

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEES ON FINANCE and ECONOMIC DEVELOPMENT

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

B E F O R E:

DAVID I. WEPRIN
Chairperson

THOMAS WHITE, JR.
Chair, Economic Development

COUNCIL MEMBERS:

Kenny Mitchell
Annabel Palma
Letitia James
Albert Vann
David I. Yassky

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

Seth Pinski
President
New York City Economic Development Corporation

James R. O'Neill
President
Sports and Arts in Schools Foundation

Aaron Bouska
Director of Government Affairs
Brooklyn Botanic Garden

Evan Brown
Brooklyn Children's Museum

Janet Torres
Director of Government and Community Affairs
Wildlife Conservation Society

Frank Franz
Chairman
Belmont Business Improvement District

Suzie Delvelle
Museo del Lavario

CHAIRPERSON WEPRIN: Finance is back in session. We're joined with Economic Development, chaired by Chair Thomas White who has a statement to make.

COUNCIL MEMBER WHITE: Twice in two days, huh? Good afternoon my name is Councilman Thomas White and I'm chair of the Economic Development Committee. This is the hearing on the fiscal 2010 executive budget for the Economic Development Corporation, EDC. In this hearing the Economic Development Committee would like an explanation on the Mayor's 30% cut on EDC's ten year capital plan. The Committee is also interesting in knowing about the Mayor's fiscal services contract to support the city's financial sector and to encourage entrepreneurship. Lastly, the Committee would like to know the current status of EDC's Capital Access program which will assist small businesses in accessing credit to allow small businesses to start, expand and/or maintain their businesses.

I would like to thank EDC's president Seth Pinski for joining us. And we would like now to hear from his testimony.

1
2 SETH PINSKI: Thank you Chairman
3 White, members of the Economic Development
4 Committee. I'm Seth Pinski president of the New
5 York City Economic Development Corporation and
6 together with members of my staff, I'm pleased to
7 present New York City Economic Development
8 Corporation's executive budget for fiscal year
9 2010.

10 Last time we were before you in
11 March of this year we presented our agency's
12 preliminary budget for fiscal year 2010. Since
13 then we have gone through a number of cost saving
14 measures that affect our operating and capital
15 budgets, which I will outline for you. I will
16 also provide updates on a few of our projects that
17 we feel are especially important in light of the
18 current economic downturn. After the presentation
19 I will, of course, be happy to take questions.

20 As you all know, the city is facing
21 a number of fiscal challenges. The executive
22 budget released by Mayor Bloomberg at the
23 beginning of this month addressed a proposed
24 operating deficit of \$5.1 billion in fiscal year
25 2010. That number is dependent on anticipated

1
2 state and labor actions taking place. In order to
3 close that gap, the city required assistance from
4 all agencies, including EDC and called for a 30%
5 capital budget reduction for fiscal years 2010
6 through 2019. Not surprisingly, as with the
7 city's budget, EDC's operating budget is being
8 impacted by the economic downturn.

9 Since I last testified before you
10 in March, our projected fiscal year 10 operating
11 deficit has grown. This is due to two primary
12 reasons. First, projected land sale revenue for
13 fiscal year 10 is likely to be 87% or \$20 million
14 lower than had been projected in the beginning of
15 fiscal year 09 for that year. Second, special
16 payments imposed by OMB to help close the city's
17 budget gap, so called payments to eliminate the
18 gap or PEG, have increased by 4%. As you are
19 aware the reason these so called PEGs hit New York
20 City Economic Development Corporation's budget in
21 the form of payments rather than reduced budgets
22 is that unlike city agencies, EDC does not rely on
23 tax levy funds from the city but instead generates
24 its revenues from its own operations.

25 Since I last appeared before you

the PEG payment required of NYC EDC has increased by \$1.4 million. Counting this increase, between fiscal years 2008 and 2011 EDC's annual PEG payments to the city will have increased from \$4.9 million to \$16.6 million or 240%. Together with the other annual payments that we make to the city which come in the form of payments in respect of our annual contract with the city and one time extraordinary payments received in fiscal years 2008, 2009. By fiscal year 2013 the total amount that EDC will have turned over to the City of New York between fiscal years 2008 and 2013 will equal \$207 million or nearly a quarter of a billion dollars.

To address the gaps created by our projected decline in revenues and these additional payments we have instituted a number of cost saving measures outlined on this slide. We plan a 5% cut from our property management expenses for fiscal year 10 on top of a 12% cut already took versus budget in fiscal year 2009. We also plan an extra 3% cut from our general and administrative expense budget on top of the 5% that we took versus budget in fiscal year 09.

Further we have plans to reduce employee expenses in fiscal year 10, effectively reducing by 1.3% our payroll run rate prior to our latest cuts. Finally, consistent with city agencies our vehicle expenses budget has been cut by 15%. Going forward we will continue to look for innovate ways both to generate new revenues and to cut costs.

Turning now to our capital budget, you can see that approximately \$3.7 billion is allocated for all EDC managed capital projects for fiscal years 2009 through 2019. Commercial and mixed use development initiatives make up 48% of our budget or \$1.8 billion. These include projects to strengthen our central business districts as well as neighborhood redevelopment and waterfront redevelopment projects at facilities such as the Brooklyn and Manhattan Cruise terminals.

Meanwhile, \$355 million or 10% of our capital budget is allocated to improvements to city owned industrial sites, such as the Brooklyn Army Terminal and Hunts Point Food Distribution Center as well as markets such as those at Essex

Street and Marketa and waterfront bulkheads and structures throughout the five boroughs. Another 5% of our capital budget or \$180 million funds improvements by the Brooklyn Navy Yard Development Corporation, which manages its own capital projects.

Another \$162 million or 4% of our capital budget goes towards investments in community projects that support commercial and local development including streetscape improvements. The remaining 33% of our budget, \$1.2 billion consists of projects that EDC manages on behalf of other city agencies. These are typically projects that are tied to Economic Development initiative with the majority coming from the Department of Cultural Affairs and the Department of Parks and Recreation. Projects in this category include improvements to the Intrepid Museum and the Lower East Side tenement museum as well as sports fields projects on Randall's Island and the Yankee Stadium Parks Projects.

This capital budget I have outlined for you reflects the effects of a 30% reduction that Mayor Bloomberg requested of all city

agencies for fiscal years 10 through 19. This reduction was calculated as follows: EDC's capital budget for fiscal years 10 through 19 is \$1.3 billion. Since the Brooklyn Navy yard Development Corporation, Governor's Island Preservation and Education Corporation and elected officials separately coordinate reductions to the portion of this budget applicable to them. The amount from which EDC was required to make its reductions totaled \$1.2 billion. 30% of this figure was approximately \$357 million are target reductions.

In order to meet this goal we identified a total of \$205 million in project savings including approximately \$16.6 million in savings identified in our fiscal year 09 capital budget. In addition, we updated our ten year asset management and waterfront maintenance plans and identified cost savings totaling \$152 million between fiscal years 10 and 19.

Counter balancing the foregoing reduction, our budget also reflects a total of \$66.6 million that we received through the American Recovery and Reinvestment Act or the federal stimulus package. This figure includes

\$28 million that had been slated to be cut from our budget as well as an additional \$39 million in new projects.

You can see from this slide that the money that we have this far received from the federal government will go towards eight shovel ready projects throughout the five boroughs, including improvements to the South Bronx greenway and Queens Plaza in Long Island City. We are also actively pursuing other stimulus funds available in the areas of energy and economic and workforce development.

