

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEES ON ECONOMIC DEVELOPMENT AND SMALL
BUSINESS

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March 10, 2009
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HELD AT: Council Chambers
City Hall

B E F O R E:
THOMAS WHITE, JR.
DAVID YASSKY
Chairperson

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

Seth Pinsky
President
NYC Economic Development Corporation

Bomi Kim
NYC Economic Development Corporation

Jason Wright
Chief Financial Officer
NYC Economic Development Corporation

Robert Walsh
Commissioner
NYC Department of Small Business Services

Andy Schwartz
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NYC Department of Small Business Services

David Margalit
Deputy Commissioner
NYC Department of Small Business Services

Carlisle Towery
President
Greater Jamaica Development Corp.

Paul Parkhill
Director of Planning and Development
Greenpoint Manufacturing and Design Center

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2 CHAIRPERSON WHITE: Good morning
3 everyone. My name is Councilman Thomas White,
4 Jr., and I am the Chair of the Economic
5 Development Committee.

6 This is the hearing on the fiscal
7 2010 preliminary budget for the Economic
8 Development Corporation and the Department of
9 Small Business Services, SBS. In this hearing,
10 the Economic Development Committee would like an
11 explanation on the Mayor's Plan in extending the
12 capital projects from four to five years and also
13 the proposed 30% cut on the capital plan.

14 The Committee is also interested in
15 knowing about the Mayor's 11 initiative plan to
16 support the city's financial sector and to
17 encourage entrepreneurship.

18 Lastly, the Committee would like to
19 know the current status of EDC's capital assess
20 program, which would assist small businesses in
21 accessing credit to allow them to start, expand,
22 and/or maintain their businesses.

23 Following EDC, we will hear from
24 the Department of Small Business Services. This
25 portion of the hearing will be held jointly with

1
2 the Committee on Small Business chaired by David
3 Yassky.

4 I would like to thank EDC's
5 president, Seth Pinsky, for joining us and we will
6 now hear his testimony.

7 MR. SETH PINSKY: Thank you,
8 Chairman White, and thank you to members of the
9 Economic Development Committee.

10 I'm Seth Pinsky, President of the
11 New York City Economic Development Corporation,
12 and, together with my staff, I am pleased to
13 present New York City Economic Development
14 Corporation's Preliminary Budget for fiscal year
15 2010.

16 I have a brief presentation on our
17 agency's agenda for the coming year, including
18 examples of some of our business development and
19 area-wide development projects. I will also go
20 through the operating and capital budgets which
21 support our plans. After the presentation, I
22 will, of course, be happy to take questions.

23 As you know, EDC is charged with
24 strengthening and leveraging the City's assets to
25 drive economic growth and improve quality of life.

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2 We accomplish this by identifying problems and
3 needs, creating innovative solutions, and
4 implementing initiatives designed to improve the
5 city's business climate, to create jobs, and to
6 help neighborhoods thrive.

7 Since I last testified before you
8 one year ago, we've met a number of important
9 goals that will, we believe, have a materially
10 positive impact on the people of our city. We
11 initiated, for example, new developments which
12 will lead to the creation of tens of thousands of
13 jobs, more than 15,000 units of housing, and
14 nearly 20 million square feet of commercial,
15 cultural, and open space in the coming years. We
16 also completed more than \$225 million worth of
17 capital projects, including the High Line, the
18 first phase of which is scheduled to open in the
19 coming months, and several pier and terminal
20 improvements around the city. We also rolled out
21 numerous initiatives aimed at diversifying our
22 economy in areas like bioscience, media, and
23 higher education.

24 However, I'm sure I don't need to
25 tell you that we now find ourselves in an

1
2 environment that is drastically different from
3 that of last year. Undoubtedly, like all of us,
4 you and your constituents have felt the impact of
5 the slowing national economy in a myriad of ways.
6 Let me spend just a moment or two to provide some
7 context and scope.

8 Today, the city's unemployment rate
9 stands at 6.9%, which is 2.3% higher than when I
10 testified before you last March. Since then, we
11 have also shed 67,000 public and private sector
12 jobs. Meanwhile, as of the latest forecast from
13 the City Office of Management and Budget, total
14 city wages are expected to decrease \$39 billion
15 between 2008 and 2010, falling from \$293 billion
16 to \$254 billion. And, as you know from the
17 Mayor's most recent budget update in January, the
18 Administration is now projecting for fiscal year
19 2010, a drop of more than \$5 billion in city
20 revenues from fiscal year 2008.

