New York students the opportunity to
25 land entry level tech roles in the New York cloud

1
2 computing industry. And our partnership with La
3 Guardia, CUNY, and SUNY will help ensure that even
4 more students have the opportunity to join companies
5 here in New York City like Amazon as we seek out more
6 tech talent and it's really just the beginning of our
7 workforce development efforts in New York, we're
8 looking forward to launching more initiatives to meet
9 New Yorkers where they are in providing opportunities
10 for new skill sets and even better paying jobs. In
11 conclusion we've been a part of New York and New York
12 City for years with over 5,000 employees currently
13 working here we will continue to work with community
14 partners to build plans for small business
15 development, jobs for NYCHA residents, computer
16 science education, and workforce development programs
17 but we want to invest and be a part of the growth of
18 a community where our employees and our companies are
19 welcome and we believe that New Yorkers agree that
20 25,000 new jobs in Long Island City and 27 billion
21 dollars in new revenue for the state and the city to
22 spend on the community's priorities is good for this
23 city. Thank you for the opportunity to be here today
24 and I look forward to your questions.

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2 COUNCIL MEMBER JOHNSON: Thank you, where
3 did you get that 27-billion-dollar number that you
4 keep citing?

5 JAMES PATCHETT: It's, it's the city...
6 it's the city... [cross-talk]

7 COUNCIL MEMBER JOHNSON: No, no, I was
8 asking Amazon. We're... you... Mr. Huseman you keep
9 citing a 27-billion-dollar number, you did it in the
10 previous hearing as well, I want to know where you
11 got that number.

12 HOLLY SULLIVAN: The city and the state
13 released an economic impact study... [cross-talk]

14 COUNCIL MEMBER JOHNSON: Who, who paid
15 for that study?

16 HOLLY SULLIVAN: I'm not... I'm not aware
17 of that information for... [cross-talk]

18 COUNCIL MEMBER JOHNSON: Well if you're
19 citing a... [cross-talk]

20 HOLLY SULLIVAN: Not, not Amazon... [cross-
21 talk]

22 COUNCIL MEMBER JOHNSON: ...study of 27
23 billion dollars we should know who paid for the
24 study. I believe the city and the state paid for that
25 study and the city and state negotiated this deal,

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2 it's not an independent study so... there have been
3 independent studies that have come out in the last
4 couple of months and those independent studies have
5 not been in line with the number that's keep... that
6 keeps being repeated here today which is the nine to
7 one return and 27 billion dollars so I think it's
8 important that at the outset of this hearing we
9 establish the facts, we establish the facts related
10 to who conducted that study, who paid for that study,
11 is there a lot of agreement on that study and if
12 we're going to operate off of certain numbers I think
13 we should operate factually off those numbers and I
14 think it's important that we start the hearing today
15 in that regard. So, I want to... I want to just start
16 to go through... if we could bring up the model on the
17 screen. So, this looks very confusing but it's
18 actually very important and it's likely what... the
19 study that you're... that you're citing, should have
20 looked at but the study that you're citing did not
21 look at this so I'm going to quickly bring you
22 through this because this should be the basis of what
23 we talk about when we talk about economic
24 development, when we talk about opportunity cost,
25 when we talk about displacement of businesses and

1 housing cost and all these things. So, we have of
2 course repeatedly heard numbers from the
3 administration and from Amazon defending the deal and
4 saying it will generate 27 billion dollars and it
5 will have a nine to one benefit cost ratio that the
6 deal will pay for itself. However, while these
7 estimates which come from EDC and ESD do a really
8 good job at looking at the benefits of Amazon coming
9 to town, the cost side of the analysis is not part of
10 the study that you released. So, let's talk about
11 that. If you look at the screen there is a simplified
12 version of a comprehensive economic model that should
13 be used to evaluate the cost and benefits of an
14 economic development deal such as this one. So, you
15 can see what I believe we should be considering.
16 Number one, the opportunity cost. The land that
17 Amazon is building on was slated for two public
18 schools, 5,000 units of affordable housing.. sorry,
19 5,000 units of housing, 1,250 units of affordable
20 housing and a number of commercial spaces. Was the
21 question asked as part of this analysis that keeps
22 getting cited, are we better off with Amazon on this
23 site than what it was slated for? Number two,
24 unaffected decisions. Research shows that between 3.4
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2 percent and 23.4 percent of investment, any
3 investment that receives a tax incentive are actually
4 motivated by the investment so sometimes its three
5 percent are motivated by the investment, sometimes up
6 to 23 percent, we need to consider how many of these
7 jobs would have come here even without these
8 financial incentives, that wasn't looked at in the
9 study. Displacement of businesses. The subsidies will
10 give Amazon a competitive advantage over other
11 businesses in the city, other small businesses in the
12 area and it will raise the cost for their existing
13 New York City competitors potentially leading to
14 competitors having to downsize, why subsidize one
15 company over another, that goes into the conversation
16 we have to have about monopolies and about gaining
17 too much market share, a multi... a multiplier effect.
18 Amazon hires people, those people spend money and
19 that creates a positive indirect effect in terms of
20 more jobs, higher wages and increased tax revenue,
21 that's what you all keep citing what I just read.
22 That's a benefit so the administration did do a good
23 job in looking at those potential benefits but ESD
24 estimates that the deal will lead to an additional
25 130,000 people coming to New York City, that's what

1
2 the study said. What are the costs both capital and
3 expense of providing these services to new residents,
4 is the extra revenue enough to cover those costs, is
5 it enough to cover costs for new schools, for more
6 subway service, for infrastructure and then other
7 economic effects? An influx of workers and their
8 families is going to mean higher housing costs for
9 residents and higher rents for local businesses, that
10 may be good for property owners who will see their
11 values increase but what does that mean for renters,
12 people who are not wealthy who are living in the
13 neighborhood, will some households and businesses be
14 worse off? As far as we know from the study that
15 keeps being cited of 27 billion dollars and a nine to
16 one return that was paid for by the city and the
17 state, as far as we know that comprehensive analysis
18 was not taken into account. So, Mr. Patchett,
19 President Patchett if you could tell me is that
20 correct in the study that keeps being cited those
21 factors that I just laid out was that looked at in
22 the city and state commission study?

23 JAMES PATCHETT: Mr. Speaker it's the..
24 you know it's the.. it's the governments job to plan
25 for growth and provide services to our citizens,

1
2 we've added over 400,000 jobs since 2014 and we added
3 over 100,000 people between 2014 and 2017. The
4 numbers you're citing are correct although the...
5 you're... I, I think you're referencing the state
6 population number but regardless we're talking about
7 an annual change in population of four to 5,000
8 people. Again, we... the city added more than 100,000
9 people between 2014 and 2017 if we can't manage a
10 population change of a few thousand people in a city
11 of 8.6 million then the, the government isn't doing
12 its basic job which is to provide services to all of
13 our citizens... [cross-talk]

14 COUNCIL MEMBER JOHNSON: Did you look at
15 the cost that I mentioned in the study, were costs
16 looked at or just benefits?

17 JAMES PATCHETT: As we always do, we'll
18 be conducting a comprehensive economic impact
19 analysis or environmental impact... [cross-talk]

20 COUNCIL MEMBER JOHNSON: Will be doing
21 that... [cross-talk]

22 JAMES PATCHETT: ...analysis which will be
23 looking at these issues as we've always... [cross-talk]

24 COUNCIL MEMBER JOHNSON: So, it hasn't
25 been done yet? We announced a deal and we're

1
2 celebrating a deal before the city looked at the cost
3 of the deal.

4 JAMES PATCHETT: We, we looked at all of
5 those factors... [cross-talk]

6 COUNCIL MEMBER JOHNSON: Okay, where,
7 where? Where's the document that shows me you looked
8 at that?

9 JAMES PATCHETT: Well as, as you're aware
10 we set aside 650 million dollars in funding from the
11 deal for infrastructure costs to be addressed in... at...
12 that will come up over the course of this transaction
13 and we're working closely with the community
14 specifically the infrastructure... [cross-talk]

15 COUNCIL MEMBER JOHNSON: The study that
16 was commissioned where does it talk about the costs
17 associated that I outlined, does it talk about the
18 costs or no, it just talks about benefits, is that
19 correct?

20 JAMES PATCHETT: It talks about some
21 costs and some benefits... [cross-talk]

22 COUNCIL MEMBER JOHNSON: Can you please...
23 can you please... can you... can you please share with me
24 what the impact will be on the housing market, on the
25 subways, on the need for firehouses and on the need

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2 for more schools. Your initial analysis can you tell
3 me the impact on those things?

4 JAMES PATCHETT: So, as, as you know... as
5 you... as you cited these previous sites were planned
6 to be just over 5,000 units of housing as well as the
7 other components that you mentioned, the commercial
8 space, the schools, the... and parks and other things,
9 what we did as a part of this agreement was we
10 effectively swapped what was going to be a plan for
11 housing for a plan for commercial space and that was
12 in response to what was the single overriding concern
13 from members of community which was that they were
14 excited about the open space, they were excited about
15 the schools, they were excited about the commercial
16 space but they were concerned about the housing and
17 the... it's impacts on infrastructure so we believe
18 that this will be a lower impact on infrastructure in
19 Long Island City because its complimentary to
20 existing infrastructure.

21 COUNCIL MEMBER JOHNSON: What research do
22 you have to back that up?

23 JAMES PATCHETT: We will be doing a
24 comprehensive... [cross-talk]

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COMMITTEE ON FINANCE

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COUNCIL MEMBER JOHNSON: You will be
doing... [cross-talk]

JAMES PATCHETT: ...environmental... [cross-
talk]

COUNCIL MEMBER JOHNSON: ...you haven't
done it yet.

JAMES PATCHETT: As I... as you know... as
you pointed out its important to work with the
community to identify the specific infrastructure...
[cross-talk]

COUNCIL MEMBER JOHNSON: That's typically
what ULURP is for.

JAMES PATCHETT: Yeah and... [cross-talk]

COUNCIL MEMBER JOHNSON: You go through a
process to actually work with the community and to
negotiate something instead you are cutting out the
formal review process and saying that you yourselves
will work the community cutting out the process
that's been set up for half a century that's used to
work with the community so... [cross-talk]

JAMES PATCHETT: Well as, as, as you know
there is a... there are... is a state process that's been
used for a number of projects, that's the general

1 project plan process it includes a comprehensive...

2 [cross-talk]

3 COUNCIL MEMBER JOHNSON: Yes, that's a
4 future hearing... [cross-talk]

5 JAMES PATCHETT: Okay... [cross-talk]

6 COUNCIL MEMBER JOHNSON: That's the next
7 hearing we're going to have... [cross-talk]

8 JAMES PATCHETT: You were... [cross-talk]

9 COUNCIL MEMBER JOHNSON: ...to talk about
10 that. Okay, I want to move on to some other things.
11 Mr. Huseman you mentioned that there are 5,000
12 employees that are currently working here in New York
13 City for Amazon, is that correct?

14 BRIAN HUSEMAN: Yes.

15 COUNCIL MEMBER JOHNSON: How many of
16 those employees are unionized?

17 BRIAN HUSEMAN: None sir.

18 COUNCIL MEMBER JOHNSON: None, do you...
19 are you... would you be open, I asked this at the
20 previous hearing and I didn't get a straight answer.
21 As, as... since you're getting potentially over three
22 billion dollars in some level of incentive or direct
23 subsidy from the city and the state indirect or
24

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2 direct would you agree to neutrality if workers at
3 Amazon wanted to unionize?

4 BRIAN HUSEMAN: Speaker just to, to
5 clarify the incentives are a post-performance, we
6 only receive those incentives after we create the
7 jobs, after we maintain the jobs... [cross-talk]

8 COUNCIL MEMBER JOHNSON: I understand
9 that, would you... [cross-talk]

10 BRIAN HUSEMAN: ...and I want to be very
11 clear... [cross-talk]

12 COUNCIL MEMBER JOHNSON: ...would you be
13 okay with agreeing to neutrality so that workers can
14 unionize?

15 BRIAN HUSEMAN: No sir, we respect...
16 [cross-talk]

17 COUNCIL MEMBER JOHNSON: You wouldn't
18 agree to that?

19 BRIAN HUSEMAN: Correct sir, we would
20 not.

21 COUNCIL MEMBER JOHNSON: Does the De
22 Blasio administration feel comfortable with Amazon
23 not agreeing to be neutral as it relates to
24 organizing people if they want to be unionized?
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COMMITTEE ON FINANCE

JAMES PATCHETT: You know first and foremost you know the Mayor is an enormous supporter of, of union rights in this city... [cross-talk]

COUNCIL MEMBER JOHNSON: So, you disagree with Amazon's position that they just stated?

JAMES PATCHETT: We... as, as you're aware this is a... this is the conversation about the Amazon's headquarters, as a part of that conversation we worked out an agreement with the company to work for the first time with historic agreement with the building service workers... [cross-talk]

COUNCIL MEMBER JOHNSON: Not all we... not all unions, you picked a couple of unions so some... [cross-talk]

JAMES PATCHETT: We pick... [cross-talk]

COUNCIL MEMBER JOHNSON: ...workers are valued, and other workers were not valued... [cross-talk]

JAMES PATCHETT: We've, we've focused... [cross-talk]

COUNCIL MEMBER JOHNSON: ...so you're pitting some workers... [cross-talk]

JAMES PATCHETT: ...on the unions... [cross-talk]

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2 COUNCIL MEMBER JOHNSON: ...against other
3 workers which isn't right. So, do you agree with what
4 Mr. Huseman just said about making... not supporting
5 neutrality?

6 JAMES PATCHETT: Mr., Mr. Speaker I just...
7 if I could finish the point, we focused on the jobs
8 at the site that we were discussing with the company
9 which was the headquarter site and we emphasized to
10 them repeatedly that it was critical that they work
11 with the unions that were relevant for that site, on
12 top of... [cross-talk]

13 COUNCIL MEMBER JOHNSON: Did you ask... did
14 you ask for neutrality, was that part of the
15 negotiation?

16 JAMES PATCHETT: Neutrality at the
17 headquarters location?

18 COUNCIL MEMBER JOHNSON: Neutrality for
19 any of the jobs that are being created here in New
20 York City did you ask for neutrality so that workers
21 could unionize?

22 JAMES PATCHETT: Well we emphasized...
23 [cross-talk]

24 COUNCIL MEMBER JOHNSON: Was that... was
25 that part of any negotiation?

1
2 JAMES PATCHETT: Well we emphasized to
3 them that this... that this... union rights were critical
4 to us and that we have very strong laws in the city
5 and that the Department of Consumer Affairs and
6 Worker Protections... [cross-talk]

7 COUNCIL MEMBER JOHNSON: So, did you ask
8 for neutrality or not ask for neutrality?

9 JAMES PATCHETT: We discussed our
10 expectations... [cross-talk]

11 COUNCIL MEMBER JOHNSON: Did you ask for...
12 [cross-talk]

13 JAMES PATCHETT: ...if they would work with
14 unions... [cross-talk]

15 COUNCIL MEMBER JOHNSON: ...neutrality or
16 not ask for neutrality? It sounds like you didn't.

17 JAMES PATCHETT: We asked for union
18 deals.

19 COUNCIL MEMBER JOHNSON: That's not
20 neutrality, okay thank you for answering the
21 question. So, I want to... I want to get back to some
22 of the, the, the need for financial incentives. Oh, I
23 also have a question... any of... Mr. Huseman any of
24 those 5,000 jobs are any of those people working on
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2 programs associated with the, the work that Amazon
3 does with ICE?

4 BRIAN HUSEMAN: Speaker I'm going clarify
5 the discussion in the last situation since you're
6 bringing this up. The immigration policy in this
7 country is a very serious issue that deserves
8 scrutiny and deserves national attention, Amazon has
9 a strong record on immigration rights, we have fought
10 the Trump travel ban, we have litigated for DACA
11 reform, we have lobbied for Dreamer protections and
12 lobbied for green card reforms and very proud of the
13 record that we have on immigration issues.

14 COUNCIL MEMBER JOHNSON: Do you know that
15 ICE uses some of your, your software to round up and
16 deport people?

17 BRIAN HUSEMAN: Speaker you... [cross-talk]

18 COUNCIL MEMBER JOHNSON: Are you
19 comfortable with that?

20 BRIAN HUSEMAN: Speaker you were... that is
21 not... [cross-talk]

22 COUNCIL MEMBER JOHNSON: That's not
23 accurate... [cross-talk]

24 BRIAN HUSEMAN: ...what... that we have not...
25 we... that is not what we have said, we cannot disclose

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who our customers or our potential customers are without their permission, I want to talk about this technology that you're... that you're referring to and... [cross-talk]

COUNCIL MEMBER JOHNSON: You guys don't like to disclose... [cross-talk]

BRIAN HUSEMAN: ...set back about what it is... [cross-talk]

COUNCIL MEMBER JOHNSON: ...a lot... [cross-talk]

BRIAN HUSEMAN: ...and what it is not, this technology is a mathematical matching algorithm that helps match images that are in a customer's database and it has very... it has very beneficial uses in child sexual exploration and child kidnapping. For example, Thorn which is a nonprofit that fights child sexual abuse has said and they've talked about how with their use of the recognition technology they've been able to cut down their investigation time by 65 percent which is... helps them in over 100 cases... [cross-talk]

COUNCIL MEMBER JOHNSON: So, you feel totally comfortable... [cross-talk]

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BRIAN HUSEMAN: ...this technology has many... [cross-talk]

COUNCIL MEMBER JOHNSON: ...with how... [cross-talk]

BRIAN HUSEMAN: ...benefits... in order for... [cross-talk]

COUNCIL MEMBER JOHNSON: ...you feel totally comfortable with how... [cross-talk]

BRIAN HUSEMAN: ...a customer... [cross-talk]

COUNCIL MEMBER JOHNSON: ...ICE uses... how ICE uses what... your work with them... [cross-talk]

BRIAN HUSEMAN: Again, Speaker we're not able to talk about who are customers or potential customers are without their permission, but I do want to talk about the strict policies that we have... [cross-talk]

COUNCIL MEMBER JOHNSON: You just talked about the work... [cross-talk]

BRIAN HUSEMAN: ...in place... [cross-talk]

COUNCIL MEMBER JOHNSON: ...you do with them, ten seconds ago.