As painful as the capital reductions that I just described are, there is some good news that I think is worth mentioning. Namely, even with the 30% reduction required of EDC our ten year capital plan for fiscals years 2009 through fiscal year 2019 is still \$1.1 billion higher than what we spent form fiscal year 98 to fiscal year 08. Indeed, we remain optimistic about what lies ahead and continue to move forward, working assiduously to advance the Mayor's five borough Economic Opportunity Plan, a three part strategy designed to usher the city

through the downturn as quickly as possible and get us on a path toward growth and prosperity.

By creating jobs for New Yorkers today, investing in jobs for tomorrow by diversifying our economy and building affordable, attractive neighborhoods in every borough, we will ensure that the city is well positioned once the economy bounces back, which we are confident it will do.

The first prong of our plan for economic recovery involves creating work for New Yorkers today. So for example, we are investing in infrastructure projects both because doing so serves as a means to get people back to work quickly and because it positions the city to capture future growth. In addition to his infrastructure investment, we have a number of citywide investments and initiatives designed to help businesses through this downturn.

When I last testified before you I told you about the launch of our Capital Access Revolving Loan Guarantee program which uses \$5 million in EDC funds to guarantee eligible loans by commercial lenders and community based

financial institutions. This program is extremely important since the companies that it targets, micro and small businesses, together account for 50% of the city's private sector employment.

Earlier we estimated that our investment would generate approximately \$13 million in new lending activity in the city, providing up to 400 businesses at a time with working capital to make leasehold improvements and to purchase equipment. I'm happy to report that we're on track with these estimates. And as the Mayor announced yesterday with Speaker Quinn, in the two months that the program has been up and running our partners have already dispersed 28 loans of nearly \$1 million to deserving businesses throughout all five boroughs.

Another way we are helping small businesses is through the New York City Industrial Development Agency, which is staffed by EDC. For example, recently we finalized a deal with Manhattan Beer Distributors which serves 24,000 across New York City and state and employs more than 1,400 people during the peak summer months. IDA offered \$24.7 million in financing through its

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2 industrial incentive program, which will help the
3 business build a 125,000 square foot distribution
4 facility in the Hunts Point section of the Bronx
5 and create 55 full time unionized jobs over the
6 next three years.

7 Indeed the IDA is one of the most
8 nimble and effective mechanisms we have to help
9 stimulate the economy quickly and efficiently. In
10 fact, with many IDA projects a shovel can
11 literally be in the ground in a matter of months,
12 generating construction jobs, creating new
13 permanent jobs and ensuring the retention of
14 existing ones. For this reason we continue to
15 hope for the reauthorization of the IDA's power to
16 assist so called civic facilities, our city's
17 vital not for profit organizations. This power
18 was allowed to expire last year by Albany for
19 reasons unrelated to the applicable institutions,
20 resulting in a loss of more than \$445 million
21 worth of projects that the IDA has been unable to
22 induce for deserving organizations.

23 This situation would be a travesty
24 at any time but it is particularly unfortunate now
25 when the services of those institutions are needed

so badly. It remains our desire to see this situation remedied quickly.

At the same time that we are working to create jobs for New Yorkers today we're also focused on creating jobs for New Yorkers tomorrow by increasing entrepreneurial activity, strengthening existing industries and diversifying the city's economy. So for example, to grow the city's entrepreneurial sector we created the \$10 million EDC Angel Fund, increasing seed funding in the city by 25% and providing start ups with the capital they need to get their companies off the ground.

We also partnered with local academic institutions and real estate groups to offer affordable office space and administrative support to start ups, with the goal of having over 1,000 desks available at these incubators by this summer. Finally we launched two training programs, Jump Start NYC and Fast Track to retrain laid off workers so that they can more effectively start their own companies or join small ones.

In addition, in February the Mayor announced a series of initiative designed to

1 stabilize and expand the city's leadership
2 position in financial services, initiatives that
3 we are pleased to say have received extremely
4 favorable reception in the business community and
5 press. Moreover, we are also working on building
6 up industries that will be counter-cyclical to the
7 financial services sector. To this aim, we
8 anticipate announcing concrete initiatives
9 relating to green technology, media, fashion and
10 the arts in the coming weeks.
11

12 Another way in which we are seeking
13 to diversify the city's economy is through our
14 efforts to expand opportunities for minority and
15 women owned business enterprises or MWBEs. We do
16 this not just to comply with Local Law 129, the
17 city's MWBE mandate relating to sub contracts
18 under \$1 million on city funded projects but also
19 because we believe that MWBEs provide new
20 opportunities for the traditionally disadvantaged
21 while spurring competition and reducing costs.

22 We hosted a forum last month with
23 other city and federal agencies to introduce prime
24 contractors to MWBEs in the hopes of fostering new
25 business relationships going forward. We are

pleased to announce that 125 businesses attended this forum. In addition, we are pleased to report that we continue to surpass our agency MWBE goals of 20% on construction projects and 22% on service projects, attaining instead 23% and 65% participation rates respectively for this fiscal year to date.

This brings us to the third prong of the Mayor's five borough Economic Opportunity Plan building affordable and attractive neighborhoods. We know that quality of life equals good economic policy and that keeping New Yorkers here in the city is the key to our future. In this vein let me now take a few moments to update you on a couple of our redevelopment projects that we are proud to say remain on track even after adjustments to align these projects more effectively with market conditions.

As you well know, one of our largest capital projects is in Willits Point, Queens, a 62 acre brown field that people have been trying to clean up since the days of Robert Moses. Because we believe in the importance of this project, we worked hard not to reduce the

budget for this project, though we did adjust the annual allocation to reflect the latest acquisition and infrastructure development schedules. However, the bottom line is that the amount budgeted for this project has been preserved. And as a result we are continuing to move forward with our plans to create 5,000 units of new housing, 35% of which will be affordable as well as retail, office and open space, a convention center and a school.

We are working hard to negotiate new property acquisitions and hope to announce new deals shortly. We are also actively relocating local businesses that we'll be seeking your support in the coming weeks to this end. Last month meanwhile, we issued two RFQs for construction, management and infrastructure design services at the site and expect to begin work on the ladder this summer.

In addition, the Workforce Assistance Program run by LaGuardia Community College has now begun providing training services to Willits Point workers. We also continue to focus on future work opportunities in the area and

in coordination with borough president Helen Marshall, have scheduled two MWBE events in the coming weeks to inform potential vendors about opportunities presented by this project.

In Brooklyn, our vision to restore the iconic character of Coney Island not only remains fully funded, though certain amounts were moved into different years to reflect reconstruction schedules. But we managed to secure \$15 million in stimulus funding for this great neighborhood and the community and elected officials are responding in kind. For example, we are happy to report that our plans to create a 27 acre amusement and entertainment district, nine acres of which will be newly mapped park land. Together with 14,500 units of new housing and 500,000 square feet of new retail space have recently been approved by both the local community board and the Brooklyn Borough President's office. These plans are now at the City Planning Commission and are slated to come before the Council in August.

Meanwhile, just this morning a group of amusement industry experts that we

convened released a set of recommendations that both back the general principals behind our plans for the amusement district and will help guide the planning process for interim and long term amusements in the neighborhood.