21 We're also dealing with a declining
22 real estate market. Total Manhattan Class A
23 office vacancy rates stand at 9% today--an
24 increase of 3.5% from the same time last year.
25 Meanwhile, in January, the number of construction

1 projects citywide decreased both in number,
2 dropping 14%, and value, declining 61%, over the
3 same period the prior year.
4

5 We acknowledge that figures like
6 these make our job much more difficult, however,
7 they also make our job---developing the city's
8 economy--even more important. Thus, exactly as we
9 did following the September 11th attacks and at
10 numerous times in our history when people have
11 similarly questioned the long term viability of
12 this great city, we are going to resist the
13 temptation to despair and will instead, in the
14 words of our president, pick ourselves up and dust
15 ourselves off and start all over again. In the
16 case of the city, this rebirth will, we believe,
17 be accomplished through a multi-pronged,
18 comprehensive new approach to economic
19 development.

20 The recovery plan that the
21 Bloomberg Administration is pursuing is a three-
22 part plan focused on the theme of work. By
23 evaluating how to make government work better,
24 securing work for New Yorkers now and in the
25 future, and undertaking substantial investments in

1
2 public works, we will ensure that the City is
3 well-positioned once the economy bounces back,
4 which we are confident it will do.

5 Let me address each part of the
6 plan separately. First, we need to look at ways
7 to make government work more efficiently and
8 effectively. The Mayor has asked all city
9 agencies to find ways to do more with less, and
10 EDC's operating budget reflects our commitment to
11 meeting this objective.

12 As you know, unlike city agencies,
13 EDC does not receive tax levy funds from the city
14 to support our operations. As you can see from
15 the stack graph on the left-hand side of this
16 slide, we generate the vast majority of our
17 operating revenues from our own operating
18 activities, including land sales and rental income
19 for properties we manage on behalf of the city.
20 These revenues cover the entirety of EDC's
21 operating expenses, which are shown on the stack
22 graph on the right-hand side of the slide. You
23 will note that as a result of the slowing economy
24 and increasing payments to the city, which I will
25 address shortly, we are currently projecting a

1
2 \$4.3 million operating deficit for fiscal year
3 2010. In an effort to address this deficit, we
4 are working very hard to reduce our general and
5 administrative and property management expenses.
6 This is on top of measures we are taking this
7 fiscal year, during which we will cut 5% from our
8 general and administrative expense budget and
9 nearly 14% from our property management expense
10 budget for a total savings of more than \$6
11 million.

12 One significant expense that we are
13 not seeking to reduce are the annual payments that
14 we make to the city, which come in the form of
15 payments in respect of our annual contract with
16 the city and special payments imposed by OMB to
17 help close the city's budget gap or payments to
18 eliminate the gap. In fiscal year 2010, these
19 payments, in aggregate, will total nearly \$32
20 million, with our payments to eliminate the gap
21 alone projected to grow by 230% between fiscal
22 years 2007 and fiscal year 2011. As a result, we
23 are proud to say that it is now forecast that over
24 the next five years, EDC will turn over \$167.9
25 million in revenue to the city.

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2 In addition to stretching dollars
3 and helping the city with its fiscal situation, we
4 are also looking at ways to make our agency
5 operate more efficiently and effectively. One
6 example of this is our effort to boost
7 transparency within the New York City Industrial
8 Development Agency, which is staffed by EDC. To
9 this end, we're working with elected leadership in
10 Albany and key stakeholders to create legislation
11 that would, among other things, increase
12 disclosure, encourage sustainability, and increase
13 participation by minority and women-owned
14 businesses. These measures are on top of the
15 transparency measures contained in Local Law 48,
16 which was originated by this Committee.

17 Additionally, we continue to hope
18 for reauthorization of IDA's power to assist so-
19 called civic facilities, which consist primarily
20 of not-for-profit organizations. This power was
21 allowed to expire last year by Albany as a result
22 of an unrelated issue. Due to this expiration,
23 New York City IDA has been unable to induce more
24 than \$445 million worth of projects for deserving
25 organizations. Holding these institutions hostage

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2 at a time such as this when they need assistance
3 the most and when we need their services the most
4 is, to say the least, unfortunate. We hope the
5 situation is remedied quickly.

6 The second prong of our plan for
7 economic recovery involves securing work for New
8 Yorkers, both by strengthening areas in which the
9 city has a competitive advantage and by
10 diversifying our economy. One example of an
11 existing industry that we are working to nurture
12 is the financial services sector--a sector that,
13 as we all know, has been a huge contributor to the
14 city's economy in recent years, but that, since
15 last summer, has been buffeted in unprecedented
16 ways.