BRIAN HUSEMAN: So, we're going to talk about the strict... [cross-talk]

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COMMITTEE ON FINANCE

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COUNCIL MEMBER JOHNSON: That's double...

[cross-talk]

BRIAN HUSEMAN: ...policies that we have in place, in order to use this technology a customer must agree, agree to our terms and our terms prohibit any customers from using this technology for illegal conduct... [cross-talk]

COUNCIL MEMBER JOHNSON: So, if they violated that... [cross-talk]

BRIAN HUSEMAN: ...and that includes violations... [cross-talk]

COUNCIL MEMBER JOHNSON: ...would you cancel the contract... [cross-talk]

BRIAN HUSEMAN: ...of civil or... that includes violations of civil or constitutional rights and if any customer business or government violates civil or constitutional rights using this technology, we'll... we will absolutely terminate that relationship... [cross-talk]

COUNCIL MEMBER JOHNSON: Okay, so if I get you... [cross-talk]

BRIAN HUSEMAN: ...on the use of that technology... [cross-talk]

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2 COUNCIL MEMBER JOHNSON: ...some examples
3 of ICE doing that after this hearing if they are
4 potential customers since you won't say they're a
5 customer even though we know they're a customer
6 you'll potentially cancel the contract?

7 BRIAN HUSEMAN: Again, Speaker I will not
8 talk about who our customers or potential customers
9 are however if we receive any complaints at all about
10 any illegal conduct and that includes violation of
11 civil or constitutional rights through the use of our
12 technology, we will absolutely terminate that
13 relationship and prohibit anyone from using that
14 technology.

15 COUNCIL MEMBER JOHNSON: Forgive me for
16 being skeptical, Amazon said repeatedly at the last
17 hearing that the city's talent pool was the main
18 driver of why they chose to come here, that's what
19 you said however a look at the RFP you put out for
20 HQ2 reveals that something else was also significant,
21 a full third of the request for information in the
22 RFP were about financial incentives, we analyzed it.
23 Incentives that Amazon could receive from the
24 responding state or municipality, only one question
25 was about the labor pool in the RFP that we analyzed.

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2 So, would you have come to Long Island City if you
3 weren't going to receive three billion dollars in tax
4 payer money?

5 HOLLY SULLIVAN: No, as we previously
6 said in our previous testimony labor was the primary
7 driver, the cost of doing business and looking at the
8 financial, overall financial impact was also part of
9 our decision-making process.

10 COUNCIL MEMBER JOHNSON: Would you have
11 come here without the three billion dollars?

12 HOLLY SULLIVAN: It's hard to deal in
13 hypotheticals but I would say that the incentives
14 were an important part of that, you, you read the RFP
15 probably seen the RFI also there were many questions
16 about the cost of doing business in the city and the
17 state and the incentives are a tool in our toolbox to
18 allow us to reinvest in our facilities and our
19 employees.

20 COUNCIL MEMBER JOHNSON: Again, I just
21 want to ask what is the current... the public valuation
22 of Amazon as a company, it's valued at what, about a
23 trillion dollars?

24 BRIAN HUSEMAN: I don't know the exact
25 figure, it's lower than that.

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2 COUNCIL MEMBER JOHNSON: It's close to a
3 trillion dollars though, right?

4 BRIAN HUSEMAN: It... something like that
5 sir... [cross-talk]

6 COUNCIL MEMBER JOHNSON: Something like
7 that... [cross-talk]

8 BRIAN HUSEMAN: ...yeah...

9 COUNCIL MEMBER JOHNSON: And the, the
10 founder and, and CEO of the company Mr. Bezos is
11 approximately worth about 150 to 160 billion dollars?

12 BRIAN HUSEMAN: I'm not sure sir.

13 COUNCIL MEMBER JOHNSON: But that's what
14 you've read as well, right?

15 BRIAN HUSEMAN: Something in that range,
16 yes sir... [cross-talk]

17 COUNCIL MEMBER JOHNSON: Something in
18 that range. So, so, so again I ask this at the first
19 hearing, why do you need our money, we have 63,000
20 people sleeping in a homeless shelter tonight in New
21 York City, we have subways that are falling apart, we
22 have schools that aren't getting the money they
23 deserve, we have public housing that is crumbling
24 around us not far from where Amazon wants to locate,
25 don't you think there's a better way for us to spend

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2 three billion dollars than give it to your company
3 which is worth a trillion dollars and the founder of
4 your company which is the richest man in the world,
5 is there a better way to potentially spend the
6 money? This seems like a vulture monopolistic
7 capitalism at its worst.

8 HOLLY SULLIVAN: We are... you know our
9 focus is on creating 25,000 jobs and investing over
10 three billion dollars in your city and we look
11 forward to spending the revenues generated from our
12 project which have been estimated by a city and state
13 study of over 27 billion dollars.

14 BRIAN HUSEMAN: And Speaker I just must
15 respectfully disagree with that characterization of
16 this, we are about creating jobs here in Long Island
17 City and New York City, these are good jobs that will
18 pay an average of 150,000 dollars, we are in favor of
19 the positive economic impact that this project will
20 bring to this city.

21 COUNCIL MEMBER JOHNSON: Well the people
22 in Seattle don't agree with that in how they felt
23 they'd been treated by you all so you can say that
24 here today before you here but City Council members
25 from Seattle traveled to New York City to warn us

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2 about your deceptive practices, promises that you
3 make and break and how you swallow up small
4 businesses, how you attempt to water down local
5 legislation, how you lobby local government,
6 municipal government for your own needs so if we look
7 at what you've done in Seattle it doesn't add up to
8 what you're doing here today and you are in a union
9 city, this is the city that was built by unions, a
10 city that loves unions, a city that has the highest
11 per capita of union jobs in the entire United States
12 and one of the first answers to your question today
13 is would you be neutral, you said no that is not a
14 way to come to our city, a city where 20 percent of
15 people are living at or below the poverty line so
16 respectfully that's not respect. We are living in a
17 time and a society with huge economic inequality with
18 people like Mr. Bezos living at the top of the food
19 chain with Amazon being worth almost a trillion
20 dollars and you have homeless people across the
21 United States of America, you have people that are
22 going hungry at night, you have public housing that
23 is crumbling and you don't support good union jobs,
24 you're taking three billion dollars in our money so
25 Mr. Huseman when you say respectfully that is not the

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2 experience that policy makers and elected officials
3 have had in the city of Seattle.

4 HOLLY SULLIVAN: Speaker Johnson if I
5 could respond to part of that comment that you just
6 made, so we're, we're focused on our headquarter
7 project which will again create the 25,000 jobs,
8 invest over three billion dollars and as Mr. Patchett
9 said here just a few moments ago we're focused on
10 working with the unions on that project, we have
11 already had relationships with the trade unions,
12 already committed to using 32BJ for this project, we
13 are in fact committed to working with the unions.

14 COUNCIL MEMBER JOHNSON: Well how come
15 you... okay, if you want to talk about that again, how
16 come you won't agree to neutrality then, what's the
17 reason why you won't agree to neutrality?

18 BRIAN HUSEMAN: Speaker we respect the
19 employees right to choose to join or to not join a
20 union, we do firmly believe that the direct
21 connection that we have between our employees and the
22 open-door policy is the most effective way to respond
23 to the concerns of the workforce.

24 COUNCIL MEMBER JOHNSON: So, the strategy
25 of extracting subsidies from local governments have

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2 been a long standing element of Amazon's development
3 strategy, the estimated total value of state and
4 local subsidies awarded to Amazon and its
5 subsidiaries is about 1.6 billion dollars exclusive
6 of what you stand to receive from the HQ2 deals,
7 experts across multiple fields have said quote, "the
8 use of Amazon's market power to extract incentives
9 from local and state governments is rent seeking and
10 anti-competitive and it is against the public
11 interest for cities and states to participate in
12 that". So, Mr. Patchett what is EDC and the
13 administration's view of these type of contests,
14 should New York City continue to engage in contests
15 like this in the future?

16 JAMES PATCHETT: We don't engage in
17 contest... in contests like this and we didn't in this
18 circumstance what we did was provide zero dollars of
19 incentives to the company though, the fact that
20 they're eligible for existing state law programs
21 which incentivize commercial development in the outer
22 boroughs, it's true for this company, it's true for
23 any other company that would have gone to these
24 locations, the city promised them no financial
25 incentives as a part of this agreement and I.. and

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2 the, the reason the city has taken that position is
3 consistent with your point which is that, you know I
4 agree with the concerns of economists that it is... can
5 be a race to the bottom and there probably should be
6 federal laws that preclude companies from being able
7 to pit cities against one another and that's why
8 first and foremost there's... [cross-talk]

9 COUNCIL MEMBER JOHNSON: That's not what
10 Amazon did here?

11 JAMES PATCHETT: It... what... that's why
12 first and foremost New York City has a, a tax rate, a
13 corporate tax rate of almost nine percent just in New
14 York City which is by far the highest municipal tax
15 rate of, of any large city in the country and that is
16 on top of the six and a half percent corporate tax
17 rate for the state of New York and I think if you
18 look at any of the competitor cities we have
19 dramatically higher tax rates for companies and that
20 is why we're able to generate the significant
21 revenues here which we'll be able to invest in
22 infrastructure and other important public services.

23 COUNCIL MEMBER JOHNSON: James do you
24 have any misgivings about this deal?

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JAMES PATCHETT: I feel very confident
this is a good deal for... [cross-talk]

COUNCIL MEMBER JOHNSON: Do you have any...
[cross-talk]

JAMES PATCHETT: ...New York City... [cross-
talk]

COUNCIL MEMBER JOHNSON: ...misgivings?

JAMES PATCHETT: I have no misgivings
about... [cross-talk]

COUNCIL MEMBER JOHNSON: None? Not... no
misgivings?

JAMES PATCHETT: I, I... again, I think...
I'm very confident in the work that we've done...
[cross-talk]

COUNCIL MEMBER JOHNSON: You don't have
any misgiving about what Mr. Huseman just said about
not being neutral?

JAMES PATCHETT: No, okay...

COUNCIL MEMBER JOHNSON: The
administration doesn't have misgivings about that?

JAMES PATCHETT: Look I have... I have many
concerns, I don't agree with Amazon's position on
everything without a doubt, I... [cross-talk]

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2 COUNCIL MEMBER JOHNSON: Do you have any
3 misgivings about their work with ICE?

4 JAMES PATCHETT: If... look we as a city
5 are a sanctuary city you said it yourself, I agree
6 with everything that you've said which is that this
7 city has to support immigrant's rights that's why we
8 worked with you to pass a law to ensure that no city
9 resources can be used to address these issues. Look
10 if, if in fact it's true and people's rights are
11 being violated by software that's being.. [cross-talk]

12 COUNCIL MEMBER JOHNSON: It sounds like
13 you should have some misgivings given what we know
14 about Amazon. I'm going to turn it back to the Chair
15 to ask some questions, thank you.

16 CHAIRPERSON DROMM: Thank you very much
17 Mr. Speaker. As I mentioned in my opening and as you
18 can see from the screen they're going to put up a, a
19 chart in a minute from the report it appears that
20 EDC's impact analysis, you estimate the benefits of
21 40,000 new jobs at... and eight million square feet but
22 for the estimating cost you assume 25,000 jobs and
23 four million square feet, is this an accurate
24 assessment of the evaluation that was done and if so

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2 why was it done this way and if not please clarify
3 how the estimates were calculated?

4 JAMES PATCHETT: It's not actually... it's
5 not accurate so what we did was we assumed the 40... up
6 to 40,000 jobs being built... being hired by the
7 company over 20... over 15 years and we assumed,
8 assumed a full ICAP of eight being associated with
9 the level of development that would be necessary for
10 that and we assumed that the REAP program would
11 continue to exist for ten years in its current form.

12 CHAIRPERSON DROMM: So, alright let's
13 just start with REAP then, the EDC estimates that
14 this will be worth I think 897 million dollars, is
15 this based on an estimate of 25,000 or 40,000 jobs?

16 JAMES PATCHETT: Yeah, that's... that is
17 based on an assumption of it being available for the
18 next ten years which is approximately 25,000 jobs.

19 CHAIRPERSON DROMM: So, what is the
20 estimate 40,000 jobs?

21 JAMES PATCHETT: On a net present value
22 basis it would be about another 200 million dollars.

23 CHAIRPERSON DROMM: Okay, let's look at
24 ICAP. In press releases the administration estimated
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2 the cost of Amazon's ICAP benefits at 386 million but
3 EDC reports estimates of about 618 million...

4 JAMES PATCHETT: Yeah...

5 CHAIRPERSON DROMM: What accounts for the
6 difference and are those estimates based on four
7 million square feet or eight million square feet and
8 what would the estimate be for the number if not
9 used?

10 JAMES PATCHETT: Sure, thank you Mr.
11 Chair, the... so, the estimates we have reported... that
12 EDC has put out and reported have been the 618-
13 million-dollar number that you referenced that's
14 based on 6.4 million square feet of development
15 equivalent to 40,000 jobs.

16 CHAIRPERSON DROMM: So, then what's that
17 386 number?

18 JAMES PATCHETT: I'm not sure which one
19 you're referring to, the number that we have been
20 using is 618.

21 CHAIRPERSON DROMM: The Mayor cited it in
22 a press release.

23 JAMES PATCHETT: I mean I think that may
24 be the number associated with the 25,000 jobs but I
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2 mean our... the numbers we've been reporting on are the
3 40,000 jobs.

4 CHAIRPERSON DROMM: Alright, with pilots
5 that will be paid on city owned land, what is the
6 value for the ICAP benefit that was offered to Amazon
7 on those parcels?

8 JAMES PATCHETT: Yeah, I just want to
9 clarify something that you had said in opening
10 statement, there's no additional benefit associated
11 with that, there's not a discretionary benefit
12 associated with that. What we've done is mimicked
13 what actual taxes would be on publicly owned parcels
14 as, as the same... effectively the same tax that would
15 be paid privately owned parcels so we've... there's no
16 additional benefit associated with... [cross-talk]

17 CHAIRPERSON DROMM: Alright, the city
18 said... but you... the city could have offered to, to
19 make them pay the whole tax.

20 JAMES PATCHETT: I mean the, the, the... I
21 mean the, the rules of the way that we work with the
22 Department of Finance is to mimic actual taxes using
23 pilot structures, in fact any, anything... [cross-talk]

24 CHAIRPERSON DROMM: And so, it was a
25 choice.

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2 JAMES PATCHETT: Well no, anything other
3 than that would actually be subject to legal
4 challenge in our experience. But it's also... those,
5 those numbers are captured within the, the numbers
6 that we presented, that you already referenced.

7 CHAIRPERSON DROMM: So, why did the city
8 decide to retain ownership of those parcels of land?

9 JAMES PATCHETT: We think it's critically
10 important that the city retain ownership so that we
11 have the authority to take actions against the
12 company and hold them responsible for their
13 obligations in the form of leases. I also think it's
14 been the longstanding... it's certainly been my
15 longstanding policy in my time at EDC and frankly in
16 my time working for the city that the city should
17 never sell public land that instead we should retain
18 ownership of it so that ultimately the benefits of
19 public land accrue back to the city.

20 CHAIRPERSON DROMM: On the benefit side
21 what assumptions about the number of jobs and square
22 footage were made in the 27 million dollars... trying...
23 excuse me... excuse me, 27 billion dollar estimate and
24 how would this number change if the assumptions
25 changed?

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2 JAMES PATCHETT: Well it's based the, the
3 40,000 jobs and the 6.4 million square feet that we
4 were just discussing.

5 CHAIRPERSON DROMM: Alright, in September
6 2015 the city most recently converted the boundary
7 commission for industrial and commercial abatement
8 program... [cross-talk]

9 JAMES PATCHETT: Uh-huh... [cross-talk]

10 CHAIRPERSON DROMM: ...this commission is
11 required to meet every five years to review and
12 update special area boundaries which determine the
13 locations where deeper ICAP benefits are available,
14 for that meeting EDC recommended that the boundary
15 commission vote to keep the existing boundaries in
16 place so that they could be considered as part of a
17 comprehensive and holistic reform exercise of the
18 entire suite of city run commercial tax incentives.
19 This would have included a review of REAP and ICAP,
20 the two city benefits that Amazon will be receiving,
21 the boundary commission was told that the reform
22 exercise would be completed by the spring of '18... of
23 '16. More than three years after this commitment was
24 made the administration still has not conducted or
25

1 produced any review of the city's tax incentives...

2 [cross-talk]

3 JAMES PATCHETT: Well I think... [cross-
4 talk]

5 CHAIRPERSON DROMM: So...

6 JAMES PATCHETT: Oh, sorry go ahead.

7 CHAIRPERSON DROMM: No, so why hasn't EDC
8 completed the comprehensive review of the city's tax
9 expenditures as promised and has it even been
10 started?
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12 JAMES PATCHETT: Well Council Member a
13 few things about that and it actually goes to the
14 underlying point which is that these are both state
15 law changes so I think the, the hope from the city's
16 standpoint was that, that we could do that
17 simultaneously with the ability to change the laws in
18 Albany but in the interim all the... [cross-talk]

19 CHAIRPERSON DROMM: What do you mean by
20 change it simultaneously?

21 JAMES PATCHETT: I mean to, to make a
22 comprehensive set of adjustments these are... all of
23 these programs are dictated by state law... [cross-
24 talk]

25 CHAIRPERSON DROMM: Was the review done?

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JAMES PATCHETT: We... [cross-talk]

CHAIRPERSON DROMM: That's the question.