We believe that all of these investment alongside our efforts to create jobs for New Yorkers today and implement a long term vision for tomorrow's growth are exactly what the city needs to emerge from the economic crisis and secure a vibrant future. With the continued support of your committee and the rest of the members of the City Council, we at EDC are confident that the city will as it has repeatedly done throughout its history return to a better and stronger place. We will all look back at this downturn, not as a period of inexorable decline, but simply a transition to the next period of greatness. I'm happy to answer your questions.

CHAIRPERSON WEPRIN: Thank you President Pinski. You refer to the legislation in Albany that expired I think it was last June it expired on civic facilities.

MR. PINSKI: January.

CHAIRPERSON WEPRIN: Oh, it was January. Why has nothing been done and what are the issues that's holding it up? I know it's not only an issue that applies to us in the city but really statewide.

MR. PINSKI: The IDA legislation does as you pointed out in fact apply to IDAs across the state and has been a serious problem for districts throughout the state. In particular, what I find unfortunate about the currently situation is that one of the powers that IDAs have is to issue tax exempt financing, which is primarily a federal benefit on behalf of not for profits. So basically our not for profits have been disadvantaged relative to not for profits in other parts of the country because of what's happened in Albany.

I think the reason why the legislation hasn't moved is that this has been caught up in a larger discussion surrounding IDA reform, transparency reforms and other reforms as well as certain wage issues that some are looking to attach to IDAs. We think that there are compromises that can be made and there should be

1
2 legislation that can be moves. We just strongly
3 encourage those in Albany to try to solve this
4 problem because not only is it effecting the
5 institutions themselves but more importantly the
6 people that they serve.

7 CHAIRPERSON WEPRIN: I agree. As I
8 said, it's affecting projects throughout the state
9 also. You're optimistic, though, something could
10 be done under the legislative session or...

11 MR. PINSKI: I would say I'm
12 hopeful that something could be done. I wouldn't
13 say I'm optimistic.

14 CHAIRPERSON WEPRIN: Okay. What's
15 the status of some of the federal stimulus
16 projects and which ones on your agenda are shovel
17 ready and look like they'll go and which ones do
18 you think are kind of on a back burner?

19 MR. PINSKI: The federal stimulus
20 package obviously is a huge bill and there are a
21 number of different buckets of funds that are
22 available to the city. Many of them impact the
23 operating budget, education funding, Medicare,
24 Medicaid funding. Those I think are moving
25 forward separate from anything that EDC is doing.

On the capital side, which is primarily where we've been focused, there's been some delay in our ability to allocate funds because the federal government and to a lesser extent the state government, need to take certain actions before we know exactly how much money we have. The regulatory process, as you can imagine, with a bill of this size is slow.

That being said, we have been told how much in transportation funding, for example, that is available. The city has about \$240 million and about \$66 million of this was allocated to EDC's capital budget. Of this, about \$28 million restored cuts to projects that had been planned but were slated for cuts as part of the 30% reduction in the capital budget. Then the remaining \$40 ish million were for new projects, with expansion of existing projects that we had been hoping to do but didn't have the funds for or new projects that we were hoping to do that we didn't have funds for.

With respect to all \$66 million of these projects, these are all shovel ready and we expect these all to move forward. As part of the

Mayor's initiatives relating to stimulus we will be reporting publicly at regular intervals on our progress. Beyond this there will be other amounts that will become available, both in terms of capital dollars and also potentially tax exempt bonds that could be issued for governmental purposes and private purposes. As those get allocated to us we'll be announcing exactly how we'll deploy those.

CHAIRPERSON WEPRIN: Okay. Council Member James I believe you had some questions.

COUNCIL MEMBER JAMES: I would hope that you would indulge me. There's four major projects in my district and all of them require some degree of questions. Let me begin with first good afternoon president Pinski.

MR. PINSKI: Good afternoon.

COUNCIL MEMBER JAMES: According to a document that was provided to me by staff of the City Council, is there an empowerment zone contract for Brooklyn Arts Museum of \$1.2 million? Do you know anything about that?

MR. PINSKI: I'm not aware of that. That may be with the Department of Cultural

Affairs. If you get me the information I can try to find out more about it for you.

COUNCIL MEMBER JAMES: I'm unaware of it. It's just in this document and it says Brooklyn Arts Museum, \$1.24 and it's under the Department of Small Business and Economic Development. I asked the SBS Commissioner and he referred to you and now you're referring me to DCA.

MR. PINSKI: We checked our budget and we're not aware of the project but we'll get you an answer to your question.

COUNCIL MEMBER JAMES: Okay. Moving on to Downtown Brooklyn, specifically let me begin with the BAM cultural district. What is the status of Tafana? How much have they raised?

MR. PINSKI: My understanding that there's a gap of a couple of million dollars. I forget exactly how much they raised versus how much is in the capital budget. I can get you those exact numbers. But there's still a gap of a few million dollars in the budget. We're working very closely with Tafana with the Department of Cultural Affairs to see if we can value engineer

the building such that we can bring the sources and uses into balance.

It's not an easy exercise and we've already taken a lot out of the building in order to get the gap down to where it is. But this is a project that we think is very important and we're going to do everything that we can to make it happen.

COUNCIL MEMBER JAMES: I know that the administration believes this project is important. My constituents believe housing is important. I know that Tafana has pledges and gifts but I don't know if they have cash on hand. It was estimated in the New York Times that the building would cost about \$56 million. It's my understanding that they have about \$46 million in pledges. I don't know how much cash on hand. I just don't understand, again, why all of these funds are being committed to a project which is short in dollars and now we have to engage in value engineering. And there's a great displacement in Downtown Brooklyn but nonetheless I would just hope that in exchange for this project that the cultural organizations in

Downtown Brooklyn provide free arts and cultural programming to the schools and to the local residents.

This past Mother's Day I served about 200 seniors at the Boys and Girls Club on Navy Street. It's an after school program which services children in public housing. The Executive Director walked up to me and said Tish are you aware that we have no arts and cultural program being in that service the children in public housing - none despite the fact that they are literally six blocks away from all of this cultural district. Are you aware of that?

MR. PINSKI: I'm not aware of that but that's something, obviously the arts are something that should be available to all New Yorkers. We'd be more than happy to work with you to figure out ways to coordinate with the arts organizations in Brooklyn to try to remedy that.

In terms of your statement about housing, we too believe that housing is sorely needed throughout the city but especially in your district. Though we're not quite ready to announce it yet. We've made very significant

progress on the south site at BAM and we hope to have project that we can announce shortly that would include market rate as well as affordable housing as well as cultural space that would be available to local arts organizations.

COUNCIL MEMBER JAMES: I have made it publicly known and I've said it to DCA and I will say it to you publicly and to your staff. The cultural organizations need to do more, particularly to those communities that are underserved. All of the schools that service the children at the public housing in Downtown Brooklyn including Atlantic Terminal but for the meager funds that I provide to them do not have any arts and culture. That's 46, that's 20, that's 287, that's all of the schools that service--and 67 and 307 that service Ingersoll, Whitman, Farragut and Atlantic Terminal.

No cultural organizations, no arts and culture and the library down there sorely needs arts and culture. Dr. White After School center, it's just a disgrace and an indictment to us as a society that six blocks away you have a BAM cultural district and they do not service,

1 free of charge, the children in Ingersoll,
2 Whitman, Farragut, Atlantic Terminal and Lafayette
3 Garden. That's an indictment to us and to this
4 administration. I would hope that we could
5 correct that and I will continue to state to bring
6 that home to those who are listening.
7

8 Let's go to the north site. The
9 north site I understand the developer withdrew.
10 What's the status of the north site where there is
11 affordable housing? I understand that the
12 50/30/20 model does not work there. There's some
13 challenges there. That project, unfortunately,
14 there's not been much progress so I understand.
15 Is that true?