17 In order to address the unique
18 impacts that the financial services crisis is
19 having on the city, the Mayor recently announced
20 eleven initiatives developed by EDC. These
21 initiatives, which will cost the city only \$12
22 million over the next five years, along with \$3
23 million from EDC and \$30 million from the federal
24 government, will leverage significant private
25 investment to strengthen the city's financial

ecosystem, fill in areas of financial services in which the city has been underrepresented, including venture capital, and increase entrepreneurship to retain the talent being shed by Wall Street. We expect these efforts to generate 25,000 jobs over the next ten years as a substantial return on our modest investment.

As important as it is to retain our role as the global financial services capital, we also recognize the need to build up industries that will be countercyclical to the financial services sector. For example, there are our efforts in bioscience. When I testified before you last year, I spoke about the development of the 1.1 million square foot East River Science Park, to which the city contributed \$19 million, leveraging \$700 million in private investment from Alexandria Real Estate. I am happy to report that, as of today, we have topped off the 300,000 square foot East Tower, the first phase of this development which is set to open next year.

In a similar vein, we have also been working to create state-of-the-art lab space in a 500,000 square foot commercial bioscience

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2 facility at the Brooklyn Army Terminal, which we
3 call BioBAT. In November, we welcomed the first
4 tenant to the complex: The International AIDS
5 Vaccine Initiative, which opened a 36,000 square
6 foot design lab that is the only facility in the
7 world dedicated exclusively to finding an AIDS
8 vaccine.

9 Another area that remains a focus
10 for EDC is manufacturing and distribution. One
11 example is at the South Brooklyn Marine Terminal
12 in Sunset Park, where we signed two major leases
13 last year. Our partnership with Axis, for
14 instance, will reactivate a long dormant port
15 facility to facilitate the import of goods via the
16 city's waterways, eliminating up to 18,000 truck
17 trips each year and creating 300 unionized jobs.
18 We've just started \$40 million worth of
19 improvements to the terminal, including a multi-
20 million dollar capital investment in this public
21 facility by Axis.

22 And these success stories are just
23 the beginning. Over the course of the next year,
24 we will roll out a series of initiatives in a
25 variety of other industries, including the fast-

1
2 growing Green sector, media and digital
3 technology, higher education, fashion, and the
4 arts.

5 And we're not just focused on big
6 business. We recognize the challenges faced by
7 micro and small businesses too, which together
8 account for 50% of the city's private sector
9 employment. For example, just this month we
10 launched the Capital Access Revolving Loan
11 Guarantee Program, using \$5 million in EDC funds
12 to guarantee eligible loans by commercial lenders
13 and community-based financial institutions. We
14 estimate that this program will generate \$14
15 million in new lending activity in the city,
16 providing up to 400 businesses at a time with
17 working capital to make leasehold improvements and
18 purchase equipment.

19 We're also seeking to assist
20 minority and women-owned business enterprises, or
21 M/WBEs. We do this not just to comply with Local
22 Law 129, the City's M/WBE mandate relating to
23 subcontracts under \$1 million on city-funded
24 projects, but also because we believe that M/WBEs
25 provide new opportunities for the traditionally

1
2 disadvantaged, while spurring competition and
3 reducing costs. We are happy to report that for
4 fiscal years 2008 and 2009 to-date, we have
5 surpassed our agency M/WBE goals of 20% on
6 construction projects and 22% on professional
7 services projects, with 28% and 48% participation
8 rates respectively. Building on this success, our
9 plan is to host a forum next month with other city
10 and federal agencies to introduce prime
11 contractors to M/WBEs in the hopes of fostering
12 new business relationships going forward. In
13 addition, we have partnered with local communities
14 in the past year to encourage M/WBE participation
15 on major developments. The Jamaica M/WBE Advisory
16 Committee, for instance, was created with local
17 elected officials and community groups to provide
18 advice and oversight on the IMAX Projects.

19 And this brings us to the third leg
20 of our economic recovery strategy: Investment in
21 public works. We believe these investments are
22 crucial, because they not only position the City
23 to capture long-term growth, but generate jobs in
24 the interim. Due to the challenging economy,
25 timelines and budgets on some of our projects may

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2 get stretched. However, we are continually
3 evaluating ways to best achieve our goals,
4 including active pursuit of federal stimulus
5 dollars.