JAMES PATCHETT: Right, so we worked with the Council on a review in 2016 and I think we collectively have a series of recommendations about ways we would like to adjust these programs and ultimately the, the, the... ultimately the issue is our ability... [cross-talk]

CHAIRPERSON DROMM: Who in the Council did you work with on that?

JAMES PATCHETT: There, there was a... there was a... the Council did a report in 2016 on these city... these financial incentives, worked... and worked with the city on it. I, I'm happy to share a copy with you.

CHAIRPERSON DROMM: We, we understand that there has been a report in 2017...

JAMES PATCHETT: Or 20... it may be 2017, sorry.

CHAIRPERSON DROMM: But still it was after you promised a comprehensive review.

JAMES PATCHETT: Okay, yeah and I think... I think right now... I think what your other... the other point is that this speaks to really is the need to

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2 pursue our overall comprehensive look at the property
3 tax system and that's why we have the joint property
4 tax commission right now, I mean there's no question
5 there are all of these programs that layer on top of
6 one another... [cross-talk]

7 CHAIRPERSON DROMM: There's not a
8 property tax it's a business tax.

9 JAMES PATCHETT: No, it's, it's... no,
10 these are... what's that?

11 CHAIRPERSON DROMM: REAP is a... is not a
12 property tax.

13 JAMES PATCHETT: Okay, sorry, that... ICAP
14 is though and I think that's the one that we have
15 primarily.. you were talking about ICAP in special
16 areas that's, that is related to ICAP.

17 CHAIRPERSON DROMM: Well it was supposed
18 to be from our understanding a total review of all
19 city taxes.

20 JAMES PATCHETT: Okay, well I think we
21 were... there was focus... the conversation was focused
22 on ICAP at the time but I'm happy to discuss it
23 further.

24 CHAIRPERSON DROMM: Alright, so anyway
25 was the EDC's commitment to the boundary commission

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2 to conduct a review and acknowledgement that, that
3 the city has a responsibility to assess whether these
4 tax breaks are actually working... [cross-talk]

5 JAMES PATCHETT: Yeah... [cross-talk]

6 CHAIRPERSON DROMM: ...it's the ultimate
7 question that we're trying to get at here today...
8 [cross-talk]

9 JAMES PATCHETT: I, I, I think the, the...
10 I think the important point here is, is... you're right
11 you're just making a distinction between the special
12 areas which receive a longer term of abatement versus
13 the, the other areas. This project is located not in
14 a special area so it's eligible for the lower level
15 of benefit.

16 CHAIRPERSON DROMM: So... [cross-talk]

17 JAMES PATCHETT: ...any, any adjustments
18 that would have been made would have only... the only
19 way in which it could have impacted this project was
20 to give it more benefits.

21 CHAIRPERSON DROMM: So, there are those
22 that would say that you kept your head in the sand on
23 this issue and that therefore now Amazon is reaping
24 the benefit of not having done that review.

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2 JAMES PATCHETT: I mean I just disagree
3 with that characterization, you... as you know these
4 are programs that are subject to the legislature in
5 Albany, this... the only way that the city can adjust...
6 the only way the city could adjust the level of
7 benefits available on the Amazon site would be to
8 increase the duration of the benefits... [cross-talk]

9 CHAIRPERSON DROMM: Well the, the...
10 [cross-talk]

11 JAMES PATCHETT: ...we have... [cross-talk]

12 CHAIRPERSON DROMM: ...fact of the matter
13 still remains that you could have done the review and
14 made recommendations and that wasn't done.

15 JAMES PATCHETT: That... we, we've
16 certainly sought to make adjustments to these laws...
17 [cross-talk]

18 CHAIRPERSON DROMM: Well that would have
19 had a big effect here.

20 JAMES PATCHETT: Well to be... well again
21 we... the, the challenge is as you know these are state
22 laws and they have been extending... [cross-talk]

23 CHAIRPERSON DROMM: Nevertheless... [cross-
24 talk]

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JAMES PATCHETT: ...without adjusting the...

[cross-talk]

CHAIRPERSON DROMM: ...if you had done it...

[cross-talk]

JAMES PATCHETT: ...impact... [cross-talk]

CHAIRPERSON DROMM: ...it still would have had an impact on this discussion whether or not it's a state law.

JAMES PATCHETT: We're happy to discuss it further.

CHAIRPERSON DROMM: Alright, if REAP and ICAP were discretionary would you have provided them to Amazon?

JAMES PATCHETT: No.

CHAIRPERSON DROMM: Okay. So, do you believe that these programs should be allowed to expire when their current legal authority expires?

JAMES PATCHETT: I think they need to be looked at as you've pointed out, I think the, the, the... I think... [cross-talk]

CHAIRPERSON DROMM: But that's kind of what we were just discussing... [cross-talk]

JAMES PATCHETT: And as... I know I'm agreeing with you. I think the, the point is though

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2 fundamentally the, the... first of all ICAP provides
3 benefits as you know in Manhattan as well as across
4 the city, the fundamental point to me of both REAP
5 and ICAP should be to ensure that we continue to
6 incentivize job growth in the outer boroughs, I know
7 you know this well, a Council Member from Queens the
8 more than 70 percent of jobs that pay more than
9 150,000 dollars a year are located in Manhattan,
10 that's just... in a... in a city that is striving to be
11 the fairest in the... in the country we just absolutely
12 cannot, cannot allow that to continue to be the case,
13 we have to have a more diverse city economically from
14 a geographic standpoint it means that we have to
15 continue to find a way to encourage employers to hire
16 people outside of Manhattan in good paying jobs.
17 That's the way these programs are... the, the way these
18 programs are set up and what they're intended to
19 accomplish and that being said notwithstanding the
20 presence of both of these programs. I am not aware of
21 a single large-scale new office development that has
22 happened without the city take... playing a particular
23 role to encouraging.

24 CHAIRPERSON DROMM: So, how do you know
25 that REAP and ICAP are doing that?

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2 JAMES PATCHETT: The point is they're
3 not, they're, they're, they're not... even, even with
4 those programs on the books they're not having that
5 effect.

6 CHAIRPERSON DROMM: So, why then haven't
7 you recommended to the state for the changes?

8 JAMES PATCHETT: We, we have recommended
9 changes to the state.

10 CHAIRPERSON DROMM: When?

11 JAMES PATCHETT: In previous legislative
12 sessions where they've been up for renewal, but they
13 were ultimately extended with no changes.

14 CHAIRPERSON DROMM: Alright, we'll have
15 to come back to that, I... you know I was a former
16 educator, I want to talk a little bit about the
17 schools too... [cross-talk]

18 JAMES PATCHETT: Absolutely.

19 CHAIRPERSON DROMM: Yesterday Amazon
20 announced that it would be funding computer science
21 programs at 130 schools across the city and actually
22 we just got a, a tweet from Marie Winfield on twitter
23 and she wants to know how and by whom will these
24 schools be selected, who made the decision?

25 JAMES PATCHETT: Let the company say...

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2 BRIAN HUSEMAN: Yeah, absolutely. We
3 have... we can provide you information for how schools
4 can apply for Amazon Future Engineer program, we're
5 still looking for more schools in the New York City
6 area to participate, I believe we have the exact
7 application link on our... the Amazon blog that we
8 posted yesterday where we announced that and I'll
9 make sure that it's... that we respond back to Miss
10 Winfield.. [cross-talk]

11 CHAIRPERSON DROMM: Will you prioritize
12 high needs schools?

13 BRIAN HUSEMAN: Absolutely sir, more than
14 half of these schools that are currently
15 participating in New York City in Amazon Future
16 Engineer are Title I schools and we will absolutely..
17 [cross-talk]

18 CHAIRPERSON DROMM: Now these schools are
19 not going to actually be getting computers it's just
20 instruction on how to use the computers in the
21 program?

22 BRIAN HUSEMAN: Yes, it's a variety of
23 things that we provide, we provide funding for the
24 curriculum for teacher professional development, we
25 have on call tutors for that, so it's to provide the..

1
2 to provide the funding and the curriculum so they can
3 teach computer science education.

4 CHAIRPERSON DROMM: Okay, let me ask also
5 about the schools, the Speaker touched on it a little
6 bit but it's a very important issue to me and to also
7 Council Member Van Bramer, district 30 is one of the
8 most overcrowded school districts in the city..

9 [cross-talk]

10 BRIAN HUSEMAN: Uh-huh... [cross-talk]

11 CHAIRPERSON DROMM: ...and its right next
12 door to district 24, which I think is the most
13 overcrowded school district in the city, in the
14 School Construction Authority's last five-year plan
15 that they put out they slated a loss of about 461
16 seats in district 30 that was slated to be funded..

17 [cross-talk]

18 BRIAN HUSEMAN: Uh-huh... [cross-talk]

19 CHAIRPERSON DROMM: ...and in district 24 a
20 loss of 3,961 seats, building.. taking away two
21 schools originally which were supposed to be at one
22 of the sites and I believe that the proposal now is
23 for one school, how is that going to meet the needs,
24 the existing needs that are in that district to begin
25 with?

1
2 JAMES PATCHETT: Yeah Mr. Chair thank you
3 for the question and you've been a leader on these
4 issues and we appreciate your leadership on education
5 issues going back many years, you're absolutely right
6 it's a really important issue in Long Island City,
7 Council Member Van Bramer has emphasized its
8 importance frankly extending beyond this project in
9 general is an important issue to its constituents and
10 we hear about it from them all the time. Frankly that
11 is why I think there was... one of the main reasons why
12 there was so much concern about the previously
13 planned projects which was that the units of housing
14 would put a greater impact on the schools and we
15 believe in Long Island City this impact will, will be
16 lower on school need within that sub district than
17 the originally planned projects were expected that
18 will all be born out in the environmental impact
19 analysis but that being said it's critically
20 important, we still have a... so, there was a plan for
21 two schools, we've still planning to do school... two
22 schools if we identify that those are required, the
23 intermediate school on campus and there's a second
24 site that's located to the south of there that we
25 also are working with the School Construction

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2 Authority on that's still a part of this agreement.
3 Fundamentally this should be net better for schools
4 in Long Island City but we have to look at it and we
5 have to continue to make investments and that's part
6 of the reason for the... we... you know we had discussed
7 this, we're including the CEC chair as a part of our
8 infrastructure, infrastructure subcommittee so we'll
9 be getting their input as well as to what the needs
10 are.

11 CHAIRPERSON DROMM: So, are you
12 committing to two schools?

13 JAMES PATCHETT: We have... we have
14 definitely a committed school and we have a second
15 option to build a school, it's just as to whether
16 that location makes the most sense, it's a
17 discussion... [cross-talk]

18 CHAIRPERSON DROMM: One of the things
19 about all of these development projects that
20 absolutely drives me crazy is that they put one
21 school often times an elementary and no consideration
22 as to where kids are going to go to middle school and
23 then or to high school... [cross-talk]

24 JAMES PATCHETT: Well this is an... [cross-
25 talk]

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CHAIRPERSON DROMM: ...so there should...

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[cross-talk]

3

JAMES PATCHETT: ...intermediate... [cross-

4

talk]

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CHAIRPERSON DROMM: ...be a commitment for

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three schools not one or two, three schools.

7

JAMES PATCHETT: I appreciate that.

8

CHAIRPERSON DROMM: I know you appreciate

9

it but what are you going to do about it?

10

JAMES PATCHETT: There's... the plan is
definitely for an intermediate school on site, we're
also working with the Council Member and SCA to
identify a school... a new school site in the core of
Long Island City and on top of that we have an
additional site that could be a location for a third
school, it's not a question of whether or now we'll
make the investment it's a question of whether that
location makes the most sense for the community in
terms of where the needs are.

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CHAIRPERSON DROMM: In that site where

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the DOE building is there was a program in there

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called Power my Learning... [cross-talk]

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JAMES PATCHETT: Yes... [cross-talk]

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COMMITTEE ON FINANCE

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CHAIRPERSON DROMM: What's going to happen with that program, that program provides computers... [cross-talk]

JAMES PATCHETT: Yes... [cross-talk]

CHAIRPERSON DROMM: ...to low income folks... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

CHAIRPERSON DROMM: ...who would otherwise not have it and then its stuffed with educational materials... [cross-talk]

JAMES PATCHETT: Yeah... [cross-talk]

CHAIRPERSON DROMM: ...they desperately need that space and if they're evicted from that space, they will not be able to provide those programs.

JAMES PATCHETT: We will ensure that they get a space that meets their needs, I know you mentioned this earlier, I assure you we'll work... our, our... have already started conversations... [cross-talk]

CHAIRPERSON DROMM: So, that's a guarantee?

JAMES PATCHETT: Yes.

CHAIRPERSON DROMM: We'll get that in writing?

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2 JAMES PATCHETT: I'm happy to provide it
3 in any form... [cross-talk]

4 CHAIRPERSON DROMM: Okay... [cross-talk]

5 JAMES PATCHETT: ...that's acceptable.

6 CHAIRPERSON DROMM: Alright, let me... let
7 me go to a little bit... an issue of tax avoidance, I
8 think they're going to pull up a, a chart on this
9 also. The council's research into Amazon's tax
10 history yielded some great insight into the company's
11 aggressive tax avoidance measures, the institute of
12 taxation and economic policy reports that through
13 various loopholes Amazon essentially paid zero
14 federal taxes on reported US profits of 5.6 billion
15 dollars in 2017. In Europe Amazon was investigated by
16 the EU commission for illegally obtained tax
17 advantages in Luxembourg and ordered to pay 250
18 million pounds... excuse me, 250 million euros in back
19 taxes to the country, the chart on the screen shows
20 the lengths to which Amazon went to avoid taxes in
21 that case, is this... is it accurate that Amazon really
22 did not pay any federal taxes in 2017 and if so how
23 was able... Amazon able to do that?

24 BRIAN HUSEMAN: Chairman I want, want to
25 disagree and say that we do pay our taxes. In 2017 in

1
2 particular that was a year of heavy reinvestment back
3 into our businesses we spent billion and millions of
4 dollars on fulfillment centers and in that particular
5 year that reinvestment reduced the federal taxable
6 income, in other years we paid billions of dollars in
7 taxes. As referring to the, the Luxembourg situation
8 in particular we located our, our EU headquarters in
9 Luxembourg back in 2003 and it made sense from a
10 business strategy to help serve our entire European
11 operations there, it's a very.. a central point for
12 the European continent and we have over 1,500 current
13 employees there so it is a, a substantial presence
14 and headquarters and in regard to that particular
15 ruling that, that you've identified that was a case
16 brought not against Amazon but brought against
17 Luxembourg and it's currently being appealed.

18 CHAIRPERSON DROMM: It's exactly these
19 types of schemes, I'll call them schemes even the,
20 the, the reinvestment that you are talking about that
21 concerns us because it seems that large companies,
22 corporations always come up with these ways that they
23 can avoid paying taxes and they call it a
24 reinvestment in the community or whatever so it still
25

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2 is of major concern to us here that Amazon continues
3 to do that, operate in that type of way.

4 BRIAN HUSEMAN: But Chairman you... we've
5 created over 250,000 jobs in the US, we pay taxes,
6 you know at the federal, state... [cross-talk]

7 CHAIRPERSON DROMM: How much... [cross-
8 talk]

9 BRIAN HUSEMAN: ...local level... billions of
10 dollars... [cross-talk]

11 CHAIRPERSON DROMM: How much in taxes
12 does Amazon pay?

13 BRIAN HUSEMAN: Billions of dollars...
14 [cross-talk]

15 CHAIRPERSON DROMM: Billions?

16 BRIAN HUSEMAN: Yes.

17 CHAIRPERSON DROMM: You don't have the
18 exact number?

19 BRIAN HUSEMAN: I don't have the exact
20 number in front of me.

21 CHAIRPERSON DROMM: Well it would be good
22 to get that.

23 BRIAN HUSEMAN: Yes sir.

24 CHAIRPERSON DROMM: Let me talk a little
25 bit about Amazon as an employer, the rational for

1
2 providing incentives for Amazon to come to New York
3 is to improve the lives of New Yorkers, the most
4 obvious impact will be the availability of up to
5 40,000 jobs... 40,000 jobs the company will bring to
6 Long Island City, of the top... of the up to 40,000
7 jobs that you plan to hire as part of HQ2 in Long
8 Island City what share would you say would be
9 considered management?

10 ARDINE WILLIAMS: So, our split at our
11 headquarters and our corporate jobs is about 50
12 percent tech, 50 percent non-tech and our managers in
13 the corporate environment typically manage six to ten
14 people each so I'm not that good at doing the math
15 off the top of my head but the smaller percentage
16 would be management.

17 CHAIRPERSON DROMM: So, can you provide
18 us with a list of those titles and the numbers of
19 people that will fill them?

20 ARDINE WILLIAMS: When we, we absolutely
21 can tell you in general what those are, we have not
22 identified the businesses that will be in the new
23 headquarters yet but they by in large should be
24 consistent with our other locations like the one we...
25 like the sites we have here in Manhattan now.

1
2 CHAIRPERSON DROMM: Okay, so talking
3 about your other locations currently according to
4 Amazon's own reports women make up only 26 percent of
5 its management but at New York City that number is 55
6 percent. Similarly, people of color were
7 underrepresented at Amazon with minorities only
8 making up 37 percent of the management structure
9 compared to about half in New York City. To, to EDC
10 let me ask this question, how do these figures lead
11 you to believe that this is a company that will
12 benefit all New Yorkers if its structure is so
13 heavily white and male?

14 JAMES PATCHETT: You know Council Member
15 I certainly appreciate the question, you know
16 fundamentally New York City is a city that is
17 incredibly diverse, Queens is the most diverse county
18 in the country, the fact that the company is planning
19 to come here is an opportunity for us to show the
20 world what tech should look like and particularly
21 what tech looks like in New York. Frankly I think the
22 fact that the company worked in a place like Seattle
23 having 36 percent... 37 percent of their workers being
24 non-white is a reasonably good start relative to
25 their competitors but it's not enough and we

1
2 certainly have higher expectations when they come to
3 the city.

