

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ECONOMIC DEVELOPMENT
COMMITTEE ON SMALL BUSINESS

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February 25, 2013
Start: 1:26 p.m.
Recess: 6:07 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:

KAREN KOSLOWITZ
DIANA REYNA
Chairpersons

COUNCIL MEMBERS:

Mathieu Eugene
Julissa Ferreras
Letitia James
Diane Reyna
Albert Vann
Brad S. Lander
Stephen T. Levin
James Sanders, Jr.
Mark S. Weprin
Ruben Wills
Margaret S. Chin
Peter A. Koo
Andy King

A P P E A R A N C E S

Rob Walsh
Commissioner
New York City Department of Small Business Services

Kyle Kimball
Executive Director
New York City Economic Development Corporation

Gregg Bishop
Deputy Commissioner for Business Development
NYC Department of Small Business Services

Jonathan Gouveia
New York City Economic Development Corporation

Brian Goldstein
Director of Operations
New York State Small Business Development Center

Harry Wells
Acting Director
NYS Small Business Development Center at York College

Dean Balsamini
College of Staten Island SBDC

Monica Byrne
Restore Red Hook

Amanda Byron Zink
Owner
Salty Paw

Claudio Marini
Owner
Barbarini

Paul Quintero
Accion

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

Fernando Dallorso
Owner
Stella Restaurant

Diane Honeywell
Managing Partner
Nelson Blue

Bobby Buka
Dermatologist
Excellence in Dermatology

Linda Baran
Staten Island Chamber of Commerce

Mary McLaughlin
Staten Island Chamber of Commerce

Bettina Damiani
Good Jobs New York

Kevin Alexander
Rockaway Development Revitalization Corporation

Catherine McVay Hughes
Chair
Community Board 1 Manhattan

Ro Sheffe
Small Business Recovery Taskforce
Community Board 1 Manhattan

Kevin Alexander
President
Rockaway Development and Revitalization Corporation

Quintana O'Neill
Brooklyn Chamber of Commerce

Thomas Burton
Manhattan By Sail Inc.

CHAIRPERSON REYNA: Good afternoon.

My name is Council Member Diana Reyna, and I am chair of the Committee on Small Business. I would like to thank everyone for joining us here today. I am joined by my colleague, Council Member Karen Koslowitz, chair of the Committee on Economic Development. I'd like to thank for her cooperation on this joint hearing. The title of today's hearing is recovery, restoring and growing the city's small businesses. This hearing will explore the impact Hurricane Sandy has had on--

[background conversation]

CHAIRPERSON REYNA: I'll allow everyone to just get that out of the way. This hearing will explore the impact Hurricane Sandy has had on small businesses in the city of New York, ways in which local government can best assist affected small businesses or has had an effect on helping small businesses to recover from the storm's lasting effects, and how we can best prepare for recovery from similar natural disasters, which forecasters say are likely to be more frequent in the future. As we are all aware, Hurricane Sandy was a natural disaster of

1
2 unprecedented magnitude for New York City. In
3 addition to tragically ending the lives of 41 New
4 Yorkers and gutting entire communities Sandy
5 damaged New York City's infrastructure, disrupted
6 supply chains, forced entire neighborhoods to shut
7 down for weeks and otherwise crippled small
8 businesses and non-profits throughout the region
9 to a mere wiping them out as well. In a disaster
10 with effects as widespread as Sandy's assessing
11 the full extent of the damage and the need for
12 assistance presents obvious challenges; however,
13 we already know that in New York City at least
14 13,290 small businesses were damaged if not
15 completely destroyed with many more experiencing
16 economic losses from which they have yet to
17 recover. To put that number in perspective after
18 the tragedy of 9/11 in which there were thousands
19 of human casualties just over 3100 small
20 businesses were damaged or destroyed. If the
21 rebuilding and redevelopment of Lower Manhattan Is
22 any indicator a full recovery from the devastation
23 caused by Sandy will be years in the making.
24 Today we hope to get a clearer picture of how many
25 small businesses have been affected by Hurricane

1
2 Sandy and what is being doing to help them recover
3 in the long and short term. We will explore New
4 York City's methods for accounting for small
5 business losses and for disseminating information
6 about assistance to employers, employees,
7 government officials and small business
8 organizations. In other words, better
9 coordination. We will hear from small business
10 owners about the challenges they face in their
11 efforts to recover and whether the available
12 programs are adequately and fairly addressing
13 their needs in a timely manner, and we will
14 inquire into the city's long term plans for
15 allocating federal Sandy relief funds to assist
16 small business recovery. I would like to
17 acknowledge the members of our committee who are
18 here today with us. From the Small Business
19 Committee we have Council Member Andy King,
20 Council Member Dr. Mathieu Eugene and Council
21 Member Margaret Chin. I want to just--and Council
22 Member Peter Koo, who has been waiting for me all
23 this morning. I want to just thank the Committee
24 staff, Jeffrey Campana [phonetic], who has joined
25 us as our new committee counsel as well as Faith

1
2 Corbett, our policy analyst, and I'd like to turn
3 the mic over to Chair Karen Koslowitz.

4 CHAIRPERSON KOSLOWITZ: Thank you,
5 Council Member Reyna. Good afternoon. I am
6 Councilwoman Karen Koslowitz, chair of the
7 Committee on Economic Development. In light of a
8 variety of committees conducting hearings to
9 ascertain the overall impact of Hurricane Sandy on
10 New York City, the Committee on Economic
11 Development joint with the Committee on Small
12 Business seeks to understand how the New York City
13 Economic Development Corporation, EDC, as well as
14 the city's Department of Small Business Services
15 have conducted their outreach to small businesses
16 and provided services to rebuild. In addition
17 several large economic development investments
18 have been made along the city's waterfront in the
19 last few years. Examples, Fairway Market in Red
20 Hook, Coney Island, Brooklyn Battery and St.
21 George Terminal in Staten Island. It is
22 imperative that the administration ensures that
23 both current and recent investments in economic
24 development projects and vital commercial
25 corridors remain intact; therefore, we would also

1
2 like to understand the level of assistance EDC and
3 SBS have provided to its current list of
4 developments and investments as well as how they
5 have fared in the aftermath of Sandy. New York's
6 infrastructure will not only need to be rebuilt,
7 but also a fundamental rethinking of the city's
8 built environment is in order. The storm helps
9 the highlight several vulnerabilities within our
10 major infrastructure networks that affected the
11 ability for business to stay open. Recovery
12 efforts will need to include both short and long
13 term goals in order to better prepare for future
14 extreme weather events due to climate change. I
15 look forward to hearing testimony from EDC and SBS
16 on what is currently in place to help businesses
17 impacted by Sandy as well as future initiatives
18 that are being developed. Thank you. I would
19 also like to recognize my counsel, Thomas
20 Donaldson [phonetic] and Amanda Santiago for my
21 Committee. Thank you.

22 CHAIRPERSON REYNA: Thank you,
23 Chair Koslowitz. I want to just take a moment to
24 recognize Commissioner Walsh, who has joined us
25 and his Department of Small Business Services. I

1
2 know that are you not alone in this room when you
3 have your team here, and I want to just mention
4 how appreciative I am of what your department is
5 doing throughout the city of New York and the
6 coordinated effort up until this moment where
7 there has been a lot of response into communities
8 hardest hit by this hurricane. It's not a perfect
9 situation by no means, and we have a lot of work
10 ahead of us, but I wanted to just recognize all of
11 that work that you have been in the trenches
12 trying to perform for small businesses, and we
13 have been joined by Kyle Kimball, New York City
14 Department of Economic Development Corporation,
15 and the floor is yours.

16 COMMISSIONER WALSH: Thank you very
17 much, Chair Reyna and Chair Koslowitz, Council
18 Members Koo, Chin, Eugene and Council Member King,
19 who I look forward to meeting and working with.
20 My name is Rob Walsh. I am the Commissioner of
21 the City's Department of Small Business Services.
22 I am joined here today by Kyle Kimball, who is the
23 executive director of the New York City Economic
24 Development Corporation and others from SBS and
25 EDC who are here to help answer any questions you

1
2 might have. This afternoon we will report on how
3 the city has helped small businesses and
4 commercial areas to recover from Hurricane Sandy.
5 I'll speak about what we have done on the ground
6 responding to business needs and bringing vitality
7 back to impacted neighborhoods through marketing
8 and increasing the local capacity for commercial
9 revitalization. Kyle will speak about how we have
10 been able to provide essential services to
11 impacted businesses including emergency loans, tax
12 waivers and temporary working spaces, all of which
13 help businesses reopen or stay open. Immediately
14 following the storm, SBS and EDC worked to quickly
15 assess the extent of the damage to businesses and
16 commercial corridors in all five boroughs. We
17 reached out to business owners and local non-
18 profit organizations, gathered data and combed
19 through neighborhoods to document the damage
20 across the city, particularly along the waterfront
21 in evacuation zones A, B and C. Floods, high
22 winds and fire destroyed commercial and
23 residential buildings, damaged storefronts and
24 ruined inventory and equipment. The hardest hit
25 areas included Lower Manhattan, particularly the

1 South Street Seaport and Chinatown, the
2 Brooklyn/Queens waterfronts including Newtown
3 Creek, Southern Brooklyn, Southeast Queens
4 including the Rockaways, Broad Channel and Howard
5 Beach and the south shore of Staten Island. Even
6 where there was not extensive physical damage,
7 many businesses were closed due to loss of power
8 resulting in significant business disruptions,
9 loss of income and in some cases employee layoffs.
10 We were immediately concerned about the lasting
11 effects that prolonged business closures would
12 have on employment and on the economic health of
13 commercial corridors--you have got to act fast.
14 Before, during and after the storm, SBS was in
15 continuous communication with small business
16 owners. In preparation for the storm, over 41,000
17 businesses were contacted through e-mails with
18 information on how to prepare against potential
19 damage. Our website was also updated with storm
20 tips and information. After the storm with the
21 help of community based organizations including
22 the business improvement districts, the Local
23 Economic Development Corporation and the chamber
24 of commerce--and I see Nancy - - and Linda Baran
25

1 [phonetic] from Manhattan and Staten Island here
2 with us today. We were able to determine the
3 extent of the damage and quickly distribute
4 information on available local and federal
5 resources to impacted businesses. Our business
6 outreach emergency response unit worked closely
7 with OEM to respond to immediate business issues
8 including power restoration and large debris
9 removal. In the weeks after the storm, we visited
10 the hard hit communities to provide residents,
11 property owners and merchants with recovery
12 information and to address their concerns. Deputy
13 Mayor Steel, Seth Pinsky and I held five
14 information meetings, one in each borough, to
15 speak about available services and to distribute
16 paper loan applications. Dozens of other outreach
17 events took place across the city from Lower
18 Manhattan to the Navy Yard in Brooklyn to the St.
19 George Library Center in Staten Island. Our
20 material on recovery programs were available in
21 English, Spanish, Mandarin and Russian--were also
22 available both online and in print. In addition
23 to these events our seven New York City business
24 solutions centers and our nine New York City
25

1
2 restoration centers provided information to impact
3 businesses and property owners on all available
4 city resources including grants and loan funds.

5 In Chinatown, we established an additional office
6 where bilingual staff assisted over 100 business
7 owners. To date New York City business solutions

8 centers have helped 2356 clients with hurricane
9 related issues. We have worked closely with the

10 Small Business Administration, who co-located two
11 of their disaster recovery centers with the New

12 York City business solutions centers in Brooklyn
13 and Lower Manhattan allowing for businesses to

14 easily access resources for both agencies. I see
15 in the audience today Michael Peacock [phonetic],

16 and some of his colleagues from SBA, and I want to
17 thank him and the team from the SBA. I guess

18 during emergencies, you realize one, you have to
19 move fast and two, you have to team up, and I put

20 a call into Michael Peacock and Karen Mills

21 quickly and they responded, and as you can see,

22 Michael Peacock the team is still here and still

23 working with us. We met with the SBA

24 administrator, Karen Mills who toured Red Hook,

25 the Brooklyn Navy Yard, the South Street Seaport

1
2 with me and in Staten Island with the mayor. To
3 date, the Small Business Administration has
4 approved 490 loans valuing over \$58 million to
5 businesses in New York City. The nine New York
6 City restoration centers were located in the
7 hardest hit communities and with a principal
8 providers of information about recovery related
9 programs and services, the programs and business
10 and owners. Restoration centers were located in
11 Far Rockaway, Gravesend, Coney Island, Staten
12 Island, Red Hook, Breezy Point, Throgg's Neck, and
13 Pelham Bay. In the first months of operation,
14 restoration centers were staffed in part by 41 SBS
15 employees who took on shifts in addition to their
16 regular responsibilities. As visits to the
17 restoration centers declined over time, the city
18 began to demobilize them, closing the final three
19 centers--Coney Island, Rockaways and Dongan Hills
20 in late February. Business owners continue to
21 receive recovery services and information from
22 trained staff at New York City business solutions
23 centers. In November, New York State received a
24 grant of \$27.7 million in federal national
25 emergency grant funds to assist with recovery.

1
2 New York City received \$11.3 million to administer
3 the program. The grant provides resources to hire
4 temporary workers to clean up communities impacted
5 by the hurricane and to provide information and
6 services to impacted individuals and businesses to
7 help them get back on their feet. The grant is
8 aimed at employing individuals who have lost their
9 job as a direct result of Sandy or who are long
10 term unemployed. SBS has worked closely with a
11 variety of non-profit and government partners to
12 get the word out about the program. We managed
13 several large events where hundreds of candidates
14 were interviewed and hired. SBS worked with the
15 Parks Department to hire nearly 800 workers to
16 clean up beaches and repair playgrounds in the
17 Rockaways, Coney Island, Red Hook and Staten
18 Island. We are now working with the Parks
19 Department on a second project to hire 200 young
20 adults to help restore the damage done to a
21 variety of parks and beaches around Jamaica Bay.
22 SBS also worked with the New York City Housing
23 Authority to hire over 400 workers to clean up
24 public housing developments and to collect
25 information from impacted tenants about their

1
2 needs. SBS has also hired several employees to
3 assist in outreach efforts. In total over 1100
4 individuals have been hired to date. To assist
5 businesses located in the hardest hit areas of the
6 city business recovery zones were established as a
7 way to structure the city's recovery efforts, and
8 to tailor our response to the specific needs of
9 different impacted regions. The five recovery
10 zones are Lower Manhattan including the South
11 Street Seaport, Brooklyn Harbor waterfront
12 including Dumbo, Greenpoint, Newtown Creek, Red
13 Hook, Gowanus and Sunset Park, South Brooklyn
14 including Coney Island, Brighton Beach, Manhattan
15 Beach, Sheepshead Bay and Garrison Beach, South
16 Queens including Howard Beach and the Rockaways
17 and the final the South Shore of Staten Island.
18 Each zone has a point person who leads a
19 coordinated effort of city agencies, elected
20 officials, community organizations, small business
21 owners and community representatives to identify
22 neighborhood specific issues and respond to
23 individual business needs. The zone point person
24 also provides information to relevant stakeholders
25 on any new initiatives. To date the city has

1
2 assisted nearly 1100 businesses. I have been out
3 in these neighborhoods, and I have witnessed the
4 destruction caused by the storm and met with
5 resilient business owners in places like Red Hook,
6 the South Street Seaport, the Rockaways and Staten
7 Island. They were all hit hard, but what I have
8 noticed is that in neighborhoods where we had
9 strong local organizations devoted to economic
10 development, we were able to recover quicker. I
11 saw this in Dumbo, where the BID was able to raise
12 funds, provide recovery information and market the
13 commercial corridors on behalf of their impacted
14 businesses. Due to the BID's efforts almost all
15 of the businesses in Dumbo will reopen, and I
16 would say the same thing Council Member Chin in
17 Chinatown. With the BID, business improvement
18 district, that you created and led the effort on
19 working with Wellington - - and getting out to the
20 businesses helped make a difference, not perfect as
21 Council Member Reyna said, but it made a big
22 difference in getting the word out. We are
23 focusing commercial revitalization resources in
24 neighborhoods that don't have the support of a
25 strong bid or LDC. We are working with the

1
2 American Institute of Architects, professional
3 retail experts and community non-profits to gather
4 information, establish long term recovery plans
5 and increase the capacity of the local
6 organizations focused on commercial
7 revitalization. Where those organizations don't
8 exist, we are working to build them. We are
9 working with the existing Local Development
10 Corporation in the Rockaways, and I see Kevin
11 Alexander is here from the Rockaways, and in Red
12 Hook on economic development plans for Beach, 116th
13 Street and Van - - Streets. In the South Street
14 Seaport, we are helping to form a much needed
15 merchants' association. Even where businesses are
16 reopening pedestrian traffic is much lower than
17 normal. We are combatting this drop off in foot
18 traffic with marketing campaigns to attract people
19 back to the hardest hit areas. The campaigns
20 highlight individual businesses and appeal to New
21 Yorkers to go to these neighborhoods and patronize
22 the businesses that have been opened. In
23 partnership with Speaker Quinn, the Mayor's Office
24 of Media and Entertainment and New York City and
25 company SBS launched an advertising campaign

1
2 called support NYC small business. The campaign
3 highlights open business and their recovery
4 stories and features them on radio and bus
5 shelters and in print. These advertisements have
6 been featured in major publications like the Daily
7 News, The New York Post. The campaign has been
8 recently extended thanks to a generous
9 contribution from Citi Bank to allow for another
10 round of print advertisements and through subway
11 ads. The campaign also includes a support NYC
12 small business website with an interactive map of
13 open businesses that currently located 1342
14 businesses that have reopened after the storm.
15 New Yorkers have consulted the website over 20,000
16 times when deciding where to shop. We have also
17 worked with 1010 wins to highlight over 20
18 businesses in open for business campaign, and that
19 campaign continues daily segments on reopened
20 businesses. Segments have been done on businesses
21 across all impacted areas. As part of our efforts
22 to rebuild neighborhoods, we are also providing
23 small business assistance grants to businesses
24 that have reopened, but still need help in
25 repairing or replacing items necessary for full

1 recovery. SBS partnered with Barclay's, Citi, and
2 UBS to create a million dollar fund for these
3 grants. Businesses can apply for grants up to
4 \$5,000 for structural repairs, equipment repairs
5 or to purchase replacement equipment. To date 613
6 businesses have applied for small business
7 assistance grants. The largest portion of
8 assistant grant applicants, 37 percent from
9 Brooklyn, 28 percent from Queens, 20 percent from
10 Staten Island and 14 percent in Lower Manhattan.
11 Additionally through a partnership with the New
12 York State Department of Financial Services
13 businesses can receive assistance with insurance
14 issues, including denial of coverage or
15 unsatisfactory service. In the immediate
16 aftermath of the storm, SBS served as an
17 intermediary to help make the connection and refer
18 to over 41 businesses to the state. Outreach
19 partnership continues with the state. Insurance
20 workshops are scheduled to take place in each of
21 the impacted zones for companies still dealing
22 with insurance issues. These workshops will
23 include specialists that can provide one on one
24 assistance to businesses looking to negotiate with
25

1
2 their insurance providers. In addition to
3 financial assistance, the city has shortened the
4 time required for businesses to reopen by helping
5 them obtain the inspections, permits and license
6 they need and by directing them to insurance
7 resources. The city established the NYC
8 restoration business acceleration team to
9 coordinate services, permitting and inspection
10 needed for businesses to reopen. This team
11 provides interagency guidance to affected business
12 owners among 11 agencies including the Department
13 of Buildings, Department of Health, Department of
14 Consumer Affairs, Department of Environmental
15 Protection. This team builds upon the expertise
16 of the new business acceleration team, which has
17 helped more than 1100 businesses open more
18 quickly. Client managers serve as a single point
19 of contact for impacted businesses providing
20 necessary information, coordinating schedules with
21 safety and regulatory agencies and troubleshooting
22 problems. To date 75 businesses have been
23 assisted and 220 additional businesses have been
24 contacted. In his state of the city address,
25 Mayor Bloomberg announced a fee waiver program to

1 provide temporary relief for filing and inspection
2 fees related to Hurricane Sandy recovery work.

3
4 Legislation is being introduced to amend the
5 administrative code to wave applications and
6 permit filing fees for work directly related to
7 reconstruction, repair or relicensing of impacted
8 businesses. This program will apply to over 40
9 permits necessary to reopen and include an option
10 for fees to be refunded. The program will be
11 administered by the RBA. Robinson Hernandez,
12 executive director of the New York Business
13 Acceleration team is here to answer any questions
14 on this issue. Before I hand it over to Kyle, I
15 want to thank the Council for all of your help and
16 support of our recovery efforts throughout the
17 city. Together we have made significant progress
18 helping small businesses impacted by Hurricane
19 Sandy, protecting jobs and long term economic
20 vitality of the city. At the same time, I realize
21 we have quite a bit more to do in the months
22 ahead, and just a final note to many of you, the
23 phone calls regarding businesses and I looked at
24 Council Member Chin again, the head's up on
25 particular issues, Chair Reyna, getting out there

1
2 whether it's been to Dumbo to Red Hook to the Navy
3 Yard, just providing a lot of suggestions. We
4 still have a lot more work to do. I was talking
5 to a number of the merchants you will hear from in
6 a few minutes from the Seaport. Front Street is
7 still empty. There is a whole side of the street
8 that hasn't been activated and has had some
9 terrific restaurants and other attractions, and we
10 have got to do all we can to get them back on
11 their feet. In the Rockaways the fact that the
12 boardwalk is out--what can we do to work with
13 Kevin Alexander and some of the other folks who
14 are out there and make a difference. I certainly
15 am spending a lot of my time on this issue. Our
16 staff is spending a lot of their time to see what
17 we can do to work with you and make a difference.
18 Thank you very much.

19 KYLE KIMBALL: Good morning,
20 Chairwoman Reyna, Chairwoman Koslowitz and members
21 of the Small Businesses Committee, including
22 Council Member Lander, - - , Koo, Weprin, Chin,
23 Eugene and King as well as the staffs of the
24 respective committees. Thanks for organizing
25 this. My name is Kyle Kimball. I am the

1 executive director of the New York City Economic
2 Development Corporation, together with Rob Walsh,
3 who you just heard from, I am here to speak with
4 you today about EDC's role in the response to
5 Hurricane Sandy in partnership with SBS, the new
6 business acceleration team headed by Robinson
7 Hernandez as well as the Mayor's Office. As you
8 know Hurricane Sandy presented us with one of the
9 greatest challenges we have ever faced as a city.
10 Sandy severely damaged businesses, homes across
11 the five boroughs, the losses to the economy and
12 assets totaling approximately 19 billion. Of
13 course we often distance ourselves from the
14 personal and human side of loss by trying to
15 quantify the damage. We cannot quantify the
16 impact the storm had on families who lost their
17 routines, their neighborhoods, businesses, homes
18 and most tragically their family members. As
19 Sandy approached the city, Mayor Bloomberg
20 mobilized agencies across the city government to
21 secure life safety and basic services to help with
22 initial recovery efforts and the goal of getting
23 New Yorkers back on their feet as quickly as
24 possible. During the difficult days immediately
25

1 following the storm, we saw New Yorkers
2 demonstrate tremendous resiliency. From emergency
3 responders who despite suffering their own
4 personal losses rescued fellow New Yorkers,
5 distributed aid and restored order to workers at
6 the city's rapid repairs program who work to make
7 thousands of homes habitable again, the sanitation
8 workers who removed hundreds of thousands of tons
9 of debris in the days following the storm. In my
10 days following the storm volunteering in Red Hook
11 through an effort organized by Speaker Quinn, of
12 the neighborhoods most severely damaged by the
13 storm, I was personally struck by the overwhelming
14 generosity of New Yorkers as I saw firsthand
15 residents and people from all over the city
16 mobilizing almost overnight sharing generators,
17 storefronts, supplies, establishing mobile free
18 pizza ovens in the street and offering free hot
19 meals and showers to neighbors. In the days
20 following the storm, our efforts at EDC centered
21 around helping New Yorkers get back on their feet
22 as quickly as possible and get back to work in
23 order to stimulate the recovery of communities
24 across the city. One of our top priorities was
25

1 transportation. We were able to restore limited
2 service on the East River Ferry only three days
3 after the storm. With subway tunnels flooded, the
4 service provided critical connections between
5 Brooklyn, Queens and Manhattan, and we saw more
6 than two times the normal number of passengers in
7 the days following the storm as New Yorkers
8 utilized the service to get to their jobs. The
9 Monday following the storm we added an extra ferry
10 to accommodate additional passengers. EDC staff
11 also installed a new temporary ferry landing in
12 the Rockaways in a matter of days after the storm.
13 We were able to launch a new temporary ferry
14 service between the Rockaways and Manhattan in two
15 weeks. Until the reopening of the subway service
16 the rest of the city was destroyed from the
17 Rockaways, this temporary transportation option
18 has assisted thousands of New Yorkers most
19 impacted by the storm allowing our economy to take
20 another step on the road to recovery. In addition
21 to providing alternative transportation options,
22 we worked to get EDC managed assets, which employ
23 thousands of New Yorkers and generate significant
24 economic activity for the city back online as
25

1
2 quickly as possible. This includes for example
3 our cruise terminals. The cruise industry is
4 critical to our city's economy. In 2011, cruise
5 terminals welcomed 267 ship calls carrying more
6 than 630,000 passengers from around the globe
7 helping to generate an economic impact of 239
8 million. Both the Manhattan and Brooklyn cruise
9 terminals suffered extensive physical damage and
10 lost power during Sandy. Within four days, EDC
11 staff had restored service to the Manhattan
12 terminal despite the structural damage and ongoing
13 power problems and rerouted Brooklyn ships there.
14 Within their first week of opening, the terminal
15 had welcomed five ships carrying thousands of
16 passengers. Similarly on the Brooklyn waterfront,
17 the Brooklyn - - terminal and Bush terminal which
18 are home to industrial and manufacture companies
19 that together employ about 3800 people suffered
20 extensive flooding and power outages. Within days
21 we were able to get the most tenants in these
22 sites on temporary power meaning that thousands of
23 New Yorkers could get back to business including
24 the Economic Development Corporation ourselves
25 where - - provided our temporary emergency

1 facility. Meanwhile coordinating with Speaker
2 Quinn's office, EDC staff worked to access the
3 hardest hit areas quickly to determine what kind
4 of assistance would be needed in those
5 neighborhoods. Working closely with our partners
6 at SBS, we deployed staff to each of the hardest
7 hit areas to canvass key commercial strips and
8 coordinate our efforts with local organizations on
9 the ground to directly as many businesses as
10 possible. Although it was challenging the days
11 following the storm to establish direct
12 communication with many businesses, we utilized
13 all means available including the phone, Internet,
14 social media, press outreach, door to door
15 canvassing, and outreach through local
16 organizations and City Council members, not to
17 mention extensive shoe leather on the part of many
18 people across the city. As a result of these
19 efforts, we had a clearer understanding of the
20 immediate issues facing local businesses, which
21 allows us to tailor our recovery efforts in each
22 area. From our work on the ground, it was
23 immediately clear to us the businesses across the
24 city would feel the effects of Sandy for a long
25

1
2 time; therefore, two days after Sandy hit we
3 launched in collaboration with SBS a suite of
4 initiatives to assist impacted businesses across
5 the five boroughs by providing them with the
6 financial assistance, space and services. We have
7 focused our efforts on small and medium sized
8 businesses because not only are those businesses
9 critical to our economy, they also tend to be
10 located in the neighborhoods most impacted by this
11 particular storm and have fewer resources at their
12 disposal to overcome the challenges they face. As
13 of today we had made a total of about 50 million
14 in loans, grants and other financial assistance
15 available to affected businesses. I'll now
16 explain these initiatives in more detail. First,
17 in the days immediately following the storm, we
18 launched the emergency loan fund for impacted
19 business to cover costs like repairs, equipment
20 replacement. The fund has provided low interest
21 loans of up to 25,000 to small businesses that
22 experienced direct damage through flooding or
23 power outages. Loans are interest free for the
24 first six months and carry one percent interest
25 for two years. EDC and Goldman Sachs contributed

1
2 five million to establish this fund with an
3 additional ten million commitment from a
4 consortium of 32 financial institutions including
5 an additional five million just announced today
6 through the New York Bankers' Association. The
7 total value of loans available through the fund is
8 now at 20 million. So far more than 500
9 businesses have been approved for a total of more
10 than 11.4 million in loans with 126 applications
11 pending. Small businesses who applied for loans
12 also called for grant money. Taking this feedback
13 into account, we were able to secure additional
14 funds in order to add a total of 5.5 million in
15 grants available to help impacted businesses.
16 This - - program has been funded with five million
17 from the Mayor's Fund to Advance New York City as
18 well as 500,000 from the Partnership for New York
19 City and is administered by the New York Business
20 Development Corporation. Grants of up to 10,000
21 each are available to businesses who were
22 displaced from their workplace for three weeks as
23 a result of Sandy, and who are also seeking low
24 interest loans through the city's emergency loan
25 fund. The city's business solutions centers have

1
2 been coordinating with community based
3 organizations in severely affected areas since the
4 storm to help the businesses with the application
5 process for both the grants and the loans. So far
6 almost 200 businesses have been approved for a
7 total of more than 1.7 million in grants with an
8 additional 19 applications being processed. The
9 funded businesses include for example - - Frozen
10 Yogurt Shop in Sheepshead Bay, Brooklyn, where
11 flood waters caused significant structural damage
12 and destroyed equipment and furniture. The owners
13 used their \$25,000 loan along with a \$10,000
14 matching grant to renovate the shop and were able
15 to reopen in January. In addition through an
16 initiative administered by the New York City
17 Industrial Development Authority, businesses can
18 obtain a waiver of up to 100,000 in New York State
19 sales tax for materials purchased for recovery
20 efforts. This program is available for up to 250
21 businesses for reconstruction projects. To date,
22 78 applications for sales tax waivers have been
23 approved allowing businesses to proceed with a
24 total of almost 150 million in reconstruction work
25 while saving almost three million in sales tax.