6 In terms of what is currently in
7 our budget, you can see from this slide that
8 approximately \$2.85 billion is now allocated for
9 all EDC-managed capital projects for fiscal years
10 2009 and 2010. The majority of our budget, about
11 \$1.3 billion, consists of commercial and mixed-use
12 development initiatives. These include projects
13 to strengthen our central business districts such
14 as downtown Brooklyn, downtown Jamaica, 125th
15 Street, and Long Island City. These also include
16 neighborhood redevelopment projects in places like
17 Willets Point, Coney Island, the Staten Island
18 Homeport, and Hunts Point, as well as waterfront
19 development projects at facilities like the
20 Brooklyn and Manhattan cruise terminals.

21 Meanwhile, \$192 million, or 7%, of
22 our capital budget is allocated to improvements to
23 city-owned industrial sites like the Brooklyn Army
24 Terminal, the Hunts Point Food Distribution Center
25 and Bush Terminal, markets like Essex Street and

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2 La Marqueta, and waterfront bulkheads and
3 structures throughout the five boroughs.

4 Another 5% of our capital budget,
5 or \$148 million, represents funds improvements by
6 the Brooklyn Navy Yard Development Corporation,
7 which manages its own capital projects. A further
8 \$127 million, or 4% of our capital budget, goes
9 towards investment in community projects that
10 support commercial and local development,
11 including streetscape improvements.

12 The remaining 37% of our budget,
13 just over \$1 billion, consists of projects that
14 EDC manages on behalf of other city agencies.
15 These are typically projects that are tied to an
16 economic development initiative, with the majority
17 coming from the Department of Parks and
18 Recreation, Housing Preservation and Development,
19 and Transportation. Projects in this category
20 include the Citi Field NYPD sub-station; ferry
21 terminal improvements at Pier 79, Whitehall, and
22 St. George, transportation-related infrastructure
23 in Springfield Gardens, and a water siphon
24 replacement under the Narrows between Brooklyn and
25 Staten Island.

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2 Let me now take a few moments to go
3 into a little more detail about just a few of our
4 capital projects. As you well know, one of our
5 largest capital projects is in Willets Point,
6 Queens, a 62-acre contaminated site that people
7 have been trying to clean up since the days of
8 Robert Moses. Thanks to your ULURP vote in
9 November of last year, the area has now been
10 rezoned for 5,000 units of new housing, 35% of
11 which will be affordable, as well as retail,
12 office, and open space, a convention center, and a
13 school. This fiscal year we will commence
14 significant infrastructure design and hope to
15 begin the rolling selection of a developer or
16 developers in the coming months as we continue to
17 work to relocate local businesses and workers. We
18 expect that over the next decade this crucial
19 project will create 18,000 construction jobs and
20 5,000 permanent jobs.

21 In Brooklyn, meanwhile, our vision
22 to restore the iconic character of Coney Island,
23 while also providing badly needed services and
24 infrastructure for the 50,000 residents of this
25 great community, will ultimately generate 25,000

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2 construction jobs and 6,000 permanent jobs. Our
3 plans include the creation of a 27-acre amusement
4 and entertainment district, nine acres of which
5 will be newly-mapped parkland, together with 4 to
6 5,000 units of new housing, and 500,000 square
7 feet of new retail space. As you know, we
8 certified into ULURP in January and expect to come
9 before the Council with this vitally important
10 project in August.

11 Turning to Staten Island, we are
12 continuing to assist the largest employer in the
13 borough, the New York Container Terminal, which
14 operates its port facility on city-owned property
15 leased to the Port Authority. Last year, EDC
16 helped to introduce dedicated intermodal train
17 services on the Staten Island Railroad to and from
18 the Terminal. This project, together with our
19 work to fix the Arthur Kill Lift Bridge, has
20 helped allow the Container Terminal to capture
21 approximately 16% of all container lifts in the
22 harbor while simultaneously eliminating nearly
23 58,000 truck trips per year. This year, we hope
24 to wrap up negotiations with the Port Authority,
25 which will be the first step in a plan to allow

1
2 the Terminal to expand capacity by as much as 75%,
3 creating 200 new, high-paying jobs and generating
4 \$50 million in annual wages.

5 In Lower Manhattan, meanwhile, we
6 intend to break ground in April on the first
7 segment of a two-mile waterfront esplanade and
8 pier development that will ultimately stretch up
9 the East River from the Battery Maritime Building
10 to the Lower East Side. The \$150 million phase
11 will replace the old esplanade and improve
12 community access and recreational use of Pier 35,
13 as well as creating a new maritime educational
14 facility at Pier 15.