4 BRIAN HUSEMAN: And Chairman if I may,
5 exactly agree with your concern and from the very
6 beginning of this process and our request for
7 proposals we, we asked cities in locations to
8 identify the diverse nature of their talent pool, we
9 are very excited about coming to New York taking
10 advantage of the diverse talent pool here. Yesterday
11 I had the opportunity to go to our existing.. one of
12 our existing facilities in Manhattan and talk with
13 some of our employee groups there and we have a
14 number of affinity groups at Amazon, Amazon women
15 engineers, our black employees network, our LGBT
16 employee group, they were very excited by being able
17 to bring on more colleagues that are diverse, it's a
18 very important part of our DNA, you have to have a
19 diverse employee population in order to reach the
20 right results for your customers and that's one of
21 the things we're most excited about.. [cross-talk]

22 CHAIRPERSON DROMM: Do you know the
23 percentages of the make up in the Manhattan office?

24 BRIAN HUSEMAN: In the Manhattan office
25 I, I do not know that.

1
2 CHAIRPERSON DROMM: Can you get that to
3 us?

4 BRIAN HUSEMAN: Yes sir.

5 CHAIRPERSON DROMM: Okay and then will
6 you commit to public annual reports of the workforce
7 demographics in Long Island City?

8 BRIAN HUSEMAN: Yes sir, we make... we make
9 workforce reports public already and yes, let me talk
10 with our HR team about that.

11 CHAIRPERSON DROMM: Okay, in some regards
12 Amazon does have a fairly decent reputation for some
13 good pay and some strong benefits. For example, all
14 full-time employees at Amazon do get up to five
15 months of paid maternity leave but this is also the
16 company that was the center of a 2015 New York Times
17 article that gave numerous examples of the stressful
18 work conditions and high burn out rates of employees
19 at the Seattle headquarters. A recent New York Post
20 article highlighted workers at the Staten Island
21 warehouse peeing in bottles because the only bathroom
22 was far away, and workers were told they were taking
23 too much idle time, so is Amazon a pleasant place to
24 work?

1
2 BRIAN HUSEMAN: It definitely is, and I
3 would encourage you to... I would encourage you to talk
4 with some of the employees we have here, I would love
5 for you to come to visit our Manhattan offices, to
6 visit our Staten Island Fulfillment Center and see
7 for yourself... [cross-talk]

8 CHAIRPERSON DROMM: So, why are the
9 Staten Island employees wanting... fighting to form a
10 union?

11 BRIAN HUSEMAN: I... well sir I, I don't
12 believe that's, that's accurate our employees make 17
13 dollars to 23 dollars an hour at the Staten Island
14 facility, they have world class benefits including
15 medical and health care benefits on day one, access
16 to our career choice educational programs, these are
17 good jobs and again I would encourage you to come and
18 talk to those employees yourself.

19 CHAIRPERSON DROMM: Alright, let me... let
20 me... let me ask a question about... how is Amazon going
21 to ensure that the food service workers are good jobs
22 and not poverty jobs, poverty level jobs?

23 HOLLY SULLIVAN: So, as we... I've stated
24 previously so, we're not kind of your typical
25 headquarters, we don't have a lot of food service

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2 within our corporate campus and we don't really even
3 build campus we build neighborhoods, we... and I can
4 only reference what we do in Seattle is that in
5 Seattle we have constructed our food service to only
6 feed a third of our employees so we get coffee and
7 tea and water and there's banana stands but we
8 typically... we push our employees out so we can
9 actually patron the local businesses so most of our
10 office buildings have first floor retail so they can
11 grab a sandwich or a coffee or grab an early dinner.

12 CHAIRPERSON DROMM: I heard that in your
13 testimony, but I'm concerned about some of the
14 contractors as well, the subcontractors, other large
15 companies like Microsoft and Facebook mandate minimum
16 leave and pay standards for workers who are employed
17 by subcontractors.

18 HOLLY SULLIVAN: So, on our... on our food
19 service specifically and again we are still in the
20 early stages here so we haven't identified who we're
21 going to partner with in our New York City
22 headquarters but in Seattle first of all, all of our...
23 all of our employees and our vendors make 15 dollars
24 minimum wage but in Seattle we've also done a unique
25 program called Fair Start and Fair Start is a

1
2 nonprofit organization that actually takes previously
3 incarcerated individuals and puts them into training
4 in the food service industry. So, we have recently
5 opened a, a large restaurant, over 25,000 square feet
6 of food service that actually is open to the public
7 on our headquarters that Fair Start runs and it gives
8 those... gives those individuals a chance to learn back
9 of the house, in front of the house skills in the
10 restaurant industry. We also use Fair Start
11 internally with our employees.

12 CHAIRPERSON DROMM: Do you know how many
13 of Amazon's current workforce receive public
14 assistance or SNAP benefits?

15 HOLLY SULLIVAN: I do not.

16 CHAIRPERSON DROMM: Because with 15
17 dollars an hour and I'm glad that we've done it,
18 it's... we still need to work to make that actually a
19 higher minimum wage, it's, it's still extremely
20 difficult especially in New York City to get by on 15
21 dollars an hour.

22 HOLLY SULLIVAN: So, I, I will say and I,
23 I don't disagree with you but the... our fulfillment
24 center workers in Staten Island actually its 17 to 23
25 dollars an hour and as you also know that... you know

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2 we were one of the first companies to do a 15 dollar
3 minimum wage for all of our US employees including
4 our third party and seasonal workers, in addition to
5 that we're pushing for federal legislation.

6 CHAIRPERSON DROMM: Are any of your
7 workers unionized?

8 BRIAN HUSEMAN: No, sir.

9 CHAIRPERSON DROMM: Well to be honest
10 with you I, I agree fully with the... with the
11 Speaker's statements about this being a union town
12 and, and, and we definitely support the, the
13 unionized workforce here in New York City and really
14 urge you to reconsider your, your position and your
15 answer on that. Before I turn it over to my
16 colleagues, I have a question from Ava Fedal on
17 twitter, is Amazon willing to share statistics on how
18 many people in their Seattle offices were local for
19 five years or plus before being hire, hired by them
20 and what is the average age, salary, and education
21 level of the workforce?

22 ARDINE WILLIAMS: So, I can't speak to
23 that now, we could certainly talk about get... come
24 back to you with the percentage of our workforce in
25 Seattle that were local hire versus those that were

1
2 relocated, its difficult to go back and.. before
3 someone was hired to understand where they lived but
4 we can look at relocation data and provide that to
5 you.

6 BRIAN HUSEMAN: But also I think kind of
7 to the larger question which is getting at whether we
8 will hire New Yorkers, you know for these jobs,
9 Washington state is.. has a small population, the
10 entire state, you know is, is three million, the
11 talent pool of New York and the availability of
12 talent currently here in New York is why we came
13 here, we're very excited to hire from the New York
14 talent pool so if that's what you're.. if that is what
15 the, kind of the intent of the question is behind I
16 can tell you we absolutely will hire New Yorkers. We
17 also want to develop the talent pipeline to hire New
18 Yorkers not only today but, in the future, our
19 program such as Amazon Future Engineer, our program
20 to hire NYCHA residents for our customer service
21 departments is exactly the types of things you're
22 going to see us do.

23 CHAIRPERSON DROMM: Yeah and thank you.
24 I'm going to turn it over now to Council Member Jimmy
25 Van Bramer in who's district Amazon may reside.

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2 COUNCIL MEMBER VAN BRAMER: Thank you
3 very much. So, I, I want to start off with Amazon's
4 really remarkable statement here today that you will
5 not remain neutral and that you will continue to be
6 an anti-union corporation. I want to say to you not a
7 recommendation but shame on you, shame on you, shame
8 on your corporation for coming to New York City...

9 [applause]

10 SERGEANT AT ARMS: Quite please...

11 COUNCIL MEMBER VAN BRAMER: ...because both
12 you and I believe the administration have made a
13 distinction somehow that because this is a
14 headquarters those people working in those buildings
15 don't need representation, don't deserve to be in a
16 union, all workers should have the right to be in a
17 union, all workers should have the right, you are too
18 big, you are too big and too strong and too powerful
19 and the thing that's always been the equalizer for
20 workers and working people are unions and the ability
21 to come together and form real power against people
22 like Jeff Bezos. You have come here today
23 unabashedly, unashamedly and said no to the Speaker's
24 question, we're not neutral, we do not want our
25 Amazon workers to be union and it is wrong to hide

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2 behind the deal with 32 BJ and the building trades
3 and say somehow this is a pro-union deal, it's not,
4 it's a union busting deal from the beginning..

5 [applause]

6 CHAIRPERSON DROMM: Folks if we could use
7 this that would be much... very helpful.

8 COUNCIL MEMBER VAN BRAMER: So, I want to
9 say to both of you there is an opt out clause here,
10 right, what is the opt out clause, isn't it that both
11 of you, both sides, all sides have 60 days in writing
12 to notify the other partner that the deal is off, is
13 that true, what is the nature of the opt out clause
14 in this deal?

15 JAMES PATCHETT: Well there.. the.. first
16 of.. first of all Council Member I, I just.. I just
17 want to emphasize we're not making false distinctions
18 here we've focusing on the project that's before us
19 which we think is going to create up to 40,000 jobs
20 that's why we think this is an important deal with
21 that being said you're right the MOU itself is non-
22 binding it means we.. it's.. there's a component of it
23 that asks us to notify the other party and give them
24 60 days' notice if we're not proceeding but in..

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2 there's nothing binding about the MOU in the first
3 place, its an initial document.

4 COUNCIL MEMBER VAN BRAMER: So, that's
5 good to know which would mean that its actually
6 somewhat simple at this point to say to Amazon that
7 as long as you continue to work with ICE and harass
8 immigrants in this country, so long as you come here
9 and say no to remaining neutral that the city of New
10 York has the ability to revoke this deal now, is that
11 true?

12 JAMES PATCHETT: The... this is a good deal
13 for the city, it's more than... it's, it's, it's more
14 than 13 and a half billion dollars in tax revenue, I
15 know you had concerns about the previous plans for
16 these sites as well, we're excited about the
17 opportunity this brings to diversify our tech
18 workforce to bring more jobs to the residents of
19 Queens and throughout the city, this is an incredible
20 opportunity so we're not walking away from this, the
21 biggest economic development jobs creator of our
22 lifetimes.

23 COUNCIL MEMBER VAN BRAMER: I understand
24 your position on that, the question though is does
25 the Mayor of the city of New York today have the

1
2 ability to say to Amazon that so long as you work
3 with ICE and so long as you remain anti-union we will
4 revoke and renege on this agreement at this point,
5 that's the question, I understand how you feel about
6 the deal and that you think it's the greatest thing
7 that's ever happened but, but I'm asking a very
8 simple question which is can the Mayor right now
9 today say to Amazon that as long as you work with ICE
10 that you can't have a sanctuary where we support the
11 work of ICE and you can't have a union town that has
12 one of the largest corporations in the world come
13 here today and say flat out with no apologies
14 whatsoever, no we're not going to remain neutral, we
15 don't want Amazon employees, direct Amazon employees
16 to be unionized, the Mayor has the ability right now
17 to pull the deal based on those two answers, just yes
18 or no could he do it?

19 JAMES PATCHETT: The, the, the Mayor can...
20 has the authority to make whatever decisions he wants
21 at any given time, he is a... [cross-talk]

22 COUNCIL MEMBER VAN BRAMER: So, that's a
23 yes... [cross-talk]

24 JAMES PATCHETT: ...big supporter of this
25 transaction and also a big supporter of immigrant

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2 rights, you know from the very outset of the Trump
3 Administration the Mayor has been pushing back in
4 every single way to demonstrate that we are committed
5 to keeping immigrants in our city and continuing our
6 history as a sanctuary... as a sanctuary city where
7 immigrants can feel safe... [cross-talk]

8 COUNCIL MEMBER VAN BRAMER: I'm not
9 disputing any of that James.

10 JAMES PATCHETT: Okay...

11 COUNCIL MEMBER VAN BRAMER: And I'm not
12 attacking that all I'm saying is that if Amazon is
13 working with ICE and supplying them with facial
14 recognition technology and other things that then
15 make ICE's efforts much more successful in tracking
16 down and harassing immigrants in this country,
17 documented or undocumented that is wrong, that is
18 wrong even if it's legal it's immoral because I heard
19 Mr. Huseman say before that if they come to the
20 conclusion that someone they're working with or
21 someone that the company is selling technology to is
22 violating people's rights that they would then cancel
23 the contract but there are things that are legal in
24 this country today that are immoral when it comes to
25 immigrants that is not a good enough answer so I want

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2 to say that I believe James that the Mayor could
3 today revoke this deal because and I heard him say
4 that when this all was arranged maybe he wasn't fully
5 as aware of ICE's work and the allegations made with
6 Amazon.

7 JAMES PATCHETT: And he's also... he's also
8 said he's very concerned about it and he needs a
9 conversation with the company to discuss it further
10 and you know we are absolutely concerned about it, we
11 share your concerns.

12 COUNCIL MEMBER VAN BRAMER: Absolutely...
13 [cross-talk]

14 JAMES PATCHETT: Yeah... [cross-talk]

15 COUNCIL MEMBER VAN BRAMER: ...so then will
16 you say today that if the Mayor comes to understand
17 that Amazon does work with ICE and is working with
18 ICE that you will then revoke the deal knowing now
19 what you know?

20 JAMES PATCHETT: I, I don't know we have
21 any facts about what's actually happening... [cross-
22 talk]

23 COUNCIL MEMBER VAN BRAMER: Because they
24 won't say... [cross-talk]

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COMMITTEE ON FINANCE

JAMES PATCHETT: ...and, and the Mayor is going to be discussing that with the company directly, I don't want to engage in hypotheticals, ultimately, it's his decision how to proceed and right now... [cross-talk]

COUNCIL MEMBER VAN BRAMER: But the train... [cross-talk]

JAMES PATCHETT: ...he believes in the job opportunity.

COUNCIL MEMBER VAN BRAMER: I, I, I am being very respectful I just want to say if the Mayor is going to have a conversation with Jeff Bezos... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...about whether or not Amazon is working with ICE shouldn't that conversation happen now and not as this deal goes further and further down the train, what are we... what are we waiting... [cross-talk]

JAMES PATCHETT: Absolutely.

COUNCIL MEMBER VAN BRAMER: Let me just say this again also about the labor deal, you talk about 32 BJ and you talked about the trades, the truth is that in the prior incarnation of the then

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2 ULURP land use actions that were being discussed
3 those folks had already entered into agreements to
4 work at... with those projects, correct, that they were
5 assigned letters in some cases and certainly
6 agreement that they were going to work on those
7 properties?

8 JAMES PATCHETT: Certainly... I mean you,
9 you may know better than I do for the... for the
10 Plaxall sites but for the... I mean I'm not aware of
11 those agreements, they may have existed, there
12 certainly was an agreement for the city owned sites.

13 COUNCIL MEMBER VAN BRAMER: Yeah, there
14 were which means that you have inherited and honored
15 those deals that were already in place... [cross-talk]

16 JAMES PATCHETT: We, we have insisted
17 that those deals be honored.

18 COUNCIL MEMBER VAN BRAMER: And Amazon
19 has agreed but those are not new labor union
20 agreements per se, they are really carry overs from
21 what was going to be an agreement in a previous ULURP
22 so let me just ask this, Amazon got a lot out of this
23 deal so my question to you Mr. Patchett did Amazon
24 get everything they asked for in this deal?

25 JAMES PATCHETT: Absolutely not.

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2 COUNCIL MEMBER VAN BRAMER: Did you say
3 no to anything that they asked for or was anything
4 too much, was there... [cross-talk]

5 JAMES PATCHETT: Absolutely... [cross-talk]

6 COUNCIL MEMBER VAN BRAMER: ...any point
7 that this administration said you know what we can't
8 do that, that is too much?

9 JAMES PATCHETT: We gave... we gave them
10 nothing, we did not give them... promise them any
11 incentives what we worked with them on was to
12 identify real estate opportunities and then we
13 insisted that they pay fair market value for them,
14 certainly they asked about discretionary incentives,
15 certainly we talked about valuations but it was our
16 position from the beginning that this all needed to
17 be done on a fair market value basis, we didn't... we
18 didn't have the ability to change state law
19 preemptively but we didn't offer them a single dollar
20 of discretionary incentives.

21 COUNCIL MEMBER VAN BRAMER: So, you, you
22 answered the first question did Amazon get everything
23 they asked for by saying no, can you tell us what you
24 said no to?

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2 JAMES PATCHETT: I mean there... as, as you
3 know there are a series of discretionary incentives
4 that the city has traditionally used in transactions
5 like this like for instance in the JetBlue agreement
6 in Long Island City which had a series of
7 discretionary incentives that were a part of that
8 agreement and I mean the company asked for
9 information on all of them and we made it clear from
10 the outset that they weren't going to be on the
11 table; there's mortgage recording tax, sales tax,
12 extended property tax benefits, all of the
13 discretionary powers that the city has that we didn't
14 put on the table.

15 COUNCIL MEMBER VAN BRAMER: New York City
16 and the state in partnership I suppose have decided
17 to locate an opportunity zone here at the same time
18 as you were negotiating the deal with the Amazon, is,
19 is it just coincidence that, that Long Island City
20 which is clearly not in need of additional
21 development incentives was chosen as an opportunity
22 zone and how much will Jeff Bezos benefit from this
23 designation?

24 JAMES PATCHETT: You want to take it.
25

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2 HOLLY SULLIVAN: I'll take that I can't
3 talk about the designation of the opportunity zone, I
4 can defer that to Mr. Patchett and his team, but we
5 will not be using the opportunity zone on this
6 project.