1
2 Additional applications are being processed and
3 sales tax exemptions are making a real difference
4 for New Yorkers affected by Sandy. For example in
5 the Rockaways we provided a key food supermarket
6 with a sales tax waiver after significant damage
7 sustained during Sandy forced the store to close.
8 The supermarket fills a critical niche in the
9 neighborhood, which is underserved by grocery
10 retail. Furthermore after the storm many
11 Rockaways residents were left without cars and now
12 face difficulties getting to supermarkets in other
13 parts of the city. The store isn't able to pay
14 for construction equipment, shelving,
15 refrigeration equipment and other expenditures for
16 capital improvements it needs to reopen without
17 the additional expense of sales tax. The owners
18 hope to complete renovations and reopen for the
19 summer. Besides financial assistance we have
20 worked to connect affected businesses with the
21 space and services they need to get back on their
22 feet. EDC has made available more than 250,000
23 square feet of temporary office space including
24 40,000 square feet at Brooklyn Army Terminal to
25 displace businesses across the five boroughs. In

1
2 addition we created an online marketplace matching
3 businesses who have generally offered space,
4 supplies or other services for businesses
5 displaced by the hurricane. The marketplace has
6 provided affected businesses with free supplies
7 and services range from office furniture to
8 technology support to carting services and
9 financial and legal assistance. In addition to
10 these efforts, the Mayor announced earlier this
11 month that the administration will be spending the
12 city's initial allocation of federal funding on
13 eight new Sandy recovery initiatives. The
14 allocation of 1.77 billion in community
15 development block grants will address the city's
16 most urgent housing, business and infrastructure
17 needs in our hardest hit neighborhoods. Of this
18 funding, the 185 million designated for business
19 recovery initiatives includes additional loan and
20 grant programs for affected businesses as well as
21 a competition to allocate grants to businesses
22 that develop new resiliency technologies, but even
23 as all of these recovery efforts are underway,
24 Mayor Bloomberg has recognized that we will
25 inevitably face storms in the future. We cannot

1 focus solely on short term rebuilding efforts.
2 Sandy has presented us with an opportunity not
3 just to rebuild, but to adapt in order to make our
4 city more resilient in the future and future
5 natural disasters and climate change. So in
6 December Mayor Bloomberg announced the
7 administration will be producing two reports in
8 the coming months. First released in the coming
9 weeks will be an after - - report on city
10 government performance during the storm. It is
11 being developed by Deputy Mayors Gibbs and
12 Holloway. The second report to be released in May
13 by a team led by Seth Pinsky will be a long term
14 plan outlining how to transform our city so that
15 it will be more resilient in the face of impacts
16 of future climate change. Looking ahead to the
17 future we know that we will continue to face
18 significant challenges both in our ongoing
19 recovery from Sandy and our long term efforts to
20 prepare for future storms and climate change;
21 however, we remain committed to assisting
22 businesses and neighborhoods across the city, so
23 they do not just survive Sandy, but emerge
24 stronger than before. While we still have a great
25

1
2 deal of work ahead of us, the outpouring of
3 support from New Yorkers at all levels of
4 government and across the non-profit and private
5 sectors gives us great hope for the bright future
6 of our city. With the continued support of your
7 committees as well as the rest of the members of
8 the City Council, we at EDC are confident that the
9 city will overcome the challenges we have faced
10 and will face and evolve to become an even
11 stronger and more resilient city. I think we
12 would be happy to answer your questions.

13 CHAIRPERSON KOSLOWITZ: Thank you.

14 I would like to acknowledge members that have
15 joined us--Council Member Lander, Wills, Weprin,
16 Brewer, and Council Member James was here and had
17 to leave, and Council Member Levin. Today is a
18 very busy day, people. There is a lot of meetings
19 going on here, so before I ask some questions I
20 want to call on Council Member Koo 'cause he has
21 another meeting he has to go to.

22 COUNCIL MEMBER KOO: Thank you,
23 Chairwoman Koslowitz. Thank you, Commissioner and
24 Deputy Commissioner?

25 KYLE KIMBALL: Executive director.

COUNCIL MEMBER KOO: Executive

Director. Thank you for both of you coming to testify. I guess New York City is a strong city. It is a good city because we have good public servants like you two, you know? - - 24-7. My question is it's not really a question; it's my experience as a business owner. The business climate in your city is getting worse and worse since like four or five years ago. Every year the sales are down. I have heard from most of the small business on Main Street, Flushing. Because of the overall economic climate and the Hurricane Sandy only made it worse even though a hurricane doesn't affect Queens that much--my area that much. It affects the coastal areas. So my fear is the city can help small business people. More importantly through the real estate tax [phonetic], as most of you know small business people, they not only pay rent every month, they have to pay real estate tax. - - this tax is charged to the landlord, but in - - most of the lease they sign is that the tenants pay the real estate tax, and this is a very heavy burden. Some people they might pay \$10,000 rent, but the real

1
2 estate tax might be \$5,000 a month. This is very
3 high. The real estate tax has risen a lot since
4 the last ten years. Sometimes more than double,
5 so maybe you can relay to the mayor he can have a
6 suspension of the increase of the real estate tax
7 for a year or so because--just keep it stable for
8 the next couple of years so to help the small
9 business people, and this will help a lot of small
10 business people, not just hurricane areas.

11 Overall, the whole New York City benefits. The
12 second thing I can suggest is we have a lot of
13 restaurants among small businesses. Maybe 30, 40
14 percent in some areas are the business of
15 restaurants. Maybe you can also relay to the
16 mayor we have a moratorium of fining the
17 restaurants excessively. I mean they can go to
18 inspect maybe once or twice a year, but don't go
19 every week. When the mayor first proposed this
20 grading system he told us that when the restaurant
21 receives an A in the grading, that restaurant
22 won't be bothered for a whole year. I think it's
23 something like that, but in reality it's not true.
24 I know a lot of restaurants that receive As and a
25 couple of weeks later, they are getting an

1
2 inspection again, and they get fined--some Korean
3 restaurants they get fined for keeping kimchee at
4 room temperature. Kimchee is spiced. It won't
5 get spoiled if you keep it at room temperature for
6 a couple days, not for four hours, but a lot of
7 people get fined for that, and it's a \$1,000 fine
8 and they always complain to me. The mayor and the
9 Department of Health have to have common sense and
10 in some cultural proceedings you cannot judge by
11 the everyday regulations in the books. Those that
12 apply for everyday items, but there are always
13 exceptions, so maybe you can propose to the
14 Commissioner of Health that the - - they don't
15 have to change the rules. - - certain
16 temperatures with the exemption of the following
17 items--kimchee, roast duck, sushi--those you
18 cannot keep it hot. If you keep it at a high
19 temperature, nobody will buy it. So those little
20 things will help restaurant people a lot.

21 COMMISSIONER WALSH: Have you
22 reached out to the Health Commissioner?

23 COUNCIL MEMBER KOO: No, I want you
24 to help me have a meeting between the Korean
25 restaurant owners and the Department of Health so

1
2 that he can propose an exemption of certain rules,
3 and also he can relay to the mayor--restaurants
4 get an A or a B why bother them in two weeks for
5 little things? So have a moratorium on fines on
6 inspections unless they related to public safety,
7 public health. Of course, we have to take care of
8 it, but for little things, let it go for a couple
9 of years. Let the restaurants build up their
10 strength and then we start from there. Thank you
11 very much.

12 COMMISSIONER WALSH: Thank you.

13 CHAIRPERSON KOSLOWITZ: Thank you.

14 I think we can add that to every business that
15 small business that is going on because I have
16 been bombarded with complaints from small business
17 about getting fined. It's really out of hand.
18 How many businesses visited the following city's
19 disaster assistance centers? Do we have a number
20 on that? And also the business solutions centers?

21 COMMISSIONER WALSH: I think I
22 reported on that. The business solution centers
23 we helped over 2300 clients, 2356 on the business
24 solution centers that were storm related.

25 CHAIRPERSON KOSLOWITZ: And is

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that--that's the breakdown?

COMMISSIONER WALSH: That is across the city people who walked in and said I was affected. I am looking for a loan. I am looking for help in restoration, so that to date that is what the numbers is since the October storm.

CHAIRPERSON KOSLOWITZ: And how are we reacting to the capital needs, the access to the capital needs of small business owners?

COMMISSIONER WALSH: For loans and grants we are sitting down with each and every person that walks in. We streamlined the application. We have gotten over \$11 million out now, Kyle?

KYLE KIMBALL: - -

COMMISSIONER WALSH: --to date. Kyle mentioned that there is more resources being put in. Those for whatever reason that don't get a loan or a grant we are looking at other resources, non-profit organizations, you know, to see if we can help them out. Some businesses unfortunately have bad credit ratings or they are new businesses and often they have been turned down by--for the loans and grants. We are looking

1
2 for other resources to get their way. It's one of
3 the reasons we created the \$5,000 grant to help
4 some of these small businesses that one, couldn't
5 get a loan or didn't want to stretch themselves
6 any further, and my hope is that when all things
7 shake out in terms of what we get from the federal
8 government we will be able to put even more
9 resources in that area.

10 CHAIRPERSON KOSLOWITZ: How many
11 businesses applied for the NYC IDA [phonetic] tax
12 exemptions?

13 KYLE KIMBALL: Let me see if I have
14 the numbers here. I am being told by Jonathan - -
15 , who runs the IDA - - it's about 130.

16 CHAIRPERSON KOSLOWITZ: 730?

17 KYLE KIMBALL: 130.

18 CHAIRPERSON KOSLOWITZ: 130. Okay,
19 and you mentioned you reached out to businesses
20 and responded to their needs. Please explain when
21 and where and to how many businesses you canvassed
22 in the first two weeks following the storm.

23 COMMISSIONER WALSH: I don't have
24 that number off the top of my head, but it was
25 thousands. I have been out there myself and

1
2 continue to be out there on a regular basis. I
3 know we have two of the EDC ourselves and I'm not
4 sure if there is another agency involved in this,
5 we have point persons. I have Todd Lang
6 [phonetic] in Staten Island to this date. I have
7 Jessica Keller, who is with us today, in the
8 Rockaways. It is a continuous effort in terms of
9 reaching out to those businesses. I'd have to
10 calculate that. I don't know, but it is
11 thousands. As I mentioned in the testimony
12 myself, Seth Pinsky, the Deputy Mayor went out to
13 the five boroughs. There was a lot more people
14 that we did phone calls, the chamber of commerce,
15 the business improvement districts, the local
16 development corporations. We used that network.
17 We used the network of the business solutions
18 centers, so it's thousands of people that we
19 reached.

20 KYLE KIMBALL: And the only thing I
21 would add too is it's a somewhat unquantifiable
22 number because we used every channel possible to
23 reach people, so it would be hard to know who is
24 receiving the information we were canvassing
25 through through tweets and through other social

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media channels, e-mails and - - .

CHAIRPERSON KOSLOWITZ: And with
media is 1010 wins the only thing that--

COMMISSIONER WALSH: 1010 wins, NYC
Media through Commissioner Katherine Oliver, she
got it out to a number of places, Daily News, New
York Post, - - we used the sides of subway ads. I
know in addition to 1010 wins--1010 wins called us
and said they want to do this and highlight and
profile, and we said, that is great, but the
reality is a lot of other radio and TV also picked
up on it and still continues to profile business
that have opened up. I noticed an article in the
Daily News that Joanna Molloy did over the weekend
about the South Street Seaport merchants, some of
whom who were here today just helping each other
going to a place called Made Fresh Daily and using
that as ground zero if you will of a place to meet
and plan and work with, and we are going to
continue to work with these groups and
organizations whether it is to create events or to
take advantage and leverage events. Right here at
the Seaport a lot of it is still empty north of
the main strip. If there is a dozen businesses

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2 open right now, that is probably a high number.
3 New York marathon group will have a half marathon
4 next month. We better leverage that. Leverage
5 all our resources as possible to get as many
6 people down to keep promoting and to work with the
7 group here to get their shops open. They want to
8 open up again--

9 CHAIRPERSON KOSLOWITZ: Have we
10 reached out ethnically to different radio stations
11 that--

12 COMMISSIONER WALSH: We have been
13 using our business improvement districts again.
14 We oversee the 67 bids, so I'll use an example of
15 that. In Brighton Beach, we have an active
16 business improvement district, and we have used
17 that to reach out to the Russian population in
18 Brighton Beach and in other areas we have done the
19 same, but Brighton Beach comes to mind real
20 quickly, and as I mentioned in my testimony we
21 made our materials available in English, Spanish,
22 Mandarin, Russian, and I'm sure others have taken
23 it and put it in other languages.

24 CHAIRPERSON KOSLOWITZ: How can we
25 help you reach out to--

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2 COMMISSIONER WALSH: I think it's
3 happening and it continues to happen. Chair Reyna
4 has been wish me on a number of occasions whether
5 it's been the Navy Yard, whether it's been Red
6 Hook, whether it's been the Seaport, and I think
7 we need to continue to do that. I think we need
8 to resolve some of the places that are still dark
9 and empty. How do we get them back online right
10 here? Right within blocks of here. In some cases
11 resolution with some of the landlords quite
12 frankly that haven't opened up, and the question
13 is why, and you know, and in other cases--I use
14 116th Street as an example in Rockaways. Rockaways
15 was struggling beforehand--116th Street. How do we
16 build an organization bigger and better than ever
17 and eliminate some of the sore spots that existed
18 even before the storm and bring businesses in? I
19 have been working with Parks Commissioner Veronica
20 White about the concessions, about the boardwalk.
21 We need an all-out effort in some of these
22 impacted areas, and I would say as I look around
23 the Council has been amazing partners on this
24 front.

25 CHAIRPERSON KOSLOWITZ: Thank you.

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CHAIRPERSON REYNA: Thank you, Madam Chair. I just wanted to share I personally added a lot of the information that was being shared with our office whether that was federal, state or city aid for small businesses and my newsletter from the Council, and that has assisted in spreading the word. Obviously, my district was not one of the hardest hit districts. We had Newtown Creek--

COMMISSIONER WALSH: [interposing]

- -

CHAIRPERSON REYNA: Correct and East Williamsburg and Greenpoint, but it does help where perhaps someone in my district is related to someone who is impacted, who as an impacted relative, and--

COMMISSIONER WALSH: [interposing]

They lost their job.

CHAIRPERSON REYNA: Mm-hmm. So every bit counts. I wanted to just follow up with you regarding the lines of communication regarding media. What ethnic media has been reached out to in relationship to all of your efforts?

COMMISSIONER WALSH: Council

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2 Member, I don't have it in front of me, but I will
3 get you the list. Our press secretary is not here
4 today. She is on a much needed vacation. Let's
5 put it that way. She has been at it since October
6 29th. I know she has done a phenomenal job in
7 reaching out, but let me get the information
8 rather than trying to guess.

9 CHAIRPERSON REYNA: I just want to
10 make sure that in assessing that particular answer
11 to my question that if we have not done so that we
12 do so in particularly what would be - - , I know
13 I haven't come across any information, but I want
14 to make sure I pointed out we have clearly the
15 many different spoken languages in the city of New
16 York, but in particular those five very
17 identifiable zones that your testimony reflects on
18 time in and time out, which helps us really gauge
19 as to who we need to reach.

20 COMMISSIONER WALSH: I just
21 received another grant from Citi. This is not an
22 advertisement for Citi, but I'll just use it as an
23 example, and one of the conditions that Eileen
24 Auld [phonetic], who heads up their efforts here
25 in the city, said was for to make sure that these

1
2 ads were in a variety of languages. I think you
3 will see more of that from us as we go forward,
4 and it's great that we are doing that, but I think
5 I can make you this promise. It will continue.

6 CHAIRPERSON REYNA: And I wanted to
7 just--the devil is in the details as they say. I
8 need to understand the--I had a meeting in
9 response to preparing for this hearing with key
10 individuals from the administration, which I
11 appreciated, in order to understand who are the
12 impacted small businesses and how we are capturing
13 them, and you mentioned in your testimony 41,000
14 businesses have been contacted prior to. How were
15 we able to--how were you able to identify what
16 would be 41,000 small businesses prior to this - -
17 Sandy?

18 COMMISSIONER WALSH: We called all
19 of our list, whether it was minority women owned
20 businesses, people that we worked with through our
21 business solutions centers. We got lists through
22 the various business improvement districts. We
23 worked with the chamber of commerce, the local
24 development corporations. We put as many lists as
25 possible together. We also got on the phone. The

1 Deputy Mayor had a phone call with all of the
2 business improvement districts and asked them to
3 get information out and to blast information out,
4 so we could account for 41,000, my guess is it was
5 much more than that after as I look into the
6 audience here, and I see Nancy - - from the
7 chamber of commerce. God knows what her list is,
8 but I know it's pretty extensive.

10 CHAIRPERSON REYNA: And if a
11 business because of this particular hearing has
12 not contacted or has not been made aware of
13 whatever relief there is because they don't have a
14 business and they are not receiving information,
15 right, at the moment. Is there a hotline that the
16 small business department--

17 COMMISSIONER WALSH: [interposing]
18 I would start with 311. I think 311 is still the
19 best hotline, and get to a business solutions
20 center.

21 CHAIRPERSON REYNA: Can you
22 quantify how many calls have come in through 311
23 related to Sandy in particular from small
24 businesses?

25 COMMISSIONER WALSH: Again, I don't

1
2 have that in front of me, but I will get it for
3 you on that.

4 CHAIRPERSON REYNA: As far as small
5 businesses are concerned, are you advising small
6 businesses to register for disaster assistance
7 alerts?

8 COMMISSIONER WALSH: That is a good
9 question. I don't have the answer. Gregg Bishop,
10 the deputy commissioner for business services.

11 DEPUTY COMMISSIONER BISHOP: Good
12 afternoon. So before the storm, we sent out a
13 number of e-mails to as the Commissioner said to
14 businesses that also includes how to register for
15 notify NYC. It also included some disaster
16 preparedness issues in terms of backing up your
17 systems, making sure that your inventory you had--
18 so it was basically a number of steps to take in
19 preparation for a disaster, and we also included
20 links to the Office of Emergency Management. So
21 that was the notification that was sent out before
22 the storm.

23 COMMISSIONER WALSH: If I may, and
24 I don't want to put words in your mouth, but I
25 think you are saying perhaps a much more

1
2 aggressive effort to get the word out. Maybe one
3 of the things if we could end up doing an e-mail
4 blast or have the information in the various
5 business solutions center, letting people know
6 this is where you can register if a future event
7 happens whether it's a black out or water main
8 break or something else. That's a great
9 suggestion.

10 CHAIRPERSON REYNA: And I want to
11 just share the deadline for registering for FEMA
12 assistance, SBA assistance.

13 COMMISSIONER WALSH: It's been
14 expanded thanks to our friends here.

15 CHAIRPERSON REYNA: Correct, and so
16 that information following out--there is no real
17 time, effort that is built in with capacity to
18 send out a blast to businesses that don't know
19 about that extension.

20 COMMISSIONER WALSH: We will be
21 making another effort as the funds that we receive
22 get sorted out from the federal government, and
23 that fact that we are putting more resources into
24 our loans and we are not stopping. The foot is
25 still on the gas pedal.

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2 CHAIRPERSON REYNA: So I expect
3 that this will allow you to look into what would
4 be a systemized method to be able to build out
5 what is recovery and reactive ability to get
6 information flowing out into small businesses, but
7 more importantly who that small business is within
8 your own database because it seems to be a very
9 reactionary way of plugging in networks, but you
10 may not capture everyone who may be more impacted
11 than others.

12 COMMISSIONER WALSH: It's a big
13 universe.

14 CHAIRPERSON REYNA: It certainly
15 is.

16 COMMISSIONER WALSH: It's a big
17 universe, and it's amazing, and I will tell you
18 that it's still being out there. I was out with
19 Jessica Taylor [phonetic] just a week or two ago
20 out in the Rockaways, and some businesses still
21 not aware, and they are just to some just getting
22 up and running. You are going to hear in
23 testimonies today, there are still some that are
24 not up and running, and they're just getting to
25 that, oh, I wasn't aware of this program. It is a

1
2 constant educational process, and I'm telling you,
3 one of the reasons I pushed hard to get more money
4 into publicizing some of the good things that are
5 happening is I am convinced that there are still
6 some that haven't taken advantage of it that are
7 eligible.

8 CHAIRPERSON REYNA: Absolutely, and
9 this is about preparing for that God forbid, next
10 disaster.

11 COMMISSIONER WALSH: I will tell
12 you the guys in the blue jackets with the SBA on
13 the back have been phenomenal. They have gone
14 door to door. I have seen them in neighborhoods
15 where they have--Mike Peacock is here. His team
16 has fanned out throughout the five boroughs and
17 has done a phenomenal job.

18 CHAIRPERSON REYNA: Absolutely.
19 Speaking of door to door, I see Reggie Thomas
20 [phonetic] in the back, and he helped us
21 coordinate a month ago all of the prospective
22 officials as far as your department, EDC, the
23 Mayor's Office to be able to understand in
24 preparation of for this hearing once again, the
25 five zones and how there was a sweep early on post

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2 Hurricane Sandy and there was another one that was
3 supposed to occur within the last month. The last
4 count I received dated in January was 13,290 as I
5 mentioned in my statement. Is that number still
6 the same number? Has it increased? I'd like to
7 understand what we are dealing with as far as the
8 second canvass post that particular number.

9 COMMISSIONER WALSH: That number is
10 still the same about 13,290 businesses in the
11 specific--

12 CHAIRPERSON REYNA: [interposing]
13 Five zones.

14 COMMISSIONER WALSH: Five zones.
15 That is correct.

16 CHAIRPERSON REYNA: And so that
17 second sweep that was mentioned did occur or has
18 not occurred?

19 MALE VOICE: The folks who were
20 heavily involved in it say it did occur.

21 CHAIRPERSON REYNA: It did occur.

22 MALE VOICE: Yes.

23 CHAIRPERSON REYNA: I know we have
24 many questions from my colleagues. I just want to
25 make sure that I am able to take a moment to just

1
2 go back to the very beginning. One of the
3 critical questions I wanted to start with was the
4 emergency management plan manual book. Does it
5 exist for the Department of Small Business
6 Services?

7 COMMISSIONER WALSH: Yes, it does.
8 Bernadette Nation is our point person with the
9 Office of Emergency Management on that.

10 CHAIRPERSON REYNA: And this
11 particular manual is the one that will be revised?

12 COMMISSIONER WALSH: It always
13 seems to be under revision--

14 CHAIRPERSON REYNA: [interposing]
15 It's a living document. Correct.

16 COMMISSIONER WALSH: Yes, it is.
17 That is right.

18 CHAIRPERSON REYNA: And is this
19 document being revised by Seth Pinsky or Cas
20 Holloway as the deputy mayor? I just want to
21 understand what is the feedback?

22 COMMISSIONER WALSH: I'm looking to
23 the sidelines on this. I suspect the lead on this
24 is Joe Bruno at Office of Emergency Management
25 under Cas Holloway, but I will verify that for

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2 you.

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CHAIRPERSON REYNA: And within this manual considering we had 9/11, it was the most devastating experience the city had ever had to go through. Following that now today, this particular hurricane disaster, what are some of the programs or lessons learned that we were able to apply post Hurricane Sandy as a recovery effort, and what were other areas that we were not able to apply, but have been able to review and adjust because this was a natural disaster as opposed to what would have been a very concentrated disaster?

COMMISSIONER WALSH: I don't know if it's been covered in the book, and I can't say I'm familiar page by page on this. I think of one of the things that lesson learned from--I have been here since January '02. I think the work that we have done with EDC over the last 12 years in particular of getting resources and capital out on the street has been spectacular quite frankly. We were out there with money. We put something in place in a matter of weeks, and started cutting checks on that and getting resources, and I have

1
2 been through the steam pipe explosion in Midtown
3 and the blackout in Queens--I think there were a
4 lot of lessons learned in terms of getting things
5 out. I think our network is quite frankly a lot
6 better. The Deputy Mayors Holloway and Steel and
7 Gibbs were all out throughout the five boroughs,
8 on the phone, using and taking advantage of what I
9 would say is a spectacular network of whether it's
10 the chambers or the business improvement districts
11 and making sure that we get the word out that way.
12 Our staff worked around the clock. Our business
13 outreach team we again, we are in the most needed
14 places. The business solution centers that we
15 have created over the last eight to ten years
16 played a key and critical role, so to your point
17 some resources that were not available I would say
18 five to six years ago, we were now able to maximum
19 as much as we could. Some resources that were not
20 available I would say five or six years ago we
21 were now able to maximize as much as we could.

22 CHAIRPERSON REYNA: Well, there is
23 no one better to talk about a lot of what we just
24 referred to in comparison to what happens in 9/11
25 to post Hurricane Sandy than Council Member Chin

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2 and her efforts in trying to work with you. I
3 know we have participated with her in going back
4 to Lower Manhattan, and many of those businesses
5 are questioning why are we trying to duplicate
6 processes when we already went through the 9/11
7 recovery days--why can't we just implement a lot
8 of what was done then?

9 CHAIRPERSON WALSH: I would say our
10 agency--I can't speak for EDC--I would say we are
11 a much different agency than we were in 2002. We
12 had no business solutions centers. We were not in
13 the business of capital access. We have a
14 stronger business outreach team. We have more
15 business improvement districts. We have better
16 communications with them than before. This is not
17 to--I think it's to your point. There is lessons
18 learned about how to be more prepared. I think we
19 are a lot more prepared today.

20 KYLE KIMBALL: The only thing I
21 would add to that is I think is having the
22 infrastructure in place in the different business
23 recovery zones. Obviously it is a very different
24 and much more wide scale disaster so we are
25 learning on our feet in terms of how to get

1
2 information out and having the infrastructure in
3 place to reach the neighborhoods through the
4 business recovery zones and centers. This is
5 crucial.

6 CHAIRPERSON REYNA: And when we
7 talk about the manual as far as emergency
8 management for the Department of Small Business
9 Services, does that encompass what would be a
10 section if a natural disaster were to hit section
11 or that never existed in the manual?

12 COMMISSIONER WALSH: I have to go
13 back to the manual and see how it is broken out.
14 I don't have it memorized. I have to go back--

15 CHAIRPERSON REYNA: And it's not
16 from memorization; it's just did we go back to it,
17 right? Are we using this book, this manual?

18 KYLE KIMBALL: From EDC's
19 perspective we actually learned a lot from
20 Hurricane Irene, and we had a lot of policies in
21 place not only about how to get EDC assets back up
22 and running, but how to get programs out into the
23 affected neighborhoods. We were actually able to
24 just really duplicate a lot of the things we had.
25 So first we had the infrastructure in place

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2 through SBS, two, we had the lessons learned from
3 Hurricane Irene in terms of both EDC assets and
4 how to financial assistances out to the affected
5 populations, and I think thirdly, we understood a
6 lot more about how to off the shelf applications
7 for example. We were able to get our emergency
8 loan fund out the door so quickly, largely in part
9 because we were pulling off the shelf the food
10 manufacturer's fund, sort of structure,
11 infrastructure, documentation, so I think the big
12 lesson learned is focus on results. The other
13 lesson learned is we have experienced this in
14 Irene. Let's focus on our assets. Let's focus on
15 getting money out the door and let's focus on
16 getting the EDC back up and running, so that is
17 absolutely part of our manual, and when we were
18 preparing for Sandy everyone pulled out our
19 Hurricane Irene lessons learned presentation and
20 started from there.