15 Finally, in the Bronx, at the Hunts
16 Point Food Distribution Center, the largest such
17 facility in the western hemisphere, we are working
18 with the co-op that runs the produce market to
19 expand capacity and employment, while reducing the
20 carbon footprint of the market. Elsewhere at the
21 Food Distribution Center, we are also working on
22 an alternative fueling facility that would
23 encourage the conversion of truck fleets from
24 diesel and gasoline, thereby improving air quality
25 in the area. To this end, we issued an RFP last

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2 April and plan to select a developer by next
3 month.

4 Finally, we also plan to break
5 ground this year on \$23 million in streetscape
6 improvements and waterfront access projects in
7 Hunts Point to make the area more attractive for
8 businesses and residents.

9 We believe that these investments,
10 alongside our efforts to make government work
11 better and to create new work opportunities for
12 New Yorkers, are exactly what the city needs to
13 emerge from this economic crisis and secure a
14 vibrant future. We know we have a difficult job
15 ahead of us and that recovery may at this point
16 feel distant. However, with the continued support
17 of your Committee and the rest of the members of
18 the City Council, I am confident that the city
19 can, as it has repeatedly done throughout history,
20 once again reinvent itself and emerge even
21 stronger. We at EDC are committed to the task at
22 hand because, like you, we are part of the
23 communities that we are working to strengthen and
24 passionately believe in the future of this city
25 that we all call home.

I'm happy to answer your questions.

CHAIRPERSON WHITE: Thank you,
thank you very much.

In your testimony you had mentioned that the plan for EDC, which are good plans, however, they have been altered due to the economic downturn in the country, but we're still speaking in terms of moving ahead. Now is this based on assumptions? Because the money can't be there.

MR. PINSKY: Well I would respond to that in a few ways, first of all, with respect to our capital budget, the capital funds are currently in the budget for all of the projects that I described, as well as for hundreds of other projects that we're working on. We've been told by OMB that it's possible that there may be stretches to the capital budget over the course of the next couple of months and we've been looking for ways to do that without harming our ability to undertake our mission, which is, obviously, to promote economic growth in the city. We think that there are places where we can economize, there are ways that we can phase projects and

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2 stretch out the timing of projects in a way that
3 most of our projects will be able to move forward
4 because we think that it's crucially important in
5 an environment like this that the city be
6 investing in its future, which is what our capital
7 budget really is for.

8 CHAIRPERSON WHITE: Okay. Because
9 in January the Mayor announced his intention to
10 reduce the city's capital plan by 30%, the
11 objective of the capital plan cut is to reduce the
12 amount of debt service as a percentage of total
13 revenue. How does the 30% capital plan cut affect
14 EDC's projects and which specific projects was
15 affected?

16 MR. PINSKY: Well, first of all,
17 just to be clear, the cut does not impact fiscal
18 year 2009, which, because of the way that capital
19 money is allocated in the city's budget,
20 represents a very significant portion of our total
21 capital budget, so we're not touching 2009. The
22 30% cut that you're referring to would affect
23 fiscal year 2010 and beyond and we're still in the
24 early phases of our budgeting exercise. As I
25 said, everything that I described to you in my

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2 opening remarks will remain funded and is going
3 forward and we do think that even with these cuts
4 we should be able to implement the vast majority
5 of our program, we're just going to have to be
6 more intelligent about it and more creative about
7 it and, as I said, some of the phasing and time
8 frames may be pushed out.

9 CHAIRPERSON WHITE: Okay. In
10 February, the Mayor launched an 11 point
11 initiative plan to support the city's financial
12 services sector and to encourage entrepreneurship
13 by allocating 15 million in city funds and 30
14 million from federal/state funds. Where is this
15 15 million city funds coming from and what are the
16 details of this plan?

17 MR. PINSKY: First of all, starting
18 with your second question first, financial
19 services represented at the peak of the market
20 about 9% of private sector employment in the city,
21 but accounted for about 34% of private sector
22 payroll, so it makes a very significant
23 contribution to the city's economy and the
24 downturn in the financial services sector is
25 rippling through the entirety of the city's

1
2 economy.

3 So when the crisis began last fall,
4 we at EDC felt it very important for us to respond
5 to that, but we didn't want to just throw
6 solutions at the problems without understanding
7 first what the problems were. So we undertook a
8 study internally that took a few months and the
9 results of that study were that we found that the
10 financial services crisis is likely to affect the
11 city in three very distinct ways. One is that the
12 financial services ecosystem, the things that make
13 New York a financial services center, are likely
14 to be under threat with the loss of institutions
15 like Lehman Brothers and Bear Stearns.