16 MR. PINSKI: That project has
17 largely been spearheaded by HPD. My understanding
18 is that in the two towers the first tower, which
19 is 264 unit tower that HPD continues to try to
20 rework the program to figure out a way to make it
21 financially feasible. But I do believe that it's
22 a challenged site and that's it's unlikely that
23 that's going to move forward as quickly as the
24 south site may. The second tower, I think, is
25 probably behind that first tower.

COUNCIL MEMBER JAMES: Really?

MR. PINSKI: I think that, as I said, HPD has been spearheading that and I can get you more information from them. But that's my understanding of the status.

COUNCIL MEMBER JAMES: The south site from what I understand right now there's been discussions with some community based cultural organizations to provide permanent space for some community based arts and cultural organizations?

MR. PINSKI: Yes. As I said, we're finalizing the agreement with the developer. It's likely that the development of that site, there will be an agreement reached and then development will follow a few years after the agreement because right now the market's just not there for the project. But an important part of any deal that we reach will be subsidized space that the developer would provide that would then be offered to local community groups.

COUNCIL MEMBER JAMES: But the market's not there obviously for the north site. It's not there for the south site. Those two towers had a significant amount of affordable

housing, which is the number one need in the district. So there's a market for cultural organizations but not for housing?

MR. PINSKI: No, the whole project on the south site includes cultural element and a residential element including affordable housing, which would be integrated into one development. And both of them would move forward at the same time or they won't move forward. You're not going to get the cultural element separate from the housing.

COUNCIL MEMBER JAMES: In terms of time frame for the north and/or south.

MR. PINSKI: My guess is that it's probably a couple of years before you're going to start to see development on either of those sites. The difference with the south site, if we can reach an agreement, is that we would get a relatively substantial down payment paid by the developer. Which I think would give me at least more confidence that that project would move forward. The north project, as I said, is a little bit further behind because it contains significantly more affordable housing so the

economics are more challenged.

COUNCIL MEMBER JAMES: Because again it looks like Tafana will be going forward before the north and the south site, where the affordable housing is. Again, I just have to continue to express my opposition to the fact that we're moving on all this capital funds for cultural organizations and there's not sufficient, to me, priority towards affordable housing which is the more pressing need.

Particularly, as it relates to Downtown Brooklyn, you know in Downtown Brooklyn on Flatbush Avenue, Forte, Orro, Forte is not on Flatbush but two blocks off but Forte, Orro, Avalon and Torin, all luxury housing. Most of the units of affordable housing, a de minimus amount is off site. So there's a significant amount of luxury housing on Flatbush Avenue and some of these buildings stand empty in monuments, unfortunately, the recession that we're all experienced. What can we do with these three towers to secure some affordable housing, increase affordable housing, provide them subsidies so that they would reduce the prices to local residents?

MR. PINSKI: A few things, just to respond to the general comment about affordable housing versus culture. We in the administration I think feel that both of them are very important for the future of this city. I think that there are substantial resources that are being dedicated towards cultural institutions in the city but there are also extremely substantial amounts that are being dedicated to affordable housing. As you know the Mayor has a plan to develop 165,000 units of affordable housing including a substantial number in your district.

There's no question that a lot of luxury housing has been developed. I know that HPD is working on some programs that may address the exact issue that you described where luxury units, there may not be the demand for them that was anticipated. I think that there will be announcements coming in the next several weeks on that front. What we're doing is we're seeking to advance the south site project, which as I said as an affordable component in it as well as a cultural project element in it.

We're also working on the City

Point project which is also a challenged project. It consistent theme across the city right now but it's one where we continue to make progress and the bottom line for us in any development that takes place at City Point is that the promise that was made to the community of 20% affordability must be kept.

MR. PINSKI: President Pinski, I understand your commitment to affordable housing and your plans for affordable housing and the Mayor's announcement but it's not been realized in Downtown Brooklyn. Myrtle Avenue when we rezoned that we were promised all of this affordable housing and all of these jobs. We've not seen it. We've not experienced it. The Myrtle Avenue development with the Red Apple has not materialized. In fact, he's in discussions to perhaps lease that space to the Institutions of Higher Learning that are located in Downtown Brooklyn.

Again, I voted for the rezoning because I was promised jobs and all of this affordable housing. I've not seen it. What I've seen is luxury housing and the displacement of

1
2 long term residents in Downtown Brooklyn and the
3 closing of small mom and pop businesses in
4 Downtown Brooklyn. I am now regretting my
5 decision and it's much to the sharing of my
6 constituency. We see again all of these cultural
7 organizations with their plans but there's nothing
8 for the long term residents in Downtown Brooklyn.

9 What they are crying out for,
10 demanding and frequenting my office with
11 complaints of landlord harassment, displacement,
12 evictions and they're being displaced. I'm losing
13 the demographics. We're losing, as some people
14 have called, the soul of Downtown Brooklyn. It's
15 becoming a playground for the rich and that should
16 not be. And the administration should really take
17 a hard look at the rezoning, the impact, the
18 effect, demographically and otherwise and say
19 let's wait. All of these subsidies that we're
20 giving to developers it's just about luxury
21 housing and you have a glut of luxury housing.
22 And there's no demand now because of the recession
23 and there's no affordable housing.

24 MR. PINSKI: As I mentioned to you,
25 I think the administration is working on the issue

of luxury units for which demand has dissipated. I think that although there's always a need in any part of the city for additional community facilities and for additional affordable housing, and I will grant you both of those, I think that you really need to wait to see the full impact of the rezoning over time.

I feel confident that as that rezoning plays out that the end result will not simply be as you referred to it, a playground for the rich, but a truly mixed use, mixed income neighborhood with new cultural resource that don't just benefit the rich but benefit members of the neighborhood. With new open space that benefits people who live in the neighborhood. With new jobs that benefit people in the neighborhood and with affordable housing.

COUNCIL MEMBER JAMES: Mr. Pinski I hope you're right. It's just that I don't know whether to not my constituents can afford to wait. They're leaving in record numbers. Before you know it, before we realize all of this affordable housing and the vision of the rezoning of Downtown Brooklyn it will be too late. You will have a

monolithic society and monolithic demographic in Downtown Brooklyn and that would be unfortunate.

MR. PINSKI: The one good thing that I would say is I think we both have the same goal for Downtown Brooklyn. I'd be more than happy to sit with you and to brainstorm about ways that we can accelerate some of these projects and fulfilling some of the needs that you're describing.

COUNCIL MEMBER JAMES: One of the ways we can start is City Point. 20% of affordable housing for the tallest building in Brooklyn is unacceptable. We have to raise the affordable housing envelope on the tallest building in Brooklyn, particularly because it involves tax dollars. And particularly at a time where there is no market for luxury housing. It's dead.

MR. PINSKI: I think first of all--

COUNCIL MEMBER JAMES:

[interposing] There's a demand for affordable housing. As you know the two projects that I did with Fifth Avenue Committee and Pride Area Community Council, we received 10,000

1 applications. Both of those developments are
2 filled to capacity.