21 CHAIRPERSON REYNA: Council Member
22 Chin?

23 COUNCIL MEMBER CHIN: Thank you
24 because I have got to run back to the other
25 hearing. Commissioner, first of all I wanted to

1
2 thank you and all of your staff and also Mr.
3 Kimball, all the EDC staff who really work around
4 the clock on this with the community, and I know
5 that with the business improvement district that
6 you talk about--two in my district, the Downtown
7 Alliance and the Chinatown BID, actually we were
8 able to raise private funds to help individual
9 businesses, and it really meant a lot, and I think
10 even the Downtown Alliance, they expanded their
11 boundary to help businesses at the Seaport, which
12 were not in their service area and Chinatown BID
13 helped 79 businesses all got about \$1,000 grant
14 right before the lunar new year, so I think that
15 is really appreciated, and it was good to hear
16 that you talk about recognizing that a lot of the
17 small businesses some of them weren't able to get
18 the loan for whatever reason that hopefully when
19 there are more federal dollar comes in you can try
20 to help some of these businesses 'cause that is
21 what we have heard from the businesses that were
22 devastated, and they couldn't get the loan. And
23 in their mindset, they didn't a loan, and that was
24 the first thing we heard from--

25 COMMISSIONER WALSH: [interposing]

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They were stretched already.

COUNCIL MEMBER CHIN: Yeah, they were stretched already, especially some of the small businesses down in Lower Manhattan who went through 9/11 who were still paying back from the 9/11 loan, and so that was not their mindset. They wanted government grant programs, and it took a while for that to happen. I hope that is a lesson learned, and next time in terms of really trying to help people who have to pay rent. I mean even if you aren't open for business, you still have got to do that rent payment, and your employees, and that is what we were hearing from these local small businesses that the immediate assistance would have been much appreciated with some kind of grant to help them sort of get through the first couple of weeks. Maybe the way to do it is just reverse it like what you had was a loan and then you came up with a grant to match--if you apply for a loan, we are going to have a grant to match it, so maybe turn it the other way around. Offer some kind of grant program, and then in the process when people apply for the grant to help kind of explain to them whether they

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2 could take advantage of the emergency loan. I
3 think that would really help quite a bit I think
4 in the local area. The other issue--I mean
5 relating to that is what we have heard also is
6 that the rent down here is not cheap. It's very
7 high in the Seaport area, in Chinatown, and that
8 is an issue that they are not getting a break from
9 the landlord. Some of the landlords took their
10 sweet time to really get the utilities back or
11 whatever, and some of the Seaport businesses still
12 cannot get back in, so that is a big issue in
13 terms of the coordination with the city agency,
14 and I think there really needs to have an emphasis
15 on looking at how do we help these landlords get
16 their buildings back, encourage them to do that?
17 Because one of the things that we realize when
18 some of the businesses that were able to open back
19 up, they didn't see the foot traffic. It's
20 because we had all these huge buildings down in
21 Lower Manhattan who were out. They were out, and
22 so the workers weren't working in those buildings
23 so you don't have the foot traffic going to Stone
24 Street [phonetic] after hours or to a Seaport
25 dinner, and it really didn't dawn on a lot of us

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2 until maybe a week or two later to say why is
3 there--we're back. We're letting people know we
4 are back, and there is nobody on the street. It's
5 because all of these big buildings are still out,
6 so I think the other thing to really learn from
7 this is that the whole comprehensive approach--we
8 need to help the small businesses. We also have
9 to look at the surrounding neighborhood, who else
10 is getting affected. Some of these big commercial
11 buildings, if they are not--residential buildings,
12 I mean one of the residential building, 2 Gold
13 Street, just got back a week ago.

14 COMMISSIONER WALSH: Residential.

15 COUNCIL MEMBER CHIN: Yeah, and
16 these are the people who normally would go there
17 for dinner or lunch or whatever, and they are not
18 there, so I think that really didn't help the
19 small businesses in the area, and another thing
20 was that in the Seaport, you have got all of the
21 so called brand name stores--they are still out.

22 COMMISSIONER WALSH: They are still
23 closed. Yes.

24 COUNCIL MEMBER CHIN: It's four
25 months later. They are still out. I really urge

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2 the city, EDC and the Department of Small Business
3 Services to talk to these owners. Why are you
4 guys still out after four months? When they are
5 open, they are helping the businesses. We
6 contacted I think one of the ferry--Circle Line--
7 when they were telling people not to come down to
8 the Seaport 'cause the Seaport is not open, we
9 called them on it and said you better be helping
10 us promote because the Seaport--there's a lot of
11 businesses there--are open, and you better be
12 stopping by the Seaport, not not stopping. So we
13 had to really get everybody on board to help us
14 bring the visitors back, bring the residents back
15 so that the business can get the support, and one
16 of the other issues in terms of coordination is
17 that small businesses have got to pay sales tax
18 and because some of them were not able to get any
19 loans or help, they had to use whatever money that
20 they collected to do some of the repairs, and when
21 the taxes - - , they are not getting any kind of
22 help. You don't pay your tax, you are going to
23 get a fine or you have to pay fees. So all of
24 that is kind of bombarding them, and it's not
25 really helping, and I know that all the marketing

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2 that your Department has done is great, especially
3 at Seaport--

4 COMMISSIONER WALSH: [interposing]
5 We have to do more though.

6 COUNCIL MEMBER CHIN: We need to do
7 more, and that was the first thing we raised when
8 we had that meeting with the Mayor's Office, the
9 Deputy Mayor is you got to help promote the small
10 businesses, whatever mechanism that the city has
11 to let people know that we are back in business
12 and we need the visitors and we need the customers
13 to come back, so hopefully when the federal
14 dollars do come down that you look at helping us
15 to fight for those monies to really help the small
16 businesses in our neighborhood and to also use
17 some of that money to let people know that we are
18 open for business. So--

19 KYLE KIMBALL: [interposing] I
20 would say that both Rob and I we experience the
21 quiet you talked about. We work right next to 2
22 Gold Street, and I think have been personally
23 impacted by sort of what is happening and
24 disappointed with what is happening in that part
25 of town, and surprised. The one encouraging thing

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2 I would say is that Lower Manhattan--I don't have
3 it broken up by the Seaport or by subsection of
4 Lower Manhattan, but Lower Manhattan generally
5 speaking has been the second biggest consumer of
6 the grants and loans program, so people are using
7 it. I think we have just about 30 percent or
8 about 14 loans being distributed specifically in
9 Lower Manhattan--the first being Brooklyn, and
10 it's proportional to how businesses are laid out
11 around the city in terms of the recovery areas,
12 but I think it is encouraging that we are getting
13 the word out at least to 140 some odd businesses
14 that these grants and loans are available.

15 COUNCIL MEMBER CHIN: I think
16 people are beginning to take advantage of some of
17 them, especially after they were like--but it
18 wasn't easy 'cause of the restaurants, small
19 restaurant in the Seaport, they told me like they
20 are doing well, but they are about to make even
21 before the storm hit, and when they went to apply
22 for the loan, they were looking at that. Well,
23 you haven't been making money in the last three
24 years, why should we take a chance on you? That
25 should not be the attitude, right? It's like you

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2 help them because they are going to be good. They
3 are already at that point where they are
4 profitable, so they have a setback, and instead of
5 kind of like cheering them on and helping them
6 they didn't feel good about it, but we encouraged
7 them to continue to pursue it, and they were able
8 to--I think finally did get the loan. That was
9 Cowgirls. So--

10 COMMISSIONER WALSH: [interposing]
11 Cowgirl Sea Horse.

12 COUNCIL MEMBER CHIN: Yeah, Cowgirl
13 Sea Horse, so it was good, and also we have
14 businesses who have to relocate and because of
15 that they couldn't get the loan, so it's kind of
16 like maybe it's very individualized support that
17 they need help on, but we just have got to give
18 them the help they need so they can come back
19 'cause they are such an important part of the
20 city--the number of jobs that they create in the
21 neighborhood. The one last thing I do want to
22 urge you is that in the Seaport area, the other
23 sad part is that there is redevelopment happening
24 there on Pier 17, and the owner Howard Hughes,
25 they are like telling some of the tenants there

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2 that they have to leave before in the spring, and
3 a lot of the businesses expressed to us, they said
4 that we need the summer to make back some of the
5 money that we have lost, so we are pushing them at
6 least to try to extend the deadline, allow the
7 businesses to continue to open there until the
8 summer is over so at least they could make back
9 some of the revenue that they have lost from the
10 storm. And so if we could get Howard Hughes on
11 board on that to really help push them at the same
12 time to get all those other brand name stores to
13 open back up so that we can really get that area
14 going again, I think that would be really helpful.

15 COMMISSIONER WALSH: You will hear
16 from some of the people that are here today from
17 the Seaport, and they are organizing--we have got
18 to get Front Street back--hit heavily with damage,
19 up to six, seven feet of water. There is a whole
20 block from I believe it's Beekman to Peck, if I'm
21 not... That is completely out and still out, and
22 it's a dark street, and we have got to get the
23 property owner to the table with some of the
24 people who do want to open up again.

25 COUNCIL MEMBER CHIN: No, that's

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2 the organizing part that is happening and we are
3 strongly in support of that and at the same time
4 we are working together with community board and
5 DOT to try to open up the area during the summer
6 so that the businesses there can really be out on
7 the street letting people know that they are open.

8 COMMISSIONER WALSH: You have the
9 storm and then you have some of the construction
10 on top of the storm. You have places like Mark
11 Joseph and Sea Horse and Aqua and some of the
12 others that are behind the construction, so you
13 are right.

14 COUNCIL MEMBER CHIN: We just have
15 to find a creative way of letting people know.
16 They come down. They get an adventure while they
17 are looking for the best food or the best
18 shopping, so thank you for your help on this.
19 Thank you, Madam Chair.

20 CHAIRPERSON REYNA: I really want
21 to just commend that work that Council member Chin
22 and her office has been doing for the small
23 businesses in Lower Manhattan--

24 COMMISSIONER WALSH: [interposing]
25 She has been pointing us in the right direction

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over and over again, so thank you.

CHAIRPERSON REYNA: Very much so.

[applause]

CHAIRPERSON REYNA: I wanted to just really fine tune the points that Council Member Chin had raised because A) no community to open a business for was something that perhaps part of the equation or manual as far as emergency management could have never accounted for, and I hope that that is one of the major aspects that will be reviewed, and I am not referring to this in any way, shape or form to be saying that this is an easy task, but one that all of us in government perhaps just never really took a closer look. I know that we had as a Committee visited with one of the small business development centers. The issue of one small business owner from Sheepshead's Bay, who had mentioned to us he is rethinking opening his business. He has taken out a loan that he still owes on the business. His business was wiped out completely, but why would he open if his whole community has been dislocated, and so it wasn't just him. He is a part of a fabric of a community, and it spoke

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2 loudly and heavily on us as Council Members to
3 hear that he is just as much interested to come
4 back, but he can't come back in a vacuum. He
5 needs that patronage from his community, who with
6 them he will be successful, and so it couldn't
7 have been understated. The issue of 13,290 small
8 businesses that we had referred to in these five
9 zones--I wanted to understand if there is an
10 attempt to factor in who are the property owners
11 and has there been an attempt to reach out to
12 these property owners specifically because we know
13 that there is 13,290 small businesses of which
14 perhaps some may have the same landlord or 100
15 percent variety of different landlords, but
16 pulling this network of landlords to understand
17 what are your challenges and how can we help you.
18 Has that been done?

19 COMMISSIONER WALSH: I could tell
20 you the two examples I would use Rockaways and
21 Kevin Alexander is here, and hopefully he is
22 testifying, but the one I have become very
23 familiar with is Beach 116th Street where there is
24 about 50 property owners along this two block
25 stretch, which is one of the real spines of the

1 commercial corridor. Most of the block burnt out
2 with a terrible, terrible fire. It's the end of
3 the A line, and we are going--Jessica Taylor,
4 Oscar Santana from my staff is going to each and
5 every one of those properties. Now some of it was
6 vacant beforehand, and it was one of these fragile
7 commercial corridors. There is a major bank on
8 the corner to Councilwoman Chin point, that has
9 still not opened up. Why hasn't that bank, a
10 large bank, opened up? Everything else on that
11 corridor has opened up. Why not? It makes a big
12 difference. One there is not enough banks out
13 there. Citi opened up. In fact they are giving
14 us space, and on top of that they are giving us
15 resources, so what can we end up doing going block
16 by block by block by block? I have sat down with
17 the merchants in that area two or three times now.
18 I am going back March 4th again. I am going back
19 with a map of the two blocks, and I am going to be
20 looking at what I call the missing teeth. What is
21 up with that property? Is it something
22 structural? Or is someone just taking a pass?

24 CHAIRPERSON REYNA: I appreciate
25 that effort. I wanted to just understand as far

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2 as the 13,000 number, which is a very clear number
3 and how there is coordinated effort amongst
4 agencies to pull in these property owners to
5 understand what their challenges are to assist
6 them in getting these properties back online, and
7 if it was vacant prior to, perhaps, it's a great
8 opportunity to channel what would be assisting
9 small business relocate to these vacant spaces,
10 but that coordination is important to understand
11 that this 13,000 is far from and I'm not trying to
12 minimize the efforts that we have been able to
13 accomplish as a city, but 141 loans out of 13,000
14 to recover as a small business is just a fraction,
15 and how can we improve and better coordinate is
16 always what we are trying to push ourselves to do.
17 So I just wanted to make sure that each zone
18 should be coordinating with the Department of
19 Buildings, property owners, and getting all of the
20 relevant agencies to come in and say this is what
21 we have to offer you. Is there anything that
22 we're missing?

23 COMMISSIONER WALSH: I would say
24 that Tim Sullivan, the chief of staff to the
25 deputy mayor brings the different zone

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2 coordinators together on a regular basis. I mean
3 it's a weekly basis quite frankly, and they go
4 through a laundry list of issues to your point,
5 and I think what would be best is to sit down and
6 go through let's just say the most impacted areas
7 and give you sort of a conditions report, quite
8 frankly, of what is happening there. I think that
9 would cover quite a bit of the 13,000 that you are
10 talking about.

11 CHAIRPERSON REYNA: Absolutely, and
12 we have to make sure that we are pushing the
13 envelope as best as possible, and that is not to
14 say that you are not already, but however we can
15 continue to assist as an institution, please let
16 us know. I know Council Member Brewer has a
17 question.

18 KYLE KIMBALL: I just wanted to
19 correct one thing. From the loan perspective, we
20 have received about 1,000 applications, so sort of
21 the one number you talked about the 141--

22 CHAIRPERSON REYNA: Oh, no I
23 understand that is just Lower Manhattan.

24 KYLE KIMBALL: Yes, okay. That is
25 fine.

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2 CHAIRPERSON REYNA: 1,000 of
3 13,000, again, it's that we have identified
4 13,290. It's simple math, and the more we can
5 gain traction on 13,000, the better we all are in
6 the city of New York. Council Member Brewer?

7 COUNCIL MEMBER BREWER: Thank you
8 very much. I was just wondering in the different
9 zones how and if all the utilities not coming back
10 played a role. Obviously I have been working on
11 technology for a long time, so I don't know if
12 they are waiting to try to improve the fiber or
13 even if they're an issue in terms of getting
14 businesses back to where they need to be--could be
15 Verizon, could be cable, could be something else.
16 Do you have any sense of that?

17 KYLE KIMBALL: I know that
18 utilities was a problem, and that is for certain
19 businesses that was certainly a problem in terms
20 of losing inventory in terms of the power being
21 out. I have heard anecdotal information about
22 delays related to utilities. I don't necessarily
23 have any information myself, but certainly
24 getting--for example, in Lower Manhattan a lot of
25 the buildings were out because the infrastructure

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2 inside the building could not support the
3 utilities being restored, so it wasn't necessarily
4 a problem of utilities getting to the building,
5 but rather the building being ready to receive the
6 utilities, and I think that has been a real
7 problem specifically in Lower Manhattan on Water
8 Street and that sort of area, so yes, utilities
9 play a part, and I think it's really more about
10 the physical damage to the buildings themselves.

11 COUNCIL MEMBER BREWER: So there is
12 no need really then to look to see in these areas
13 when I say utilities, I'm using it in the broadest
14 sense from Internet to the phone and whatever else
15 might be--even wireless. Is that something that
16 is being looked at in terms of the future, or do
17 you think there isn't any need to do that? In
18 other words, are there suggestions from
19 improvements using this horrible incident to be
20 able to consider that? I don't know. I am asking
21 that as a general question. I know in the
22 Rockaways there is not a lot of high, fast
23 connectivity in terms of wireless, so--

24 KYLE KIMBALL: Yeah, I don't want
25 to speak out of turn about this, but I have of

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2 course read in the process that there is a
3 question of whether or not in certain areas where
4 a copper line was destroyed whether or not do you
5 take the time to replace it with fiber, so
6 potentially those are longer term. That is a
7 question of rebuilding versus resiliency and what
8 is our policy goal there.

9 COUNCIL MEMBER BREWER: We have
10 been talking about this for about 20 years.
11 Second question is where does one find either
12 through the EDC website, IDA, where all the money-
13 -you talked about some of the loans CBDG
14 [phonetic], et cetera. Is there a website that I
15 can go to 'cause I think we all believe in
16 transparency, but I'm just wondering loans versus
17 grants versus federal, where is it going, et
18 cetera, et cetera? Is there some place--

19 KYLE KIMBALL: The loan process--
20 that is general private money. There is not city
21 money necessarily in that.

22 COUNCIL MEMBER BREWER: Yeah, but
23 it's going through whether it's Goldman Sachs or
24 Citi Bank, it's going through you though, right?

25 KYLE KIMBALL: It's not really. We

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2 contributed to a fund, but it is actually be
3 administered by New York BDC [phonetic].

4 COUNCIL MEMBER BREWER: Is there
5 some reason why that is not public though?

6 KYLE KIMBALL: The businesses
7 themselves--it is not clear that it is going to be
8 made public because again, it's private money
9 going to private businesses. It's not taxpayer
10 resources; however, the IDA process, the any sales
11 tax exemption we give, any of the future loan
12 programs that are funded by federal monies will of
13 course follow the normal rules around disclosure,
14 so for example, the businesses that are receiving
15 the IDA sales tax waivers will of course be made
16 public. I don't know if it's specifically the
17 website, but it will follow the normal process--

18 COUNCIL MEMBER BREWER:
19 [interposing] But it's not up yet?

20 KYLE KIMBALL: It's not up yet.

21 COUNCIL MEMBER BREWER: Do you have
22 any timeframe when it might be up yet?

23 KYLE KIMBALL: Yeah, it's not up
24 yet.

25 COUNCIL MEMBER BREWER: It's up?

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KYLE KIMBALL: It's not up yet.

COUNCIL MEMBER BREWER: I know it's not up because I'm pretty good with the computer, but when might it be up is what I am asking.

KYLE KIMBALL: Well, anytime that-- so what we did is we got a clearance from the board to do up to 250 businesses so that we didn't have to go to the board each and every time for a different business to facilitate the faster--

COUNCIL MEMBER BREWER:
[interposing] You want to batch them kind of.

KYLE KIMBALL: So I don't know of a timeline to get it out, but I think we are working to get it up as quickly as we can. Yeah.

COUNCIL MEMBER BREWER: Within a month, two months, three months, six months? You need to identify yourself.

JONATHAN GOUVEIA: Pardon me?

COUNCIL MEMBER BREWER: You need to identify yourself.

JONATHAN GOUVEIA: I'm Jonathan Gouveia from EDC, and I oversee the IDA. The deadline for the applications for the sales tax waiver is April 1st, so we are working internally

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2 to figure out what is the best way to present the
3 information, and when to present that information.

4 COUNCIL MEMBER BREWER: And then
5 the final question is I know you have talked a lot
6 about what improvements could be made, but just
7 generally do you have some not just on the
8 infrastructure so much, but just generally lessons
9 from the hurricane that could be applied to the
10 more general economic development for small
11 business. Is there something that is--like three
12 or four mantras that you are working on that would
13 be helpful for small business in the future that
14 we unfortunately learned from the hurricane
15 because small business is everywhere.

16 KYLE KIMBALL: Sure. I think it's
17 a big part of the process that Seth Pinsky is
18 working on right now under the director of Deputy
19 Mayors Steel and Holloway to issue a report in May
20 to talk about how the city can be--

21 COUNCIL MEMBER BREWER: That is the
22 resilience--

23 KYLE KIMBALL: That is the
24 resiliency study. I don't want to necessarily
25 preview or anything like that and get ahead of

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2 that report, but I think that is the main point of
3 the process that was initiated. I would say at
4 EDC we learned a lot about the need for having--I
5 think the biggest asset we had during the recovery
6 process in terms of getting our own businesses
7 back up and running as well as our tenants and
8 others was having good access to generators. That
9 was really the key thing that I think most people
10 really needed and pumps and generators to run the
11 pumps, but those are the really the two key things
12 that were important for EDC and the gas to run the
13 pumps to the extent--the generators, so that bio
14 system of gas, generators and pumps and having
15 good access to that. We sort of laid the
16 groundwork for that in Hurricane Irene and we were
17 able to sort of leverage that in this particular
18 hurricane, and so one of our advantages during the
19 hurricane is we were able to get a lot of our
20 businesses back up and running fairly quickly in
21 our EDC managed assets because we were able to--we
22 had access to a lot of that infrastructure.

23 COUNCIL MEMBER BREWER: Okay.

24 Thank you.

25 CHAIRPERSON REYNA: Thank you,

1 Council Member Brewer. I just wanted to
2 understand going back to what would be the
3 transparency issue. Local Law 62 passed in 2010,
4 I was the lead sponsor on that particular law, and
5 the issue of trying to figure out how to or what
6 to use as far as reporting shouldn't be an issue
7 because the infrastructure has been built due to
8 this law. It's just a matter of identifying it
9 appropriately as a Hurricane Sandy victim benefit.
10 Correct? Josh, if you could just introduce
11 yourself again as well.

12
13 JONATHAN GOUVEIA: Jonathan
14 Gouveia. I'm from EDC.

15 CHAIRPERSON REYNA: Jonathan, I'm
16 sorry.

17 JONATHAN GOUVEIA: I think that is
18 correct. We have policies and procedures in place
19 for standard IDA deals. Obviously this program is
20 not standard. It is something we have not done in
21 the past, but obviously there are requirements
22 that are relevant, and we are going to figure out
23 what is the best way to present that information.

24 CHAIRPERSON REYNA: But it
25 shouldn't be anything that you are starting all

1
2 over again, and therefore, it is just a matter of
3 a field--

4 JONATHAN GOUVEIA: [interposing]
5 No, no, no. - - the process isn't completed.

6 CHAIRPERSON REYNA: It shouldn't
7 take like a year.

8 JONATHAN GOUVEIA: It's not about
9 the report itself. It's about the fact that the
10 process hasn't finished yet in terms of getting
11 all of the applications in, finishing the
12 underwriting and getting them funded.

13 CHAIRPERSON REYNA: So there is
14 going to be continuous changes to those numbers
15 because depending on the applicant pool and what
16 gets approved or denied, and are we going to see
17 the denied applicants as part of that reporting
18 mechanism?

19 JONATHAN GOUVEIA: Well, as I said,
20 we need to figure out what is relevant information
21 to include. In part it's informed by the local
22 laws, but also feedback that we are getting from
23 other folks.

24 CHAIRPERSON REYNA: I would like to
25 see what would be the numbers denied because

1
2 clearly, we have to make sure that we are
3 understand the inventory of small businesses
4 impacted by Hurricane Sandy and to understand that
5 we have to understand not just the glories of who
6 was benefitting in these programs, but who was not
7 and why, and that helps us all respond better for
8 the next time around, and to make sure that we are
9 creating new incentives if necessary in order to
10 assist and only by understanding the inventory can
11 we get there.

12 COUNCIL MEMBER BREWER: If I can,
13 just a quick follow up. I know you are working on
14 the sales tax breaks, but aren't there loans that
15 are not privately funded that EDC is promulgating
16 that could be up as public information or is every
17 loan privately funded?

18 JONATHAN GOUVEIA: We are not
19 undoing any of the underwriting. We just
20 basically made a contribution to a fund that is
21 doing its own underwriting of the businesses.

22 COUNCIL MEMBER BREWER: So there
23 isn't anything else that you can put up that would
24 be public information? Obviously you will do it
25 with the sales tax breaks, but there is nothing

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else that you can put up that would be public information according to you?

JONATHAN GOUVEIA: There is no plans to do anything at this time.

COUNCIL MEMBER BREWER: Okay.
Thank you.

CHAIRPERSON REYNA: And just to clarify on the business recovery zones, the CDBG money is it only accessible for the recovery zones of small businesses that are impacted or does the recovery zone allow for their to be businesses outside of the recovery zone to be able to access it if they were impacted? So for instance, indirect self-contractors let's say, a livery driver or a delivery driver, who are independent contractors and they operate so that they run their own business, single proprietor; therefore, they were out of work because let's take the example of a delivery driver who delivers meals for a company for schools, and that was not possible during that week. That individual would not be impacted within the recovery zone, but is still yet impacted because they lost a week's worth of work and salary. Is the CDBG applicable

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to that individual?

KYLE KIMBALL: We are working with HUD Secretary Shaun Donovan's staff now to understand--

CHAIRPERSON REYNA: We as in the IDA?

MULTIPLE VOICES: EDC.

JONATHAN GOUVEIA: The city collectively. We are working with their staff now to understand how to do that, but the one piece of guidance we have received is that there has got to be some direct nexus or impact as a result of the storm. Now how you define impact, that is what we are working on.

CHAIRPERSON REYNA: Right, and because that is a whole new universe, it's not part of the 13,290. Correct? And do we know who those individuals are that these conversations are being had at HUD in Washington? Is there a database of these individuals?

JONATHAN GOUVEIA: I would say our discussions are more based conceptually what would be eligible and that will help us define the lines around the neighborhoods, and that will define

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what the numbers are. Does that make sense?

CHAIRPERSON REYNA: It does. I just wanted to understand whether or not this was coming from the ground up, right? Are we hearing from individuals, self-contractors that my business was hurt? I don't fall under any of your programs. I don't fit the criteria. What do I do and what was that universe that came to whomever at the city level to communicate that, and that is why this conversation is being prompted, or the city of New York did such a fabulous job in understanding that there were self-contractors that we are just going to assume there is a universe.

JONATHAN GOUVEIA: I think we assumed that and we are trying to get as much flexibility as possible in the program.

CHAIRPERSON REYNA: Okay. I am just being advised by counsel just to make sure that we understand the city's discretion to establish criteria, and so just to make sure that we are in the position of greater benefits to city residents specifically what would be the small business aspect of, so that is good to hear, and

1
2 of course, I would be following up just to
3 continue these conversations. I know that we have
4 been joined by many small businesses who are due
5 to testify here today, and there is obviously a
6 host of questions that we didn't get to. I'd be
7 more than happy to send that to you, and if you
8 are able to answer them, that would be very
9 helpful. Ultimately, this is a work in progress
10 that we are all contributing to, and I appreciate
11 the time you have dedicated here today, and we
12 shall follow up just to be able to fine tune what
13 has been discussed and what has been agreed that
14 we would look into of the questions that we have
15 asked, and obviously those that aren't asked to
16 follow up on answers for those. Thank you both,
17 all three, and your teams. Continue to do the due
18 diligence that has been seen throughout the city
19 of New York in the five recovery zones as well as
20 outside of those recovery zones to assist small
21 businesses. Thank you. And I'm just going to
22 request that if you can leave staff--whomever is
23 possible to be able to hear some of the comments
24 from small businesses that would be extremely
25 helpful.

1
2 MALE VOICE: Absolutely.

3 CHAIRPERSON REYNA: Thank you. I
4 am going to call up Brian Goldstein, New York
5 State SBDC, Harry Wells from York SBDC, and Dean
6 Balsamini from the College of Staten Island SBDC.