16 Two, the part of the financial
17 services industry that's going to be hit hardest
18 is the part that New York is strongest in, which
19 is capital markets--things like trading and
20 securities and sales, etc.

21 The third is that even when the
22 market comes back, which we think it will, it's
23 going to be some time before that happens and
24 you're going to have tens of thousands of people
25 in this industry, just like other industries, that

1
2 are going to be without work and it's very
3 important, we think, for the future of the city
4 that we figure out a way to retain talented people
5 in the city through the downturn. So each of our
6 initiatives were meant to address each of these
7 unique problems.

8 The \$15 million that you referred
9 to is \$12 million in city expense funding and
10 another \$3 million from EDC and that minor
11 investment over five years, you're talking about a
12 little over \$2 million a year for five years for
13 one of the most important industries in the city,
14 will allow us to tap into about \$30 million in
15 federal funds, which are funds that are left over
16 from September 11th, as well as to leverage
17 significant private contributions as well. And
18 that is what's going to allow us to generate the
19 25,000 jobs over the next ten years that I
20 referenced.

21 CHAIRPERSON WHITE: And that's how
22 the city--how is the city going to receive that 30
23 million from federal and state?

24 MR. PINSKY: It's from the federal
25 government, there is a pot of money called the Job

2 Creation and Retention Program, which was launched
3 after September 11th and there's a little over \$30
4 million that's left in that and, unfortunately,
5 it's gone largely unused for the last couple of
6 years and when we realized that that pot existed
7 and was going unused, we thought that this was a
8 great way to repurpose it and also to help Lower
9 Manhattan continue to recover.

10 CHAIRPERSON WHITE: Okay. In
11 October, the Mayor launched EDC's capital access
12 program to assist small business get access to
13 credit in the current financial market. The city
14 will initially use 5 million to guarantee up to
15 50% of bank loans to businesses that are qualified
16 for loans. EDC has estimated that the guarantees
17 would support over 30 million in lending activity
18 assisting over 1,200 businesses. What is the
19 current status of the Capital Access Program? Has
20 EDC issued an RFP and has lenders been selected
21 and when does EDC anticipate launching this
22 program?

23 MR. PINSKY: We are very pleased to
24 announce that we have not only issued an RFP, but
25 we've made our selections for five lending

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2 institutions for the first phase of this project.
3 The first phase is a \$5 million EDC contribution,
4 which we think will leverage about \$14 million in
5 private sector lending and will help initially
6 about 400 businesses--and that's 400 businesses at
7 a time, this is a revolving loan fund and so as
8 businesses pay back their loans, we'll be able to
9 make loans to new businesses.

10 We've done a soft launch of the
11 program in the last week or so and we're looking
12 for an announcement--a more formal announcement of
13 who the participants are in the coming couple of
14 weeks and we think that loans are going to start
15 to flow out the door very quickly and we'll be
16 happy to, you know, give you or your staff
17 whatever information you're looking for on the
18 program and if you have companies that are looking
19 for working capital, and we're targeting this
20 towards micro businesses and small businesses,
21 we'd be more than happy to meet with them and put
22 them in touch with the banks.

23 CHAIRPERSON WHITE: Okay, fine. In
24 October '08, Ernest & Young conducted an audit
25 report on EDC's balance sheet for fiscal year '06

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2 through '08. In their analysis, EDC had total net
3 assets of 192.8 million in fiscal '08. Of this
4 amount, 118.8 million was restricted net assets
5 and 71.4 million are unrestricted assets. Please
6 define the restricted and unrestricted net assets,
7 what can EDC do with the restricted versus the
8 unrestricted net assets.

9 MR. PINSKY: I'm joined here by
10 Jason Wright, who's our Chief Financial Officer
11 and he can answer in a little more detail, but
12 basically EDC operates under a series of contracts
13 with the City of New York and each of those
14 contracts define our relationships with respect to
15 different parts of our operations, so the
16 restricted accounts that you're describing are
17 accounts where, according to our contracts with
18 the city, we can only use money for certain
19 things, like, for example, if we've brought in
20 money from our maritime operations, we can only
21 use that money to pay for maritime operations, we
22 can't pay for salary of your ordinary employee
23 with that.

24 The unrestricted assets are,
25 according to our contracts, assets that we're able

1
2 to do with as we please in order to encourage
3 economic development.