3
4 MR. PINSKI: There's no question
5 that there's a demand for affordable housing. I
6 think with respect to City Point, first of all
7 we'll have to see whether it ends up being the
8 tallest building in Brooklyn. Second of all, I
9 think we're working very closely with the
10 developers of this project. I will tell you that,
11 as with any new development project anywhere in
12 the world right now, it is challenging both to
13 make the economics work and to get financing of
14 any kind. So what we're looking to do is to
15 maximize the affordable housing, certainly to
16 maximize the employment opportunities that will
17 help members of your district and other people who
18 live in the area.

19 But the key for us is to get this
20 project off the ground. Although we would all
21 like to see a project with more than 20%
22 affordable units, the fact is at this point we're
23 not choosing between 20% or more, we're choosing
24 between 20% or nothing. And we want to make sure
25 that something gets built and that those 20% of

units that are sorely needed as you described are available for members of your community.

COUNCIL MEMBER JAMES: 20% is totally inadequate. Red Apple, I had a conversation with Mr. Castamatitas last week. He's begun construction on the market rate housing at Ashland and Fulton. Right now he's only committed to market rate housing. The affordable housing component, he tells me he throws up his hands and answers his cell phone and says there's no market for it Tish and I don't have the subsidies or funding.

So what's happening on Myrtle Avenue is again a hole in the ground and there's not much going on other than his discussion with LIU, St. Francis, St. Joseph's to perhaps offer the units when they are built to these colleges to convert into dorms.

MR. PINSKI: I think the important thing to remember with that project is that that's a private project built on private land with private money. There's no public involvement--

COUNCIL MEMBER JAMES:
[interposing] We rezoned it and he benefited from

1
2 it.

3 MR. PINSKI: But we don't have the
4 right because we rezoned something to force
5 private landowners to do something different.

6 COUNCIL MEMBER JAMES: Yes but we
7 had an agreement with the city. They signed an
8 agreement with my office saying that on Myrtle
9 Avenue there would be a 50/30/20 project. And I
10 want them to honor their commitment.

11 MR. PINSKI: I don't know about the
12 agreement that you have and I'm happy to take a
13 look at it. If it's something that's enforceable
14 then I would recommend we enforce it. But I think
15 that with respect to that particular project that
16 as I mentioned, we don't have any control over the
17 site. We don't have any control over the project.
18 The good news is that they're building a drug
19 store as I understand it on Myrtle Avenue, which
20 is greatly needed by the community and there's
21 also--

22 COUNCIL MEMBER JAMES:
23 [interposing] It's needed because the one that
24 they had, Mr. Castamatitas destroyed.

25 MR. PINSKI: I understand but at

the moment it's gone and that's going to be replaced. And also I understand that there's been a need for a new grocery--

COUNCIL MEMBER JAMES:

[interposing] A Red Apple that's owned by John Castamatitas.

MR. PINSKI: Well it's a grocery store.

COUNCIL MEMBER JAMES: I'm not even sure they even accept food stamps.

MR. PINSKI: That I can't answer but again it's a project that's built on private land with private money.

COUNCIL MEMBER JAMES: The residents of 402, 404 and 406 Duffield, which were the victims of eminent domain. I've spoken to my friends at HPD and it's my understanding that we have not provided them with comparable housing. The housing that was offered to them was in East New York, which is on the other side of Brooklyn. Though I love East New York, the reality is that this is in Downtown Brooklyn and we should offer them comparable apartments in Downtown Brooklyn. Why don't we offer the residents of 402, 404 and

406 Alby Squares apartments in Torren, Orro, Avalon or the other tower that's on Flatbush Avenue that's empty.

MR. PINSKI: I'm not sure that they're ours to offer. Again, in an ideal world we would control all the apartments and all the developments in the city but we don't. I know HPD has been working very hard to find comparable residences for these individuals. Nobody as far as I understand has been dislocated yet from the site.

COUNCIL MEMBER JAMES: That's because there's a court order.

MR. PINSKI: I understand that.

COUNCIL MEMBER JAMES: We had to go to court.

MR. PINSKI: The fact is that nobody has been removed from the site and HPD is working to find comparable housing sites.

COUNCIL MEMBER JAMES: Well until such time that we find comparable housing within Downtown Brooklyn, I would urge you to stop any evictions, the use of eminent domain and the displacement of these rent stabilized individuals,

1
2 most of these residents are of color. I would
3 urge that until such time that you find them
4 comparable apartments that you cease and desist
5 from further action on the block.

6 MR. PINSKI: We are committed as
7 well as HPD is to provide these individuals with
8 comparable locations and we're also committed to
9 this project which we think is very important for
10 Downtown Brooklyn.

11 COUNCIL MEMBER JAMES: Last two
12 points, president, is this park. There's this
13 park that you want to build in Downtown Brooklyn
14 according to the Daily News would be a passive
15 park. What's a passive park? Do you have any
16 idea?

17 MR. PINSKI: A passive park is an
18 open field for example rather than having say a
19 soccer field or a baseball field. It would have
20 grass and maybe some places to sit but it wouldn't
21 have playing fields on it.

22 COUNCIL MEMBER JAMES: And why
23 can't we provide more activities in this park?

24 MR. PINSKI: I'm not sure which
25 park you're referring to. If--

COUNCIL MEMBER JAMES:

[interposing] Willoughby Square.

MR. PINSKI: I think that it was felt that that was the appropriate use for the site given its basically an urban square. It's not a wide open park area. So this was the design that I think made the most sense. In addition to that it's being built on top of a parking garage, which means that there are engineering limitations to what you can put on top of that.

COUNCIL MEMBER JAMES: So it's going to be operated in the same way Metro Tech is operated?

MR. PINSKI: No because I think that Metro Tech is maintained by a private entity. This is going to be park land, I believe it's maintained by the city.

COUNCIL MEMBER JAMES: Last two questions, the Abolitionists Memorial, what's the status of that? Is there other sufficient funds in the budget to build the Abolitionists Memorial?

MR. PINSKI: I believe that we're working to identify those funds. Let me just check. We have \$2 million in the budget for the

project.

COUNCIL MEMBER JAMES: And is that sufficient to build it?

MR. PINSKI: We believe it is.

COUNCIL MEMBER JAMES: Two other questions, the BAM annex. I love BAM, when BAM is open, BAM employs a significant number of local residents. They provide a lot of opportunity and economic development. It is an economic development engine in Downtown Brooklyn. But I believe that the BAM annex which will be funded with some city funds, there should be again free programs for children and they should provide space to community based arts programming that unfortunately have been displaced.

The two that come to mind is Shadow Box, which is now in Manhattan which was once Brooklyn based. Would love to come back to Brooklyn and would love to be relocated in the BAM annex. And/or SONYA, South of the Navy Yard Artists, which lost their space on Fulton Street and is now operating out of someone's home. If we could have discussions with regard to shared space at BAM, not a large amount, some administrative

space. And what programming, free programming, BAM would offer out of that annex, that would be greatly appreciated.

MR. PINSKI: EDC's involvement with that project is somewhat limited but we'd be happy to have the conversation with you and make sure the proper people are there. My understanding is that one of BAM's goals with the annexes is to have space that they could make available to community groups, whether that's free or not I'm not sure. But we're more than happy to arrange the proper meetings.

COUNCIL MEMBER JAMES: What can we do and what guarantees can you provide me to ensure that the small businesses who are displaced from Downtown Brooklyn are relocated in City Point or some place in Downtown Brooklyn, in Willoughby Square?

MR. PINSKI: Which small businesses?