7 JAMES PATCHETT: Sure, the, the... it's,
8 it's their... it's... the, the process... this... so the,
9 the, the opportunity zones are a federal program,
10 part of a tax overhaul that the Mayor and this
11 administration, I'm sure the Council objected to,
12 comprehensive tax reform that we had significant
13 issues with at the federal level, we... the, the state
14 were the ones who were responsible for recommending
15 opportunity zones and, you know my understanding is
16 that they made those recommendations to the Treasury
17 Department in April of last year so at, at that point
18 in time the company had not even come to visit any
19 sites in the city yet.

20 COUNCIL MEMBER VAN BRAMER: Excuse me,
21 just a couple more questions, Amazon you, you talked
22 about your jobs for public housing residents today,
23 we've read in the press you didn't include it in your
24 testimony that that would be thirty jobs as in three,
25 zero jobs, is that correct?

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2 ARDINE WILLIAMS: That is correct, those
3 30 are the first jobs that we're announcing for HQ2,
4 that's 30 of 700 for 2019, that's the same size of
5 the customer service facility that we have in our
6 Seattle headquarters and the reason that those.. for
7 me that I'm excited about those jobs is those provide
8 an entree to a career, Tom Wieland who runs our
9 global customer service organization began as a part
10 time customer service agent and those jobs create a
11 pathway that with some training and work experience
12 make other jobs available within the company so
13 they're a great entry point and a ladder to
14 development for members of the community.

15 COUNCIL MEMBER VAN BRAMER: So, I, I just
16 want to say before I go in this round there is so
17 much that you are getting and there is so little that
18 you are giving. The fact that you are, are coming
19 here today after all of this, two months of, of just
20 getting crushed I believe rightfully so on this deal
21 you come with, with 30 jobs for the people in public
22 housing meanwhile there are several thousand people
23 living within the Queensbridge Houses alone and you
24 are just not listening, you are just not hearing us,
25 you are spending more to mail those garbage mailers

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all over the city of New York than you are on the people of Queensbridge right now, that is outrageous, it is absolutely outrageous what you are doing. You are saying that you are coming to listen and then you were going to act but what you're really doing is hiring high powered public relations firms who are telling you that if you just mail enough of this crap out that somehow it's going to get better but it's not going to get better not because of the mailers or not because of the mailers it's because of what you're doing here and how little you're offering, how much you're taking and how wrong this deal is. With that I'll... [cross-talk]

ARDINE WILLIAMS: So, with all due...

[cross-talk]

COUNCIL MEMBER VAN BRAMER: ...come back

for... [cross-talk]

ARDINE WILLIAMS: ...respect while... [cross-

talk]

COUNCIL MEMBER VAN BRAMER: ...a second...

[cross-talk]

ARDINE WILLIAMS: ...those are the first 30

that we're announcing they're not the only 30 and

that idea sir came from conversations with the

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2 community advisory committee, it may only be 30 to
3 start but that's how I started the veterans pilot, it
4 was 16 and it's over 1,000 now and I'm proud of that,
5 those are jobs that create a ladder and a pathway for
6 people who may not otherwise have access to jobs that
7 come up the corporate ladder.

8 COUNCIL MEMBER VAN BRAMER: Thank you to
9 the one clapper for that...

10 CHAIRPERSON DROMM: Hold up... hold up,
11 we're not... we're not going to... [cross-talk]

12 COUNCIL MEMBER VAN BRAMER: Thank you...
13 [cross-talk]

14 CHAIRPERSON DROMM: ...have clapping.

15 COUNCIL MEMBER VAN BRAMER: ...Amazon
16 executives for clapping for Amazon executives. Let me
17 just say this, are you equally proud to be a part of
18 an effort to crush unions?

19 BRIAN HUSEMAN: Council Member we are
20 not, that is not an accurate representation, we have
21 great paying jobs, we respect an employee's right to
22 choose or to not to join a union, we are very proud
23 of that direct connection we have... [cross-talk]

24 COUNCIL MEMBER VAN BRAMER: But... [cross-
25 talk]

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COMMITTEE ON FINANCE

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BRIAN HUSEMAN: ...the goal that you are trying to achieve is good jobs, not low paying jobs, we pay 17 to 23 dollars an hour in Staten City.. in Staten Island your goal is to have not dead-end jobs but jobs with advance... room for advancement... [cross-talk]

COUNCIL MEMBER VAN BRAMER: Well, Mr. Huseman... [cross-talk]

BRIAN HUSEMAN: ...growth opportunity, we provide... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...with all due respect... [cross-talk]

BRIAN HUSEMAN: ...those with our career choice... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...your... [cross-talk]

BRIAN HUSEMAN: ...education programs and your goal is also to provide jobs that provide great benefits and we do that with our day one health care and our generous parental leave, we're, we're... [cross-talk]

COUNCIL MEMBER VAN BRAMER: With, with all due... [cross-talk]

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2 BRIAN HUSEMAN: ...very proud of the job...

3 [cross-talk]

4 COUNCIL MEMBER VAN BRAMER: ...respect Mr.
5 Huseman... [cross-talk]

6 BRIAN HUSEMAN: ...we're proving Council
7 Member... [cross-talk]

8 COUNCIL MEMBER VAN BRAMER: ...with all due
9 respect, you just categorized what I want, you said
10 you, you want and then you rattled off a series of
11 jobs, let me tell you a little bit about what I want
12 when it comes to jobs, I want good paying, union
13 jobs, I want good paying union jobs at all levels and
14 that's what I want, don't make it seem like it's an
15 either, and or situation like you have a decided
16 corporate ethos, you have a decidedly, very clear
17 corporate culture, you are very proud to come here
18 today and say that no Amazon employees are members of
19 a labor union. I believe that is fundamentally wrong,
20 fundamentally wrong given how big you are, given how
21 much you're growing all the time, you are part of the
22 problem because you are increasing the pool of
23 workers that who are not unionized because you come
24 here to this city, our city and you talk to me,
25 right, I grew up in Astoria Queens, my stepfather was

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2 a janitor, a janitor who cleaned the toilets in
3 junior high school ten, my mother worked at Key Food
4 and was a meat wrapper, my father was a pressman,
5 none of them graduated from high school, they all got
6 lucky and got to be a part of a union, a union, right
7 which allowed me to have dental and vision, which
8 allowed me to then dream that I might be able to go
9 to school. So, don't talk to me about what I want, I
10 know what I want, and I know what you should be open
11 to which is good paying union jobs at Amazon and
12 you're not you're just simply not, you just said it
13 yourself, that's outrageous. So, it's a fair
14 question, you should be proud of any job that you
15 create but you should not be proud to be a part of an
16 entity that is so decidedly anti-union, that is wrong
17 and that is my right to say to you. Thank you.

18 [applause]

19 CHAIRPERSON DROMM: Okay. I'm going to
20 move on here a little bit now, REAP and ICAP and then
21 I'm going to go to... just a quick question now and
22 then I'll go to my colleagues as well, they've been
23 waiting a while. REAP and ICAP both require renewal
24 by, by the state legislator in 2020 and 2022, so has
25 this administration provided any type of guarantee or

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2 assurance either verbal, written or otherwise about
3 the stance you might take in lobbying efforts either
4 publicly or privately on the renewal of REAP and
5 ICAP?

6 JAMES PATCHETT: No, we have not provided
7 any insurances to anyone about those matters what we
8 have... what we have done is said we're not going to
9 offer any discretionary incentives and we've stuck to
10 that.

11 CHAIRPERSON DROMM: But yet the MOU says
12 that the city and state will commit to secure passage
13 of any necessary legislation to facilitate financing
14 and implementation of the project.

15 JAMES PATCHETT: Yeah, that's a reference
16 to the, the... what the... what the state needs to do in
17 terms of the general project plan... [cross-talk]

18 CHAIRPERSON DROMM: So, this does not
19 include REAP or ICAP?

20 JAMES PATCHETT: It's not our commitment.

21 CHAIRPERSON DROMM: Okay. Alright,
22 Council Member Adams followed by... oh yeah, I'm going
23 to have to put people on a clock also so, three
24 minute clock, Council Member Adams followed by
25 Grodenchik and then Cornegy.

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2 COUNCIL MEMBER ADAMS: Thank you Chair
3 Dromm, thank you to the panel for being here again
4 today to present yourselves before this Council. I
5 have to echo the sentiments of my colleague, Council
6 Member Van Bramer, I too come from a union household,
7 very proud union household, my mother retired from
8 corrections from... for the city of New York for a
9 number of years, my father retired after 35 years
10 working as a teamster for UPS so I too am absolutely
11 incensed by your insensitivity when it comes to this
12 town, this very proud strong union town. So, my first
13 question to you and they're coming from some of my
14 constituents and I'm really happy about this, Amazon
15 has a long history of union busting and unsafe work
16 places, there was a death at the Joliet warehouse in
17 2017 after Amazon delayed called the ambulance for
18 one of their employees after the person had a heart
19 attack, why should our city one that prides itself on
20 being union friendly and worker conscious accept you
21 if this is not your creed?

22 BRIAN HUSEMAN: Council Member any
23 incident and fatality is... it's very tragic, I will
24 tell you that we have safe working conditions, we... I
25 would love for you to come to our Staten Island

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2 facility to see for yourself these working
3 conditions. As to that specific incident we worked
4 closely with OSHA and OSHA did determine that our
5 safety procedures were followed and were not a
6 contributing cause but of course that is a very
7 tragic incident.

8 COUNCIL MEMBER ADAMS: Its still a very
9 disturbing part of your history but I'm going to move
10 on to something else. Amazon claims its presence in
11 New York will be good for small businesses, how can
12 Amazon make that claim when it regularly uses small
13 businesses sales data from its website to stock
14 inventory and undercut prices putting small realtors
15 out of business, how can you make that claim when you
16 actively encourage your employees to shop through
17 Amazon?

18 BRIAN HUSEMAN: Council Member Amazon...
19 actually half of what you buy on Amazon is not sold
20 by us but it's sold, you know by third parties, we
21 allow small businesses to reach customers around the
22 world in a way online that they would not have been
23 able to do otherwise, we're very proud of our small
24 business customers. In New York State we have over
25 81,000 sellers that sell on Amazon and we have

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2 nationwide over 140,000 small businesses that make
3 over 100,000 dollars a year in sales. Small
4 businesses are an essential part of what we're able
5 to offer customers.

6 COUNCIL MEMBER ADAMS: So, when a brick
7 and mortar retail store goes out of business partly
8 due to the inability to compete with e-commerce
9 giants like yourselves the vacant storefront it
10 leaves behind causes harm and it blights the streets,
11 takes away from the element of the community and
12 hurts the local economy and lowers tax revenue, do
13 you believe you owe anything to the city for the
14 public harm that the loss of small businesses and
15 empty storefronts create?

16 BRIAN HUSEMAN: Amazon again empowers
17 small businesses to reach customers that they would
18 not have been able to otherwise, we are one percent
19 of the local retail and as Holly and others mentioned
20 in the Long Island City neighborhood in particular,
21 we're excited for our employees to go out in the
22 community and patronize the small businesses there.

23 COUNCIL MEMBER ADAMS: And Mr. Chair if
24 you'll just allow my just, just, just two minutes, I,
25 I just have to get this out. The subsidy issue, given

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2 the public outrage created by Amazon, one of the
3 richest companies in the US accessing billions of
4 dollars in tax breaks and that over a billion of that
5 will come from New York City's as of right programs
6 would you consider our subsidy system broken?

7 JAMES PATCHETT: Council Member the...
8 appreciate the question, just to go back for a moment
9 I want to point out there's no question that... the
10 concerns about small businesses are very real but
11 that's not just about Amazon, the economy is changing
12 globally and small businesses are adapting and we're
13 excited to have Amazon here in the city to help the
14 small businesses on the ground in Long Island City
15 get on the platform and also receive customers. On
16 top of that, you know and to your point, I mean I
17 think fundamentally you and I would probably agree
18 that there should be economic tools at our disposal
19 to encourage more job growth, good paying jobs in
20 places that are not just the core of Manhattan, too
21 many of the jobs that are created in our city are
22 just in Manhattan and that's what the economic
23 development tools that are available under state law
24 or they're required under state law are I think
25 intended to do but I agree with you that we need to

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2 look at them together and make a determination about
3 how effective they are and whether they can do more
4 to further encourage true geographic diversity in
5 terms of high quality jobs across the city.

6 COUNCIL MEMBER ADAMS: And one, one final
7 thing, in looking at this three billion dollar
8 subsidy a great statement was given to me so I won't
9 take credit for this but instead of funding Amazon
10 give a ways the New York State and city governments
11 could fund a range of timely and important projects,
12 three billion dollars in investments in
13 infrastructure in public schools including housing,
14 transportation, clean energy and clean water projects
15 would create over 75,000 good paying jobs, most of
16 them or many of them unionized, three billion dollars
17 could help create or preserve over 66,000 units of
18 affordable housing in New York City, for 800 million
19 dollars the City University of New York could also
20 become completely tuition free, three billion dollars
21 could repair the boilers, piping and radiators across
22 the full New York City housing authority system, the
23 400,000 people who make these apartments their homes
24 could have more reliable heat if the city funded
25 repairs, three billion dollars could be put towards

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2 emergency funding to fix the subway service, while
3 it's not the estimated 19 billion infrastructure
4 investment required to fund the subway it certainly
5 would be a start and finally New York State could use
6 that three billion dollars to start paying back the
7 4.2 billion dollars it owes school districts
8 following a 2006 court ruling that found the state
9 was in violation of the constitution by chronically
10 underfunding schools in low income communities and
11 communities of color. I represent Southeastern
12 Queens, and these are my concerns, that's something
13 to consider. Thank you.

14 JAMES PATCHETT: And Council, Council
15 Member I completely agree with your constituent's
16 assessment and I think we are talking about three
17 billion dollars, this deal is going to bring over 27
18 billion dollars to the state so think about how much
19 more we can do, nine times as much good as you
20 referenced in your test... in your point, nine times as
21 many investments in our city and our state and I also
22 agree with you about the state.

23 CHAIRPERSON DROMM: Okay, thank you and
24 let me just say I forgot to announce that we were
25 joined by Council Member and the Chair of the Finance

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2 Committee... Subcommittee on Capital Vanessa Gibson,
3 Council Member Levin and Council Member Diaz was here
4 as well and we're also joined I understand by
5 Assembly Member Catalina Cruz who's in the audience
6 and with that I'd like to now turn it over to Council
7 Member Barry Grodenchik.

8 COUNCIL MEMBER GRODENCHIK: Thank you Mr.
9 Chairman. I was going to say good morning but it's
10 now good afternoon. I want to thank you all for being
11 here today. I do want to hit on the union issue just
12 to give you an idea what it's about for me. My wife
13 is a member of the New York State United Teachers, my
14 Chief of Staff's mother was a member of the UFT and
15 CSA, my Counsel's parents were both members of DC 37,
16 my mother retired from DC 37, I grew up in New York
17 City public housing across the street from the Great
18 Electchester Complex which was built by the
19 International Brotherhood Electrical Workers Local
20 Three, between those two developments 4,500 people
21 lived in affordable and very, very decent housing and
22 I myself for a member... former member of Local 338
23 RWDSU, our Chair is a former UFT member, that's...
24 thank you. So, there's a pattern here. In my building
25 growing up in public housing five of the six primary

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2 bread earners were members of unions; teachers.. not
3 teachers, I'm sorry, cops and letter carriers and all
4 those kinds of things. It's very tough for me to
5 support this given the fact that all we're really
6 asking you to do from the Speaker on down; Chairman,
7 Councilman Van Bramer and Councilwoman Adams is just
8 to stay neutral, you could be like Switzerland here
9 you got all the money and you.. you know you would..
10 you'd be neutral. It, it, it pains me that I can't
11 get that out of you, no one else has been able to get
12 that out of you, there's no guarantee that your
13 workers would agree to join a union and I, I just
14 want to leave you with that, you've already given
15 your answer but I hope you'll take that back to the
16 powers that be. Mr. Patchett the average job has been
17 claimed at 150,000 dollars a year, not bad, can you
18 tell me what the mode is, I'm married to a math
19 professor so be careful?

20 JAMES PATCHETT: The mode, oh we, we
21 don't have that, that, that.. the data yet about the
22 mode, no.

23 COUNCIL MEMBER GRODENCHIK: Because
24 that's critical information because if somebody is
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2 making 20 million dollars a year and somebody is
3 making 17 dollars an hour... [cross-talk]

4 JAMES PATCHETT: Uh-huh... [cross-talk]

5 COUNCIL MEMBER GRODENCHIK: ...that is a
6 huge discrepancy and so when those numbers are thrown
7 around it concerns me, so I would hope that by the
8 time we come to the next hearing which I think will
9 be a land use hearing you'll be able to answer that
10 question. The other thing that concerns me is that
11 those people, my district borders on Nassau County
12 those people that live in Nassau County don't pay New
13 York City income tax, I can't expect that from them,
14 but I do expect the people that live in New York City
15 to pay their taxes, we all do... [cross-talk]

16 JAMES PATCHETT: Uh-huh... [cross-talk]

17 COUNCIL MEMBER GRODENCHIK: ...and so I'm
18 wondering your revenues, 13 and a half billion
19 dollars, I don't know how many years that's over...

20 JAMES PATCHETT: 25.

21 COUNCIL MEMBER GRODENCHIK: 25, that's a
22 lot of money to... what... do you have... can you tell me
23 whether or not you estimated that at 100 percent of
24 the people who work for Amazon living in New York
25 City or that some of them are certainly not going to

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2 live in New York City, they're going to live in New
3 Jersey, they're going to live Westchester, they're
4 going to live... [cross-talk]

5 JAMES PATCHETT: Uh-huh... [cross-talk]

6 COUNCIL MEMBER GRODENCHIK: ...in Nassau
7 and Suffolk counties.

8 JAMES PATCHETT: Yeah, so we... the, the,
9 the economic impact model that we... that we use does
10 evaluate the location of individual workers, we, we
11 don't... I don't have the specific data in front of me,
12 happy to share it afterwards but it's, it certainly
13 accounts for an assumption that some percentage of
14 the workers would live outside the city although we
15 expect the vast majority to live in New York City, a
16 significant number in Queens and you know I, I want
17 to go back to your point about the, the wages, I
18 think it's an important point actually I... [cross-
19 talk]

20 COUNCIL MEMBER GRODENCHIK: It's a... it's
21 a critical point...

22 JAMES PATCHETT: It's a critical point...
23 [cross-talk]

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2 COUNCIL MEMBER GRODENCHIK: ...because if,
3 if somebody making ten million dollars a year...