4 [Pause]

5 You have other questions?

6 MR. JASON WRIGHT: Yeah, I, I think
7 that pretty much sums it up and what's also
8 included in the net asset money is the contracts
9 that we have to put forth the capital program as
10 well and, of course, the money that we get from
11 GeoDebt is also considered restricted funds.

12 CHAIRPERSON WHITE: Okay. Thank
13 you. We've been joined by my colleague, Council
14 Member Leroy Comrie.

15 In the testimony I see whereby we
16 have a project in Jamaica and we have an advisory
17 board--we have an advisory committee of minority
18 and women-owned businesses that was created with
19 elected officials and community groups to provide
20 advice and oversight on the IMAX program.

21 MR. PINSKY: Correct.

22 CHAIRPERSON WHITE: When was that
23 formed?

24 MR. PINSKY: That was formed in
25 connection with the Jamaica rezoning, a year and a

half or two years ago.

[Pause]

CHAIRPERSON WHITE: Oh [off mic]

[Off mic]

CHAIRPERSON WHITE: I wasn't there.

I wasn't there, that was prior to me coming into office, but I would appreciate a copy of the group--

MR. PINSKY: Absolutely.

CHAIRPERSON WHITE: --what the composition.

MR. PINSKY: We will be happy to give you any information that we have and also if you want more information we can come and meet with you, we'd be happy to do that.

CHAIRPERSON WHITE: I had a meeting with representatives from EDC and I'm very much interested in that bioscience project, I believe you have one--it's a total of six buildings?

MR. PINSKY: Well we've got--

CHAIRPERSON WHITE: [Interposing]
And one is complete and one is half complete.

MR. PINSKY: Yeah, there are two bioscience initiatives, I think the one that

1
2 you're referring to is the East River Science
3 Park, which is just north of Bellevue on the east
4 side of Manhattan and there are going to be three
5 buildings, it'll be 1.1 million square feet.
6 We've topped off on the first 300,000 square feet,
7 which we expect to be open for business first
8 thing next year and we're currently working with
9 the developer both to tenant that building and
10 also to work on the build-out of the rest of that,
11 but that's a very exciting project for us and we
12 think it's extremely important for the future of
13 the city.

14 CHAIRPERSON WHITE: And I agree, it
15 was very interesting.

16 MR. PINSKY: Thank you.

17 CHAIRPERSON WHITE: Can't wait
18 until you complete what you're going to do with it
19 when we find the money to do it with.

20 MR. PINSKY: Absolutely.

21 CHAIRPERSON WHITE: But I've asked
22 enough questions, so I'm going to defer to my
23 colleague, Council Member Comrie and allow him to
24 ask any question he so chooses.

25 COUNCIL MEMBER COMRIE: Thank you,

1
2 Mr. Chair. Good morning--

3 MR. PINSKY: Good morning.

4 COUNCIL MEMBER COMRIE: --good
5 afternoon, rather. I just want to start with
6 following up on that Jamaica Rezoning Plan and
7 what is being done to insure that the M/WBE
8 creates opportunities not just for employment, but
9 involvement in the investment in the Jamaica area
10 and how are we going to make sure that that--
11 what's EDC's plan to make sure that that happens?

12 MR. PINSKY: Well we have been
13 primarily focused in our M/WBE efforts on the
14 contracting side and the construction side. As
15 you know, we have a very robust program in
16 Jamaica, a number of projects have very specific
17 M/WBE outreach plans--the Queens Family Courthouse
18 being one example, 168th Street garage. In terms
19 of seeking minority and women-owned investment
20 institutions, I'm not sure that we have a specific
21 outreach plan at the moment, but it's certainly
22 something that we'd be looking to encourage where
23 we would like to increase participation in all
24 aspects of the economy and if it makes sense, we'd
25 be happy to sit down with you to discuss ways that

1
2 we can encourage that going forward.

3 COUNCIL MEMBER COMRIE: Okay. And
4 the forum next month that you're putting out with
5 the group that was formed, the advisory board, has
6 that been promoted as of yet? [Crosstalk]

7 MR. PINSKY: Yeah, we've put out a
8 series of flyers and announcements--I'm joined
9 here by Bomi Kim who oversees our M/WBE efforts
10 and she can give you some more details.