COUNCIL MEMBER JAMES: There are a number of small businesses that lost their space on Willoughby, on Duffield, on Lawrence. If you walk down there, it's all shuttered. These are

all small businesses; they run the gamut. They've been working with an organization, as you know, called FUREE, Families United for Racial and Economic Empowerment. Can we guarantee, similar to what you did in Harlem where you provided space for small businesses to operate, what can we do in Downtown Brooklyn?

MR. PINSKI: I'm not sure that I can guarantee without knowing the circumstances behind the dislocations but if you get us the names of these businesses and contacts, we'd be happy to work with them. And also, the Department of Small Business Services to try to find appropriate locations for them in the area.

COUNCIL MEMBER JAMES: I know that you're building a parking lot. In Downtown Brooklyn where the air quality is in violation of the Clean Air Act, why are we building a parking lot? I thought this administration was promoting more bicycles, alternative to automobiles. Why are we building a gigantic parking lot in Willoughby Square?

MR. PINSKI: As you know, the parking lot was part of the rezoning which you

1 approved along with the Council. It was
2 determined under the Environmental Impact
3 Statement that, not only was it an appropriate but
4 it was a needed asset for Downtown Brooklyn. I
5 think it's to everyone's benefit to have a well
6 ventilated parking facility that will allow people
7 to park in a single location rather than having to
8 circle through neighborhoods and create traffic
9 issues and health issues in the neighborhoods.
10

11 COUNCIL MEMBER JAMES: Well the
12 health issue is that we have a large number of
13 children in Downtown Brooklyn who are suffering
14 from asthma. So I would ask that the
15 administration reconsider this, particularly since
16 they've put forth this green initiative. I want
17 to thank the Chair for giving me some leeway and
18 also let you know that I will not be asking you
19 any questions with regards to Atlantic Yards since
20 it looks like it's not happening. Thank you.

21 MR. PINSKI: We'll see about
22 whether or not that's the case.

23 CHAIRPERSON WEPRIN: We're not
24 starting up a debate. This is a subject for a
25 future hearing. We're not going to get into that.

1
2 Mr. president do you have a copy of your
3 presentation in your writing because I don't think
4 we got a written presentation.

5 MR. PINSKI: The Power Point
6 presentation or the testimony?

7 CHAIRPERSON WEPRIN: Both.

8 MR. PINSKI: We should have both.
9 I think they were handed out.

10 CHAIRPERSON WEPRIN: We got the
11 Power Point but not the written testimony.

12 MR. PINSKI: Okay. We'll make sure
13 that you have that.

14 CHAIRPERSON WEPRIN: Other than
15 that, I think we're finished.

16 MR. PINSKI: Okay, thank you.

17 CHAIRPERSON WEPRIN: Thank you for
18 coming. We have some people from the public here
19 to testify. We're going to have it as a panel.
20 When I call your name come up. If I don't call
21 your name come up anyway if you'd like to testify
22 but just make sure that you fill out a form with
23 the Sergeant at Arms. We have my good friend Jim
24 O'Neill from the Sports and Arts in Schools, we
25 have Aaron Bouska from Brooklyn Botanic Garden, we

have Evan Brown from Brooklyn Children's Museum and we have Janet Torres from the Wildlife Conservation Society and Frank Franz. [Pause]

Not a problem. Anybody else from the public want to come up? Speak now. Okay. Go ahead in order that I called your name.

JIM O'NEILL: Thank you. Good afternoon. My name is Jim O'Neill. I'm the president of the Sports and Arts in Schools Foundation and I want to thank the Council for their past support over the years. We are truly an initiative of the New York City Council. Sports and Arts is the largest direct provider of after school, out of school time programs in New York City and we're one of the largest in the country.

The mission of Sports and Arts to help bridge the academic performance gap among our under achieving students by extending the school day and year with wholesome skill building activities designed to improve New York City children's self esteem, character and values, attitudes towards school, attendance, academic performance, health, wellness and lifetime

employment opportunities.

This is a very difficult year for our working families. The after school programs that you support, which are the New York City Council Sports and Arts Summer Camps and also the C.H.A.M.P.S. programs are more in need for our families this year more than any other year of the 17 years the Council has supported this initiative. In fiscal 2009 Sports and Arts received \$1.2 million from the Council as a citywide initiative, which was down from \$2.1 million in fiscal year 2008.

This year we are asking and seeking a full restoration of funds, \$2.1 million, in order to sustain our free Council camps and our C.H.A.M.P.S. programs throughout the five boroughs. A couple of very quick facts here in terms of the program, free summer program in New York City is seriously declining. Sports and arts is one of the few organizations in New York City providing these program. All of our programs are in high need, high poverty areas in New York City. These programs are in every single Council district in New York City.

We serve in our C.H.A.M.P.S. program over 23,000 students who participate in over 220 middle schools in the United States. I'd like just quickly to talk about the impact of the cuts and ask for your full support for restoration. As a result of last year's camps, 18 schools were not opened, over 2,000 slots were not filled by the program. We have heard some good news that we will be able to receive some matching funds as a result of your support, if you continue to support the restoration of the program. So that's very good news because that will greatly expand the program.

CHAIRPERSON WEPRIN: Is the matching funds from the state?

Jim: They're from the Hayden Foundation.

CHAIRPERSON WEPRIN: Oh, the Hayden Foundation.

Jim: They're private funds. Sports and Arts raises some private funds to support the summer program and they are aware of the support of the Council. That's almost \$400,000 that this week I was told that if the

Council can continue their support, they would provide that money as a match.

CHAIRPERSON WEPRIN: I would make sure you make sure that we get a memo to that effect at budget negotiating to every member.

Jim: I will certainly have that. Thank you Mr. Chairman. The C.H.A.M.P.S. program is really the jewel of the New York City public school system. We heard Councilwoman James talk about a park in Brooklyn that will not have athletic facilities. The C.H.A.M.P.S. program is the largest middle school program in the United States. You created that program, the Council created that program. It was designed really to fill the needs of kids who are not in organized sports, they're not healthy, they're not fit. We have major problems with obesity in the schools.

I have in my testimony, I know I have very little time here so I don't want to go over my time. But there's a huge demand for this program. This year because of the cut we went from 300 middles schools to 240 schools. The number of applications this year grew tremendously. We couldn't fill these applications

in sports like basketball, dance, flag football, baseball. This year we have started swimming programs in 17 schools in New York City.

We run the largest middle school basketball league in the country that's supported by the Council. And I don't think a lot of people know this. The play offs are being held at St. Francis College in Brooklyn in June. And there are over 117 schools that participate in the C.H.A.M.P.S. middle school league here.

We run the largest running program in New York City, which definitely is addressing the issue of obesity in New York City. At the present time the numbers for this program, there are over 50 track meets taking place currently this spring with over 12,000 students competing in meets in every borough including an elementary division, a middle school division and the championships where there will be 3,000 kids and parents, being held at Icon Stadium.

Finally these programs have enormous support. 94% of voters believe that there's a need for children to be engaged during the after school period, in summer and school year

programs both in sports and arts. Also important is the cost effective benefits of funding an experience well managed not for profit that delivers these critical services in very, very difficult times. Thank you very much for your support.

CHAIRPERSON WEPRIN: You're welcome.

AARON BOUSKA: Good afternoon Chairman Weprin and Chairman Fidler and our Councilwoman Tish James and Ms. Palma from the Bronx and our other distinguished guests. My name is Aaron Bouska, Director of Government Affairs representing Brooklyn Botanic Garden in Crown Heights. One of the fine institutions providing world class youth development in the 35th Council district, represented by the honorable Tish James.