4 [cross-talk]

5 JAMES PATCHETT: Yes... [cross-talk]

6 COUNCIL MEMBER GRODENCHIK: ...lives on the
7 other side of the Queens border or lives in
8 Westchester or New Jersey that tax revenue is not
9 coming to the city of New York, it's... [cross-talk]

10 JAMES PATCHETT: Well I mean... [cross-
11 talk]

12 COUNCIL MEMBER GRODENCHIK: ...going
13 somewhere else.

14 JAMES PATCHETT: Absolutely, I think a
15 couple of... a couple of things about that I'd say the...
16 I actually am excited about the fact that there will
17 be a diversity of job ranges at the headquarters
18 because I also think that... it means more accessible
19 jobs in some parts of the company, more places where
20 more NYCHA residents can have entrees into the
21 company, the city is certainly committed to working
22 with the company and the community to make the
23 necessary workforce investments to ensure that we
24 have a diverse population of people working at the
25 company and the good thing as, as you know is that

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2 regardless of where the workers live the company will
3 be subject to the 8.85 percent municipal tax rate as
4 well as the state's six and a half percent rate.

5 COUNCIL MEMBER GRODENCHIK: I appreciate
6 that assuming they do finish the deal because we have
7 a history in this town in the state of deals that
8 have not been consummated. I would appreciate getting
9 that information on the mode as quickly as possible
10 from EDC... [cross-talk]

11 JAMES PATCHETT: Okay, mean, median, mode
12 whatever you... [cross-talk]

13 COUNCIL MEMBER GRODENCHIK: I know mode
14 is the most important... [cross-talk]

15 JAMES PATCHETT: Okay... [cross-talk]

16 COUNCIL MEMBER GRODENCHIK: ...because that
17 will tell us what the... most, most people will be
18 making at the average salary so to me and I
19 understand you may not be able to pin it down exactly
20 but I would like to know what number of people are
21 going to be making under say 50,000, between 50 and
22 100, over 100 to 150 and then how many people you
23 expect will be making a million dollars a year or
24 more so that's critical because... I'm not accusing
25 anybody of being a liar but you know I was taught a

1
2 long time ago by a friend who was in the county he
3 said figures lie and liars figure, so we need to... we
4 need to know those exact numbers because that's
5 critically important to my way of thinking. I thank
6 you for taking my questions, thank you for indulging
7 me Mr. Chairman and I look forward to seeing you all
8 at the next hearing.

9 CHAIRPERSON DROMM: Thank you, Council
10 Member Cornegy.

11 COUNCIL MEMBER CORNEGY: Thank you Mr.
12 Chair, thank you so much for joining us today. I'm
13 going to keep my questions and my comments
14 specifically to the aforementioned talent pipeline
15 and education pipeline. I don't think I've ever... so,
16 while I respect and appreciate the commitment to
17 higher education and even to the high schools, as
18 somebody who is a father of six children I understand
19 that it doesn't begin there, you know this, this
20 sustainable pipeline for education and the pipeline
21 to these high waged jobs really begins in elementary
22 and junior high school and creating a curriculum that
23 will be supportive of putting New Yorkers and our
24 students into that pipeline so I haven't... I haven't
25 heard a, a real solid message for doing that, who you

1
2 worked with, with the DOE to get that done and what
3 the actual figure of expense or resources from
4 Amazon, what's the actual number, numerical
5 commitment to, to this education pipeline?

6 ARDINE WILLIAMS: Council Member thank
7 you, let me... let me start with absolutely agree with
8 you that we have a unique opportunity because of the
9 horizon of the deal to not only look at the short
10 term kind of what I'd call quicker wins and then look
11 at high school, junior high but it really begins in
12 that, that K to eight and providing exposure to not
13 only to technology but also to career connected
14 experiences so that, that children who's parents may
15 work in different kinds of jobs can see what the
16 possibilities are. The Amazon Future Engineer program
17 is, is just one of those programs, we've been working
18 with the Department of Education as well as with the
19 community advisory committee which contains
20 educators, laborers, not for profit, for profit to
21 understand the kinds of programs that are working
22 now. I know from my experience with the career choice
23 program that one size doesn't fit all and the work
24 with the... with Governor Inslee's education initiative
25 in Washington that bringing parties to the table

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2 together so that we can look at that entire stream
3 from kindergarten all the way through post-secondary
4 is critical.

5 COUNCIL MEMBER CORNEGY: One of the
6 things we suffer from at the city sometimes is
7 agencies not talking to each other, I'm wondering if
8 you're having a real open dialogue with Chancellor
9 Carranza on a curriculum that's jointly established
10 to make sure that we're a part of this pipeline, I
11 haven't heard that, and it concerns me. I... on the
12 list... I have a high school on the list, right which
13 I'm excited about, there's at least two more I'd like
14 to suggest but there's one on the list, PTECH being
15 another one where, where students are already ready
16 and, and being prepared to assume those roles and
17 jobs, that's not on the list but I'm going to
18 obviously flag for you that that should be on the
19 list and then also there are... there is the national
20 society of black engineers who works with, with
21 career readiness and... in my district and in districts
22 like mine to prepare young minority students to go
23 into colleges that are geared around engineering, we
24 have an opportunity to do both, I want to flag for
25 you that and then lastly I want to say I'm, I'm

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2 concerned with the narrative that the NYCHA
3 development workers will be geared towards the low
4 wage jobs. I know off hand at least ten people who
5 live in NYCHA that have graduate degrees but find... in
6 the city is difficult to find a place to live and
7 that's the last bastion of affordable housing
8 unfortunately in mass in the city so I don't want to
9 make... I want to make sure that my NYCHA residents are
10 being... aren't being relegated specifically... [cross-
11 talk]

12 JAMES PATCHETT: Yeah... [cross-talk]

13 COUNCIL MEMBER CORNEGY: ...to low wage
14 jobs because there are people there who are prepared
15 also to be a part of this talent pipeline that you
16 suggested.

17 JAMES PATCHETT: Yeah, I absolutely agree
18 with you Council Member and thank you... thank you for
19 your comments. I think that there, there needs to be
20 a breadth of jobs because there are a breadth of
21 different skill sets in NYCHA and frankly across the
22 city as, as you pointed out, I mean we... I think we
23 all know the, the long history of, of NYCHA's being
24 middle class and working class place for people
25 across the city to live and it needs to continue to

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2 be that, that's why we're investing in... the city is
3 investing in job readiness at, at the local for NYCHA
4 developments but also in IT training which is for
5 higher level cybersecurity jobs in... jobs in coding
6 and information technology, from our perspective
7 NYCHA residents should get all of these jobs, to get...
8 to be eligible for all of these jobs.

9 COUNCIL MEMBER CORNEGY: And, and just
10 lastly for Amazon I didn't hear the number and, and
11 for me it's, it's less... it, it becomes more rhetoric
12 if there's not a solid financial commitment to this
13 curriculum formulation from the entity and I, I
14 haven't... I haven't heard that.

15 BRIAN HUSEMAN: Yes, so we're... you know
16 just launched the Amazon Future Engineer program it's
17 going to be at least millions of dollars, but I can
18 follow up with you as we figure out the... [cross-talk]

19 COUNCIL MEMBER CORNEGY: So, I'm, I'm
20 looking forward to... with, with... there's a lot of
21 education folks ironically on this... on finance...
22 [cross-talk]

23 BRIAN HUSEMAN: Yeah... [cross-talk]

24 COUNCIL MEMBER CORNEGY: ...which, which
25 makes for a really good mix... [cross-talk]

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BRIAN HUSEMAN: Uh-huh... [cross-talk]

COUNCIL MEMBER CORNEGY: ...I would look forward to obviously following up with, with the Chair on this education commitment to make sure that it's a sustainable one and so I realize we have this immediate concern... [cross-talk]

BRIAN HUSEMAN: Uh-huh... [cross-talk]

COUNCIL MEMBER CORNEGY: ...of getting people immediately into the pipeline but then we can really make sure that New Yorkers are a part of this long term... [cross-talk]

BRIAN HUSEMAN: Yeah... [cross-talk]

COUNCIL MEMBER CORNEGY: ...if we look at the curriculum going back to elementary school and, and, and junior high school, I think we won't have to have that type of hearing... [cross-talk]

BRIAN HUSEMAN: Uh-huh... [cross-talk]

COUNCIL MEMBER CORNEGY: ...again if you're committed to looking at the education from... almost from onset.

JAMES PATCHETT: I, I completely agree with you, this is... this is the workforce development opportunity of a lifetime knowing we're going to have this many jobs for this long and being able to think

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2 years and years ahead in terms of the training that's
3 necessary to get people into those jobs because it's...
4 sure it's, it's 40... 25 to 40,000 jobs but then over
5 time there will be turnover that means it's not just
6 for 10 or 15 years its for 50, 100 years and so we
7 have to make sure that we're training people and
8 making sure from the very outset of their elementary
9 school education that they're prepared for these
10 jobs, I 100 percent agree.

11 COUNCIL MEMBER CORNEGY: Thank you for
12 indulging me Chair.

13 CHAIRPERSON DROMM: Absolutely. Okay, now
14 we have Council Member Moya and... followed by Council
15 Member Lancman, Rosenthal and Levin.

16 COUNCIL MEMBER MOYA: Thank you Chairman
17 Dromm, thank you for the panel for being here. I just
18 have a couple of questions Mr. Patchett. Do you
19 believe in Ronald Reagan's trickle-down economics?

20 JAMES PATCHETT: Council Member I believe
21 in good jobs for New Yorkers that's what this is
22 about... [cross-talk]

23 COUNCIL MEMBER MOYA: Just, just yes or
24 no, just a yes or no, I got three minutes, yes or no?

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JAMES PATCHETT: I don't believe in
trickledown economics, but I do believe the city
needs resources... [cross-talk]

COUNCIL MEMBER MOYA: So, so... [cross-
talk]

JAMES PATCHETT: ...to be a progressive
city... [cross-talk]

COUNCIL MEMBER MOYA: You said... I'll take
that as a no. So, you're coming here and you're
pitching the same idea with a new name called the
multiplier effect, you know you tap the multiplier
effect but this is just another corporate give away,
they're the same old failed supply side, trickle
down, Reagan omics, it decimated the middle class and
filled the pockets of the one percent and so when you
come here and you tell us this, this is not based on
reality and this is exactly what Paul Ryan, the Koch
brothers, the Cato Institute has been selling for
years and frankly, you know we just don't buy here in
the city of New York and so when you come in here and
you talk about this you have to be mindful that these
plans have failed and so you say you don't believe it
but you're selling the same thing here... [cross-talk]

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JAMES PATCHETT: Council Member the multiplier effect has nothing to do with trickle down economics, the multiplier effect is a well-known established mechanism for looking at the fact that it's absolutely the case that when companies, technology companies come to cities other companies are created, that's not fake news that is well known to happen. There's also up to 40,000 jobs, it does not trickle down, this is people who are going to be directly hired by the company, I mean as you know trickle down economics is the notion that by reducing federal corporate tax rates that that will result in investment in some theoretical third tier sense that will result in ultimately them hiring more people, that's not what this is about, this is about them actually hiring 40,000 people, it's a very different circumstance... [cross-talk]

COUNCIL MEMBER MOYA: Over how many... [cross-talk]

JAMES PATCHETT: ...with all due... [cross-talk]

COUNCIL MEMBER MOYA: ...years... [cross-talk]

JAMES PATCHETT: ...respect.

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COUNCIL MEMBER MOYA: Over how many years? 40,000 over how... [cross-talk]

JAMES PATCHETT: 15... [cross-talk]

COUNCIL MEMBER MOYA: ...years... [cross-talk]

JAMES PATCHETT: ...years.

COUNCIL MEMBER MOYA: Got it, okay, thank you... [cross-talk]

JAMES PATCHETT: Sorry... oh sorry.

COUNCIL MEMBER MOYA: Thank you. Thank you. I, I'm, I'm running out of time but I just want to ask you this, I, I asked you this at the last hearing, will you support an expanded environmental analysis that extends through the Roosevelt Avenue Corridor which includes the entire number seven line so that we can have concrete answers on how the headquarters is going to impact the people of Queens?

JAMES PATCHETT: We will do a comprehensive environmental impact analysis, I don't... I don't know about the specific borders, but we'll certainly look at all of the areas that will be impacted and I'm happy to talk to you about Roosevelt Avenue Corridor.

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2 COUNCIL MEMBER MOYA: Great. I just want
3 to also say this and I'll end this now Mr. Chairman,
4 you know I'm just getting very sick and tired of EDC,
5 corporations, developers, you know that you come in
6 here, you testify before this body, you, you, you
7 tout this very dividing conquer method of working
8 with New Yorkers in a very positive way and you know
9 I'm, I'm, I'm watching this as the Chair of, of
10 Zoning and Franchising where you're pitting unions
11 against unions to cut a deal, you know on, on the
12 neighborhood rezonings I've sat here, I've listened
13 to testimony about agreements with 32 BJ but nothing
14 for the building trades, you know and, and, and then
15 these give a ways, here we have a deal, it's the
16 trades, 32 BJ but no conversations with BRW or the
17 teamsters, you know let me just be clear the, the
18 divide and conquer method is tired, its unfair, its
19 immoral and we need to start promoting access to a
20 pathway for all unions, it... that have built the
21 middle class in our city and so that when we have
22 corporations like Amazon who come here and say that
23 they are not going to be able to work with the labor
24 folks in this community, you know I want to know if
25 we are, are going to rely on failing programs that

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2 this city has had in tout such as Hire NYC for your
3 benchmark for local hires...

4 JAMES PATCHETT: Council Member I think
5 the rezonings that you're referring to as being a
6 divide and conquer mechanism that you consider
7 unacceptable are the ones that have passed your
8 committee in almost all circumstances... [cross-talk]

9 COUNCIL MEMBER MOYA: With, with, with...
10 [cross-talk]

11 JAMES PATCHETT: ...and they have... [cross-
12 talk]

13 COUNCIL MEMBER MOYA: ...much objection
14 from this Chairman... [cross-talk]

15 JAMES PATCHETT: ...and yet... and yet you
16 revoked... [cross-talk]

17 COUNCIL MEMBER MOYA: ...and, and with this
18 Chairman which I have called upon having a moratorium
19 because I believe that your agency does not deal with
20 us in good faith, you like to cut 11th hour deals,
21 you, you deal in secrecy and it's shameful... [cross-
22 talk]

23 JAMES PATCHETT: Okay... [cross-talk]

24 COUNCIL MEMBER MOYA: ...when you come here
25 now and try to say that you are not dividing and

2 conquering when it comes to our labor workforce with
3 these... with these projects that have come through
4 this committee.

5 JAMES PATCHETT: Now Council Member I'm
6 just saying words are one thing and your votes...
7 [cross-talk]

8 COUNCIL MEMBER MOYA: I think my actions...
9 [cross-talk]

10 JAMES PATCHETT: ...in favor of... [cross-
11 talk]

12 COUNCIL MEMBER MOYA: ...speak much...
13 [cross-talk]

14 JAMES PATCHETT: ...in favor of this deal...
15 [cross-talk]

16 COUNCIL MEMBER MOYA: ...greater than
17 yours, I've been one of the most... [cross-talk]

18 JAMES PATCHETT: ...I think... I think we
19 agree... [cross-talk]

20 COUNCIL MEMBER MOYA: ...biggest advocates...
21 [cross-talk]

22 JAMES PATCHETT: ...fundamentally... [cross-
23 talk]

24 COUNCIL MEMBER MOYA: ...not only for labor
25 but worker safety... [cross-talk]

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JAMES PATCHETT: Yeah... [cross-talk]

COUNCIL MEMBER MOYA: ...and under your watch and under your administration there have been more fatalities... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER MOYA: ...of construction workers under this administration than anywhere else.

JAMES PATCHETT: That's, that's why... [cross-talk]

COUNCIL MEMBER MOYA: I have been at... [cross-talk]

JAMES PATCHETT: ...that's why... [cross-talk]

COUNCIL MEMBER MOYA: ...the forefront of defending this not only as an Assembly Member passing real legislation that protects workers who this administration won't even classify as death on their... on their sites because you all like to fudge numbers here so please don't come and tell me that I haven't been a vocal advocate for labor and labor protection here in the city of New York... [cross-talk]

JAMES PATCHETT: I think there is no... [cross-talk]

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CHAIRPERSON DROMM: Let's... Mr. Patchett
let's... [cross-talk]

JAMES PATCHETT: ...question that you have
been... [cross-talk]

CHAIRPERSON DROMM: ...just... let's... [cross-
talk]

JAMES PATCHETT: ...and we, we, we share
your... we share your desire for workers' rights and we
worked closely... this administration with you and the
council... [cross-talk]

COUNCIL MEMBER MOYA: You're, you're not...
[cross-talk]

JAMES PATCHETT: ...on a bill... on a bill...
[cross-talk]

COUNCIL MEMBER MOYA: ...demonstrating it
with this deal... [cross-talk]

CHAIRPERSON DROMM: Alright, I'm going
to... I'm going to move on... [cross-talk]

COUNCIL MEMBER MOYA: ...you're not
demonstrating it with this deal.

CHAIRPERSON DROMM: I'm going to move on
to the next Council Member, thank you... [cross-talk]

COUNCIL MEMBER MOYA: I apologize Chair...
[cross-talk]

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2 CHAIRPERSON DROMM: I understand, yep,
3 thank you. Council Member Lancman followed by
4 Rosenthal and Levin.