7 [long pause]

8 CHAIRPERSON REYNA: Please go
9 ahead.

10 BRIAN GOLDSTEIN: Thank you,
11 Chairwoman Reyna and the City Council members for
12 inviting us to represent the small business
13 development center, the SBC to offer testimony at
14 this afternoon's hearing. My name is Brian
15 Goldstein, and I am the director of operations for
16 the SBDC. Joining me today are two of our
17 regional center directors, Mr. Harry Wells from
18 the Queens SBDC located at York College with
19 outreach locations in Rockaway Beach as well as
20 Mr. Dean Balsamini from the Staten Island SBDC
21 located at the College of Staten Island. I will
22 give you a very brief overview of the SBDC
23 disaster response and ask Mr. Wells and Mr.
24 Balsamini to talk about their activities in their
25 respective areas. At the outset, I'd like to say

1
2 that the SBDC regretfully has a great deal of
3 experience in responding to natural and other
4 disasters. The SBDC has worked with thousands of
5 small businesses during past disasters from 9/11
6 to Hurricane Irene and Sandy as well as having
7 staff work in Louisiana and Mississippi during
8 Hurricane Katrina. From these disasters the SBDC
9 was and is prepared and positioned to help small
10 business owners prepare and recover in a post
11 disaster landscape. By the very nature of our
12 statewide network, we are on the ground locally
13 when a disaster strikes New York. Our host higher
14 educational institution, which in the city is CUNY
15 and two privates at Columbia and Pace University
16 are well-positioned to help and probably more
17 prepared than most entities to respond to
18 emergencies and disasters due to their entrusted
19 care of students. We benefit from those
20 capabilities. A total of 18 temporary outreach
21 locations were opened and staffed in areas
22 throughout New York City, Long Island and
23 Westchester to try and place the assistance where
24 small businesses needed the most help. Many of
25 these centers were set up alongside business

1
2 recovery centers, BRCs, disaster recovery centers,
3 DRCs, with the Small Business Administration and
4 FEMA. Some were in communities that were isolated
5 and needed help. An example of one of our
6 collaborations with a local community organization
7 is the Rockaway Development and Revitalization
8 Corporation, which is headed by Kevin Alexander.
9 He has been a true partner of ours in the
10 Rockaways and provided us space as well as
11 telecommunications, Internet access in his office,
12 and we still are there to this day. We are
13 planning on hopefully making that a permanent
14 outreach locations of the SBDCs as well from this.
15 I have personally been down here every week
16 helping with disaster recover from Albany. I am a
17 Queens native from Rockaway Beach myself. We have
18 brought in 15 business advisors from as far away
19 as Buffalo and Jamestown to help out in the
20 disasters. These are seasoned business advisors
21 that have worked in previous disasters for us,
22 mainly Irene and 9/11. In New York City, we have
23 helped over 1,000 small businesses with their
24 recovery efforts. This includes applying for SBA
25 disaster loans and New York City disaster and

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2 grant applications as well as the various other
3 programs that were available such as the sales tax
4 exemption program, special programs from utilities
5 or agencies as well as planning and strategizing
6 for a post recovery operation that represents a
7 different marketplace. The SBDC is committed to
8 making the recovery process for entrepreneurs and
9 business owners as easy and confidential as
10 possible during such a difficult time. We
11 anticipate that over the next several months if
12 not years a renewed surge of businesses are going
13 to be actively engaged in the recovery process and
14 seeking help. At this time, I'd like to ask Mr.
15 Well and again--

16 HARRY WELLS: - - .

17 BRIAN GOLDSTEIN: Oh. You want
18 Dean to go first. Okay, then I would like to ask
19 Mr. Balsamini followed by Mr. Wells to relate
20 their activities, experiences and observations,
21 and then we will be happy to answer any questions
22 you have. Thank you.

23 DEAN BALSAMINI: Thanks, Brian.
24 Thank you Chairwoman Reyna and council members for
25 inviting me to represent the small business

1
2 development center at the College of Staten Island
3 to offer testimony at this afternoon's hearing.

4 My name is Dean Balsamini. I am the director of
5 the New York State Small Business Development
6 Center at the College of Staten Island. I will in
7 the interest of time eliminate some of the
8 information that is in the testimony because I
9 realize time is a constraint, but what I'd like to
10 do is emphasize a couple of key points. The SBDC
11 at the College of Staten Island was founded in
12 1993. Since our inception we worked on a one on
13 one basis with over 5900 businesses helping them
14 invest more than \$130 million in the area's
15 economy while creating or saving over 4100 jobs.
16 The key here is we provide technical assistance,
17 business advisement to both startups and existing
18 businesses about evenly divided. By developing
19 long term relationships with our clients, we are
20 able to guide them through the myriad of
21 challenges to a point where they are able to
22 sustain themselves and to grow. Our team is made
23 up of a knowledgeable and experienced staff of
24 business advisors, former bankers, managers,
25 business owners and corporate executives. On

1
2 October 29th, the impact of Hurricane Sandy from
3 the Tottenville, which is the southernmost point
4 of New York State, to the South Beach area Father
5 Capodanno Boulevard wreaked significant damage to
6 the coastal areas of Staten Island, flooding both
7 residential and commercial properties. Where we
8 are located the College of Staten Island is
9 located in the heart of Richmond County. It was
10 one of the hardest hit counties as you all are
11 well aware. I have included some photos for the
12 chairperson because I thought fundamentally
13 impactfully [phonetic] you'd get a sense that this
14 was not just one localized area. It did traverse
15 the whole length of the island. The disaster
16 assistance has worked exceptionally well in terms
17 of the relationships, so let me just emphasize
18 this really quickly. We worked with the
19 cooperation of the College of Staten Island where
20 we are, the SBA and local civic leaders to open up
21 the SBA business recovery center at CSI.
22 Extremely supportive, CSI was extremely supportive
23 in this effort. They assessed the needs of the
24 community. We were able to get up and running
25 within three days after we were able to get power-

1
2 -the College of Staten Island. We were one of the
3 first BRCs in the city. We were opened up
4 November the 8th. One of the things that CSI did,
5 which I found very instrumental in what we were
6 able to do is provide secure dedicated offices
7 with designated parking for those that were
8 damaged by the storm, providing confidential
9 counseling for business owners. I found this to
10 be immeasurably important when people after
11 attending some town meetings and other situations
12 people had the opportunity--walk ins were
13 accepted, but business was set up by appointment,
14 so that people would come in and have the privacy
15 to be able to be dealt with on an individual case
16 basis. Through those appointments business owners
17 were able to schedule the time away from their
18 businesses emphasizing their importance to the
19 community's recovery, minimizing additional impact
20 on their already disrupted lives. Through
21 February 20th, the partnered BRC handled 720
22 inquiries from individuals and worked with over
23 200 business owners. Over 100 business owners
24 have applied for SBA disaster loans. Thus far,
25 only six SBA loans have closed for a total of two

1 million. Eight applications have been denied or
2 withdrawn; however, there are 91 applications
3 pending that are requesting over \$25 million in
4 funding. In terms of collaboration with other
5 agencies we have worked with Linda Baran is here
6 from the chamber of commerce in Staten Island. We
7 worked with the chamber of commerce/small business
8 services, the bucks [phonetic], which is a major
9 organization on Staten Island, business
10 organization. I am a Rotarian, former president,
11 there are five rotaries on Staten Island. We
12 worked with a number of the non-profits to
13 actually assess the business community needs
14 because this is the type of community that it is--
15 pretty tight knit and get to the point, get to the
16 people, find out what the issues are. Besides SBA
17 disaster loan assistance, clients have been
18 assisted with - - New York City and New York State
19 resources programs. Many clients have used
20 multiple resources to help them get back to
21 business. Our guiding principle is to provide the
22 best solution to the business quickly,
23 efficiently, and with respect. The forecast for
24 Staten Island and where we are and where we are
25

1
2 going and discussions with the SBA disaster
3 experts and Michael - - , he came to the Island to
4 visit me and that day we got a call from the
5 borough president to say that Janet Napolitano was
6 coming from a press conference. Linda Baran was
7 there. We were there. Michael saw firsthand the
8 disaster. It looked like a movie. We were there
9 at that point in time. They haven't left since.
10 The SBA has been marvelous. The people that are
11 there at our business recovery center have done an
12 outstanding job. We are collocated with them.
13 That gives us an opportunity to actually assess
14 what is happening, did they, are they getting the
15 loan, are they working with us, and we now have
16 clients that we'll nurture over time. So this has
17 been successful. They are still with us. There
18 are only two open on Staten Island, one in Midland
19 Beach and ours. It's become apparent that the
20 Staten Island economy is feeling the economic
21 repercussions of lost services, lost paychecks,
22 lost purchasing power. This is a trickle up
23 economic effect that impacts the entire community.
24 Finally, the SBDC believes in resilience of small
25 businesses their importance upon our community.

1
2 We will assist these businesses to plan for the
3 opportunities in rebuilding and the resurgence of
4 the area, but full recovery will take years. This
5 will be a difficult time. We will need your
6 support. We have had the support of many of the
7 council people, as you know Councilman Rose,
8 Councilman Oddo, Councilman Ignizio, and all of
9 the rest have been wonderful. So we appreciate
10 all of that. I very much appreciate this
11 opportunity to speak with you today, and would
12 welcome you to come to the community, see the
13 impact that we have had and plus what has happened
14 on Staten Island. I would be more than glad to
15 host that tour. Thank you very much.

16 HARRY WELLS: Hi. My name is Harry
17 Wells. I am the regional director of the SBDC for
18 the borough of Queens. My college was heavily
19 impacted by Hurricane Sandy. I don't know if many
20 of you might know, but we became a shelter center
21 for the disaster victims, and we had over 900
22 people living inside our campus with their dogs,
23 pets, whatever. So we had to suspend classes, and
24 we had to service these people. Our college--my
25 college was very active in disaster recovery. My

1 center has been in existence since 1988. We dealt
2 with over 13,000 clients. I have a very stable
3 staff just like Dean made up of a lot of ex
4 business owners and entrepreneurs, me, myself and
5 I I owned my own business for over 25 years, and
6 you know, we went through the disaster of Sandy,
7 but to be an entrepreneur and be a successful
8 business person, you go through disasters almost
9 every month, disasters annually. I had a
10 warehouse in Hunter's Point that burned down. It
11 wasn't a natural disaster, but it was a disaster
12 for me, so I had to start all over again. Being
13 an entrepreneur you know, you get knocked down,
14 you clean yourself up and you keep moving forward.
15 In terms of dealing with Sandy, we have done quite
16 a bit of things. We have seen quite a few
17 clients. We have about \$25 million pending in
18 disaster loans. We are waiting for them to clear
19 through the SBA. We have held a couple of
20 sizeable programs. One day, my counselors and I
21 we went to a - - on the bay and we spent eight
22 hours there just registering people for SBA
23 disaster loans. That was a very successful event.
24 In terms of--I know that time is of the essence,

1
2 so I am going to focus more on recovery. People
3 have talked about the disaster, the impacts on the
4 city. I joined the SBDC right around the time the
5 World Trade Center disaster. I went through that
6 disaster. I met clients during that time. Right
7 now I have a client who was with me--I was his
8 counselor during the World Trade Center disaster.
9 He came in. He was about to go out of business.
10 We sat down. We filled out a SBA disaster injury
11 loan. We got him a disaster economic injury loan.
12 We developed a new business plan. In the last ten
13 years, he has gone from almost going out of
14 business to now he is doing over six million
15 dollars in business annually. He is back to us
16 again. He was impacted by Hurricane Sandy, so he
17 is back again. We are working with him to do
18 another SBA disaster economic injury loan. We are
19 doing his projections. We are looking at a new
20 business plan for him. He is up to six million
21 now. We would like to help him grow to 15, 20
22 million. So we talk about recovery. I have two
23 things I would like to focus in on recovery. One,
24 I know the City Council just passed Local Law 1
25 dealing with MWBEs. I think in this particular

1
2 period empowering MWBEs and strengthening MWBEs is
3 very crucial to recovery because we have a lot of-
4 -if MWBEs can get their fair share of their rapid
5 repair work, the work from FEMA, then they can
6 enhance themselves financially and who do they
7 hire? They tend to hire people from the local
8 communities, so I think the strengthening and
9 implementing Local Law 1 is very crucial to
10 disaster. Also, I think another crucial aspect to
11 the disaster is the Councilwoman over there was
12 speaking about, I think the best kept secret in
13 terms of disaster recovery is the SBA economic
14 injury loan. A person can come there like my
15 client did ten years ago, four percent interest,
16 maximum 30 years to pay back, six months to a year
17 grace period, and then the question you asked,
18 Councilwoman, if a client is not directly in that
19 area, can they still qualify for the loan? I know
20 during the World Trade Center disaster, we got a
21 lot of loans for taxicabs, livery drivers, so I
22 think that if we could get the word out there is a
23 lot of business owners here, so I am kind of
24 spreading the word. If you are in a situation and
25 you need to move forward, you need financing, I

1 think you should take a look at SBA economic
2 injury loan, work with us. If you come to us, we
3 will redo your financial projections for you, and
4 do a business plan for you to grow, and see you
5 move forward. So I would just like to say right
6 now we are in Howard Beach, and we are in Far
7 Rockaway, and I anticipate us being there for the
8 next--a lot of people don't even know how the
9 disaster has impacted their business yet, so I
10 expect to see that the big wave is ahead of us, so
11 we are developing this ongoing centers right now
12 at York College. We are seeing roughly 18, 20
13 clients a day, who are coming to us, and the word
14 is spreading through word of mouth because SBA is
15 there and our experienced business advisors sit
16 down with the people. We do their applications
17 for them, and when we pass it over to the SBA,
18 it's 80 percent done, so I'd like to close with
19 that to say strengthening MWBEs and implementing
20 the SBA disaster loans are two crucial steps to
21 economic recovery. Thank you.

23 CHAIRPERSON REYNA: Thank you very
24 much. I appreciate the points that you have
25 raised and the explanation of SBDCs, and we have a

1
2 total of eight, correct me if I'm wrong, in the
3 city of New York as far as SBDCs are concerned. I
4 reviewed these photos. They are heart wrenching,
5 and to think that this is where we have to start
6 from is unbelievable. Your mic?

7 DEAN BALSAMINI: One of those
8 businesses is back--Toto's. Toto's is on Staten
9 Island.

10 CHAIRPERSON REYNA: Yes.

11 DEAN BALSAMINI: So you've seen it?
12 So what is happening there, the construction is
13 bringing them back. At the marina, the Marina
14 Café and the Marina Grand, those are right on the
15 marina where you saw the boats. They are coming
16 back. So it's happening, but it's slow, and it's
17 going to need a lot of tender love and care.

18 CHAIRPERSON REYNA: Sure. A week
19 after the impact of the hurricane, we were in
20 Staten Island, my staff and I, to help Newdorp, so
21 we got first hand views of ships that were
22 supposed to be on water on land in the middle of
23 the street, and it's incredible to see it on a
24 television screen, but it's even more impactful to
25 see it live walking right by it. This particular

1
2 hearing dedicated to understanding recovery from
3 Hurricane Sandy on small businesses, I start off
4 asking you all what is the number of businesses
5 that were impacted that you have accounted for
6 whether that was canvassing or sending out an e-
7 mail blast to your inventory of small businesses
8 as part of your database amongst the eight SBDCs?

9 BRIAN GOLDSTEIN: Sure. Within a
10 week of the storm, we sent out from - - department
11 as well in Albany, which covers the whole central
12 database for the state. We sent out just to the
13 city alone 20,000 e-mails. We had centers calling
14 their current client base as well as clients that
15 they have seen in the past. I can get you exact
16 numbers on that. I don't have it off the top of
17 my head. Foot canvassing took place. We didn't
18 have electricity or Internet. My mother in
19 Rockaway didn't have electricity or power or heat
20 for two months, so you couldn't e-mail. There was
21 absolutely no point e-mailing to the businesses in
22 the Rockaways, so we foot canvassed them. I
23 personally foot canvassed a few times thousands of
24 businesses. We visited between Rockaways, Staten
25 Island, Red Hook, the Navy Yard--thousands.

2 CHAIRPERSON REYNA: Right. And Mr.
3 Goldstein, as far as the five recovery zones that
4 have been identified by the administration, have
5 you created an opportunity to exercise to overlap
6 what would be those five recovery zones and cross
7 reference them with your database of existing
8 businesses to understand whether or not the 20,000
9 is more or less within the deviation of what you
10 would feel is a captured number of small
11 businesses impacted by the hurricane?

12 BRIAN GOLDSTEIN: Sure. We geocode
13 all of our clients, so I can plot - - map where
14 they are all located. I have not taken this
15 exercise yet, but it would be a very simple
16 undertaking.

17 CHAIRPERSON REYNA: And if you
18 could share that information once you do, that
19 would be helpful for us. The numbers that I was
20 reviewing here, and I thank the SBDC that have
21 come out to give testimony regarding Rockaways and
22 Staten Island to see that there is from each
23 approved loans of six, which totals 12 amongst
24 what would be--I'll take the figure of 13,000 to
25 press upon the impacted businesses out there seems

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just meek.

BRIAN GOLDSTEIN: I can tell you that the SBA has only received back around 12 percent of the applications that they have sent out, so only about 12 percent of the businesses actually return these SBA disaster applications. There has been a wonderful effort on the SBA of getting that out there, but processing is taking a little bit longer than it normally would. Turnaround time is closer to around six-ish weeks for an approval, so we have--

CHAIRPERSON REYNA: [interposing]
How many weeks?

BRIAN GOLDSTEIN: About six. It should be less. They do their centralized processing through California as well as Texas, but their efforts on the ground and actually getting out to small businesses to get people to apply has been absolutely wonderful. Unfortunately only around 12 percent have returned their applications for submittal.

CHAIRPERSON REYNA: And do we know amongst the 12 percent how many have been denied?

BRIAN GOLDSTEIN: I do not have

1
2 that information. That would be a SBA number.

3 CHAIRPERSON REYNA: That would be a
4 SBA number? Is it possible for you to access that
5 number?

6 BRIAN GOLDSTEIN: Sure.

7 CHAIRPERSON REYNA: Fantastic. And
8 as far as the MWBE rapid repair program, they are
9 a part of it. That was one of my very first
10 questions working with the administration in
11 making sure that the MWBE participation prior to
12 Local Law 1 being reintroduced and expanded on
13 that the rapid repair program would heavily take
14 into consideration the opportunity that we needed
15 to seize to put people back to work to expand and
16 to strengthen the capacity of MWBE, so that is
17 challenge number one checked off the list. We
18 have a lot more that we need to do, but working
19 with you as far as our state and federal partners,
20 we look forward to further assistance and working
21 in collaboration with. I don't know if there was
22 any other particular questions that we wanted--I
23 actually do, and I am not too sure if you are able
24 to report on the number, but amongst your
25 canvassing within your database, do you know how

1
2 many small businesses were denied their insurance
3 claims?

4 BRIAN GOLDSTEIN: That I do not
5 have information on.

6 CHAIRPERSON REYNA: Is that
7 something that you have asked?

8 BRIAN GOLDSTEIN: Oh sure. That is
9 part of our normal--

10 CHAIRPERSON REYNA: [interposing]
11 The assessment.

12 BRIAN GOLDSTEIN: --counseling
13 session. Yeah, the triage that - - -

14 CHAIRPERSON REYNA: Correct.

15 BRIAN GOLDSTEIN: --the clients. I
16 could do a poll from our centers and find that - -
17 .

18 CHAIRPERSON REYNA: And if you
19 could get us that information. We understand that
20 the volume that was coming into the Department of
21 Small Business Services was unmanageable as far as
22 trying to assist a very customized service on
23 insurance claims that now it's an automatic you
24 have to go to the financial service--I apologize--
25 the financial--it's the insurance claims

1
2 authority. Yes, in Albany, and so--say that
3 again, Greg?

4 MALE VOICE: The Department of
5 Financial Services.

6 CHAIRPERSON REYNA: Thank you. The
7 Department of Financial Services, so that now we
8 have to make sure we stay in touch with the
9 Department of Financial Services in order to
10 understand how many of those denied claims are
11 being worked on and seeing what would be approval
12 as opposed to denial through an appeals process,
13 and so we are very conscious of asking those
14 questions, and I just want to make sure that we
15 get your universe. It just helps triage so that
16 all three levels of government are working in
17 collaboration to assist every small business.
18 Council Member Brewer?

19 COUNCIL MEMBER BREWER: Thanks for
20 all that you are doing. My question--I worked in
21 government for a very long time, and it has always
22 been my impression having worked on the federal,
23 state and city level that the federal loan
24 situation or grant situation is challenging for
25 small business. When I worked in government in

1
2 the past we would have businesses in the Bronx
3 applying for FEMA or SBA and you know, people have
4 two sets of books. They do, and I can understand
5 that. So whatever reason, they turn down the
6 application in terms of they didn't want to
7 participate, and I understand that--you either
8 have got the IRS on one hand or trying to survive,
9 so they keep going without the federal government,
10 so I am just wondering it could be that reason or
11 something else, and I always thought that people
12 were in such horrible situation as small business,
13 the government should just work with them and use
14 that as an opportunity to help build the business,
15 but that doesn't usually happen. So my question
16 is do you find that there is an unusual turn down
17 percentage wise from the federal government or do
18 you think these businesses are getting a fair shot
19 in terms of being accepted for whatever loan or
20 grant I suppose if - - be so lucky? I just wanted
21 to know from your expert and long history 'cause
22 I'm really concerned. This happens across the
23 country when the feds come in. They just think
24 oh, we are going to do this, and then businesses
25 get nervous and I understand that.

1
2 DEAN BALSAMINI: I think that is an
3 excellent question--

4 COUNCIL MEMBER BREWER:
5 [interposing] Deputy Mayor Steel told me I was
6 wrong. I just want to let you know. I appreciate
7 your input.

8 DEAN BALSAMINI: There is a lot of
9 reasons why that could happen. For example, he
10 said, she said. Someone says flood insurance, do
11 you have flood insurance? And they said, well,
12 the bank said I didn't need flood insurance, and
13 so fundamentally can you prove that? In some
14 cases that is one of the parameters. The other
15 partnerships. Someone may say, I got enough debt.
16 I don't want any more debt.

17 COUNCIL MEMBER BREWER: I hear that
18 all the time.

19 DEAN BALSAMINI: So a lot of these
20 issues as they build up. The other is the
21 duration. Sometimes the process could take a
22 little longer and people decide I've got to go do
23 something immediately. So there is so many myriad
24 of different reasons, but by and large the process
25 itself, okay, is working, but it takes longer, and

1
2 there are some issues as Brian just mentioned,
3 centralized processing in California and also in
4 Fort Worth, so at the end of the day in that
5 process once a loan verifier goes in verifies the
6 damage, the situation, then that process and the
7 paperwork goes to a centralized hub, and as you
8 know the pig and the python scenario develops, and
9 that's really--

10 CHAIRPERSON BREWER: [interposing]

11 And you can't really follow it. You can't call up
12 somebody and say - -

13 [crosstalk]

14 DEAN BALSAMINI: We basically
15 can't. What we can do is be an ombudsman, talk to
16 the folks in the SBA, and there is also an
17 opportunity for them to appeal a denial in some
18 cases, so there is a variety of avenues to go by.

19 HARRY WELLS: We have millions of
20 dollars in loans pending, and we have been very
21 busy and we have sent out a lot of loans to the
22 SBA, but they would only talk to our clients.
23 They won't talk to us, so it makes it very
24 frustrating for the clients because they come to
25 us. We do the legwork, and then they say well,

1
2 what is happening with our loan, what is happening
3 with our application, and all we can say, well, we
4 have got to refer you to the SBA, but I have been
5 on a personal crusade. I have been calling up
6 minority contractors. I have been calling
7 minority organizations to say, hey, take advantage
8 of this--and other business people--take advantage
9 of this economic injury application loan because
10 you may not even know how your business has been
11 impacted. They are still working on loans from
12 Hurricane Katrina, so to me this is possibly a
13 creative and a protective way to really bring
14 money into businesses to help them grow and
15 develop just like I was talking with this guy who
16 I'm seeing right now. He is back again. We
17 turned in his application, and we want to take him
18 from 6 million up to 15 million.

19 BRIAN GOLDSTEIN: I just want to
20 add that the SBA has and is in the middle of
21 hiring a tremendous amount of people to work out
22 of this process in centers to get this pipeline
23 clear.

24 COUNCIL MEMBER BREWER: That's
25 good.

1
2 BRIAN GOLDSTEIN: I know we have
3 around 340 or so outstanding SBA loans right now
4 in the pipeline that we are just waiting to hear
5 back on.

6 COUNCIL MEMBER BREWER: Okay, so
7 it's a pipeline problem. It's a he said, she said
8 problem in terms of some of the issues, and some
9 of my problem, my issues too. Thank you.

10 CHAIRPERSON REYNA: Thank you,
11 Council Member Brewer. I want to thank this
12 panel, and I expect to receive some more
13 information regarding the universe you are working
14 with the overlapping of the five recovery zones,
15 and understanding the SBA denied number as well as
16 the denied claims amongst your universe just to be
17 able to coordinate more efforts wherever it is
18 necessary, and looking forward to just making sure
19 that we continue to work together in assisting
20 every small business necessary with the request of
21 being in need of assistance. Thank you. I'd like
22 to call Accion New York, USA, no, Accion East.
23 You have changed your name three times. I don't
24 know. Paul Quintero from Accion, Monica Byrne
25 from Restore Red Hook, Claudio Marini, Barbarini

1
2 and Amanda Byron Zink, Salty Paw. Monica, I know
3 you have a plane to catch, so I will ask you to
4 testify first. I'd like to thank the small
5 businesses who remained and took the time out of
6 their day and recovery efforts to express their
7 experience during this terrible time. Thank you
8 to our great deputy commissioner, Gregg Bishop,
9 for staying behind to listen to this testimony.
10 Thank you, Gregg. Thank you, Joe. Thank you.

11 MONICA BYRNE: I'm Monica Byrne. I
12 own a small restaurant and catering business in
13 Red Hook, but I am also one of the co-founders and
14 organizers of Restore Red Hook, which is the small
15 business organization in Red Hook. Very briefly,
16 a little bit about Red Hook because it is a very
17 unique community. In 2000, we had a population of
18 10,000 people. It was an all-time low. In 1955,
19 we had 22,000 people. Now we have 13,000 people.
20 In 2000, that 10,000 people, 8,000 lived in public
21 housing at the Red Hook houses. Now we have got
22 about 13,000 people--about 6500 live in house, so
23 we have had an immense growth in the community
24 even though it is represented by only a small
25 number in thousands. Ten years ago Van Brunt

1 Street, which is the main street in Red Hook, was
2 a retail desert. There were boarded up
3 storefronts. There were storefronts that were
4 being used as illegal housing and that sort of
5 thing. There were no stores in Red Hook, and over
6 the last ten years that has changed rather
7 dramatically. There are approximately 50 retail
8 and community based public businesses in the Van
9 Brunt corridor. The majority of these businesses
10 are owned by people who live in Red Hook. The
11 majority of these businesses are owned by people
12 who do not own their property, so they are all
13 renters. The majority of these businesses are
14 between three and seven years old, so that means
15 that this is the result of people who have moved
16 to the area and decided to invest their time,
17 energy and money in growing and developing the
18 community. It is a unique community in that it is
19 not about gentrification. It is not about
20 replacing or displacing one community with
21 another. It is about the population is at an all-
22 time low, and little by little more people have
23 come in, and have been interested in investing in
24 building that community and joining that community
25

1
2 and unifying that community, and it's really quite
3 unique in that respect. It is not a place where
4 anybody opens a business if they are looking to
5 make money. It is not a place where any business
6 plan would be approved by the Wharton School of
7 Business [phonetic] or any other organization that
8 does such things; it is a place where people have
9 opened businesses to provide services that didn't
10 exist before. It's a place where people have
11 opened businesses to create a life for themselves
12 and be part of the community. It's also a
13 community that has been grossly underserved by its
14 government, both federal and city and state, and
15 as a result, we have a huge number of non-profits
16 that function in the community that have come up
17 to address the issues, so we have these three
18 components of the community. We have the
19 residents. We have the businesses and we have the
20 non-profits, and in many respects many of us live
21 in two if not three of those categories, which is
22 to say we both live and work in the community. We
23 volunteer with a non-profit. We are on the board
24 of the non-profit. The non-profits organize and
25 function because the business communities throw

1
2 them fundraises every year and donate every year.
3 There is nobody that ever says no, so it's this
4 teeny little community that has come together and
5 is growing slowly, but progressively in the face
6 of the worst economy that we have known in the
7 last generation, and it's been doing okay. It's
8 not wildly successful. These businesses don't
9 make tons of money, but they - - concerns. They
10 are teeny businesses like mine where we pay our
11 bills, we pay our employees and we have a little
12 bit to pay ourselves and every time we have
13 something extra, we reinvest it in the business.
14 So my personal story is our business opened in
15 2006. I have been in the community for ten years
16 though. We started with a teeny little space
17 where we had about 15 seats, and we had--my
18 kitchen was two hot plates behind the bar. We
19 have now moved to a slightly larger space where we
20 have 25 seats, and we have a real commercial
21 kitchen with a hood and a grill and all of these
22 things that cost thousands and thousands of
23 dollars, and every year we have taken every penny,
24 and this year we will buy this piece of equipment.
25 This year we bought the hood. Next year we will

1
2 actually be able to pay to get it installed. That
3 is how things happen in Red Hook, and that is the
4 truth of most businesses in Red Hook. The
5 corridor along Van Brunt Street was pretty much
6 destroyed. We have had to tear out all of our
7 basements. We have had to tear out between three
8 and five feet of our first floors. We have lost
9 most of our equipment--refrigeration, stoves, all
10 of the things that we need to function, and what
11 has happened is the community came together to
12 work together. The first week--I have notes, but
13 I am just going to speak extemporaneously--

14 CHAIRPERSON REYNA: [interposing] I
15 just want to be sensitive to everyone's time. You
16 don't have prepared testimony, so I'm not sure to
17 gauge how long your testimony is, so if you can
18 get to the specific points as far as your
19 experience, that would be great. Thank you.