Thank you for allowing me to talk to you today. As many of you know first hand from BBG's programs in your district, education of children, teachers and families is the primary mission of Brooklyn Botanic Garden. Since its founding in 1910, BBG has been an internationally recognized leader and innovator in environmental

education program. Through plants and gardens, BBG's education departments provides pathways for experiences that foster a sense of wonder, stimulate learning, strengthen relationships among individuals, communities and the natural world and encourage environmental responsibility.

Through the garden apprentice program, our middle school leadership development program, the Brooklyn Academy of Science and the Environment, the environmental high school created next to the garden with Prospect Park Alliance and the Horticulture Internship program for college and college graduates. BBG prepares youth and young adults for careers in plants and environmental science, horticulture and landscape design.

In the past year BBG provided quality environmental programs to well over 100,000 school children, 90% of them coming from Brooklyn public schools, all free of charge. Together with my colleagues in the Cultural Institution Group, we share an obligation to 2.3 million youth citywide, a commitment that shows the best of this unique public/private partnership

that began over 100 years ago.

I understand that the current national and local fiscal crisis requires difficult budgetary decision making. I believe however that the FY10 executive budget unduly burdens a sector of the city's economy that is essential to economic recovery and youth education. The Mayor's budget proposes an \$18.1 million reduction in operating support. These reductions are in addition to a loss of a Council initiative in FY2008 that totaled \$10.4 million.

I am very concerned about the impact of these proposed cuts will have on Brooklyn Botanic Garden's ability to provide essential services to students and communities that depend on us. Despite the Garden's 100 years of environmental education and the Garden's strong public and private support, these cuts have forced the Garden to make a series of difficult decisions.

These measures include a five day furlough affecting every Garden employee. Additional BBG made an additional 10% reduction in staff accomplishing by maintaining 11 staff

vacancies and laying of 7 employees. Every one of those individuals brought to the Garden and helped advance BBG's educational mission. Some of the implications of the lay offs and staff vacancies include limited access to the Garden resource center, a narrowing scope of BBG's scientific research initiatives and a loss of staff support in key Garden programs in class registration, development and horticulture, visitor services. The number of school workshops the Garden is able to provide is reduced by half.

In these challenging times BBG is looking to the Council to support significant contribution to preserve jobs by offsetting the severe reductions outlined in the executive budget. I respectfully request that New York City Council in partnership with the administration make a \$10 million investment to create and retain jobs within the cultural sector. These funds are critical to the survival of the members of the Cultural Institutions Group as well as to the robust youth programs that benefit every City Council district.

It is clear that organizations like

Brooklyn Botanic Garden has the infrastructure and dexterity to expedite the development and implementation of job creation and retention initiative. I am confident, with sufficient support from the Council and administration, Brooklyn Botanic Garden can be part of an effective ongoing solution to the fiscal crisis and help restore and maintain New York's legacy as the cultivator of tomorrow's leaders in the cultural and scientific fields. Thank you.

CHAIRPERSON WEPRIN: Thank you.

EVAN BROWN: Hi Chairpersons and other honored guests. Thank you for allowing me to speak today. My name is Evan Brown and I'm here representing the Brooklyn Children's Museum. I'm a life long member of the Museum's community--

CHAIRPERSON WEPRIN: [interposing]
And also in Council Member James' district?

MR. BROWN: Yes.

COUNCIL MEMBER JAMES: Yes.

MR. BROWN: Yes, we have some great news there.

CHAIRPERSON WEPRIN: He's got Cultural Row there. I'll give you the extra five

seconds.

MR. BROWN: --a lifelong member of the Museum's community. As a child I had many wonderful experiences inside of its walls. It was a place of excitement, wonder, stimulation and safety for me. I now work as the Coordinator of Youth Programs at the Museum. In the after school program and in our summer program known as Museum Team and try to provide children with the same inspiring and creative experience that I had as a child.

The Museum Team is a program that serves elementary through high school aged students and has for over 20 years. The program has two tiers. Tier called Kids Crew that serves second through eighth grade students and also a tier of the program called Museum Teams, which serves ninth through twelfth grade students. Museum Team was created to fill a need in the community to provide a safe and nurturing educational haven for children.

Many children start our program near the beginning of their grade school careers, much like our current group of high school

seniors, and stay with us until they go to college. I think we have maybe a 90% to 95% rate of kids going to college. We have about 150 kids but we have maybe about 10 or 15 seniors. I'd say 13 of them are going to college at this point, four on scholarship.

The Museum Team program serves Crown Heights and it serves Bedford Stuyvesant but we also fulfill the needs of families and we serve families in other parts of Brooklyn as well. We have kids that come from all over Brooklyn and other parts of the city to be part of our program.

Over the years the Museum Team program has changed as the needs of our children who change. Post 9-11 our programs were about healing and reconciliation. During the current fiscal crisis, they're learning about fiscal responsibility. Museum Team is a program where we have collected data and can demonstrate the effectiveness of our work, multiple generations and groups of siblings who taken part in our program over its lifetime. The Museum Team has become a rite of passage and a special experience in the hearts and minds of children and families

that have participated and become members of the Museum's community.

The Museum currently finds itself in a dire situation due to the current fiscal environment. We may not be able to continue to provide the quality after school programming that we value and the children and their families have come to expect. Our program has been hit with significant losses across the board but our elementary and junior high school program, Kids Crew, has been hit most severely.

Without adequate funding for the upcoming year, started in July we will be forced to drastically cut or temporarily or possibly permanently this very successful and highly valued program. A drastic reduction in services or even a temporary discontinuation of the program will be devastating for families and the community at large, especially during a period where parents can not afford child care or need supervised care for their children while they seek employment.

We will respectfully ask that you give consideration to supporting and stabilizing this program that has a track record for making a

1
2 difference in the lives of children and their
3 families.

4 CHAIRPERSON WEPRIN: Thank you.

5 MR. BROWN: Thank you.

6 JANET TORRES: Good afternoon. My
7 name is Janet Torres and I'm Director of
8 Government and Community Affairs of the Wildlife
9 Conservation Society.

10 CHAIRPERSON WEPRIN: And it's nice
11 to have you back at the City Council.

12 MS. TORRES: Thank you sir, thank
13 you very much. It's good to see everybody and
14 thank you for letting me speak today. You may be
15 wondering why is the Wildlife Conservation Society
16 testifying before the Committee on Economic
17 Development. The Wildlife Conservation Society
18 wants to share with you the importance of New York
19 City's 34 cultural institutions, also know as the
20 SIG and their economic impact on the city and
21 local communities.

22 The SIG is a 34 New York City
23 cultural institutions that include botanical
24 gardens to my left, museums to my right,
25 performance arts centers, zoos and aquariums. The

Wildlife Conservation Society manages the following institutions in New York City: the Bronx Zoo, Central Park, Prospect Park, Queens Zoo as well as the New York Aquarium in the Bronx. WSC today released economic impact numbers showing that it generates about \$414.6 million in economic activity in New York City for 2008, creating jobs, purchasing goods and pumping money into the cash registers of local businesses, many in underserved areas.

A breakdown of this money, of this economic impact of WCS looks like the following for New York City: about \$285 million due to operational expenditures, a little over \$76 million due to capital expenditures and \$52 million due to expenditures by visitors. The quantitative impact on New York City by WCS is impressive. Add to that what we can't quantify and WCS is a great investment to the city.