5 COUNCIL MEMBER LANCOUNCIL MEMBERAN:

6 Thank you. Good afternoon. You started with the
7 proposition that the purpose of economic development
8 is to create good jobs for New Yorkers and I think
9 what you're hearing from the Council is that we
10 equate good jobs with good union jobs, it's not just
11 wages or just benefits or just this or just that but
12 union jobs that allow workers to collective bargain
13 and negotiate for all of their interests, I've, I've
14 heard here and elsewhere that the construction work
15 for this project is going to be, be union, is, is
16 there some deal or arrangement with the building
17 trades that ensures that the work to build this
18 headquarters is going to be built union?

19 HOLLY SULLIVAN: So, we don't have our
20 plans yet, we are in a very early process of design.
21 Again, we want to be out in the community and listen
22 to... and, and meet with the city folks and meet with
23 the state folks on the massing and the density of our
24 buildings for the four to eight million square feet,
25 we have met with the building trades, we have met

1
2 with 32 BJ and once we have those plans we look to
3 formalizing those agreements.

4 COUNCIL MEMBER LANCMAN: So, so there's
5 no deal with the building trades yet?

6 HOLLY SULLIVAN: Correct.

7 COUNCIL MEMBER LANCMAN: Okay, the
8 building maintenance work... well I hope that there is
9 because those folks real... work really hard and put
10 tremendous amount of their selves into their jobs and
11 as Council Member Moya referenced, we've had a number
12 of fatalities in the city mostly in nonunion
13 workplaces. The building services workers represented
14 by 32 BJ, is, is there a deal in place with, with
15 them?

16 HOLLY SULLIVAN: So... not yet, we used 32
17 BJ in our New York corporate offices and let me also
18 add that again we're, we're early stages here but in
19 Seattle we recently expanded our campus by over three
20 million square feet, we used primarily union trade
21 workers on that and we fully anticipate to do the
22 same here.

23 COUNCIL MEMBER LANCMAN: Okay and the
24 workers, the 32 BJ workers at your other site are
25

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2 they directly employed by Amazon or, or they're
3 employed by contractors who you hire?

4 HOLLY SULLIVAN: They are not directly
5 employed by us.

6 COUNCIL MEMBER LANCMAN: Okay. So, not
7 yet but, but hopeful on building trades, not yet but
8 hopeful on 32 BJ at, at, at the new headquarters in
9 Long Island City. What about the rest of the, the,
10 the workforce, what about the, the workers who are
11 going to work in the, the cafeteria, the workers to
12 the clerks, the, the, the security personnel, why...
13 what is the, the, the resistance and why are you
14 choosing to cut deals with the building trades and BJ
15 but not with for example our WDSU or, or the
16 teamsters, I don't understand how you're making these
17 choices it makes me feel that you're making political
18 decisions rather than ethical economic ones and
19 that's deeply troubling to me?

20 HOLLY SULLIVAN: So... we, we haven't made
21 any deals yet so we're still in negotiations and
22 discussions and as far as our, you know in house food
23 service again we have very limited food service. I'll
24 go back to the example I, I used for our Seattle
25 headquarters where we actually partnered with a non-

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profit that trained previously incarcerated individuals to give them a... [cross-talk]

COUNCIL MEMBER LANCMAN: Right, I, I get that... [cross-talk]

HOLLY SULLIVAN: ...pathway so... [cross-talk]

COUNCIL MEMBER LANCMAN: ...and that's... and that's fine but limited food service as it may be its food service, some people are going to be there working, they need to make a living, they need to make good wages, they need to get benefits, they need to have retirement security, they need to have security from, from, from arbitrary termination and it... at the end of the day for me for what it's worth its simply not enough that you are picking and choosing some unions over others as another member referred to it I think to as pitting one union against another... [cross-talk]

JAMES PATCHETT: Council Member... [cross-talk]

COUNCIL MEMBER LANCMAN: ...very cynical... [cross-talk]

JAMES PATCHETT: ...we, we, we agree, we actually... we've met with the, the union representing

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food service workers and we are strongly encouraging the company to work with them, but we just don't know the details of their plans yet in terms of what they're going to be hiring and when but we... [cross-talk]

COUNCIL MEMBER LANCMAN: So, let me... let me close with this... [cross-talk]

JAMES PATCHETT: Yeah... [cross-talk]

COUNCIL MEMBER LANCMAN: Are you strongly encouraging and why aren't you demanding... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER LANCMAN: ...that Amazon also negotiate in good faith with all of the potential unions that could cover all of the potential employees who might be covered by our union?

JAMES PATCHETT: Yes, we are.

COUNCIL MEMBER LANCMAN: Yes, you are?

JAMES PATCHETT: We are, absolutely encouraging... [cross-talk]

COUNCIL MEMBER LANCMAN: Encouraging or demanding?

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2 JAMES PATCHETT: We are absolutely... first
3 of all we are insisting that they work with the
4 unions that we've already discussed and at, at this
5 facility... about this facility.

6 COUNCIL MEMBER LANCMAN: So, so you are
7 demanding that they will meet with the unions who
8 might represent the categories of workers who are
9 going to be employed at the Long Island City
10 location?

11 JAMES PATCHETT: Yes.

12 COUNCIL MEMBER LANCMAN: Okay and what if
13 Amazon refuses to do that, what if they refuse to
14 meet that demand to have those meetings?

15 JAMES PATCHETT: They've, they've met
16 those demands.

17 COUNCIL MEMBER LANCMAN: Alright, well
18 thank you, I know other members have questions.

19 CHAIRPERSON DROMM: Okay, thank you,
20 Council Member Rosenthal.

21 COUNCIL MEMBER ROSENTHAL: Thank you very
22 much, thank you all. I guess a couple of questions
23 for Amazon first, the way the subsidies are
24 structured is a tax break once the... once you hire a
25 worker, is that right?

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2 HOLLY SULLIVAN: Its... so... yes, once we
3 make the capital investment and hire the, the
4 employee then the... actually the state will audit that
5 on an annual basis to ensure those capital
6 investments, those jobs have been created and then we
7 have to actually maintain those jobs also for two
8 years.

9 COUNCIL MEMBER ROSENTHAL: So, the
10 longevity of the workers two years?

11 HOLLY SULLIVAN: There's actually
12 multiple steps in that process to ensure that those
13 are new jobs being created.

14 JAMES PATCHETT: Yeah, I think it's, it's
15 actually specifically that... just for clarity of the,
16 the, the benefits can be recaptured for... including..
17 up to the previous two years if they don't continue
18 to maintain the overall employment level that's
19 required... that will be required, and this is at the
20 state.

21 COUNCIL MEMBER ROSENTHAL: Yeah, thank
22 you, I appreciate that. Okay, so I think the public
23 needs to understand that a little bit, is that
24 written somewhere, is that something the committee
25 could get that exact information?

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2 HOLLY SULLIVAN: It is very detailed, and
3 it is available on our website and we have a New York
4 City microsite actually coming live and the MOU is
5 currently on our website and has the specific
6 announcement... [cross-talk]

7 COUNCIL MEMBER ROSENTHAL: Okay, I have
8 three minutes so... [cross-talk]

9 HOLLY SULLIVAN: Yes... [cross-talk]

10 COUNCIL MEMBER ROSENTHAL: ...its one now.
11 Do you have a written plan for gender and POC path to
12 leadership?

13 ARDINE WILLIAMS: We don't have a written
14 plan for that, we have a... we have a number of very
15 active programs within the corporation to create
16 pathways for women and people of color.

17 COUNCIL MEMBER ROSENTHAL: How about
18 gender non-conforming?

19 ARDINE WILLIAMS: Gender non-conforming,

20 BRIAN HUSEMAN: Gender... gender... yes, yes,
21 absolutely, we have very strong policies for our
22 transgender... [cross-talk]

23 COUNCIL MEMBER ROSENTHAL: And that's
24 written?

25 BRIAN HUSEMAN: Yes... [cross-talk]

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ARDINE WILLIAMS: Yes... [cross-talk]

BRIAN HUSEMAN: ...it is, absolutely...

[cross-talk]

COUNCIL MEMBER ROSENTHAL: And you're sending it over? So, I don't... okay, so you don't... but you don't have a written plan for a path to leadership for gender and POC?

ARDINE WILLIAMS: No.

COUNCIL MEMBER ROSENTHAL: No, okay. Would you consider having one for workers at every level, a written plan?

BRIAN HUSEMAN: Yes and, and maybe I'm just not again understanding the distinction, we invest many resources in ensuring that our female or underrepresented minority employees reach management levels, we have a variety of training programs, our, our HR has a central diversity team that, that works towards that so I... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Can you show the... [cross-talk]

BRIAN HUSEMAN: Yeah... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...I'd like to have the written... [cross-talk]

BRIAN HUSEMAN: Yes... [cross-talk]

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COUNCIL MEMBER ROSENTHAL: ...information...

[cross-talk]

BRIAN HUSEMAN: Okay... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...on that number one and I would like to see the outcome of those... [cross-talk]

BRIAN HUSEMAN: Yes... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...investments so over time, right, obviously what's the change... [cross-talk]

BRIAN HUSEMAN: Yes... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...with those programs, a tiny little bit more, would Amazon consider paying for outside of the deal... in addition would you consider paying for the construction cost of a Pre-K to 12 school on site for, I don't know, five sections?

HOLLY SULLIVAN: So, we've, we've already committed to providing a space for a 600-seat school...

COUNCIL MEMBER ROSENTHAL: 600 is tiny, so what I'm asking is, would you consider paying for an additional school that's actually Pre-K through 12, five sections?

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2 HOLLY SULLIVAN: So, as Mr. Patchett
3 previously said we've committed to one school,
4 there's a potential for two other schools so... [cross-
5 talk]

6 BRIAN HUSEMAN: We, we will consider...
7 you... Council Member we absolutely will consider it,
8 we... [cross-talk]

9 COUNCIL MEMBER ROSENTHAL: And I would
10 really... I think it's important to note the
11 differentiation between providing space and paying
12 for the construction costs, that's a lesson I learned
13 from our Riverside South deal where the city ended up
14 getting screwed because what we got was space, we
15 didn't get the cost of construction so it's a really
16 important distinction there and Mr. Patchett what are
17 the requirements under ICAP for MWBE companies?

18 JAMES PATCHETT: There's a 30... there...
19 sorry, there's a requirement under ICAP, under... it...
20 so, it's under state law and there's a requirement in
21 terms of the, the number of the companies that need
22 to be contacted for... the percentage of the
23 respondents who have to be MWBE respondents as a part
24 of the... as a part of the contracting unfortunately I
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2 don't believe there's a specific numeric requirement
3 as to the overall... [cross-talk]

4 COUNCIL MEMBER ROSENTHAL: I think that's
5 right... [cross-talk]

6 JAMES PATCHETT: ...percentage but I
7 believe there needs to be.

8 COUNCIL MEMBER ROSENTHAL: Thank you and
9 I'm wondering if Amazon would commit to that, there
10 is a real... there is a program of, of progress to, to
11 growth for MWBEs that I would wonder if you would
12 consider in order to help our WMBE community grow in
13 its capacity?

14 HOLLY SULLIVAN: So, we, we are committed
15 to hiring MWBE within the MOU and within a portion of
16 the other... the capital grant, we've also committed to
17 a target of 30 percent, we agree it's very important
18 and we're working on several initiatives with the
19 state and the local team to see what we can do to
20 actually foster additional MWBE participation.

21 COUNCIL MEMBER ROSENTHAL: So, I, I guess
22 what I'm looking for is some sort of signed MOU for
23 that commitment because under ICAP all you're
24 required to do is consider MWBEs for 30 percent of
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COMMITTEE ON FINANCE

the job and what you have to show is that you interviewed... [cross-talk]

JAMES PATCHETT: That's right... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...30 percent and so what I'm asking is would you consider a commitment to hiring 30 percent MWBE?

HOLLY SULLIVAN: I'd like to learn more about what you... what kind of commitment you're talking about, I'm not sure we have enough time to negotiate it right here but... [cross-talk]

COUNCIL MEMBER ROSENTHAL: It's a commitment... [cross-talk]

HOLLY SULLIVAN: ...its certainly important... [cross-talk]

COUNCIL MEMBER ROSENTHAL: ...between a shell game and actually hiring MWBEs.

HOLLY SULLIVAN: It is a priority for us, I can commit to that and I commit to the fact that we already have the 30 percent target and we hope we can exceed that.

COUNCIL MEMBER ROSENTHAL: And you can show your history on that?

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2 HOLLY SULLIVAN: Absolutely, we will be
3 very transparent.

4 COUNCIL MEMBER ROSENTHAL: What your
5 history is... [cross-talk]

6 HOLLY SULLIVAN: I cannot... [cross-talk]

7 COUNCIL MEMBER ROSENTHAL: ...on hiring
8 MWBEs over the last five years?

9 BRIAN HUSEMAN: Yes, we can get you...
10 [cross-talk]

11 HOLLY SULLIVAN: We can probably track
12 that down... [cross-talk]

13 BRIAN HUSEMAN: ...that information...
14 [cross-talk]

15 HOLLY SULLIVAN: Yeah.

16 COUNCIL MEMBER ROSENTHAL: Track that
17 down... what's... last question, well it's not a
18 question, it's actually a statement and, and I was
19 listening to the exchange between you and Council
20 Member Van Bramer on the definition of a good paying
21 job and health benefits and the distinction that's
22 missed that I... that I think elicited the response
23 that you got from Council Member Van Bramer and then
24 Adrienne Adams and then Barry Grodenchik is a good
25 paying job, the promise of a good paying job does not

1
2 include due process and it does not include job
3 security and that distinction is critical to the
4 workers in New York City 50 percent of whom are
5 living rent burdened so you know when we ask about a
6 two year... your... the written information about your
7 two year commitment to people in order to get those
8 tax breaks compared to a union job which has due
9 process and all due process means is that if someone
10 doesn't perform well they get an opportunity to talk
11 about that, right, it's nothing scary it's just an
12 opportunity not to be fired on the spot and so it's
13 important for you to understand that distinction and
14 understand what you're saying no to and understand
15 that your commitment even to the state where you're
16 getting tax breaks is not job security, it's a two
17 year job so I appreciate your consideration, thank
18 you. Thank you Chair.

19 CHAIRPERSON DROMM: Thank you, Council
20 Member Levin followed by Council Member Van Bramer.

21 COUNCIL MEMBER LEVIN: Thank you Chair.
22 So, my first question has to do with the deal as it
23 relates to the city's assets. The city is
24 contributing in addition to the tax benefits that are
25 as of right, land to this deal, is that correct?

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2 JAMES PATCHETT: We're not contributing
3 it but we're... it's a part of the agreement, yes.

4 COUNCIL MEMBER LEVIN: Okay, how much
5 land?

6 JAMES PATCHETT: There's the, the... I
7 think its... I think it's a little... between one and two
8 acres to the west side of the Department of Education
9 building and then there's the Department of Education
10 building which we're still working with the company
11 on.

12 COUNCIL MEMBER LEVIN: Okay... [cross-talk]

13 JAMES PATCHETT: Which that, that's about
14 a half million... so in the area of the development its
15 possible on that, it's probably close to two million
16 square feet inclusive of the 550,000 square feet
17 currently in the Department of Education building.

18 COUNCIL MEMBER LEVIN: The, the
19 developable square feet?

20 JAMES PATCHETT: Yeah, uh-huh.

21 COUNCIL MEMBER LEVIN: Okay, what's the...
22 what's the acreage of the land?

23 JAMES PATCHETT: Yeah, I think it's
24 between one and a half and two acres.

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2 COUNCIL MEMBER LEVIN: Okay and that's
3 going to be sold to Amazon or that's going to be
4 leased to Amazon?

5 JAMES PATCHETT: Leased...

6 COUNCIL MEMBER LEVIN: Leased...

7 JAMES PATCHETT: Leased, yes.

8 COUNCIL MEMBER LEVIN: And what's the
9 financial compensation to the city for that lease?

10 JAMES PATCHETT: So, it's... there are
11 market terms so the... subject to an appraisal in one
12 case and subject to competitive procurement in the
13 other.

14 COUNCIL MEMBER LEVIN: Okay and what,
15 what is that... has, has that happened yet?

16 JAMES PATCHETT: We haven't finalized the
17 numbers, no. We got to get numbers...

18 COUNCIL MEMBER LEVIN: Okay, has that
19 appraisal happened yet?

20 JAMES PATCHETT: No, we have not started
21 the appraisal yet.

22 COUNCIL MEMBER LEVIN: Okay. As you're
23 aware we engaged just a couple of years ago on an
24 acquisition the city acquired on a similar parcel
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COMMITTEE ON FINANCE

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about maybe two miles south of here on the water...
[cross-talk]

JAMES PATCHETT: Yeah... [cross-talk]

COUNCIL MEMBER LEVIN: ...and it was a
commitment that the Bloomberg Administration made,
this administration to their credit and your office
to your credit when you were in your previous job
made the acquisition... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER LEVIN: ...happen that was
if I'm... my math correct it was about 23 and a half
million dollars per acre... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER LEVIN: ...on acquisition,
on, on M3-1... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER LEVIN: ...land... [cross-
talk]

JAMES PATCHETT: Yeah... [cross-talk]

COUNCIL MEMBER LEVIN: ...that you know it
was... it was a 160 million dollars on 6.8 acres so 23
and a half million dollars, so I'd be interested to
know, you know obviously it's not a sale so it's a
lease so there's different... [cross-talk]

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COMMITTEE ON FINANCE

JAMES PATCHETT: Yeah... [cross-talk]

COUNCIL MEMBER LEVIN: ...interpret... you know it'd have to be interpreted but I'd be very interested to know how in line with... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER LEVIN: ...with that valuation the current... the valuation of that parcel is.