20 MONICA BYRNE: So basically there
21 are four things available to the small businesses.
22 There are the two loans that have been discussed,
23 and I want to let you know what is going on with
24 those two loans. The state loan the NYBDC funded
25 loan for \$25,000 it's a 30 month term loan. The

1 approval rate in December was 40 percent. The
2 approval rate now is just under 50 percent. What
3 we are talking about especially with what
4 Councilwoman Brewer was discussing about things
5 that have been denied, what we are talking about
6 is well over 50 percent of the businesses
7 affected--and this is true throughout all of the
8 communities--are not going to get the funding they
9 need because there is also a large portion of
10 people who aren't even applying for the loans.
11 The number one reason people are being turned down
12 for the loans is not credit surprisingly although
13 that is going to be an issue any time you have
14 small mom and pop businesses that are self-
15 financed. There are not investor structures.
16 They are all credit card and savings financed, so
17 surprisingly credit wasn't the number one issue.
18 It's insufficient cash flow, and inability to
19 repay the loan, and that particularly in a
20 community like Red Hook where the entire economic
21 development has happened in the last decade is
22 going to be the case with almost every business.
23 In my discussions with the NYBDC what has been
24 really interesting--and I see where they are
25

1
2 coming from looking at paperwork in Albany and how
3 do you make the distinction between a business
4 that is cash business and perhaps doesn't pay all
5 of its taxes and doesn't show a profit, but the
6 credit is okay, and they are thinking, well, we
7 can't really fund this business if they are not
8 showing a profit, then they must not be paying
9 their taxes and so on and so forth or when you
10 have got an entire neighborhood of small
11 businesses where every penny is being reinvested
12 every year, so you can account for it. You know
13 where the money is going. You can see the growth
14 if you are there on the ground, but when you are
15 looking at the paperwork in Albany, those
16 businesses look the same. So we have got this
17 entire community that this has affected. The SBA
18 loan is I am told a slightly lower threshold for
19 qualification; however, it is a much, much harder
20 loan to process. There have been I believe 16
21 loans granted in our entire zip code, which is
22 much larger than Red Hook, and I believe the
23 information that I got last week was totaling
24 about 1.6 million, which is a very small amount.
25 Most of those loans are going to the small

1
2 manufacturers and light industrial businesses that
3 have suffered devastating losses--there is no
4 question about that, but they also have much
5 stronger infrastructures. They have accountants.
6 They are able to find the information needed to
7 process the loans. They also have access to more
8 liquidity and a larger cash flow, so qualifying is
9 slightly different.

10 CHAIRPERSON REYNA: They would beg
11 to differ.

12 MONICA BYRNE: Well, okay, fair
13 enough. In our conversations, this is how it has
14 turned up in Red Hook. But when you have got
15 these very small businesses, there are no
16 resources, and a large number of businesses in Red
17 Hook have actually stopped the application process
18 because it became too cumbersome, and they just
19 thought after getting declined by the NYBDC, they
20 just thought, I am not going to get this. Why am
21 I wasting my time?

22 CHAIRPERSON REYNA: And this
23 includes going to the SBDC centers?

24 MONICA BYRNE: Yes. The SBDC
25 centers--let me be really clear. The center set

1
2 up in Red Hook, there were people from Rob Walsh's
3 office there processing loans, and what they are
4 doing is data entry. They are not--they are--

5 CHAIRPERSON REYNA: [interposing]

6 That is not SBDC. That is SBS. The small
7 business development centers are processing the
8 SBA loans.

9 MONICA BYRNE: The joint office
10 that we had set up in Ikea, I believe there were
11 representatives from both, and what happened was
12 there was data entry. There weren't people,
13 experts on the ground who could actually work with
14 you on the loan, on qualifying your loan. There
15 weren't people who could actually talk about your
16 business specifics or maybe even do a site visit
17 and see the reality of it. It was data entry into
18 terminals that was then being sent away to other
19 people, and that is really what is going on. To
20 be perfectly frank in my e-mails with many of
21 these people sometimes they have attached the
22 further e-mail from the people that they are just
23 e-mailing it to, and I actually with the NYBDC
24 started directly communicating with them for my
25 loan, and that is how my loan got approved. I

1
2 have also done the same on behalf of several other
3 small businesses in Red Hook and asked them to
4 take a second look, and asked them to take a
5 tighter look using other organizations like the
6 South Brooklyn Industrial Development Corporation
7 as an on the ground litmus for the legitimacy of
8 people's claims because they are there and they
9 can provide--

10 CHAIRPERSON REYNA: [interposing]
11 You answered my second question. I was going to
12 ask you if you went to the IBC [phonetic]
13 coordinator provider.

14 MONICA BYRNE: Yeah, and the SBIDC
15 has been extremely helpful in that, but for people
16 who who haven't know how to marshal those
17 resources, it has been really challenging, and
18 everything that we have organized has been with a
19 ton of outreach and we have done it ourselves.
20 It's misrepresentative to think that the city
21 officials have been on the ground doing it. It is
22 not what is going on, and when Kyle Kimball was
23 speaking about being in Red Hook and seeing all of
24 the good will, we brought generators in from out
25 of state. We had people who are from Red hook

1
2 driving in from Ann Arbor, picking up generators
3 at different home depots. My mother in law
4 brought two up from Virginia. We did that. We in
5 the food industry held barbecues and fed the
6 community with all of the food that was going to
7 go bad. We in the food industry had our friends
8 bring food trucks in and give food away and do
9 fundraisers for the businesses there. That did
10 not happen through the city. Restore Red Hook has
11 raised a little bit over a half a million dollars.
12 We have given out \$4,000 grants to 50 small
13 businesses, and these are the small retail
14 community based businesses meaning open to the
15 public.

16 CHAIRPERSON REYNA: How many
17 grants?

18 MONICA BYRNE: 50.

19 CHAIRPERSON REYNA: At what amount?

20 MONICA BYRNE: At \$4,000, and we
21 are able to do a second round in the next two
22 weeks, and this one will probably be about 4500,
23 so this around \$9,000 is the sole money that
24 businesses in Red Hook receive period. There is
25 the \$5,000 grant, the \$10,000 grant is a matching

1 grant, so if you don't qualify for the NYBDC loan,
2 you don't get the grant. The \$5,000 grant that
3 has just come on about three weeks ago, four weeks
4 ago, there is only 200 of them available. You
5 have been talking about I think 13,000 businesses
6 in the community affected. There is 200 \$5,000
7 grants. Red Hook on one hand was devastated in a
8 very dramatic way physically, but on the other
9 hand, we were all safe. Nobody's life was list.
10 We did really well. We organized. We got
11 medicine to people et cetera. Other communities
12 are far worse. \$5,000 is a drop in the hat. We
13 are looking at on average in Red Hook most
14 businesses have anywhere between 35 to 75,000
15 dollars' worth of damage. I can't even begin to
16 imagine what those numbers are in the other
17 communities, so 200 \$5,000 grants is nothing. The
18 small business community needs to be seen together
19 unified as too big to fail. I completely support
20 hospitals and public works, but I was amazed that
21 within ten days of the storm, over \$100 million
22 was given to the NYU Langone Medical Center, which
23 absolutely is crucial. I am not arguing that.
24 But it is a for profit institution. I go there.
25

1
2 I pay a lot of money, and we have had to beg,
3 borrow, do whatever we can to get even a penny. I
4 have met with every elected official that we have.
5 I am surprised Sara Gonzalez isn't here right now.
6 I think any of the other small businesses can say
7 the same. The fact that small businesses are not
8 seen as unified too big to fail is unacceptable
9 unless we want to see our communities be nothing
10 but box stores and chains funded by large
11 corporations that can afford to weather these kind
12 of storms, that is where we are going right now,
13 and it really needs to shift.

14 CHAIRPERSON REYNA: I have to say
15 to you that it was impressive to see that big box
16 stores could not get themselves reopened faster
17 than the small business, and that is to be said
18 amongst many communities. It was impressive to
19 see the small mom and pop shops as well as small
20 business in any sector were able to come together
21 the way you just described to reopen faster than
22 the mainstream big box chain stores.

23 MONICA BYRNES: When you are living
24 by every paycheck, there is an urgency. The other
25 point to know is that everything that happens in

1
2 Red Hook, and I am going to assume that this is
3 probably true in other communities. We rebuilt
4 our stores. Our landlords did not rebuild our
5 stores. It doesn't matter that they are legally
6 liable. If we had waited for our landlords, we
7 would still not be open. We rebuilt our stores.
8 Businesses like Fairway, who is opening next
9 Friday and we are thrilled beyond thrilled,
10 decided to take this as an opportunity and examine
11 redesign and do some things different. They could
12 have been open sooner, and frankly, the community
13 has been devastated without them. It has been
14 brutally hard. There was not a place to buy milk
15 the entire month of November 'cause everyone lost
16 their compressors and refrigeration. Nobody had a
17 car to go anywhere to pick up anything because all
18 of our cars died. It has been really bad, and we
19 have felt the loss. Businesses that have reopened
20 are off by 40 percent in December, our best month
21 of the year, so the few that were able to open
22 lost most of their business anyway. The others
23 have reopened in January, the worst time of year
24 to reopen. There is an urgency that a small
25 business that can't afford to lose one week of

1
2 business much less three months of business feels
3 about getting things done that maybe a larger
4 organization doesn't have.

5 CHAIRPERSON REYNA: I appreciate
6 your testimony, and I hope you don't miss your
7 flight waiting and making sure that you were able
8 to give this testimony.

9 MONICA BYRNE: I appreciate--

10 [crosstalk]

11 CHAIRPERSON REYNA: You are not
12 alone here.

13 MONICA BYRNE: Thank you very much.

14 CHAIRPERSON REYNA: Absolutely.

15 MONICA BYRNE: The one other thing
16 to say is that the Speaker's office did send her
17 one of her staffers, Carlos Manchaca [phonetic],
18 and he rolled up his sleeves and got to work, and
19 he has stayed there on the ground working from
20 cleaning to going to every community meeting, and
21 that made a huge difference because even when we
22 weren't getting money, we did feel like the
23 Speaker and the Council knew we were there and
24 that they were aware and they were trying to do
25 something, so that did make a very big difference

1
2 to us. Thank you very much.

3 CHAIRPERSON REYNA: Thank you.

4 MONICA BYRNE: Thank you very much
5 for taking the time. Thank you all.

6 CHAIRPERSON REYNA: Absolutely.

7 AMANDA ZINK: I too appreciate the
8 voice of a small business from you to the rest of
9 us. Thank you. That was refreshing to hear.

10 Good afternoon. My name is Amanda Zink, and I am
11 the owner of the Salty Paw, a pet emporium and
12 groom spa located at 38 Peck Slip. I'd like to
13 start by thanking the members of the Council. I
14 was hoping there would still be more here, but
15 it's important that we have been given this chance
16 to be here, so I really do appreciate it. Many of
17 you have come to the South Street Seaport many
18 times, and have shook our hands and have seen and
19 witnessed yourself what we have gone through. As
20 you decide in the next coming weeks how to provide
21 aid to small businesses, I'd like to share a
22 glimpse into a few small, but historically
23 important blocks in my neighborhood just steps
24 from City Hall. My store, the Salty Paw, is just
25 one of 20 storefronts that still remains closed

1
2 today along historic Front Street and Peck Slip.
3 In my calculation this amounts to over 250 jobs
4 still lost, and this is just from one single
5 block. As many of you know, most of the
6 businesses down here were leveled by the storm and
7 have seen nothing from their insurances. They
8 either do not qualify or cannot afford to take out
9 loans to rebuild even with low interest. My pet
10 boutique, which is a specialty store already
11 operated on a lean budget pre-Sandy, so the
12 thought of trying to generate additional income
13 that would require me to pay back a loan on top of
14 my future day to day operating costs, overhead,
15 including the news that I just received last week
16 that my landlord will be increasing our rents
17 along Front Street when and if they do give me my
18 keys back. I was just starting to make ends meet
19 in the last five years that I have been open and
20 just starting to make a small profit, and now I
21 have this. It's simple. We need federal
22 government grants. We don't need loans as we try
23 to rebuild and reestablish our businesses in a
24 changed marketplace. Between the warzone
25 conditions in my immediate neighborhood including

1
2 construction sites on all surrounding streets,
3 which by the way will be going on for years, and
4 if the residential vacancies--as you know, there
5 are many residential vacancies because of the
6 storm. If I do reopen, my sales are going to be
7 significantly lower, yet my rent, my insurance, my
8 operating costs, my monthly expenses will be that
9 much higher in a permanently depressed
10 neighborhood for the next several years. Moreover
11 the 13 businesses of historic Front Street under
12 the Durst Organization have been told that we
13 should get our keys back in May to rebuild once
14 they complete their restoration process of the
15 electrical infrastructure of the block. If so, my
16 business will have lost over \$200,000 in revenue
17 over the course of the seven months that I will
18 have been closed, and I am just a tiny groom spa.
19 I can only imagine what my fellow restaurants will
20 have lost by the time they get to rebuild and
21 reopen. Last Friday I had the difficult task of
22 finally letting go all, but one of my remaining
23 staff. Four months into this fight to stay
24 afloat, the future of my shop is still so very
25 bleak. It wasn't fair to keep them and give them

1
2 false hopes that I would ever be able to get my
3 doors reopened, and they needed to move on. As I
4 figure out the future of the Salty Paw, and I wait
5 to see what aid that we so badly need comes, I
6 know I speak for many of the small businesses in
7 the area when I state the following: number one,
8 we need grants. We need grants that are writing
9 with flexibility in how we use them. For me, I
10 already qualify for the Downtown Alliance grant
11 and the SBS grant to put toward my "build out." I
12 don't own my space like so many, and so I don't
13 need a lot of funding personally to rebuild my
14 store's hard assets. I need money for working
15 capital, inventory for my groom spa, inventory to
16 put on my retail shelves, money to hire back that
17 staff I just let go, help with paying their wages,
18 money for lost revenue, and I need money for the
19 increased insurances that I am sure to face as
20 well as the higher rents. Number two, we need the
21 attorney general's office to investigate the
22 insurance companies. They have had no problem
23 collecting from us over the years, but were quick
24 to deny us any money at all when we needed the
25 most. Number three, we need the city to work with

1
2 the landlords and insurance companies to make it
3 affordable to return and to rebuild and to
4 revitalize our neighborhood, and lastly, we need
5 to be assured by City Hall and by the city that
6 even as the neighborhood does begin to rebuild and
7 the tourists begin to trickle back, that they will
8 have our backs. Even two years from now if we
9 continue to struggle getting back on our feet that
10 the city will continue to create incentives to
11 help us stay open. I read a USA Today article
12 recently about the businesses after Hurricane
13 Katrina and that almost 8,000 businesses shut down
14 during the two years after the storm had left, and
15 smaller businesses, the higher the failure rate.
16 I fear the same for my neighborhood, and I don't
17 want to end up being that statistic. Thank you.

18 CLAUDIO MARINI: Good afternoon.

19 My name is Claudio Marini. I am a co-owner of
20 Barbarini, a restaurant market that opened two
21 storefronts on historic Front Street at the
22 Seaport. We were among the first businesses that
23 signed leases back in 2005. We expanded into the
24 second storefront in 2008 as the neighborhood
25 grew. The storm brought several feet of water and

1 destroyed all of our equipment and inventory.
2
3 After assessing the damages, my business partner
4 and I decided that rebuilding at that existing was
5 not financially possible. Our combined spaces
6 totaled 2,824 square feet. After weighing the
7 cost of rebuilding from scratch and assessing the
8 loss of revenues and the time we would be out of
9 business on Front Street we decided to part ways
10 and focus on rebuilding smaller restaurants in the
11 same general area individually. In November we
12 looked at all the lending options made available
13 to small businesses including SBA, SBS as well as
14 Downtown Alliance for the very first grant. In
15 the end we did not qualify for the \$20,000 back to
16 business grant because we were not rebuilding in
17 the original location. We applied early on with
18 the SBA, and tried with the SBS, but since we were
19 not applying to rebuild Barbarini as a business,
20 we were not able to proceed with the applications.
21 We were told that there was no way to apply for
22 disaster relief loan unless we applied as an
23 existing business damaged by the storm. We tried
24 to apply with our bank as a startup given our
25 banking history and two proven businesses, but we

1
2 were told that since our income had dropped, but
3 my wife and I were employed by Barbarini, our
4 income to that would be too high and therefore
5 would not qualify for a loan. We did not qualify
6 for disaster unemployment assistance because I am
7 an officer of the business and my wife the spouse
8 of an officer. We did not qualify for the \$10,000
9 NYC matching grant from SBS because we were not
10 able to complete the loan application as a
11 business. We applied for the new 5,000 small
12 business - - grant program, but we have not heard
13 back yet. We were not - - to rebuild and have
14 actively been searching the area for a suitable
15 space for our operation. We have a loyal customer
16 base, who would like to see us come back,
17 employees that would like their jobs back when we
18 eventually reopen, and much support from the
19 community, in which we also live in; however, to
20 rebuild we absolutely need some financial
21 assistance. Pulling together all of our personal
22 resources, will not make it possible to rebuild as
23 my family has lost a large portion of our income
24 as a result of this disaster. We would like to
25 ask the SBA, SBS and Downtown Alliance to consider

1
2 creating a program for businesses and owners in
3 our situation. If necessary we will offer our
4 assistance to help create the requirements of such
5 a program, loan or grant. We strongly feel if
6 there is additional flexibility within the
7 application process for these loans or grants more
8 small businesses will be able to rebuild and offer
9 their services to their community once again.

10 CHAIRPERSON REYNA: There is always
11 that one percent that doesn't fit anything and
12 could have never for come to see that particular
13 situation, and yours is that because you had a
14 partnership and the partner did not want--if I
15 recall you mentioned your story when we went to
16 visit with you, your partner did not wish to
17 continue, and you did, and therefore, you have no
18 rights to the name, you have no rights to the same
19 financials; therefore, you can't claim that you
20 want to rebuild. You are literally starting from
21 scratch and that presents a new level, and a new
22 dimension as to what do we do with a situation
23 like this in the sake of what would be this
24 Hurricane Sandy rebuilding effort when you have
25 limited partnership that is dismantled because one

1
2 chooses to not agree to move forward, forge
3 forward to rebuilding. Your mic. I'm sorry.

4 CLAUDIO MARINI: We want to stay in
5 the same area, just not that close to the water.
6 I don't think we can be blamed for that, but we
7 are still victims.

8 CHAIRPERSON REYNA: I appreciate
9 the support for the audience. Just so we are not
10 continuing to be disruptive, I will ask for no one
11 to comment, but we do appreciate from the peanut
12 gallery the effort, and I think this is a great
13 opportunity to explore the discretion that the
14 city will have as how to assist a person like
15 yourself with a business that did exist to be able
16 to continue to stay in business under a new
17 status, and recognizing that this is another layer
18 that we have to factor in. The CDBG money,
19 community block grants that were mentioned before
20 by the city of New York, and how as that is
21 explored and comes into the city as far as funding
22 becomes available how they will spend that money
23 and the discretion they will use utilizing what
24 would be sample tests like this. I appreciate
25 your effort coming here to state what you have

1
2 just referenced, and very eloquently said by Salty
3 Paw. The issues of the areas of working capital,
4 inventory, wages, lost revenue and increased rents
5 and insurance is part of what we should also
6 package as to what discretion will the city
7 provide to assist with those real issues that are
8 challenging businesses to recover. So I
9 appreciate both of your testimonies and hope that
10 this will be influential in that decision making.

11 AMANDA FINK: Can I ask a question?
12 Will there be any discussions with the landlords?
13 Are we going to push for getting them to the table
14 because I think for the businesses along Front
15 Street we are all under the same landlord with the
16 same issues, and without favorable leases, we
17 can't open.

18 CHAIRPERSON REYNA: so I want to
19 just share with you--I don't know if you were out
20 of the room when I had expressed to the city of
21 New York as far as the officials that were present
22 here today the need to engage landlords amongst
23 the 13,000 small businesses because that does play
24 a huge factor. It may not be the end of
25 everything, but it is a great way to be able to

1
2 understand what are some of the other challenges
3 that we're not perhaps mitigating because the
4 small business does not have any control, and when
5 you don't have control, how do you make decisions
6 to recover? We want to make sure that there is
7 that added piece to this puzzle to be able to
8 further challenge property owners in assisting in
9 the recovery, so it's a point well taken,
10 communicated and a lot of dialogue has to happen
11 after this hearing, not that we haven't been
12 having. Since our tour in Lower Manhattan, a lot
13 has happened and there is still more to go, and I
14 know that Accion has their testimony as well.

15 [long pause]

16 CHAIRPERSON REYNA: I wanted to
17 just call up Diane Honeywell and Fernando Dallorso
18 [phonetic] because these are two other businesses
19 in the area as well, and you can just pull up
20 another chair just to be able to share the table,
21 but I wanted to just made sure we heard from
22 Accion, while you are accommodating yourself.

23 PAUL QUINTERO: Madam Chair,
24 members of the Committee, thank you very much. I
25 will be brief. I provided earlier our thoughts on

1 things that we thought went well and things that
2 could be improved, and I wanted to pick up on the
3 point that you just raised because I think at the
4 end of it there were two recommendations I'd make
5 in terms of the next time because unfortunately
6 there will be one. One is the notion of moving
7 ahead on a parallel versus sequential basis. I'll
8 come to that in a second. And the other that you
9 just mentioned is greater input on program design.
10 In the context of which we were writing about it
11 it was input from organizations like ourselves
12 that have seen the kind of challenges that have
13 been described, not all of them, but many of the
14 ones that were raised earlier we see all the time,
15 and there are things in terms of flexibility that
16 were known or knowable, and I think that input
17 would help the program the next time, and I think
18 hearing from an entrepreneur on how - - actually
19 fell through all the cracks, but in a negative way
20 here with help in that regard. To illustrate the
21 lost opportunity, I went through the materials
22 that were sent earlier, and so I'll just recap it
23 here - - what was presented to everybody. In the
24 emergency loan program, the numbers were roughly
25

1 as follows: it was a little bit more than 1,000
2 applications of which about 513 were approved, 381
3 were declined, 59 were withdrawn and 125 were in
4 process. So I looked at it from a percentage
5 perspective, and in the packet that I provided you
6 we have a summary of what the program has done
7 since October. What was interesting to me is when
8 you look at the program, if you look at the
9 declination, and I think the point was made by one
10 of the earlier speakers, approximately 35 percent
11 of all the applications were declined by the New
12 York Business Development Corporation, and to some
13 extent as expected. That is not a surprise from
14 our perspective. What is the lost opportunity is
15 that when you look at the process by the time
16 people went through the solutions centers then to
17 the New York BDC [phonetic] then to be declined,
18 then to come back to either ourselves or others we
19 received our first significant batch of
20 applications literally the last week of December,
21 so beginning of this year--which is terrific that
22 we are coordinating, but what we were finding was
23 business owners that came to Accion had already
24 spent two months, and by the time they came to us
25

1
2 even though we have a pretty fast turnaround time,
3 if you look at our withdrawal rate, our withdrawal
4 rate is about 33 percent. In other words, if we
5 had just been at the front of the line we may have
6 been able to address people that would not meet
7 NYBDC's underwriting requirement, and that is
8 perfectly fine. There is different standards for
9 different folks. We have a unique role to play.
10 The point is not that. The point is being at the
11 beginning would have accelerated the turnaround
12 time and people who had come to us, come the
13 beginning of this year that by that time had been
14 so frustrated, we have seen a huge withdrawal
15 rate. We could have doubled our program if we had
16 people in our - - at the very beginning, and so
17 you have the comments in my written testimony, but
18 I think the opportunity here for all of us, it was
19 a great response as responses go, but I think the
20 opportunity here is we can make it better. I
21 think the opportunity here is that we know it is
22 going to come again, and so if we can get more
23 people involved in the program design for the next
24 go and we are hearing grants and flexibility that
25 is not a surprise to us, but for those that do

1
2 qualify where a loan is eligible, there are ways
3 to make that also more flexible, so we need to be
4 smarter for the next one, and we raise our hand
5 here to help work with EDC, SBS, who we have been
6 coordinating with very closely, so everyone has
7 been working really hard. It's not a critique on
8 that, but if the process is designed in a certain
9 way, you are going to get certain outcomes, and
10 this is an unfortunate outcome for us. We could
11 have doubled our impact. Thank you.

12 CHAIRPERSON REYNA: Mr. Quintero, I
13 appreciate your candor, and it seems that you are
14 literally saying there was a middle man in the
15 process that delayed everything.

16 PAUL QUINTERO: There was a
17 process, and I think that we need processes 'cause
18 otherwise you wouldn't be able to do the work that
19 has been done, but I guess what I am suggesting,
20 and what I have in the comments here is I think
21 it's know in this city that you can pick a handful
22 of the best for-profit and not for profit small
23 business and micro lenders. If we are all in the
24 beginning, so an entrepreneur can say, okay, start
25 the process, but give me five chances at success,

1
2 not just once, then I have five people that I can
3 work with early, and you know what--

4 CHAIRPERSON REYNA: As opposed to
5 just what would have been SBA loan or...

6 PAUL QUINTERO: Well, in this case
7 I am more referring to the emergency loan program
8 'cause we are not involved in the SBA program in
9 any way. So this is--

10 CHAIRPERSON REYNA: [interposing]
11 So if you can just help me understand your
12 numbers. The disbursed amount of 29 percent, 38
13 loans to be exact. Of those 38, do you know
14 whether or not in your universe of 38 those
15 individuals went to an SBA representative to apply
16 for a loan and were denied or they applied to the
17 SBA plus yourself and you came through first
18 before the SBA?

19 PAUL QUINTERO: I can get you the
20 number. The SBA will be a smaller number. The
21 solution center, the emergency loan program will
22 be more a more significant number 'cause we
23 actually worked very closely with SBS. So we have
24 around the end of December I want to say over 100
25 referrals that were provided in this big lump sum

1
2 from the SBS, so this is people that have gone
3 through the process through solutions centers,
4 weren't eligible for the NYBDC and now as the
5 solution centers do, they work to match you with--

6 CHAIRPERSON REYNA: [interposing]

7 So the second look didn't occur so that at the
8 time when that small business went to the business
9 solution where NYBDC was present that they were
10 automatically processed to know that they weren't
11 going to qualify, but here go to the next table,
12 which is Accion for instance. For example to be
13 able to go to Accion's table to be processed
14 because the NYBDC was not the best fit.

15 PAUL QUINTERO: Right. I think the
16 answer is yes, which is just to say that it is
17 not--because the approach was sequential, meaning
18 we went one step at a time versus trying to create
19 something, and this goes to the design of an
20 emergency program in the future perhaps with a
21 parallel track. It wouldn't matter if it was
22 NYBDC or any--

23 CHAIRPERSON REYNA: [interposing]

24 Right, it's not punitive that you apply for more
25 than one source.

1
2 PAUL QUINTERO: Correct. We just
3 didn't design--it wasn't designed that way so I am
4 not faulting--let me be very clear. I am not
5 faulting a lender sticking to their underwriting
6 criteria. What I am saying is that we could
7 design a process that is better so that you have
8 multiple approaches at the very beginning, and it
9 wouldn't matter if it's NYBDC or XYZ you name the
10 lender. Any time you do a sequential process, the
11 consequence of that sequence is that someone is
12 going to have lost whatever that process requires
13 and everybody has one, and you have lost a month
14 or two, and the one thing that entrepreneurs can't
15 afford to lose is time, so I go back to where one
16 of my recommendations--we need for the next
17 response a parallel process at the beginning
18 whereas lenders we should be competing to serve
19 them, and so whoever is there first helps and you
20 choose, but we don't have that kind of dynamic
21 right now.

22 CHAIRPERSON REYNA: You have to be
23 invited to the table in order to participate.

24 PAUL QUINTERO: Yes. I don't know
25 if invited was the right word. The coordination

1 happens with a number of lenders; it's just that
2 the sequence of the way things work right now in a
3 normal environment it might be appropriate, but in
4 an emergency situation--
5

6 CHAIRPERSON REYNA: [interposing]

7 So did Accion ever ask to be at the solutions
8 center as you began to respond to small business
9 affected by Hurricane Sandy?