Much of WCS' impact upon our local area can not be measured by these quantitative measures alone. WCS enhances and benefits the local community through its provision of education and teacher training, its entertainment and

recreation facilities and its community outreach programs. This work to improve the quality of life and attractiveness of New York City to visitors and residents, particularly among the underserved communities.

WCS and all the city's cultural institutions are what New York City makes us great. For every dollar invested in WCS alone by the city, we raise another \$9 that helps bring all these services to the city. Just a couple of quick facts and then I'll close up. My full testimony is in front of you.

We have more than 4 million visitors that come to our facilities each year among the five facilities. And both the Bronx and New York Aquarium, like I said, are both located in locally underserved areas. WCS offers free Wednesday at the Bronx Zoo for anyone who walks in the door and at the New York Aquarium, free Friday afternoons. Again, we have every New York City public school, private school and parochial school can come to the Bronx Zoo for free.

Also one last statistic because I am a Friend of the Environment on Economic

Development Committee also today, we are the largest employer, youth employer in the Bronx. Hiring more than 800 teens each year and we employ more than 1,000 seasonal workers including students, retirees and people on public assistance. We also, based on the earlier number I gave you, these economic impact numbers, we work with local vendors. We work with MWBEs. We are critical to the economic health of this city. So your support, which you've done for many, many years.

I'm going to close with this, WCS a member of the city's Cultural Institutions Group is working with its fellow members in asking you and the Mayor to work together to fully restore their funding in FY2010 as well as to support a job creation and retention program to keep our communities economically strong. Thank you very much for this opportunity.

CHAIRPERSON WEPRIN: Thank you.

FRANK FRANZ: Chairman Weprin, good to see you again.

CHAIRPERSON WEPRIN: Good to see you.

FRANK FRANZ: Honorable members of the City Council, my name is Frank Franz. I'm the Chairman of the newly formed Belmont Business Improvement District, also known as Little Italy in the Bronx, nice little neighborhood nestled between Fordham University, the New York Botanical Gardens and the Bronx Zoo. I'm here to speak a little about them and their relationship to our community.

It's actually my pleasure to be here to advocate on behalf of the Botanical Gardens, the Bronx Zoo and the Wildlife Conservation Society. Of course I could sit here and tell you about the vital mission of these world renowned organizations to protect, to preserve the flora and wildlife throughout the world. A mission that's not only vital to our own preservation and that of the entire planet but also our moral obligation on behalf of all mankind to protect all living creatures. Or at the very least not be responsible for their demise.

I could also tell you of the pleasure millions of people enjoy every year from around the world when coming to visit the Botanic

Gardens or the Bronx Zoo or of the attention and stature organizations of this caliper brings to the Bronx. But there's others much more qualified to speak of these things so I could only talk to you about the things I know from personal experience.

Having been born and raised and still living for that matter in the Belmont section of the Bronx, the Bronx Zoo and Botanical Gardens have been my lifelong neighbor and a place of enjoyment for me and my entire family. Having been president of the local merchant association for the past 12 years, and now as Chairman of the Belmont Business Improvement District, I have realized the enormous impact these institutions have on our community.

With millions of visitors each year, just getting 1% more of these visitors to each or shop at our area restaurants or other various retail shops means tens of thousands of additional customers per year in our community. Which is why we proudly advertise and have been for years, advertising our location as a neighbor of the Bronx Zoo and the New York Botanical

Gardens and we do everything to promote that relationship.

It also doesn't take much, if you haven't been up there, to notice the increase in business whenever the Zoo or the Gardens is running a special activity or whenever we just get a nice day. You know they're packed and the neighborhood is just swarming with customers that flood into our neighborhood. They're a significant part of the economic well being and success that Belmont Business Community has been enjoying for some time now.

Both institutions have also been great partners in working together for our mutual benefit, working on many cross promotional marketing events, distributing information about our community at the Gardens and the Zoo and partnering with us to address many issues that affect not only us but the local community and the Bronx at large.

Now I realize in these times of economic crisis resources are limited and choices become very difficult. I also acknowledge that's only fair that this burden must be absorbed by all

of us and not unfairly placed on the backs of just a few people. However, having said this I must also say that we shouldn't be short sided in cutting resources to those institutions and organizations that contribute to our economic vitality and may well be part in restoring prosperity to our communities.

I speak not only for myself but for the entire community when I say that I'm willing to sacrifice a little more so that the Botanical Gardens and Bronx Zoo remain a vital economic engine for Belmont, the Bronx and the entire city. Therefore I urge this Council to make every effort to restore funding to the Gardens and the Zoo and keep tourism alive and well in the Bronx. Thank you for your time.

CHAIRPERSON WEPRIN: Thank you.
Susan Delvelle.

SUSAN DELVELLE: Hi, good afternoon. I'm here really to support the case made previously by my colleagues and business ventures in the Bronx. But ultimately we were lucky enough and we seldom--sorry. Suzie Delvelle de Museo del Lavario in East Harlem.

We were lucky enough to get a grant from the Harvard Business School of New York who did an economic impact study for us. I hope you've gotten a copy of it. Ultimately what I hope this helps make the case, I know you're hearing it from all sides and we know we're preaching to the choir but ultimately we hope that this report can kind of facilitate and substantiate the case that we're trying to make. Ultimately and Museo's a perfect example of several arts organizations and what we mean not just to the city but ultimately to our immediate neighborhoods, many of which are low income, underserved, for example El Barrio.

If I can just point you to page 16 and 17 of this report, ultimately what the Harvard Business Study did is they looked at our, of course, the taxes we pay, New York City taxes, New York State taxes. They also looked at direct museum spending, indirect museum spending, direct visitor spending and indirect visitor spending and ultimately come up to a total impact for the year. The study was conducted for the years 2005 through 2008.

On an average year El Mueso's with a budget of \$5.5 million, our economic impact in New York State is \$32 million a year. Our impact on El Barrio is an average \$5.5 million. What we're glad to be able to report in the last four years, our total impact was \$127 million and our community of El Barrio, our founding community, \$19 million. So an institution our size is making quite the impact. Just to take into account what all the arts institutions as a whole would be doing.

More importantly I want to point out to page 25, where they take into account internal rate of return on government investments. Ultimately for every dollar invested in institutions such as El Museo, your return on investment as far as economic impact is 1,670%. So ultimately what that means is for every dollar you've invested in El Museo your return on economic impact is \$19.

We're just trying to hope that this report in some ways, and I can provide you a more in depth report, all the methodologies that the Harvard Business School used. They basically used

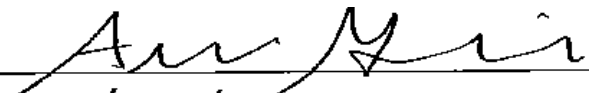
an economic impact study done by the Museum of Modern Art, which was the most up to date and current report done. They also used Economic Development Corporations report done for the project, the Waterfalls and the project, the Gates. Of course took into account an institution of our size with the impact we have on a community such as El Barrio and took those different things into account. Most of our numbers were not based on international visitors, it's really based on local tourism.

Ultimately we hope that this can help make the case and substantiate what we're all trying to say here. Ultimately we're a great investment and your disinvesting in the sector that really actually give you the highest rate of return. Thank you.

CHAIRPERSON WEPRIN: Thank you all for coming. This Finance Committee is now adjourned until tomorrow morning at 10:00 am when we hear from the Chancellor of the City University of New York, Matthew Goldstein.

C E R T I F I C A T E

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

Signature 

Date June 11, 2009