JAMES PATCHETT: Yeah, ultimately, I mean I think, you know we believe the, the value of the... of, of the DOE building at least which is the constructed building is somewhere between 200 and 400 dollars per square... for... built square foot... [cross-talk]

COUNCIL MEMBER LEVIN: Uh-huh... [cross-talk]

JAMES PATCHETT: ...it will be subject to appraisal, ultimately, we'll apply a discount rate to that to turn it into a, a... an annual lease payment but... [cross-talk]

COUNCIL MEMBER LEVIN: Uh-huh... [cross-talk]

JAMES PATCHETT: ...I, I hear your point about the comparability to Bushwick Inlet Park.

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2 COUNCIL MEMBER LEVIN: Got it, okay. I'll
3 try to get one more question in here. So, the, the,
4 the hiring, I just want to know from Amazon how many
5 and this might have been asked, but how many of these
6 jobs will be going to New Yorkers and how many of
7 these jobs... if you were to create a... I think it would
8 be helpful for you to create a, a, a series of strata
9 that say how many of these jobs are requiring an
10 associate's degree or requiring a, a high school
11 diploma, how many are... or equivalency, how many are
12 requiring an associates, how many would be requiring
13 a bachelors, how many would be requiring advanced
14 and, and, and then... and then breaking it down how
15 many are, are, are going to be 75,000 dollars and
16 below and, and, and then on up and so that it's... so
17 that it's clear to us because it's not clear to me
18 yet that these jobs are A, going to be going to New
19 Yorkers, and are... B, are going to be available to, to
20 a lot of New Yorkers who don't have advanced
21 engineering degrees and so... and I haven't seen
22 anything like that yet and, and so if you could
23 answer that but then I want to leave you with a
24 suggestion and I don't have to... everyone else has
25 talked about the importance of, of union jobs and I

1 think that you should really appreciate this is a
2 union town, we support our workers in this city so I
3 just want to make that very clear and support all of
4 my colleagues on that. One thing... one suggestion that
5 I have is we have a tremendous resource in New York
6 City, it's our public college system, the City
7 University of New York, I have in my district City
8 Tech in downtown Brooklyn, you have La Guardia, you
9 have Queens College, you have Baruch College, you
10 have BMCOMMITTEE CLERK, we have... we have so many
11 eager graduates coming out of these schools with two
12 and four year degrees that I would like to see a real
13 plan from Amazon how you're going to engage CUNY and
14 CUNY students because most of those jobs in my
15 opinion should be going to CUNY graduates because
16 they are skilled to do it and they're graduating with
17 these degrees and they... and they want to stay in New
18 York City and they want to work and, and raise their
19 families.
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21 ARDINE WILLIAMS: We absolutely agree in
22 fact our, our campus team worked with CUNY last week,
23 it spent three days on site with representatives from
24 a number of those schools as well as with the
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1
2 Chancellor's office from CUNY to talk about both
3 internships and long-term hiring.

4 BRIAN HUSEMAN: And Council Member just
5 today we announced a, a new partnership with La
6 Guardia Community College, CUNY and SUNY for our aid
7 of the US educate program so we've created a new
8 certificate for cloud computing, the goal is to train
9 students in the skills needed to get a cloud
10 computing job which is one of the most in demand
11 fields anywhere in the country here in New York be it
12 at Amazon or elsewhere. We completely agree with you,
13 we are very excited to start to hire the students.

14 COUNCIL MEMBER LEVIN: And you speak to
15 the... [cross-talk]

16 ARDINE WILLIAMS: One... like... so, one... so,
17 one more on that that also can be a dual credit
18 program, it isn't set up here yet but in southern
19 California it's available to high school students as
20 well which means that you can actually enter into
21 those cloud computing jobs post high school without
22 the second... without the... without the college
23 component.

24 COUNCIL MEMBER LEVIN: Okay...

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2 HOLLY SULLIVAN: And let me also add as
3 far as you asked the question about local hiring, I
4 mean that was the primary reason that we chose New
5 York City and Long Island City, so we can hire from
6 the diverse set of talent that's already here. Just
7 to give some example and some support of evidence, of
8 our 5,000 employees that we already have in this city
9 over 60 percent of those are New York City residents.

10 COUNCIL MEMBER LEVIN: Uh-huh, okay but
11 what I haven't seen yet is a clear, there's going to
12 be 25,000 jobs, 20,000 of them are going to come from
13 New York City and you know a, a break down about how...
14 you know what the strata is for, for different
15 educational attainments and, and, and so that we
16 haven't seen, right and you haven't put that out, I
17 think that it, it... we would like to see that so we
18 get a clear picture of just how many of those 25,000
19 jobs are going to be New York City residents, how
20 many are going to be available to people with high
21 school diplomas or equivalency, associates,
22 bachelors, and so forth and, and just have a... that,
23 that goes to transparency, we, we need to know this
24 information so beyond kind of this program or that
25 program or this internship or that internship we want

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2 to see some clear numbers about what this really
3 means for New York City residents.

4 CHAIRPERSON DROMM: Thank you. Alright,
5 Council Member... [cross-talk]

6 COUNCIL MEMBER LEVIN: And we expect to
7 see that, I'm sorry, just we... so if you're coming
8 back maybe by the next time, we'll have that to be
9 able to be presented, is that alright, is that fair?

10 BRIAN HUSEMAN: Yes, so Council Member
11 we're... we will be hiring 700 employees this year,
12 we're still trying to determine the exact big
13 initiatives that will come out, let's have an in
14 depth conversation with you about the make ups of
15 those jobs that we currently have in our, our
16 workforce and I think that will answer a lot of your
17 questions.

18 ARDINE WILLIAMS: Yeah, I think that's
19 probably... [cross-talk]

20 BRIAN HUSEMAN: So, yeah... [cross-talk]

21 ARDINE WILLIAMS: ...the best place to
22 start is why don't we show you what we have here in
23 New York now and some of our other big sites and then
24 we can... [cross-talk]

25 COUNCIL MEMBER LEVIN: Okay... [cross-talk]

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COMMITTEE ON FINANCE

ARDINE WILLIAMS: ...say here's what we're...
here's how we're thinking about it and that way...
[cross-talk]

COUNCIL MEMBER LEVIN: Okay, but we'd
like to see a plan.

ARDINE WILLIAMS: Okay... [cross-talk]

COUNCIL MEMBER LEVIN: Fair enough, okay,
thanks.

CHAIRPERSON DROMM: Okay, thank you,
Council Member Van Bramer.

COUNCIL MEMBER VAN BRAMER: Thank you
very much Mr. Chair. James I just wanted to follow up
very quickly on, on something through the exchange
between Council Member Lancman and yourself... [cross-
talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...about... and,
and I think I've recorded you right you were strongly
encouraging Amazon to meet with other labor unions
and I think you said that they have done so.

JAMES PATCHETT: Well, I think... I, I said
that they... I said just to be clear that they have met
with the unions related to jobs at the site, about
the project they were discussing with them, we also

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have encouraged them to meet with the other unions who, you know may not be possibly representing workers at this site but would be representing potentially workers at other sites across the city.

COUNCIL MEMBER VAN BRAMER: Right and so... and Council Member Lancman then followed up rightly as I was thinking... [cross-talk]

JAMES PATCHETT: Yeah... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...he was going to and say well why don't you compel them... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...and, and I'm not doubting what, what might be in your or this administration's heart on this but what I am confused is... with is, is why you aren't using the leverage that you have, right if we go back to what I said earlier which is you do have opt out clause... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...right, there is that power and therefore leverage, right, for the administration to do more than just suggest or strongly encourage... [cross-talk]

1 JAMES PATCHETT: Uh-huh... [cross-talk]

2 COUNCIL MEMBER VAN BRAMER: ...that Amazon
3 not work with ICE and that Amazon be neutral and work
4 with all labor... [cross-talk]

5 JAMES PATCHETT: Uh-huh... [cross-talk]

6 COUNCIL MEMBER VAN BRAMER: ...so, what I'm
7 struggling with is, is, is why it isn't more, aren't
8 we ceding our power as a city here to, to actually
9 compel them to act in ways that are consistent with
10 our values...

11 JAMES PATCHETT: Right, I mean... you're
12 right, we, we certainly share the Council's values on
13 this about the importance of organized labor, I, I
14 know that you believe that and we absolutely have
15 insisted that they work with the unions related to
16 this project, we just... we don't have any agreements
17 with them, we declined to providing discretionary
18 subsidies to the project in Staten Island that you're
19 referencing, I think certainly we would have had more
20 leverage there if we'd offered subsidies in that
21 project but we didn't, that project is already up and
22 running, you know we certainly encourage them to meet
23 with those unions as the Mayor has done and will
24 continue that conversation.
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COUNCIL MEMBER VAN BRAMER: I guess I would just end here and, and go back to it one more time, I think that because there is the power to opt out here and we are at such an early stage where really a lot of this is sort of conceptual or...
[cross-talk]

JAMES PATCHETT: Absolutely... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...in the memorandum of understanding and, and that, that... the, the Mayor and the city could go to Amazon right now and say if you work with ICE the deal is off... [cross-talk]
talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...if you continue to be anti-union the deal is off...

JAMES PATCHETT: Yeah...

COUNCIL MEMBER VAN BRAMER: The city has that power... [cross-talk]

JAMES PATCHETT: Uh-huh... [cross-talk]

COUNCIL MEMBER VAN BRAMER: ...it is just not using the power in that way right now.

JAMES PATCHETT: Right... you're... you know you're, you're absolutely right, we're at the beginning of this process, I think you're right that

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2 the MOU is really a framework it's quite clear that
3 many or most of the details have not been worked out,
4 we strongly support labor, we strongly support
5 immigrant's rights, we have a lot of negotiations
6 ahead obviously we... we're not... we're not looking to
7 blow up the deal but we are certainly looking to
8 ensure that Amazon lives up to all of its
9 obligations.

10 CHAIRPERSON DROMM: Okay, I'm going to
11 now just follow up with a few final questions. I want
12 to talk a little bit about pilot... [cross-talk]

13 JAMES PATCHETT: Uh-huh... [cross-talk]

14 CHAIRPERSON DROMM: ...we spoke at the
15 first hearing about how the general project plan was
16 used to usurp the city's land use authority and
17 decision making but not much has been discussed yet
18 about how the pilot infrastructure fund who serves
19 the city's budget authority, typically pilots that
20 are collected by EDC are remitted to the city
21 council... or remitted to the city's general fund and
22 then appropriated through the annual budget process..
23 [cross-talk]

24 JAMES PATCHETT: Uh-huh... [cross-talk]

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2 CHAIRPERSON DROMM: ...but in this case
3 half of the pilot money collected will go to the
4 infrastructure fund that is solely controlled by EDC,
5 does not make us happy, why were the pilots and the
6 infrastructure fund structured to circumvent the
7 city's budget process?

8 JAMES PATCHETT: I think the... so, just
9 for clarity it's not half of the overall pilot, it
10 half of the pilot associated with the, the previously
11 city owned sites just for clarity which is roughly 20
12 to 25 percent of the overall pilot that's available,
13 it's about 650 million dollars, we are happy to work
14 with the Council to ensure that the mechanism has a
15 strong role from the Council in determining how that
16 funding is being used. The only reason that we've set
17 it aside in a separate bucket is to ensure that it's
18 available to be... that, that it is set aside and
19 specifically earmarked for that community, it's about
20 planning ahead for the future and the infrastructure
21 needs of the community, I think as you know goes into
22 the regular budget process, you know there could be
23 competing demands in the future and we thought it was
24 very important looking at the experience of Seattle
25 to both have a plan for what are the investments

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2 today which we'll work out now in partnership with
3 the Council and then... and the community and then
4 ultimately ensure that there's a set of... an amount of
5 money set aside that can be determined by
6 neighborhood residents and leaders, community leaders
7 at the time because the reality is we know 10, 15
8 years from now there are going to be new need..
9 infrastructure needs and we just will not be able to
10 successfully identify all of those today.

11 CHAIRPERSON DROMM: So, what guarantees
12 are in place that that process will be followed and
13 that the identified needs of the community will be
14 allocated that funding?

15 JAMES PATCHETT Yeah, but we, we need to
16 work on an agreement with the... as part of the... we
17 have an infrastructure subcommittee with the
18 community advisory council, one of the things we want
19 to work out of that... out of that is what will be the
20 mechanism for identifying the projects but it's our
21 commitment to have those projects identified by the
22 community and the... it's capacity at the time so
23 we're, we're completely prepared to work with the
24 Council on what that structure looks like and
25 something that's satisfactory to you.

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2 CHAIRPERSON DROMM: So, the pilots will
3 not really... the, the funding won't come in for
4 another ten years, we won't see that money for about
5 ten years... [cross-talk]

6 JAMES PATCHETT: Yeah... [cross-talk]

7 CHAIRPERSON DROMM: ...how, how are you
8 going to pay for the infrastructure needs before
9 then?

10 JAMES PATCHETT: I mean I think as we do
11 in all of our large scale land use changes the city
12 is going to need to make a commitment around
13 infrastructure investments that will be necessary to
14 support this, you know over the next ten years as we
15 do in our capital planning process and we'll work
16 with the Council as a part of that.

17 CHAIRPERSON DROMM: So, doesn't that eat
18 into your nine to one return?

19 JAMES PATCHETT: Well I think frankly,
20 you know the... Council Member Van Bramer certainly
21 will agree with this, there are... there are needs
22 today in that community, it's not about this deal,
23 it's about Long Island City and shoring up its
24 infrastructure in general and we want to work with
25 them to... with, with the community, the Council

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2 Member, the... other members of the community to
3 identify what the critical needs are today and I...
4 those are not necessarily because of Amazon it's just
5 because of frankly going back to the original
6 rezoning of Long Island City before any of our time,
7 there was no significant infrastructure commitment
8 made because the expectation was that it would be
9 commercial development mixed in with residential
10 development, the reality is it was... residential
11 development happened almost exclusively and the city
12 at the time didn't have a plan for that so it's our,
13 our... what we want to do is actually develop a plan
14 for what the infrastructure investments are that are
15 necessary.

16 CHAIRPERSON DROMM: Well we look forward
17 to working with you on that... [cross-talk]

18 JAMES PATCHETT: Yes... [cross-talk]

19 CHAIRPERSON DROMM: ...and getting an
20 accounting on that funding. The New York State
21 executive budget has what appears to be an additional
22 tax break for Amazon because of the tax cut in jobs
23 act, certain capital grants seemingly including the
24 505 million that the state will give to Amazon are
25 currently taxable on the federal, city, and state

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2 levels, however, part X of the revenue article VII
3 would exclude these grants from taxation by the city
4 and state, so for Amazon is it your understanding
5 that the state budget... the state budget provision
6 would make the capital grant you will receive tax
7 free on the state and city level?

8 JAMES PATCHETT: I'm, I'm not familiar
9 with that provision, I don't know... [cross-talk]

10 HOLLY SULLIVAN: Neither, neither am I.

11 CHAIRPERSON DROMM: Alright, well we, we
12 will follow up with that at the next hearing then
13 because... [cross-talk]

14 JAMES PATCHETT: Sure... [cross-talk]

15 CHAIRPERSON DROMM: ...that's a little
16 something... a little ditty we found in the state
17 budget...

18 JAMES PATCHETT: State budgets are
19 interesting places.

20 CHAIRPERSON DROMM: Yes, they are very,
21 very interesting. Okay, how will Amazon be tracked in
22 the budget, in our budget here? How will the
23 benefits... how will it be tracked in the city's
24 budget?

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2 JAMES PATCHETT: Yeah, we haven't set it...
3 set up a specific mechanism at this point for
4 tracking it, with that being said, you know the, the,
5 the... there... you know there will be specific reporting
6 required under the city's leases with the company and
7 certainly the state will have... because they're... under
8 their discretionary incentive will require them to
9 report the number of jobs on a regular basis and so
10 we'll be happy to share all of that information with
11 the Council.

12 CHAIRPERSON DROMM: So, with, with the
13 revenues and expenditures from the pilot
14 infrastructure be reflected in the budget?

15 JAMES PATCHETT: Well certainly the...
16 certainly the pilot revenues would, I mean I think
17 the... there, there are certain laws that govern
18 whether or not the city is allowed to share specific...
19 or sorry, the city or the state are allowed to
20 provide tax information about specific tax payers but
21 you know we'll be happy to share whatever we're
22 allowed to share under, under the law.

23 CHAIRPERSON DROMM: Okay, we're going to
24 end I think with a tweet and then a final statement.
25 A tweet from Alex, a New Yorker, you talk about the

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2 economic growth supporting local shops, what... [clears
3 throat] excuse me, what steps are you taking to
4 prevent massive rent increases for Queens residents
5 and businesses?

6 JAMES PATCHETT: Yeah, I think... I think
7 it's a... it's a really important question, you know
8 clearly there is a need for the city to be
9 consistently investing in affordable housing, you
10 know as it happens 2018 was a record year, the city
11 had more than 34,000 units preserved and new
12 affordable units which was by far the biggest number
13 of units in affordable housing in the city's history,
14 I think it's a significant testament to the type of
15 work this administration is committed to and in
16 addition to working in Albany to strengthen the
17 city's rent laws as a part of this legislative
18 session.

19 CHAIRPERSON DROMM: Okay and much work
20 remains to be done on that and in Albany as well...
21 [cross-talk]

22 JAMES PATCHETT: Absolutely...

23 CHAIRPERSON DROMM: Let me ask Amazon
24 finally, can we have your commitment that you will
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appear to testify at the Council's third oversight hearing?

BRIAN HUSEMAN: Yes, we're already committed to that, I believe it's on February 27th, we will be there.

CHAIRPERSON DROMM: Okay, thank you. And with that we're going to adjourn this meeting. I thank you all for coming in... [cross-talk]

JAMES PATCHETT: Thank you.

CHAIRPERSON DROMM: And this meeting is adjourned at 1:12 in the afternoon.

JAMES PATCHETT: Thank you.

[gavel]

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. 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

February 4, 2019