10 PAUL QUINTERO: So this is one of
11 the things I put as a positive. I thought that
12 the response by the city was breathtaking and in a
13 positive way. Literally we were out of our
14 office. We had just finished, it was Halloween.
15 I remember it. I think it was Thursday, and
16 Commissioner Walsh was in the borough. Now we
17 were all landlocked. Remember, we had no way of
18 getting around, but we had loan consultants in the
19 different boroughs, and I literally was getting e-
20 mails saying oh, there is a new program by the
21 city to do X, Y and Z. I think that the response
22 was incredibly fast. The inverse of that is that
23 we didn't have an opportunity like we will have
24 for the next one, which is why I am raising this,
25 to try to make a better process so that we can be

1 just as fast, but now even more effective, so no,
2 we weren't invited, but I don't think we could
3 have been because it was so little time and I know
4 that at the time the importance of creating
5 clarity, the importance of describing and
6 providing a response all of which I credit the
7 city to. I thought it was fantastic. In fact so
8 much clarity that we were able to customize our
9 program so that we could complement what we saw as
10 perhaps some of the shortcomings of the program.
11 That information was so clearly available that we
12 were able to from our homes look at a program and
13 say, okay, this is what the city is doing. We are
14 going to do something a little different because
15 we don't want to overlap in terms of resources.
16 So that is all a credit to the communication. All
17 I am saying is it's the first time we have had
18 this situation--very positive response, but we can
19 make it better, and when I look at the numbers
20 right now, what I see is so many people walking
21 away from Accion because we weren't able to get to
22 them early enough. If this was a triage hospital,
23 the analogy is the patients came in and we weren't
24 even able to get to the triage. It was kind of
25

1
2 too late, and that is what we are sensing. So for
3 the next time what we are saying is let's create a
4 better process. Let's create more input I think
5 at the design level in terms of qualifying people,
6 and I think we are going to have a better program
7 for what will inevitably be another time.

8 CHAIRPERSON REYNA: So what I would
9 describe is not process; it's more participation?

10 PAUL QUINTERO: Which is part of
11 the process, sure. Yes. Part of the process
12 should be design, and we have a moment now while
13 there is no storm to design while it's fresh in
14 our heads what worked and what didn't work, and we
15 should hammer that out. That is my first request
16 here, and the second--and that is just on an
17 emergency response. The second is what we are
18 going to be doing for the broader recovery because
19 there is a lot of discussion about the money, and
20 not a lot of discussion about the plan, and I know
21 that I was pleased to hear that that is happening,
22 the resiliency plan, et cetera. That is
23 absolutely critical. So that plan when we get the
24 input of entrepreneurs and non-profit groups like
25 ourselves and others so that we can maximize

1 success there that will be question.

2
3 CHAIRPERSON REYNA: Mm-hmm. I
4 appreciate the time you have taken to elaborate on
5 this piece. Obviously, we need to follow up with
6 you, so that we can secure what would be a better
7 process, and I stress the point of asking the
8 Commissioner where was this emergency response
9 manual, right, and this type of coordination, is
10 it part of the manual is always the question that
11 I am eager to ask, and if it's not, adding it is a
12 must.

13 PAUL QUINTERO: I'll say one thing
14 because I report to a board, and we were as I said
15 out of our building. I think system wise, we were
16 probably down a day and a half and we also have a
17 business continuity plan. What we have found, and
18 I think what you saw here is you have the manual
19 and you have the list. At the end of the day,
20 people kind of jump into the fold and make it
21 happen. We had a very, very short disconnect
22 time, and we were able to do lending throughout
23 that entire week, but if you ask me is it because,
24 Paul, you followed your manual? No. It's because
25 we had people that were very committed. We had

1
2 people who jumped into the fray, and I suspect
3 that in a situation like the one that just
4 happened, you just had a lot of people that were
5 jumping in to make the problem go away and to
6 start solving it, that isn't something you can
7 necessarily script, and then the timeframe to make
8 that happen is a little tricky. So I am not
9 exactly sure which manual the room was describing.
10 I think of a business continuity - - interruption
11 but in terms of a design of a program that we
12 could do now with a little bit more stability in
13 terms of a weather emergency we have that urgency
14 to get it done before the next one comes, we can
15 do that. That I would recommend above all else
16 because we will be that much more effective the
17 next time.

18 CHAIRPERSON REYNA: Thank you. So
19 I want to just continue with the rest of the
20 businesses.

21 FERNANDO DALLORSO: Me?

22 CHAIRPERSON REYNA: Mm-hmm.

23 FERNANDO DALLORSO: Good afternoon,
24 and thank you for this opportunity. My story is
25 pretty much the same thing that you have been

1 hearing about small businesses and especially
2 restaurants down in Front Street. - - my
3 testimony, but it's basically along the same lines
4 as you guys heard it. My name is Fernando
5 Dallorso. I am the owner of Stella Restaurant at
6 213 Front Street right on the center of Hurricane
7 Sandy's damaged area downtown. Unfortunately as
8 you probably heard repeatedly from all of our
9 neighbors that night we had 8 to 11 feet of water
10 street level, and my place, as most of the others
11 on the block in the whole area got completely
12 destroyed. And I mean I want to - - about
13 destroyed. I mean devastated. We lost furniture,
14 tables, chairs, - - , wall finishings, light
15 fixture, walls, ceilings, doors, frames, floors,
16 subfloors, electrical installations, gas, sewer,
17 water, sprinklers, kitchen equipment,
18 refrigeration, computer--pretty much you walk into
19 my place right now, and Margaret Chin and her
20 staff - - it's basically cement on the walls,
21 cement on the floor, and that is it. There is
22 nothing left. The following basically is a
23 concise description of what I think is important
24 for all of the parts that have something to do in
25

1 the rebuilding of this story to come together
2 'cause without the whole story if they only give
3 me \$100,000 or whatever is the grant that I'm
4 going to get, and that is all I get, and we don't
5 get the tenants upstairs, my neighbors around me,
6 the city, the traffic, it's worthless. I won't
7 take money. Why would I open when I am going to
8 be there? It's a whole entire effort and I think
9 that every member of every part of this picture
10 has to come together, and I don't think it has
11 happened, and here is - - I go. The landlord in
12 my case, our landlord is the Durst Corporation.
13 All the components that make their building
14 habitable by the DOB does are also destroyed, and
15 they haven't been able to repair or replace them
16 yet. Whether they were improperly chose or
17 improperly placed in lower grounds of the
18 basements or they lacked the care that they
19 needed, I don't know, but the fact that all of the
20 tenants are still without power--in that block, we
21 are completely in the darkness, and we haven't
22 been able--we have been removed from our stores,
23 and we have been unable to come back to rebuild
24 and reopen. Most of the other buildings in the
25

1
2 area were back in business before the end of the
3 year, before December, and this is even following
4 the proper mold removing procedures that all the
5 agencies were requiring--the DOB et cetera-- - - .
6 We don't have occupancy as of today, and yet we
7 are denied--all of us, we are denied for any
8 compensation for the loss of business that we
9 don't believe any longer is due to Sandy's damage.
10 It's just for example in our case for the
11 landlord's inability to recover and to give us
12 back our stores because they don't have the
13 ability like someone said before to accept the
14 services. They are devastated themselves. Adding
15 insult to an injury the landlords proposed new
16 leases to us and in the new offers, there is no
17 rent consideration. The rent that we weren't
18 currently paying and - - continues as it is way
19 above what should be the market rent for an area
20 that devastated. The landlord has no
21 consideration of rent. Furthermore in my case,
22 they proposed a six percent increase on my rent on
23 my new lease that would start in May when they
24 give me the store back, and I have the proposal if
25 any council member wants to see it. Lastly

1
2 regarding the landlord we have very little
3 financial compensation to what is called a lease -
4 - improvements, which is everything that we did
5 for the store that as per lease deal with the
6 landlord is - - and it is covered under their
7 insurances, which they have and - - and they are
8 not--they are giving us very little compensation
9 for that to rebuild floors and walls and the
10 structural parts of the stores. They are there
11 from the landlords, and they are getting the
12 insurance for that. As far as insurance
13 companies, needless to say in my case it's - -
14 indemnity. It took them a month to send us an
15 adjuster. The guy spent ten minutes inside of the
16 store and about 100 days later I got a response
17 deny letter across the board. Across the board
18 everything was denied from damages, inventory,
19 loss of business, sewage, everything across the
20 board--complete denial. I think we all think that
21 these are the evil of them all, and all of us
22 merchants as you heard before are united in one
23 organization that we are trying to seek legal
24 help, and we are going to go after them with
25 everything that we can, but we definitely need the

1
2 government at all the levels the city, the state,
3 the federal - - resources to make them accountable
4 for whatever--and just stand behind it. As far as
5 state agencies just a little anecdote, my liquor
6 license expired on January 31st, so I - - and
7 should renew it about 15 days later before that.
8 I have two liquor licenses. That is \$10,000. We
9 reached out to them and said we have been closed
10 for three months, and we will be closed. I have
11 proofs from the landlord that says we won't get
12 the stores back until May so please hold the
13 process until we are back. No, there is no
14 statutes that you guys can fall into. You have to
15 spend the \$10,000. You have to reapply for the
16 license. You have to get a new license. We will
17 keep it, and then if you don't open, we will give
18 you the money back, and if you open, we send you
19 the license. This is in the middle of a bleeding
20 devastating losing--I personally speak for myself.
21 I lost half a million dollars' worth of assets,
22 and I can prove it very easy - - . And the SLA
23 says give us your \$10,000 to renew your license.
24 We will talk about it may when we see if you open
25 or not.

1
2 CHAIRPERSON REYNA: Have you
3 reached out to Speaker Silver?

4 FERNANDO DALLORSO: I reached to
5 everyone, and everyone says--

6 CHAIRPERSON REYNA: [interposing]
7 The Speaker of Albany?

8 FERNANDO DALLORSO: Yes, we did.
9 We are going tomorrow to a hearing at 11 in the
10 morning, but today is February and the situation -
11 - for me, I just let it expire. I don't have the
12 \$10,000. So I am going to reach out to them when
13 the moment comes to see - - . They told us we'd
14 lose our license, so we will figure it out when
15 the moment comes. I don't have the \$10,000 right
16 now. When it comes to the unemployment, we all
17 I'm sure that you heard this tory before. Us
18 officers that are part of the corporation and we
19 have a salary, as officers we are not entitled to
20 unemployment as officers. We get our salary. We
21 look forward to the end of the year that the
22 corporation would have a profit, and then if that
23 happens, we spread it among the partners, but over
24 the course of the running year, we live on a
25 salary like everyone else. When the unemployment

1
2 situation like this one hits as officers we cannot
3 collect unemployment. We are not entitled to it.
4 So myself I have been out of a salary for four
5 months, and you can imagine outsourcing income
6 from somewhere else. When it comes to SBA and SBS
7 I completely agree. Mr. Walsh has been
8 phenomenal, has been on the ground, has been
9 shaking hands, but when it comes to loans I mean
10 at this point, we don't need any more loans. We
11 need grants. If you would come to a loan in my
12 personal experience and in the few that are
13 recollected that you heard before, the fact that
14 the loans are based on personal guarantee and
15 personal credit, I think it's unacceptable. We
16 are all like already a disaster, but furthermore
17 the amount of paperwork and he said it, and you
18 guys heard it over, the amount of paperwork
19 required for every member of the organization that
20 holds 20 percent or more, it's absolutely
21 breathtaking, and when you have a partner like me,
22 and she has that himself might have two partners
23 himself. They own three or four restaurants. The
24 amount of information they have to gather for the
25 multiple assets is ludicrous, and it's literally

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2 like impossible. We are a small people that they
3 cannot do that. So finally all leads to the
4 matters of their grants. These grants - - of any
5 other grant is important for you guys to
6 understand that after suffering the financial
7 losses of the magnitude that we did and more
8 specifically the extended loss of income, which is
9 what I repeat we have been without an income for
10 several months, and for the next three or four at
11 least. If we have any chance to rebuild, we don't
12 need loans. We need grants and we need them like
13 right now--yesterday. Our dreams are definitely
14 are to reopen, to restore the buildings of the
15 South Street Seaport that we all invested back
16 then when--she has been there for a long time, and
17 - - , and to be able to sustain. What we want is
18 to be able to sustain ourselves. We want to be
19 able to create a means of income for ourselves.
20 That is basically it, but most important, someone
21 said it before. I want to get back the job to--I
22 have 35 employees. She said 250 employees lost in
23 our block. By the time we did the count it was
24 540 employees in the two blocks there--just one
25 block on both sides, so I want to get these people

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2 back to work for us and get an income. It is
3 vital that you recognize that after so many months
4 of struggle that our debt, our struggle - -
5 inventory, old payroll--I owe payroll. There are
6 some people that say don't worry. When you're
7 back, you pay me back. I owe taxes. I owe
8 suppliers that also kindly say you guys get back
9 on your feet, but I owe them money. I owe
10 utilities. I own Con Edison a fortune. I owe all
11 kinds of personal loans I have to get from my
12 family, so I don't think the grants should be tied
13 up to a structure of investing. You have to use
14 this to build a wall. You have--we need to use it
15 for whatever we need it, and we are up to here in
16 debt. I just appreciate this opportunity to
17 express my concerns and we look forward to a
18 positive outcome. Thank you.

19 DIANE HONEYWELL: Hi. I'm Diane
20 Honeywell, and I'm managing partner at Nelson
21 Blue. I really don't need to pile on. It's all
22 the same information. It's a picture that tells a
23 thousand words. It has been four months, and it
24 still looks like this, and we are not back in
25 business yet. That is really what it amounts to--

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2 seven, eight months of no revenues and no ability
3 to get further information, and ability to get
4 back into business. That is where we are.

5 CHAIRPERSON REYNA: You applied for
6 a loan?

7 DIANE HONEYWELL: No, we haven't
8 done it. Again, we said, it's an accumulation of
9 all of things that we have to come up with. I
10 mean the process everything is done except for
11 those final, last processes. We applied for the
12 Downtown Alliance grant, which were are--

13 CHAIRPERSON REYNA: [interposing]
14 But no SBA loan?

15 DIANE HONEYWELL: Not yet. It's
16 there. They know we are in the system. It's all
17 set. We are just waiting for whether or not we
18 are going to go through all of that personal
19 guarantee and all of those different levels of
20 loans that - - .

21 CHAIRPERSON REYNA: So you are
22 being processed. It's just a matter of
23 understanding what you are getting yourself into,
24 and deciding whether or not that's the route you
25 want to take.

1
2 DIANE HONEYWELL: And what else is
3 available to us to do those things.

4 CHAIRPERSON REYNA: And the SBA
5 loan is taking into consideration what would be
6 the seven months of lost revenues as well as 27
7 employees?

8 DIANE HONEYWELL: I would hope that
9 that would be part of it. Certainly.

10 CHAIRPERSON REYNA: That was
11 communicated within the loan application?

12 DIANE HONEYWELL: Yes. Yes.

13 FERNANDO DALLOROSO: SBA loan is
14 the one for \$20,000.

15 CHAIRPERSON REYNA: Identify
16 yourself so that way it doesn't confuse the record
17 because it's transcribed.

18 FERNANDO DALLOROSO: - - .

19 DIANE HONEYWELL: I think Fernando
20 is asking about the other loan, which is the
21 EDC/SBS, the \$20,000 loan with the 10,000 matching
22 grant.

23 [crosstalk]

24 CHAIRPERSON REYNA: That is
25 separate.

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DIANE HONEYWELL: Right.

CHAIRPERSON REYNA: I just wanted to understand where--

DIANE HONEYWELL: But both avenues, both loans require an enormous amount of information and personal guarantees, so when there is partners, and when it's a lot of stuff that is involved, it becomes whether it's worth it to get back, and right now we are not sure that that is the case, so... that's where we are.

CHAIRPERSON REYNA: Thank you for the picture. It is worth a thousand words. I apologize. Dr. Bobby Buka?

DR. BOBBY BUKA: Yes.

CHAIRPERSON REYNA: Thank you for joining us. Excellence in Dermatology on Front Street as well.

DR. BOBBY BUKA: Yes, I am a dermatologist in the South Street Seaport. One week prior to the storm we had cared for an average of 112 patients each day. We had three physicians there. One week later our staff of 25 consisting of nurses, auxiliary staff were all terminated because we had no place to employ them.

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2 In 2007 we were absolutely thrilled to give the
3 renewal of the South Street Seaport its first
4 doctor's office. We moved in June. By the new
5 year, our schedule was booked with patients from
6 the neighborhood. 93 percent of our patients come
7 from the 10038 zip code, and so we made our motto,
8 a neighborhood practice with a national
9 reputation. Our office accepts patients of
10 varying demographics. We treat elderly patients
11 from the neighboring Southbridge Towers. We treat
12 indigent patients from the Charles B. Wang Center
13 in nearby Chinatown. We treat bankers and brokers
14 with commercial insurance along Peck Slip. In
15 total we suffered \$250,000 in damages to the
16 practice. Our commercial insurance policy offered
17 nothing. Sure enough there was a flood exclusion.
18 Despite being located in flood zone A our broker
19 had failed to set up flood insurance. A formal
20 complaint filed with the New York Department of
21 Financial Services yielded no results. After a
22 few months of paperwork, the SBS and affiliates
23 provided us with a low interest rate loan of
24 \$25,000. There was a matching grant of \$10,000.
25 FEMA is still working on FEMA staff, and while

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2 these gestures are helpful and very much
3 appreciated, they represent less than ten percent
4 of our overall losses. I recall being a child
5 growing up on the Upper West Side of Manhattan and
6 mom taking one of the maps of Manhattan and
7 crossing off the South Street Seaport as a place
8 she could never go in the 80s. It was a place of
9 abandoned buildings and high crime rates and so
10 the idea of coming down there to start a business
11 now that I'm an adult as a physician was really
12 special to me growing up my entire life in the
13 city. We need help now to bring that vibrancy
14 back to an area that is really unique. That
15 cobblestone nook is unlike any other in the city,
16 and I live in Williamsburg in your district,
17 Diana, and go to work and was very proud to be a
18 part of this community that has become very
19 tightknit since 2006 and 07.

20 CHAIRPERSON REYNA: I appreciate
21 you taking the time to come and testify to each
22 and every one of your businesses, and in
23 particular as far as the insurance and the broker,
24 you mentioned, Dr. Buka, the insurance did not
25 process your claims, and zero dollars were

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2 reimbursed to you for rebuilding your business.

3 DR. BOBBY BUKA: The commercial
4 policy that we are afforded is a 12 page policy,
5 but when something happens, they go back to a
6 master pack that many of us have never seen. It's
7 hundreds of pages long, and in this master pack is
8 an exclusion for flood.

9 CHAIRPERSON REYNA: And have you
10 reached out to the Department of Financial
11 Services?

12 DR. BOBBY BUKA: Yes. We were
13 working with Paul Gogan [phonetic] and we filed a
14 complaint. The insurance responded that it was in
15 this master pack--the boilerplate that they
16 brought up from the subbasement that we had never
17 seen.

18 CHAIRPERSON REYNA: And you have
19 never received--

20 DR. BOBBY BUKA: That we had never
21 seen, never received, but had been made reference
22 to in our 12 page in a footnote. By the way, you
23 are still subject to our master packet.

24 CHAIRPERSON REYNA: The fine print
25 version. Okay. And as far as the broker, you had

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2 mentioned the fact that your broker had not
3 pointed out certain ramifications that today had
4 you known, you would have gone a different route,
5 but I wanted to just ask on a very micro level did
6 a lawyer, your own personal lawyer take a look at
7 this document or for your affairs or was it a
8 package with the broker where the broker had his
9 own lawyer?

10 DR. BOBBY BUKA: Commercial
11 policies are set up when a broker comes in and
12 discusses with you the coverage you will need for
13 slip and fall, the coverage you will need if a
14 machine backfires or someone slips on the stairs,
15 and we are in flood zone A, and it seems very
16 intuitive that to me that a broker dealing with
17 commercial policies all day long would acknowledge
18 that we are in a very susceptible, very vulnerable
19 area.

20 CHAIRPERSON REYNA: But a second
21 pair of eyes as far as your own personal lawyer
22 never took a look at the document?

23 DR. BOBBY BUKA: In terms of that
24 master packet, no. And yes, that is unfortunate.
25 As small businesses, we don't really have the

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2 resources to triple check when attorneys are very
3 expensive, and we were just starting out, and we
4 live in New York City. This sort of thing would
5 have never been in my wildest imagination in
6 Manhattan. It's unfortunate and it's something
7 that happens in other areas that are not so
8 heavily perfused.

9 CHAIRPERSON REYNA: I'm left
10 speechless just because as you can imagine your
11 field in dermatology, you are not a broker. You
12 sought out the service. You needed to get what it
13 was as far as a checklist is concerned for your
14 business, and that particular broker service
15 failed you, but more importantly, the issue of a
16 lawyer reviewing it was not given the fact that
17 this was such a legal contract, but it is amazing
18 to see that the stories are all similar no matter
19 what community it is. It's like a failure fool
20 proof system that needs to be built all around the
21 city, so that every sector amongst the small
22 business community is checked in and outreach and
23 education so that we are not falling into this
24 same disaster at an additional layer because all
25 of this could have been preventable.

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2 DR. BOBBY BUKA: Diana, one point
3 on that, and I think I speak for everyone here.
4 There are certain contracts of adhesion like when
5 you buy a car that you don't think to bring an
6 attorney, and there are other contracts like our
7 leases that we all brought to our attorneys, paid
8 money to have an attorney look at the contract,
9 but these car contracts or these insurance
10 contracts are sort of brought to us, presented
11 this is how it is, there is nothing negotiable
12 here. You can sign, and you will get these
13 points, and you will drive home this car, so I
14 drove home that policy to find that it's a
15 clunker.

16 CHAIRPERSON REYNA: That is
17 horrible. If you can just talk into the mic and
18 introduce yourself again.

19 DIANE HONEYWELL: Diane Honeywell
20 from Nelson Blue. We knew that we didn't have
21 flood insurance in our policy. We weren't
22 required to have it with our landlord or through
23 the city, which in some flood zones you have to
24 have it, so we didn't have it. It wasn't a
25 thought in our heads that we needed to have flood

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2 insurance, but we did have where we really are
3 having a problem with the insurance companies even
4 more so than the damage is the business
5 interruption, which they are not honoring at all.

6 CHAIRPERSON REYNA: Which you
7 already have as part of--

8 DIANE HONEYWELL: [interposing] As
9 part of the policy, and I mean I had a \$300,000
10 business interruption policy--not a dime, and also
11 even just a smaller one, a sewage backup thing,
12 which is part of what happened in that business
13 before even the waters came, the sewage was coming
14 up through the drains of \$25,000 totally denied,
15 so there is all of those things. I know business
16 interruption is tied into three weeks of business
17 loss or doing whatever, but we are four months and
18 nothing. - - .

19 CHAIRPERSON REYNA: I just wanted
20 to ask as far as the attorney general's office, I
21 know it was part of the testimony, has that
22 already as individual businesses been reported to
23 open what would be an investigative case?

24 DIANE HONEYWELL: I see some.
25 There is an organization called - - , which is an

1 insurance agency in New York. It's like a - - .
2
3 I see now that there are three insurance companies
4 that are being investigated through the attorney
5 general, but I don't know exactly what that means
6 for - - .

7 CHAIRPERSON REYNA: [Interposing]

8 Well, the question is each individual business
9 here right now as part of this panel, have you
10 called the attorney general's office?

11 DIANE HONEYWELL: It's been in the
12 works, and we are working with some attorneys now
13 to really push--

14 CHAIRPERSON REYNA: [interposing]

15 But you don't need an attorney for that. You just
16 have to call and report.

17 DIANE HONEYWELL: No, I meant to
18 really try to go after that avenue.

19 CHAIRPERSON REYNA: So it has been
20 done on an individual basis? Yes or no?

21 DIANE HONEYWELL: No.

22 AMANDA FINK: No for me.

23 MALE VOICE: - - .

24 CHAIRPERSON: No, it's a separate
25 action. Okay.

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2 AMANDA FINK: I'm Amanda, the Salty
3 Paw. These are the very points that we wouldn't
4 know if the three musketeers, the four musketeers,
5 the five musketeers didn't show up today. I have
6 been told that maybe I should make a phone call to
7 the attorney general, but then I have somebody
8 else in my other ear saying that he is not going
9 to do anything about it, and that I need to go and
10 do my due diligence and call the Department of
11 Financial Services and file a complaint, seek out
12 a lawyer, I mean all of these other steps were
13 told me to do in addition to that, so again, there
14 is no handbook for us during this disaster of the
15 things that we should be doing. We are learning
16 it as we go. I guess just assumed the attorney
17 general would hear story after story after story
18 just like 9/11, lots of things were denied because
19 terrorism wasn't part of the insurance, but after
20 the attorney general got involved, terrorism did
21 become part of insurance, and people were able to
22 get reimbursed from the insurance companies for
23 their loss of business. I guess I just assumed
24 because there was an event of such magnitude that
25 has already happened to our city that this would

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2 have already been sort of on his desk, and I
3 waited and obviously, now we now I can call up the
4 attorney general.

5 CHAIRPERSON REYNA: I just want to
6 share that it is important as far as you as a
7 small business, the attorney general cannot just
8 investigate because he chooses to do so. It has
9 to be complaint driven, and so it's just a matter
10 of another vehicle protecting consumer rights.

11 AMANDA FINK: It's a process that
12 we again, nobody has given us sort of a handbook
13 to tell us exactly--we kind of pick this up from
14 the different agencies when they show up to the
15 meetings such as now. I wanted to call the
16 attorney general, but then again, like I said
17 people were sort of like, really, you are going to
18 call the attorney general? Sure, somebody has got
19 to do something about the insurance companies.

20 CHAIRPERSON REYNA: And as Mr.
21 Quintero was mentioned from Accion, there has to
22 be a lateral effort as opposed to sequential
23 because just boxing yourself into one ability to
24 approach to solve your problem may not result to
25 the benefit that you were looking for, and

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2 therefore, you have to go to the next level, but
3 it doesn't hurt for you to laterally push for all
4 of these things to occur at the same time. I want
5 to continue to be helpful to you. I am staying in
6 communication with Council Member Chin to be of
7 assistance to help in whatever capacity I can to
8 the Front Street community. You have been very,
9 very - - in a very good way, and an effective way,
10 and we just want you to come back and open your
11 doors faster and better than ever. Thank you.

12 [applause]

13 CLAUDIO MARINI: If I have a second
14 to--just what can we personally expect? Where can
15 we look and talk about the situation? It's a very
16 unique situation, my wife and I. The one percent.

17 CHAIRPERSON REYNA: That one
18 percent. We are going to continue to talk. I
19 know that Assistant Commissioner Gregg Bishop is
20 here, and I will communicate with him after the
21 hearing and circle back with the administration to
22 understand the CDBG funding that I was referring
23 to because it has not happened yet, and so we have
24 to wait for the federal government to respond with
25 that funding, so in the meantime, the discussion

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2 we just had you coming, telling your story, making
3 sure that we are able to take that scenario and
4 apply it, so that when they are having the
5 discussions in Washington, that this is part of
6 that criteria.

7 CLAUDIO MARINI: Please tell them
8 not to forget about the one percent.

9 CHAIRPERSON REYNA: Thank you.

10 MULTIPLE VOICES: Thank you.

11 CHAIRPERSON REYNA: It's a new
12 meaning of a one percent. So I know that we have
13 been in a very long afternoon, and I hope that
14 these individuals are here: Linda Baran from
15 Staten Island Chamber of Commerce, Mary
16 McLaughlin--thank you from Staten Island Chamber
17 of Commerce, Bettina Damiani, Good Jobs New York,
18 Kevin Alexander, Rockaway Development
19 Revitalization Corporation, Catherine McVay Hughes
20 CB1 Manhattan.

21 [long pause]

22 CHAIRPERSON REYNA: Ms. McVay
23 Hughes, you are signaling for someone to come up
24 with you?

25 CATHERINE MCVAY HUGHES: [off mic]

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CHAIRPERSON REYNA: Did he sign in?

Does he have--

CATHERINE MCVAY HUGHES: [off mic]

CHAIRPERSON REYNA: No, there is no slip. Can he fill out a slip? We just need you to fill out a slip. Thank you very much. Staten Island Chamber of Commerce, thank you for being here and waiting this long.

LINDA BARAN: Thank you very much for holding this hearing today. A lot of the things that I am going to say are going to reiterate what some of the businesses have said here today. As you--we have approximately 8,000 businesses on Staten Island, and about a thousand of those businesses were located in zone A, and my biggest issue right now is really getting those businesses up and running again, and our neighborhoods like many others were devastated, and we have holes and some of our business owners have no idea whether or not they are going to reopen at this point in time four months later because of all of these issues with access to capital, et cetera. As you are aware, FEMA does not provide grants to businesses impacted by Sandy

1 unless they were insured. Affected businesses had
2 no other choice, but to do dip into their personal
3 savings or take out a loan in order to survive.
4

5 On Staten Island, 3,487 applications were issued
6 for SBA business disaster loans. As of February
7 20, only 98 of those applications were approved.

8 We have really been trying to get the word out
9 about the different various programs. One of the

10 positive things that has happened for us is that

11 National Grid has actually provided a grant

12 program, and we have been working to sponsor

13 businesses to receive those grants. They are

14 giving out grants of up to \$250,000 for businesses

15 for boiler replacements and equipment, things like

16 that. I just want to kind of talk about a couple

17 of the businesses. Mary, here from my office is

18 going to give you a bit more of a description of

19 Midland Pharmacy, a local pharmacy who is having

20 all kinds of issues. They had about 800,000

21 dollars' worth of damage, so I'll let Mary talk

22 about them. Basically, I am going to talk about a

23 smaller operation, a bagel store that has been in

24 business for two years. When we first contacted

25 her, she had no idea whether she was going to

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2 reopen or not. She said she needed at least about
3 \$75,000 just to get up and running. She didn't
4 own the property. She rented. She didn't know
5 where to turn, so one of the things that we have
6 been very fortunate at the chamber is we are a
7 focal point. Everybody comes to the chamber, so
8 whether it's the SBA, Department of Small Business
9 Services, New York City EDC, Empire State
10 Development, they let us know what programs are
11 available, so we kind of put Diana in touch with
12 all of these different agencies and said apply for
13 everything. It was important for us to get her
14 some help. As I mentioned--and she applied for
15 the New York City business solutions loan, but she
16 had an outstanding note, and it financially didn't
17 make sense to take out further obligations so she
18 wasn't able to do so. She basically worked with
19 her personal savings, her family lent her money
20 and we actually had as I mentioned National Grid,
21 they gave her a \$35,000 grant, which was
22 tremendous for her because otherwise, she really
23 would be in a pickle, and she wouldn't be able to
24 reopen, and she is actually now looking at what
25 else can I do besides sell bagels so that I can

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2 increase my sales so that I can better my bottom
3 line. One of the things she is struggling with
4 right now is she is behind on her rent and her
5 landlord is looking for the last four months'
6 worth of rent, so she is trying to make a profit,
7 and we are trying to get her other things that are
8 available to her. We have also have a - - , which
9 is a pool and patio center along Hylan Boulevard.
10 They have been in business for 39 years. They
11 covered flood insurance, and they had over 200,000
12 dollars' worth of damage. They got \$20,000. That
13 was it on their flood insurance, and basically,
14 they told them the same thing. Basically, it
15 wasn't sewer backup. All the different reasons
16 that everybody else stated here was whether or not
17 they were eligible for flood insurance, whether
18 they were eligible for the backup, but they only
19 got \$20,000, and they had extensive damage. Their
20 specific quote in terms of the extensive paperwork
21 the SBA loan they decided against it because the
22 better shape you are in, the higher the interest
23 rate, and that seems to be an ongoing problem too.
24 Some of the SBA loans when people apply for them
25 they are saying they are one percent or zero

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2 percent for six months, but then when they look at
3 their credit history, they will actually give them
4 three percent or four percent when they actually
5 issued a loan. I have heard that from homeowners
6 as well just to make a point there. One of the
7 other things that I just wanted to mention on
8 Staten Island is we have a lot of wetland issues,
9 and in this particular area along the stretch of
10 Hylan Boulevard there are creeks that came out
11 this was a mile into the island, and DEP has--I
12 have gotten complaints from some of the business
13 owners that DEP has not maintained those creeks,
14 and there is continual flooding, so they have had
15 numerous issues with flooding in that area, and
16 Mary will talk a little bit about some of the
17 situations specifically with Midland Pharmacy in
18 terms of his bank and his mortgage and them
19 requiring him to have flood insurance, but the
20 lapse in that insurance, so we are hearing a lot
21 of that from business owners. As far as the
22 agencies that we have been dealing with, the
23 Department of Small Business Service has been
24 excellent. They have reached out to us, same with
25 the EDC, SBA, everybody like that. They have gone

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2 out into the various neighborhoods. They have
3 asked us for a list of people that we have been
4 trying to help and we have been trying to cross
5 reference all of the different resources, so we
6 have heard a lot of positive things about their
7 loans and the fact that people could actually get
8 them in terms of the SBA loans, which have been a
9 little bit more difficult, the only issue with the
10 small business service loans is that they are only
11 for \$25,000, and then that other matching grant of
12 \$5,000 if you have applied somewhere else or
13 gotten you are not eligible for that, so there is
14 grant money that everybody can't get. If they are
15 getting a loan from a traditional lender, they
16 should have the opportunity to get the grant as
17 well. Also while we are talking I just wanted to
18 mention something about some of the businesses
19 that are landlords that I spoke to, and a lot of
20 them also are not eligible for FEMA 'cause it's
21 only primarily for shelter, so where we have a lot
22 of mom and pops that have storefronts to their
23 building or whatever the case may be, we are
24 having an issue with getting them back because the
25 landlord can't afford to get that property back in

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2 shape because they are not getting any grants or
3 assistance either. I wanted to just mention a
4 couple of things that we think would be helpful.
5 We think that--I had contacted actually chambers
6 of commerce down in Louisiana and Hancock County,
7 and also in Joplin, Missouri and they shared a lot
8 of information, and a lot of the things that we
9 are doing here, they actually had to create and
10 start. Our city had a lot of those things in
11 place already. We had a lot of the agency help
12 and areas to get loans. The one thing that they
13 did tell me that they have is forgivable loans for
14 businesses, and the forgivable loans are basically
15 loans that are interest free, and the business has
16 to make a guarantee that they will stay in the
17 area for a certain period of time in order to be
18 eligible for those loans, so there is some kind of
19 a commitment, but it is really at least you are
20 not paying interest on that loan. We also think
21 that there should be an increase in the New York
22 City emergency loans amounts that are currently
23 available, and we strongly believe there should be
24 implementation from some of this money that comes
25 from the federal government on grants for cost of

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2 inventory equipment, rent. We have a lot of--the
3 pharmacy that Mary is going to talk about, their
4 suppliers are requesting that they have cash on
5 delivery, and they still owe them for inventory
6 because all of that inventory was lost and they
7 weren't able to capture the sales for that
8 inventory, so they are struggling with that right
9 now, and we had a lot of businesses that either
10 lost vehicles or tools or things like that that
11 would be extremely helpful if they got grants to
12 recoup some of that money. We think that the city
13 should provide tax incentives for businesses to
14 rebuild in devastated communities. As I mentioned
15 before, Staten Island is a little bit different
16 than the other boroughs. Commissioner Walsh
17 talked about BIDs. We only have one BID on Staten
18 Island, and none of them are in the affected
19 areas, and our businesses are kind of spread out
20 so they are not really clustered together, so I
21 think that in terms of what we are able to do for
22 them, it's a little bit more difficult to get out
23 to those businesses. One of the things that I
24 would like to also suggest is that like as a local
25 chamber of commerce, we have a minimal budget.

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2 Our budget is abbot \$650,000. I have a small
3 staff, four full timers, three part timers. We
4 have been on the ground since day one with this
5 thing really working extremely hard. I think that
6 when you have organizations as strong as ours,
7 have been around for a hundred years that the city
8 should consider providing whether it's through
9 those CBDC grants some capacity building for us to
10 be able to--one of the hardest things has been to
11 get on the ground to see these businesses. We
12 have a great network. Our e-mail list is about
13 2,000 people. We were able to reach businesses
14 that were members of ours to get the word out
15 about where to help to go to our Facebook page,
16 what resources were available, but to get people
17 out from the staff to go visit these, and a lot of
18 the reasoning that in the beginning they were so
19 inundated with how do I manage this? They
20 couldn't even talk to anybody. So that I think is
21 something if you can consider to augment the work
22 that the chambers are doing in the five boroughs
23 'cause a lot of us are aggressively - - . We have
24 gotten some funding from TD Bank to start an
25 initiative on Staten Island. We are going to be

1
2 working in South and Midland Beaches to try and
3 help that out. The last thing I wanted to mention
4 is--well, a couple of extra things--the vacancies.
5 One of the things that would be important too is
6 for the city to do a better inventory of vacant
7 properties. I have been called numerous times,
8 even in the past, to find out what our vacancy
9 rate is on the island. It is not individual per
10 borough. I think that when we were dealing with
11 some of these businesses like Midland Pharmacy who
12 was looking for another location, it would have
13 been nice to be able to see what the inventory in
14 that area was where maybe we could have moved them
15 to. Another thing that I noticed in New Jersey,
16 Governor Christie put out a survey for businesses
17 and it was an extensive survey that asked simple
18 questions like how long were you out of power, did
19 you have access to capital, why were you denied,
20 why was your insurance denied? I think that we
21 could do a better job of actually surveying our
22 businesses. I don't have the capacity to do that,
23 but I think a city wide survey would be a really
24 important thing to do, and the last thing that I
25 have to mention is the rapid repairs program. It

1 was a real thorn in my side as the head of the
2 chamber. We have a lot of contractors and
3 licensed plumbers and electricians, and it took us
4 about a month to find out what was going on with
5 rapid repairs and how they could get involved in
6 that program. Part of the issue was that we were
7 told they can go to this website, and they can
8 sign up for it. Part of the issue was that the
9 contractor that they chose for Staten Island
10 initially there were two contractors, and both of
11 them were union, so if you were not a union shop,
12 if you were a licensed shop, you were not eligible
13 for that work, and I got a lot of feedback from my
14 local contractors that we live here, we work here,
15 some of our houses--we need to make money. We
16 need to get out to work. We have got people from
17 all over the country coming in here. We have got
18 people who built skyscrapers that are coming in
19 and doing rapid repairs. We are home builders.
20 We have a home improvement association. We have a
21 builder's association on Staten Island. Because
22 we have been the fastest growing borough for many
23 years, home building is real prevalent in Staten
24 Island so we were a little bit of a different
25

1
2 animal and I think that in the future that the
3 city should really take more care in taking care
4 of our own when it comes to providing
5 opportunities for our local businesses. And that
6 is basically all I have to say. I just want to
7 say that it is really vitally important that we
8 get these people back up in a quick manner. No
9 more loans; we really need some kind of assistance
10 to get these businesses up and running again to
11 provide the vital services that they provide every
12 day. Thank you.

13 MARY MCLAUGHLIN: Hi. I'm Mary
14 McLaughlin. I am from the Staten Island Chamber
15 of Commerce. We actually invited several of our
16 business owners to come here and testify today,
17 but none were able to make it, so I have a
18 statement from Midland Pharmacy owner, Lou
19 Spadafora that he wanted me to share with you.
20 119 days ago, our primary concern was the ever
21 changing dynamics of our industry. Healthcare has
22 become an ever changing entity with a primary
23 focus on its costs. Healthcare in America has
24 been challenged by its growing cost, the federal
25 budget deficit, and sadly some wasteful and

1
2 inappropriate care. This goes hand in hand with
3 our duty and responsibility to provide top notch
4 scrutinized and exceptional services. I had been
5 saying that I feel like I work ten times harder
6 than I did ten years ago; however, we would gladly
7 exchange the stresses of low reimbursement rates,
8 white glove audits and consumers who have no means
9 to pay for co-pays for what we are going through
10 right now. When we first walked into the building
11 that we own at 606 Midland Avenue, and we couldn't
12 get past the front door because two of our
13 beverage refrigerators were tossed face down.
14 After climbing over them it looked like the entire
15 content of what we had built over the last 18
16 years had been shaken and thrown about, as if it
17 were a snow globe in a child's hands. The words,
18 we're done and you're done were uttered by one and
19 all. After the initial shock and awe of what the
20 entire community had been subject to, the cleanup
21 began. Countless numbers of friends and family
22 members came to help with the cleaning process.
23 Some came from central Pennsylvania, people we
24 didn't even know, but were friends and relatives
25 of the people we did know. I still do not know

1
2 the names of about ten people who were getting
3 dirty and lugging disgusting, smelly, wet debris
4 into bags and dumpsters. People, that is the only
5 people who were helping "victims." People from
6 everywhere, hardworking people taking days off
7 from work, most of them going home to cold, dark
8 homes with no power. Hope began to creep in, hope
9 that we can actually pick up the shattered pieces
10 of our businesses and be there for the community
11 that suffered so much loss, hope that we could get
12 back open to be able to face the biggest hurdle
13 ever thrown to businessmen, yet the people who
14 were supposed to be there for you in times of
15 need, bankers, insurance brokers, vendors, were
16 AWOL. The creeds of FEMA and the SBA disaster
17 division are hollow empty false promises about
18 hope we were starting to have. The systems do not
19 work. They are set up so that when you need them,
20 their criteria is so strict that you fail their
21 litmus tests. When a disaster hits, you are not
22 prepared. We do not walk around with daily
23 thoughts in our heads of 20 foot waves, miles of
24 seawater where it shouldn't be and complete
25 physician devastation. We are busy trying to lead

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2 productive lives, helping others, and taking care
3 of our families. Sitting at a computer that was
4 being powered by a home gas generator using a cell
5 phone as a hotspot for Internet access, we began
6 the process of applying for the SBA disaster loan.
7 Businesses do not qualify for FEMA assistance.
8 After quickly being assessed and having a loan
9 officer within two weeks, the amount of paperwork
10 we needed to submit was overwhelming. Then after
11 all of that we were told because we held a
12 mortgage on the building and our flood policy has
13 expired nine years ago, we would not be eligible
14 due to federal guidelines. The loan officer
15 explained that we needed to carry a flood policy
16 and our bank should have forced us to do and our
17 insurance broker should have also advised us so.
18 After repeated attempts to contact our bank went
19 unanswered, the SBA denied us. It took almost two
20 full months for someone at our bank to call us
21 back, and that was after local politicians
22 repeatedly called them, and we filed a complaint
23 with the Consumer Financial Protection Agency.
24 Once again, empty promises. No mention of the
25 fact that for nine years they didn't realize that

1
2 our policy was cancelled, nor any answers when we
3 pressed them about it. Their initial proposal was
4 to lend us \$350,000 payable over five years and
5 that they would pay themselves the remaining
6 balance of the money owed on the mortgage first.
7 They were trying to position themselves into
8 replacing their damaged collateral by using our
9 private residences as good collateral. Our
10 overall loss includes a damaged building,
11 furniture and fixtures, equipment, - - . This
12 number has made everyone run and hide in fear.
13 The SBA - - loans to a precious few businesses,
14 but we haven't heard of anyone who required the
15 amount of funding that we need. While we accept
16 full responsibility for neglecting the flood
17 policy, we feel that our bank could have done
18 better in trying to assist us. We still are
19 negotiating with them, but do not have any
20 confidence that they will help us. Forget the
21 insurance broker and the insurance companies.
22 That is a story for another day. It's a shame
23 that these industries do not have the scrutiny
24 that we as pharmacists have to deal with daily.
25 We are watched over by so many governing bodies

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2 that they could never handle. We have received a
3 construction loan commitment from Victory State
4 Bank to repair the damaged property. We have
5 gotten so much support from the Staten Island
6 Chamber of Commerce in which we didn't even belong
7 to, the NYCSBS and local politicians to name only
8 a few. We have applied for every small business
9 loan and grant program available. We easily
10 qualified for all of them, but just not the
11 federal government programs. At a recent meeting
12 at Congressman Grimm's office amongst the
13 dignitaries there was Matt Erskine, the deputy
14 assistance secretary of commerce, the U.S.
15 Economic Developmental Administration. When he
16 asked me how it was going, I simply told him "it's
17 not." I also told him that the sentiment of the
18 community and the constituents every involved that
19 there was no faith in government. I told him I
20 feel like I am walking around begging with a tin
21 cup. I also told him that for me personally and I
22 am not discounting what anyone went through, I
23 would have rather had my home wiped away rather
24 than my business because I could get my home
25 fixed, get new clothes and new TVs to watch or

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2 live somewhere else, but I still could get up and
3 go to work, earn a living and not live in fear
4 that I may have to go personally bankrupt and lose
5 my house because I have creditors chasing me down,
6 and that still is a possibility as our main vendor
7 made no attempt to reach out a helping hand. In
8 an e-mail dated November 20th, 2012, the credit
9 manager told me that the management wanted to know
10 if we had a plan to begin to pay our debt to them,
11 which is about \$275,000. We have been fighting
12 constantly with so many companies looking for
13 money that I have lost track. There is no
14 sympathy, no leniency, no understanding. All we
15 have been asking is for some time to get back on
16 our feet. I realize that no matter how small the
17 amount, do not mess with people you owe money to.
18 With all that, we have done what a defensive
19 lineman in the NFL does--get down in a three point
20 stance, put our head down, and are bull rushing to
21 make our way back. We have secured a rental space
22 across the street from our building. We will try
23 to resume operations there until our building
24 renovation is complete. We are still trying to
25 secure funding. We are running on financial fumes

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2 both personally and on the business end. We have
3 had so much support from the community, who is
4 desperate for some sense of normalcy. We have an
5 overwhelming amount of support from our group home
6 agencies that we have serviced in the past 18
7 years to reopen. We want to be there for them and
8 make this a triumphant story. Only by God's grace
9 have we gotten to where we are now, some 199 days
10 after one of the worst days that this area has
11 ever seen. Thank you for your time.

12 BETTINA DAMIANI: Good afternoon.

13 I am Bettina Damiani, and I direct Good Jobs New
14 York. We keep track of how the city allocates
15 economic development subsidies. Thank you so much
16 for having this hearing today and allowing the
17 opportunity for the voices from people on the
18 ground and in the businesses to speak. Just two
19 things broadly--one is some lessons learned from
20 how the city allocated resources after 9/11. We
21 kept track of those resources. There is lots of
22 talk about the community development block grants.
23 We are only of the only agencies, city groups, to
24 follow how the agencies allocated those monies.
25 We feel we have a particularly unique insight on

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2 the impact of those resources, and also as moving
3 forward the designs of the programs and how to
4 make sure there is enough engagement to make sure
5 that they are done transparently and accountably.
6 First of all, after 9/11 the majority of the funds
7 went to very large corporations. These are cash
8 grants--Goldman Sachs, Bank of America. Goldman
9 Sachs got \$22 million cash after 9/11. So any
10 discussion about following how things happened
11 after 9/11 as an example, I think we should shoot
12 down very quickly. The bond programs after 9/11
13 built luxury housing in Lower Manhattan completely
14 ignoring the affordable housing crisis, and also
15 went to big companies like Bank of America and
16 Goldman Sachs, so Goldman Sachs' fancy new
17 building in Lower Manhattan, they should be
18 thanking all of us. The other piece of the puzzle
19 is very relevant for this hearing is a definition
20 of small businesses. It was after 9/11, and I
21 think this was just an SBA thing. It is less than
22 200 employees, which gobbles up a lot of larger
23 businesses and also after 9/11 a lot of companies
24 that were dubbed small businesses because they had
25 so few people like maybe 10 or 11 were incredibly

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2 profitable companies. They were brokerage houses.
3 They were small law firms, and so when we talk
4 about small businesses and the paper and the
5 public officials are very happy of it, we are
6 thinking of the pizza shop, the pharmacist, the
7 cobbler, the restaurant on the street, and 9/11
8 did not fill those needs at all, and there is some
9 similar things happening here that many of these
10 companies, small businesses are at the mercy of
11 the landlords. You have to keep in mind that also
12 happened after 9/11. And moving forward with the
13 designs of the program we have to have more
14 community engagement. The new initiatives put out
15 by the mayor have had a variety of some sort of
16 engagement with people on the ground, and they are
17 using those experiences as a way to formulate how
18 the rest of the community development block grants
19 are going to be allocated. I am not sure exactly
20 how that is all happening. There has been lots of
21 efforts, but how that is happening, and how that
22 is incorporating the real needs of people on the
23 ground has not been made public, so the
24 announcement made by the mayor a few weeks ago to
25 me was like abracadabra. There was no connection

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2 between how those programs that they are creating
3 were put in place because of the engagement they
4 have had with people and small businesses and
5 elected officials, so they say they are doing
6 those sort of things. There needs to be I think
7 better coordination. We saw it today between SBS
8 and EDC. It's like one hand not talking to the
9 other, not quite sure how that can be done more
10 efficiently, so people don't have to fill out a
11 million different forms and also for government
12 watchdog groups like ourselves that we can make
13 the transparency piece a bit more clear. Thank
14 you very much for pushing on that. As you know,
15 Council Member, you pushed for what is considered
16 by some the best transparency on how economic
17 development dollars are spent in this country, and
18 by the EDC to sit up here and give excuses about
19 how they can't do that brings down the bar, and
20 it's unfair for those of us that take government
21 transparency very seriously, and it's tremendously
22 unfair for companies like the ones behind us and
23 talked about earlier today that are not being
24 given money and don't know what. So we should
25 find out who is getting these resources and gold

1
2 up an example. If they - - to small businesses,
3 then that is great and that is something that we
4 all should be touting, and if not, we should like
5 you said learn why and how can the programs be
6 more efficient. There are great opportunities and
7 examples out there for transparency not only the
8 Local Law 62 that you pushed forward, the disaster
9 relief bill has a section in it talking about the
10 recovery board that was--long story short after
11 the stimulus act came out, the federal government
12 put on an incredibly well known website. It's
13 unfortunately called the rat board, where you
14 could plop in a zip code and find out where
15 stimulus money went into your zip code and for
16 what and how many jobs were created. There is
17 language in the bill that would allow those type
18 of things to happen. New York City had the New
19 York City stimulus website where you are able to
20 track how money is going in for different areas in
21 your city, in your borough. So there are examples
22 here to say that there isn't the infrastructure
23 was really quite insulting many of the people and
24 their colleagues that have worked very hard in the
25 city to make this government much more

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2 transparent, and so just finally, moving forward
3 with accountability, nobody wants to have money
4 wasted and nobody is saying that the government
5 should be giving it out willy-nilly, but we need
6 to make sure that these programs are developed
7 with the minds of people that really need them,
8 not large massive multi-national corporations that
9 already have access to these resources, and often
10 find disasters like this as an opportunity to make
11 more money. This is an opportunity to try and
12 make this all much more fair. There are several
13 hundred million dollars still left in that initial
14 pot of CDBG funds that the mayor didn't lay out
15 plans for, and I think it's a very reasonable
16 question for the Council to ask the mayor's office
17 what are some of the plans that they have. It's
18 about \$700 million in that first round. Thank
19 you.

20 CATHERINE MCVAY HUGHES: Good
21 evening. My name is Catherine McVay Hughes. I am
22 chair of Community Board 1 and I am accompanied by
23 Ro Sheffe, chair of our small business recovery
24 taskforce. Manhattan Community Board 1 is located
25 in Lower Manhattan, south of Canal and is bounded

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2 by the Hudson River on the West and the East River
3 on the East with the World Trade Center in the
4 center. Thank you for this opportunity to
5 comment. Restoring and growing our city small
6 businesses' economy is vitally important. It is
7 critically important to assist small businesses
8 impacted today. In order to save you time, even
9 though I brought written testimony, which I have
10 submitted. I won't repeat the many problems
11 Amanda - - and others have already described so
12 eloquently. I will cut directly to the ways New
13 York City can save so many struggling merchants,
14 particularly in the Seaport as you have heard in
15 our district, some just a few blocks away. But
16 before I do that earlier today at 10:15 I was able
17 to join Senator Schumer, Senator Gillibrand and
18 Congresswoman Maloney, and they are concerned
19 because right now with the sequestering of funds
20 starting this Friday, there is a possibility of
21 automatic looming cuts to both the - - which hit
22 us 12 years ago and finally, the bill passed, but
23 also to the federal aid that we are talking about
24 today for Sandy victims, and that one includes
25 small business. I have spent over four hours

1 here, and I don't recall anyone mentioning that
2 threat of the sequestering of funds, so that is
3 something that I am urging you to look into
4 immediately to make sure that just because we were
5 promised that funds that will actually be
6 allocated down to the businesses to the people
7 that need it. Okay. Community Board 1 created
8 numerous resolutions, and we also wrote a
9 document, emergency preparedness lessons learned
10 from super storm Sandy, which we will submit to
11 you as well. I just want to highlight seven key
12 points that we are requesting: one, immediate
13 availability of non-restrictive grants in amounts
14 adequate to help retailers remain in business long
15 enough to recover from this disaster; two,
16 intervention of the New York State Department of
17 Financial Services to hold insurance companies
18 accountable for their response time and their
19 compliance with policy terms; three, exemption
20 from federal and state taxation of all disaster
21 relief funds received by distressed local
22 merchants whether from public or private sources;
23 four, temporary reduction of property taxes and
24 assessments to reflect property values depreciated
25

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2 by super storm Sandy; five, temporary exemption of
3 sales tax retroactive to October 2012 and
4 extending through October 2013; six, postponement
5 of local and state tax filing deadlines, waivers
6 of penalties for late payment retroactive as
7 above; seven, payment extension programs for
8 payment of utility bills with penalty free grace
9 period retroactive as above. As you know some
10 people are still getting utility bills although
11 they are not operating. For the future well-being
12 of our business as well as residents it is
13 important that we plan and develop and
14 infrastructure including electricity and data
15 services and transportation that is sufficiently
16 resilient and redundant to withstand future
17 outages and emergencies. And I just want to echo
18 the concern of Staten Island because we are bonded
19 by the Staten Island Ferry, and we have a lot of
20 commuters that need to go to Lower Manhattan, and
21 that Staten Island Ferry, you know the South Ferry
22 Station is still out. Thank you very much.

23 CHAIRPERSON REYNA: I just want for
24 clarity. These recommendations are similar or all
25 of the same services that were applied during 9/11

1
2 for Lower Manhattan?

3 CATHERINE MCVAY HUGHES: For one
4 through seven? I was here during September 11th as
5 well. Not necessarily, no. This is--

6 CHAIRPERSON REYNA: [interposing] I
7 just wanted to understand--

8 CATHERINE MCVAY HUGHES: No, this
9 is--Ro Sheffe on my left here is chair of our
10 small business taskforce. We have had numerous
11 meetings with small businesses of which you met a
12 handful on the prior panel, and there is a
13 consensus that these steps would help and
14 alleviate the burdens that the small businesses
15 are undergoing right now.

16 CHAIRPERSON REYNA: And I tend to
17 agree with a few of them that we are working on as
18 we speak as we have been speaking to small
19 businesses throughout the affected areas as well
20 as to how we can be helpful, so we are exploring a
21 few of these things, but I just want to understand
22 whether or not this checklist had been applied
23 during 9/11 as part of the recovery.

24 RO SHEFFE: Well, if I may in short
25 this is a compendium of things we learned during

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2 September 11th because some of these measures were
3 not even thought of then, and we wish they had
4 been, so it's a combination of that and the new
5 thinking that we brought to bear on this current
6 catastrophe just trying to come up with a more
7 comprehensive response list.

8 CATHERINE MCVAY HUGHES: And what
9 we are concerned about is that the businesses
10 don't have that long lead time, and so after
11 September 11th, that long lag time was detrimental.
12 It was not good for anybody. It was not good for
13 the businesses themselves, but it wasn't good. It
14 had a ripple effect. It was not good for the
15 people that lived and worked down here either, so
16 speed is of essence right now. So we really
17 appreciate you having this very important hearing
18 today. Thank you for allowing us to participate.

19 CHAIRPERSON REYNA: I thank
20 everyone of this panel for your participation.
21 You know that small business just let them know
22 not to give up. We are going to continue to fight
23 with them and making sure that this is an
24 opportunity that we seize to be able to fill in
25 the gap wherever it is and whatever we need to do.

1
2 I appreciate the input and especially from the
3 lessons learned from 9/11--their indirect impact
4 that rippled into other communities like my own,
5 lives we lost, but the recovery was very
6 concentrated and to understand how you got back on
7 your feet is very important now for a five borough
8 plan. Thank you for coming in and testifying.

9 CATHERINE MCVAY HUGHES: We would
10 rather everyone benefit from what we learned 12
11 years ago.

12 CHAIRPERSON REYNA: Absolutely.
13 Thank you.

14 CATHERINE MCVAY HUGHES: --have to
15 relearn it. Thank you.

16 MALE VOICE: Thank you, Madam
17 Chair.

18 CHAIRPERSON REYNA: Thank you. I'd
19 like to call up the last panel: Kevin Alexander,
20 Rockaway Development and Revitalization
21 Corporation, Quintana O'Neill from Brooklyn
22 Chamber of Commerce, Thomas Burton from Manhattan
23 By Sail Inc.

24 [long pause]

25 KEVIN ALEXANDER: Good afternoon,

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2 Madam Chair Reyna and City Council members. My
3 name is Kevin Alexander and I am the president of
4 Rockaway Development and Revitalization
5 Corporation located in Far Rockaway, Queens. We
6 are a local development corporation focused on
7 small business development, commercial
8 revitalization, employment training and placement,
9 homeownership preservation and youth development
10 services. Our primary service delivery area is
11 Queens Community Board 14, which encompasses the
12 Rockaways and Broad Channel. What I want to do
13 basically is just take this time just to give a
14 summary of some key points and observations and
15 some feedback that we received from a number of
16 businesses. By default, we don't have an active
17 chamber of commerce in the Rockaways, and we are
18 the only local development corporation, so we have
19 really extended ourselves from the eastern end of
20 the peninsula, which is Far Rockaway all the way
21 to the western tip and Broad Channel of the
22 peninsula. Pre-Sandy there were about 1,000
23 operating businesses when you look at Broad
24 Channel and the Rockaway peninsula. There are
25 three major commercial corridors, one in Far

1
2 Rockaway, one in Rockaway Beach which is the
3 middle, and one in the west end along Beach 116th
4 that Commissioner Walsh spoke about. They play a
5 critical role in an isolated area where you have
6 three toll bridges, if you include Nassau County
7 and one train line that must also cross over a
8 body of water, which is probably not going to come
9 back into play until maybe September or October of
10 this year, so it really crippled in terms of
11 transportation in addition to we are still
12 grappling with communications. Many areas in the
13 Rockaways the cell towers are still down. We are
14 still talking about copper, not fiber optics, and
15 there is not a chance probably because economy is
16 a scale that it is going to be improved because we
17 just don't have the density in terms of the area.
18 So the small businesses play a critical role
19 because many of our constituents don't have the
20 opportunity to leave the Rockaways in the best of
21 times. They don't own vehicles. Many live in
22 public housing. Many live in private homes as
23 renters as well. So they really depend on the
24 local businesses. Now after Sandy all 1,000
25 businesses suffered economic loss from seven to

1 ten days because the lights, the power went out.
2 There was no gas coming into the Rockaways as
3 well. So unless you had a generator, you were in
4 the dark in the cold, all the lights out,
5 everything was out in the Rockaways. - - was up
6 and running on October 30th, and what we were doing
7 is really canvassing the commercial corridors
8 trying to assess what the damage was. So every
9 day for the first two weeks post Sandy, we
10 actually canvassed every single commercial
11 corridor in the Rockaways. The challenge that we
12 kept getting from the city of New York was you
13 don't have the capacity to do that, but what we
14 did have was great partners, so we were able to
15 bring in the American Planning Association to
16 really work with us to develop, and I think the
17 young lady from the Queens chamber mentioned about
18 developing a survey assessment instrument that we
19 could go quickly from business to business and
20 really get a gauge very quickly because they were
21 so determined to get their businesses up and
22 running, but we could ask questions to just do the
23 assessment, and we have done five of those
24 assessments since Sandy hit on October 29th. Our
25

1 goal was always to focus or transition from
2 humanitarian to the economic recovery and then the
3 economic resiliency of the Rockaways, so we also
4 engage APA to also begin thinking about a post-
5 Sandy Rockaway storm recovery project that also
6 would include - -developing a long term recovery
7 group that reflected or represented the entire
8 Rockaway peninsula, and we are doing that right
9 now. We have actually put that structure in place
10 to make sure that the entire Rockaways is
11 represented in terms of a comprehensive plan that
12 does include business recovery and overall
13 economic development. Our opinion as the LDC for
14 the Rockaways in terms of the city response the
15 two primary agencies, NYEDC and Small Business
16 Services, one, did quickly attempt to respond to
17 the needs of business owners by attempting to
18 assess the extent of damage to individual
19 businesses in commercial areas; two, identifying
20 appropriate resources to alleviate the financial
21 crunch many business owners were under by creating
22 a small loan and grant program; three, co-locating
23 SBS solutions center staff in the three
24 restoration centers in the Rockaways, and four,

1 identifying key staff to conduct ongoing outreach
2 efforts in designated areas throughout the
3 Rockaways. I must also say in addition to them
4 attempting to really quickly understand the
5 Rockaways part of the challenge was on the reverse
6 is that they really didn't know the Rockaways.
7 They really didn't know who the key players were,
8 who the key business owners were, who were the key
9 organizations because--I always call it benign
10 neglect in the best of times, so when you are
11 trying to get up and running very quickly, it is
12 very difficult to do without really knowing the
13 landscape. Very difficult on top of having a
14 natural disaster, but we acknowledge that they did
15 make a quick attempt. I will say this. One of
16 the other challenges that we have as the LDC is
17 our main concern is getting every business owner
18 whatever resources are available, and that can
19 start with FEMA and SBA. It does include Empire
20 State Development Corporation and the Small
21 Business Development Centers, and also the city of
22 New York. Our concern is not who goes first. It
23 is what fits best to that individual business
24 owner, so what we did was to increase our capacity
25

1 was to become the only freestanding business
2 recovery center in the Rockaways, which in essence
3 meant I volunteered our organization for SBS and
4 SBDC to come in and provide the technical
5 assistance that a lot of the individual business
6 owners needed to complete the application process.
7 I think to date we have done about 200 clients
8 that have applied for either or SBA, SBDC through
9 the NYBDC corporation or state funding. It has
10 been very difficult because the number of the
11 businesses that we deal with don't have a lot of
12 their records--their business certificates, their
13 financial statements. A lot of them are also
14 grappling with the fact that they didn't have
15 flood insurance. Those that did have insurance
16 policies the fine print actually excluded or
17 precluded them from actually getting reimbursed
18 and most importantly, what you have heard today
19 repeatedly is that a number of the property owners
20 through being absent or just benign neglect
21 refused to make the leaseholder improvements, and
22 in order for the business owner to get up and
23 running quickly, they made the improvements, and I
24 call it all in without knowing whether they were
25

1
2 going to get reimbursed through insurance, whether
3 they were going to qualify for loans or grants.
4 So they did what everybody else does. They
5 borrowed, they used their own personal assets, but
6 the concern that we have now is I mentioned
7 probably about a month ago that the concern we
8 have outside of Far Rockaway, which didn't suffer
9 a lot of physical damage, there are roughly 600
10 businesses in other areas. I gave the quote of 50
11 percent of those businesses outside of Far
12 Rockaway might eventually close and not reopen.
13 We have a number of businesses that are just open
14 on a shoestring right now. Still a number of
15 businesses don't have full power, don't have--
16 basically working facilities, access to capital,
17 but they are doing it on a shoestring right now.
18 Now in terms of the home ownership and the impact
19 it has, we have mentioned foot traffic. Probably
20 about 10,000 homes were damaged from Sandy. Those
21 homeowners also a number of them like in other
22 areas had renters. The renters of this place
23 'cause usually they were in the basement we had
24 flooding up to I think six feet in certain areas
25 in basements and first level. They are gone. The

1 homeowners are displaced, so the question becomes
2 foot traffic. If those businesses don't have foot
3 traffic whether they be Rockaway Beach Boulevard,
4 Beach Channel, Beach 116th Street, they will not
5 survive very long, so the question becomes what
6 can we do? In short, there are a couple things I
7 didn't include that in my written testimony, but
8 I'll just state. There has to be a long term
9 strategy that deals not just with grants, but
10 strengthening those businesses as well. I am very
11 honest with my business owners. If you didn't
12 qualify, then we need to assess why you didn't
13 qualify and we need to make certain that we put
14 those pieces in place whether it's your business
15 plan, whether it's a recovery model. What are the
16 things that you need to do to strengthen you
17 business because nobody wants to take taxpayers'
18 dollars and invest in and you're not qualified to
19 repay it back or don't have the ability. So if we
20 are going to talk about a second look, if you have
21 been denied a grant or a loan I should say then
22 there should be a qualifier to those business
23 owners. Yes, we can consider you for a second
24 look for a grant or a loan or in this case, a
25

1 grant, but there should be some provisions and
2 restrictions. You will have to do this long
3 whether it be the SBS or SBDC or the SBA of
4 strengthening your business model because again,
5 as has been mentioned time and time again, it's
6 not a matter of if it is going to happen again,
7 it's when. The second thing is and I think this
8 is really important, and it's very difficult for
9 organizations such as RDRC to do, we really need
10 the support of city agencies and City Council to
11 really go after the property owners. The property
12 owners are playing a pivotal role in recovery in
13 areas like the Rockaways. Without them being held
14 accountable, it is very difficult for the business
15 owners to move forward. The bigger concern long
16 term that I am having right now--many of us are
17 having--is many of the business owners quickly
18 tore down walls, replaced floors, but they didn't
19 deal with the structure, and so mold is going to
20 become a humungous issue as it gets warmed, and so
21 we are very concerned about quality of health. We
22 are concerned about them also--those business
23 owners--having to re-tear down, and redo the
24 repairs that they have made already. That is
25

1
2 going to create more of a burden on them, and then
3 probably lastly, we need to think about commercial
4 revitalization in areas like the Rockaways
5 comprehensively. The Commission has done a great
6 job at identifying Rockaway Beach 116th Street as a
7 critical area, and I agree wholeheartedly, but if
8 we are going to move in areas such as the
9 Rockaways forward, there has got to be something
10 in it for everyone. So we have got to look at
11 what we are doing in Far Rockaway with the
12 commercial revitalization plan that we currently
13 have going one way. We have got to also look at
14 Rockaway Beach Boulevard and Broad Channel. We
15 have got to also make it interesting and a reason
16 for people to come back into those business
17 commercial corridors as well. Last thing is, and
18 I say this in terms of RDRC and many other groups
19 we have done all of that we are doing with no
20 support. As a matter of fact you can say it has
21 really cost us in terms of there are a number of
22 proposals that we had to submit before, there were
23 a number of existing contracts that we have to
24 manage that we really sacrificed because of the
25 greater good, which was the Rockaways, and so when

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2 we talk about 15,000 copies of information that we
3 put out--I don't care if it was National Grid, - -
4 , HPD, the city, the state, and the feds, we were
5 doing that canvassing and outreach because we
6 needed both our business owners and our home
7 owners to know what was out there. The other
8 thing is that we also hosted a number of days,
9 outreach days by utilizing temporary spaces and
10 also lastly, working weekends and Saturdays
11 because one of the provisions of becoming a
12 business recovery center was that you has to be
13 open for six days until they deemed it necessary
14 not to be open on six days, so we constantly ran
15 operations to the best that we could to make
16 certain that we were serving an area much greater
17 than we had capacity for, so as we begin to think
18 about there is a conversation about how to best
19 utilize the organizations that are providing that
20 assistance also need support because they are a
21 business, whether it's not for profit or for
22 profit, we are a business as well. Thank you.

23 QUINTANA O'NEILL: Good afternoon,
24 Council Member Reyna and distinguished guests. My
25 name is Quin O'Neill, and I'm the project manager

1
2 for economic development at the Brooklyn Chamber
3 of Commerce in Brooklyn, New York. I am here in
4 place of Melissa Chapman and delivering a
5 testimony on behalf of Carlo Scissura, president
6 and CEO of Brooklyn Chamber of Commerce. The
7 Brooklyn Chamber of Commerce is a membership based
8 business assistance organization, which represents
9 the interest of businesses across the borough of
10 Brooklyn. The Brooklyn Alliance is a not for
11 profit economic development organization at the
12 chamber which works to address the needs of
13 businesses through direct business assistance
14 programs. At the core of our work the
15 organization leverages all resources available to
16 businesses to assist them in growing their
17 companies in the borough, attract new investment,
18 and retain businesses and jobs. Programs we
19 administer include Brooklyn Health Works a
20 subsidized small business health insurance
21 program, Good Help a no cost workforce development
22 division, which connects small and mid-sized
23 businesses to the public workforce system,
24 Brooklyn Goes Global, our import, export and trade
25 assistance program, Brooklyn Connects assisting

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2 small minority businesses access procurement
3 opportunities, and NYC Business Solutions in
4 partnership with the city of New York which
5 provides one on one business technical assistance
6 on issues like financing, recruitment, training,
7 legal and minority and women based certification.
8 Through these programs, the chamber has the
9 ability to coordinate and stack multiple resources
10 to address almost any business need. On October
11 29th, everything changed. As the reports on the
12 impending storm worsen residents and businesses
13 knew that this storm would be different. All
14 across the borough and the city waterfront
15 communities prepared and braced themselves for the
16 super storm. When the borough awoke on the
17 morning of October 30th, the entire physical
18 landscape of the communities we know had changed.
19 Since then, restoring and growing Brooklyn small
20 businesses has been the forefront of projects and
21 activities undertaken by the Brooklyn Chamber of
22 Commerce. Immediately after the storm, the
23 Brooklyn Chamber released and circulated a
24 comprehensive Hurricane Sandy relief guide that
25 included contact information for insurance

1
2 companies as well as options for city, state and
3 federal financing. Additionally, the Brooklyn
4 Chamber of Commerce made office space available at
5 no cost for businesses directly impacted by the
6 ravages of the storm, which was the first step to
7 recovery for some local businesses. The Brooklyn
8 Chamber of Commerce joined forces with the
9 Brooklyn Community Foundation to establish the
10 Brooklyn Recovery Fund to create a pooled fund by
11 Brooklynites for Brooklynites and in so doing
12 build strength among local non-profit
13 organizations so that they can effectively and
14 quickly serve the needs of locals affected by
15 Hurricane Sandy. To further aid in recovery
16 efforts, the Brooklyn Recovery Fund established a
17 community advisory committee, which includes non-
18 profits, businesses and civic leaders from areas
19 most impacted by Hurricane Sandy. On November 5th,
20 2012, the mayor announced the NYC emergency loan
21 program facilitated through the New York City
22 Department of Small Business Services, the New
23 York City Economic Development Corporation,
24 Goldman Sachs and underwritten by the New York
25 Business Development Corporation, a city-based

1
2 community lender that partners with banking
3 institutions to provide underwriting that lends to
4 businesses that would typically have a hard time
5 accessing capital. The New York Business
6 Development Corporation is also a state approved
7 504 lender for the SBA. Each loan represents a
8 maximum award of up to \$25,000. We applaud Mayor
9 Bloomberg, Commissioner Robert Walsh at the New
10 York City Department of Small Business Services
11 and Seth Pinsky of the New York City Economic
12 Development Corporation for their city-wide
13 efforts and thoughtful leadership. We also thank
14 Governor Cuomo and Kenneth Adams, chair of the New
15 York State Empire Development Corporation, who has
16 also developed an emergency loan program to match
17 the city's efforts. Since December 2012, the New
18 York City business solutions Brooklyn center has
19 helped 102 businesses access Hurricane Sandy
20 recovery loans totally \$2,345,500 and brought the
21 year to date totals for that period to 141
22 emergency loans totaling \$3,274,000. On November
23 14th, 2012, TD Bank awarded the Brooklyn Chamber of
24 Commerce a \$200,000 grant to start a city-wide
25 neighborhood entrepreneurship project to provide

1 assistance to businesses affected by Hurricane
2 Sandy. This project will help with merchant
3 organizing, commercial beautification, shop local
4 initiatives and attracting businesses to low and
5 middle income areas. Services also include
6 programs aimed at direct referrals for small
7 business services, such as financing, accounting,
8 hiring and attaining permits. The first areas to
9 receive assistance from this project will include
10 Red Hook and Sheepshead Bay, Brooklyn, City
11 Island, the Bronx, Lower East Side, Manhattan and
12 Midland Beach, Staten Island. In addition the
13 Brooklyn Chamber of Commerce through its 501(c)(3)
14 not for profit, the Brooklyn Alliance, will work
15 with and provide direct technical assistance to
16 assist New York City's other chambers of commerce
17 in the Bronx, Manhattan, Queens and Staten Island
18 to develop and establish commercial revitalization
19 programs within their respective chamber
20 foundations. In his recent state of the city
21 address, Mayor Bloomberg announced that all city
22 fees usually associated with repair work will be
23 waived, and we commend the mayor on this as this
24 initiative will provide a major boost to
25

1
2 businesses seeking to rebuild. Obviously,
3 disaster preparedness will never go overlooked
4 again, and we do believe that many of our
5 businesses were better prepared now than they were
6 after September 11th, but we can do more. How we
7 rebuild and how we prepare for another disaster
8 will directly affect our needs and responses
9 moving forward. We must learn from each disaster
10 and find more efficient use of resources and
11 funding to address immediate response and
12 recovery. This is especially important at the
13 federal level where resources spent here can have
14 a national impact. Lastly, I hope that this
15 disaster puts a spotlight on what I have known all
16 along that Brooklyn businesses are one of a kind
17 and will recover stronger than ever from this
18 unthinkable disaster. Thank you for your time and
19 for all of your work addressing the needs of our
20 great small businesses.

21 THOMAS BURTON: --of Manhattan By
22 Sail, and we operate a couple of large historic
23 schooners in Lower Manhattan, notably a 158 foot
24 tall clipper ship at the South Street Seaport at
25 Pier 17, and we have in high season--we are a

1
2 seasonal business--we have approximately 50
3 employees and we carried over 60,000 people last
4 year out for harbor tours and traditional sailing.
5 We do all our own repairs in Red Hook, Atlantic
6 Basin where we winter our vessels, and we are a
7 homegrown local New York business where we have
8 taught everybody who works for us how to sail.
9 I'd say seven of my ten captains learned how to
10 sail and got their captain's license through their
11 experience with my company, and we have been in
12 business for 13 years. We survived 9/11, and I'll
13 give you just a little general overview because I
14 think I have been through 9/11 and have
15 experienced that firsthand, and how inadequate the
16 help was, and then I can address again the current
17 circumstances, since we are also affected. I
18 wrote some notes for myself. I'll just try to
19 refer to them. We currently still have SBA
20 disaster relief loans outstanding related to 9/11.
21 We have almost \$800,000 that we still have yet to
22 pay. The primary issue is that there is certain
23 physical damage, which you heard a lot about.
24 There were a lot of other businesses that have a
25 lot of physical damage. My company has boats that

1 float up and down, and so we have less of that,
2 but we have much more economic damage and being
3 seasonal business every day and every minute of
4 marketing, of the ability to plan through our
5 winter matters, and so we are right now out facing
6 uncertainty, lower foot traffic, lower
7 expectations for the coming season, but we still
8 have 800,000 dollars' worth of disaster loans. We
9 went through very hard times afterwards. It was
10 about five years to recover. It wasn't really
11 until 2005 and '06 that we started to turn a
12 profit again, but we slugged it out. I didn't get
13 funded until 2004 with my disaster relief loans,
14 so that was friends and family and creditors that
15 had to wait to get paid for four and five years
16 from me, and I had the only kind of credit I had
17 left which was that people trusted me because the
18 banks all walked away from me. I paid off and
19 refinanced my initial capitalization in the three
20 months since I started my business. I started the
21 business in June of 2001, and by August I had paid
22 off my initial loan. Business was thriving, and
23 we operated out of the World Trade Center.
24 Anyway, the banks walked away. They said, well,

1
2 you are in a bad risk area. We know you paid off
3 the loan. Thanks a lot, but we are calling your
4 credit line. When I had established a credit line
5 with them, they called my credit line and they
6 wouldn't loan me any money. That is HSBC, but the
7 major banks--you just fall out of their risk
8 profile, and that is the end of it for you, and
9 then it took so long, and it was so complex
10 because I'm a seasonal business, the SBA, the
11 grant programs, I feel through almost every crack
12 that there could be. I had some people--I did end
13 up getting some grant money, but it was really not
14 adequate. I got maybe 50,000 dollars' worth of
15 grant money in total prior to... Anyway, so my
16 suggestion there is that grants should come fast
17 and furious if possible to affected businesses to
18 deal with the businesses as if they are going to
19 try to get over on you, when you clearly qualify
20 in a certain number of categories, like we were
21 all out of power and out of business for one or
22 two weeks at the very minimum. Many businesses
23 are still out of business. I'm at the South
24 Street Seaport, which is desolate, a dead zone.
25 It looks like Detroit--sorry anyone from Detroit.

1
2 There should be very little expectation that it is
3 going to be a thriving environment in the months
4 to come. It is going to be quite a while, and so
5 there is economic damage that is going to go long
6 and the rippled effects are already starting. I
7 anticipate that I am going to have maybe a third
8 to half of my revenues even if I were allowed to
9 operate, and that is not clear. I have a couple
10 of recommendations, and I'd love for you to ask me
11 questions because I have been very involved--

12 CHAIRPERSON REYNA: [interposing]

13 This is not the first time I hear your story.

14 THOMAS BURTON: Sorry?

15 CHAIRPERSON REYNA: This is not the
16 first time I hear your story--multiple times,
17 especially 'cause I started 12 years ago.

18 THOMAS BURTON: Oh okay, so thank
19 you. Yes. One is that perhaps there can be
20 relief that already have prior--especially prior
21 damage, like disaster related life. Right now I
22 still have to pay my interest. I'm looking for a
23 moratorium from my lenders, which is NYBDC as well
24 as SBA for payments, but I'm not qualified for
25 that because for certain reasons, and so even if a

1
2 get payment relief, I still am accruing interest,
3 and I'm accruing it at four percent, and it ends
4 up being quite a burden on a small business even a
5 minimal interest rate. I don't know how it could
6 happen, but victims are being further victimized
7 by all of the requirements. Perhaps there was
8 some way to rethink the circumstances of existing
9 businesses. There may be economic recovery, but
10 it probably won't be with at least 50 percent of
11 the businesses that are currently struggling and
12 hanging on by a shoestring, and that seems like a
13 real shame that somehow businesses should be
14 deserving of help just because it wasn't our fault
15 what happened, and that as we extend charity to
16 other areas and we look charitably upon other
17 areas of people who come on hard times through no
18 fault of their own that perhaps there is some way
19 to build that in terms of economic planning that
20 the businesses and especially the small mom and
21 pop who don't have a big structure, you know, so
22 you look at healthcare. I still have to pay \$1500
23 a month for my healthcare. All of my employees
24 still have to pay. I have laid off some of my
25 employees. A real payroll tax relief, 940, 941

1
2 tax relief would be really amazing, and even if
3 you owe money that you are given a six month or
4 some period of time to just not have to comply
5 with many of the requirements that you always have
6 to do as a business. It's a very burdensome
7 structure already as we all know, but it's that
8 much harder when you don't know what you are
9 doing. I have been fighting as you know to try
10 and get South Street Seaport to stay open for
11 Howard Hughes Corp to keep the Pier 17 businesses--
12 --the pier was not damaged in the storm; it was the
13 upland areas that were damaged--to keep that open
14 and promise that it will be open through the busy
15 summer where millions of tourists will come and
16 bring foot traffic that is so important to
17 struggling businesses. All of the Front Street
18 business I'm friendly with everybody, and what do
19 they need? They need people to show up. And how
20 do you get that? Well, we have an instant
21 solution, which is going to happen in two months
22 if the city and Howard Hughes would please
23 announce--don't just do it, don't wait a month,
24 don't wait a week--announce as soon as possible,
25 that the pier will be open through the summer,

1
2 tour operators, NYC & Company, which is a part of
3 the city government can create a marketing
4 campaign. The tour operators that plan three,
5 four, five, six months in advance, a year in
6 advance sometimes will--the tourism community
7 really, there is a company called Tourism Cares,
8 which is a non-profit, they will all devote
9 resources to educating the public and tour
10 operators to send business--

11 CHAIRPERSON REYNA: [interposing]

12 The pier is closed right now?

13 THOMAS BURTON: Sorry?

14 CHAIRPERSON REYNA: The pier is
15 closed right now?

16 THOMAS BURTON: The pier is open,
17 but they have sent us all termination letters, so
18 we have all been terminated even though they are
19 open until April, so it becomes an impossibility
20 to really consider reinvesting in the location
21 when you are still market rate rents \$5,000 a
22 month for a little - - -

23 CHAIRPERSON REYNA: [interposing]

24 I'm sorry. The termination letters are part of
25 the seasonal permits?

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[crosstalk]

THOMAS BURTON: --is part of the reconstruction that has been issued for ULERP that has not even been approved.

CHAIRPERSON REYNA: I see. So this is nothing to do with Hurricane Sandy? I see.

THOMAS BURTON: There is an unfortunate coincidence, or it's just a convergence of events that have really pressed the Seaport, and so the Pier 17 businesses, which could be open are being evicted in anticipation of an approval of a ULERP application that is currently before the Council in this district, so that ULERP, which has not been approved yet, but the landlord is already taking steps to comply with a letter of intent between the city, between EDC and Howard Hughes Corp. So the developer is a developer. They are going to do what they have to do to comply, but this seems like a circumstance that everybody would benefit, perhaps except the timeline of the developer, but the whole community would benefit I think dramatically all the Front Street businesses by having this guaranteed foot traffic. I would bring 40-50,000 people to that

1
2 area. I would employ 40 employees that I won't be
3 able to employ if I don't have a location to
4 operate from. There is over 1,000 plus employees
5 on that pier--probably 1,200 employees right
6 there, real jobs, and that one salary doesn't just
7 support that person. There is probably one to
8 four people surviving on that person's job, and
9 so--

10 CHAIRPERSON REYNA: [interposing] I
11 just want to make sure I am sensitive to the time.
12 It is already six o'clock. We have been here five
13 hours, and if you could just wrap up 'cause I
14 haven't gotten up from this seat in five hours.

15 THOMAS BURTON: Okay. So I think
16 that is pretty much it. The question of sales tax
17 really for a year I think that is fantastic. I
18 would love to see something like that, not just
19 sales tax, but every tax. Just think about every
20 compliance issue, every payment that small
21 businesses have to make, and just tell you have
22 got a year. If you could do things like that, and
23 give grants, then it would be exceptionally
24 helpful. Thank you for hearing me, and thanks for
25 your perseverance and stamina.

1
2 CHAIRPERSON REYNA: I appreciate
3 your testimony, and making sure that you lend your
4 voice. This is obviously a vehicle, not the only
5 vehicle to be able to implement a lot of where we
6 still have to fill in as far as assistance to
7 small business, and so your living experience to
8 be able to share what has worked and what didn't
9 work is valuable, and to the Rockaways, I would
10 love for you two to talk offline just because that
11 TD Bank opportunity--I don't know what criteria
12 was used to outline those specific areas, but
13 clearly the Rockaways as one of the most
14 devastating, isolated areas would be fantastic to
15 just reach out and see how--'cause I thought it
16 was only Brooklyn based and then I started reading
17 the communities, so it's not just Brooklyn based.
18 It's just a matter of working with the networks at
19 all five chambers.

20 QUINTANA O'NEILL: It is a city-
21 wide project, and we will be working with the
22 Queens chamber to reach out to the Rockaways and
23 community partners.

24 CHAIRPERSON REYNA: You are looking
25 at him right now. That is the LDC. The only

1
2 existing LDC in the Rockaways, and it's amazing
3 how if at the very least this hearing did
4 something, it is that network opportunity. Thank
5 you.

6 THOMAS BURTON: I have one more
7 thing, which is I would reiterate something that
8 was said by the previous panel where the money
9 went to the larger entities. I would ask you to
10 really pursue and be a watchdog for that because I
11 remember that there was \$800 million that was
12 authorized for Lower Manhattan small businesses
13 affected by 9/11, and that money somehow ended up
14 in the MTA's coffer to the redo the transit hub,
15 which is of questionable value related to actually
16 making it into a transit hub. I don't know if any
17 extra subway lines have connected or anything else
18 has happened, but there was an imminent domain
19 taking--I was evicted along with a few hundred
20 other tiny, small businesses in one of the last
21 vestiges of really tiny, small footprint buildings
22 around, and those kind of things once they are
23 lost, you get these large office buildings that
24 end up not serving small business. So a tailor,
25 the dentist, my little operation, we were all

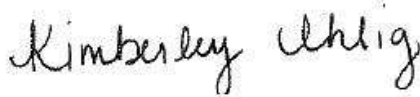
1
2 kicked out.

3 CHAIRPERSON REYNA: I appreciate
4 those words, and I recall many, many, many
5 hearings post 9/11, and that is why we are making
6 sure that these hearings take place immediately as
7 efficiently as possible so that we can be a
8 watchdog and plan appropriately and efficiently
9 where we haven't already. So I thank you all for
10 joining us here today, and we will continue to
11 speak, and this hearing is adjourned. Thank you
12 again to Small Business Services for staying here.

C E R T I F I C A T E

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

Signature _____

Date _____3/11/13_____