11 MS. BOMI KIM: Good afternoon. For
12 the Jamaica Advisory Committee, we, as you know,
13 it was formed after the IMAX projects went through
14 ULURP process and it is formed with, you know,
15 your participation, your staff having coming to
16 our, you know, committee meetings. We put
17 together a series of events that geared toward
18 businesses, as well as for workers in the area.
19 Most recently, the event that we had hosted was
20 geared toward community members who were
21 interested in joining the construction industry--
22 we had local trade unions, various representatives
23 from different trades were there, as well as pre
24 [off mic] programs that sort of tailor people into
25 the construction industry attend--we had over 95

1
2 individuals attend who showed they were interested
3 in construction industry and we were able to refer
4 them to various programs, as well as training
5 programs that will help them into the industry.

6 As far as the event that you
7 mentioned about the one that we'll be hosting next
8 month is a joint sponsoring event that we're doing
9 with New York City DOT, DDC, DEP, as well as
10 Department of Commerce and this is geared toward
11 introducing potentially, you know, our M/WBEs as
12 well as DBE businesses that are interested in
13 working on larger projects as potential
14 subcontractors and we'll be introducing them to
15 companies that are really our prime contractors
16 like companies like Turner or Scansta [phonetic]
17 who'll be looking to bid on our projects and who
18 will require subcontractors.

19 COUNCIL MEMBER COMRIE: Okay,
20 great. And just to bring that out to the other
21 projects, is that going to be developed, that type
22 of opportunity for Willets Point and the other
23 projects that you have listed in your testimony,
24 Howard Hook--Hallen Hook [phonetic], Coney Island,
25 is that type of opportunity for M/WBE

1
2 participation going to be as delineated in those
3 projects as well?

4 MS. KIM: Definitely with Willets
5 Point we had been involved in, you know, year-long
6 process of getting the minority-owned businesses
7 involved in the development process in Willets
8 Point. With the help of the Queens borough
9 president's office, we have engaged in a task
10 force that's involved in not only planning, you
11 know, the outreach as well as the information
12 dissemination about the programs and potential
13 opportunities.

14 As far as the other projects, all
15 of our projects go out with minority woman
16 business goals, either following the Local Law 129
17 regarding city-funded projects or if they're
18 funded by city--state--I'm sorry, state or federal
19 governments, they have state M/WBE goals or
20 federal governments DB goals, so we're definitely
21 engaged to make sure that M/WBEs are participating
22 in all levels of our contracting activities.

23 COUNCIL MEMBER COMRIE: Okay. And
24 also the opportunity for entrepreneurship or co-
25 partnership on some of the projects as I said

2 earlier, I think that's a real important
3 component, not just the contracting out of
4 construction jobs, not just the contracting out of
5 any direct contracts that may be let, but the
6 opportunity with co-sponsorship and also
7 opportunities for minority firms to have the
8 ability to do the management of the different
9 sites as well I think is an important component
10 that we now have to talk about that I've been made
11 aware of is a critical need to address as well.
12 And I know that EDC has always been forward
13 thinking and I look forward to seeing some direct
14 implementation of those as well.

15 MR. PINSKY: And as I mentioned,
16 we'll schedule some time to sit down with you to
17 go through specific ideas, I think that's a great
18 idea.

19 COUNCIL MEMBER COMRIE: Thank you.

20 Just question, I'm confused as to
21 the whole issue of the deferment of capital when
22 most capital is bonded out and then paid out
23 later, it's not like--I don't understand why
24 there's a need to and have the capital plan
25 deferred when most of the money is not actually

1
2 spent the year that it's allocated and can you
3 explain to me why there's that need and whether or
4 not there have been any projects in Queens that
5 have been deferred in your projected capital plan?

6 MR. PINSKY: Yeah, you'll have to
7 ask OMB for a better description of why the
8 deferment is necessary, but very generally
9 speaking the issue is that the city faces
10 structural deficits going forward and part of what
11 causes those structural deficits are the ongoing
12 debt service obligations that we've incurred from
13 capital expenditures in the past because when you
14 make a capital expenditure today, you're not
15 spending city money right away, but you're
16 obligating yourself to make a series of repayments
17 over time and the more that you borrow, the more
18 that those repayments are. So in the coming
19 years, if we borrow money today, we're just
20 increasing the structural deficit in the out years
21 and I think that the Mayor and the budget office
22 have looked at our projected revenues and have
23 said that we have to limit the amount of debt
24 service that we're putting on ourselves for the
25 next several years.

1
2 COUNCIL MEMBER COMRIE: But I don't
3 understand, maybe you can enlighten me, most of
4 your debt service, you're getting back in
5 reimbursables either through PIT or repayments,
6 correct?

7 MR. PINSKY: No.

8 COUNCIL MEMBER COMRIE: No?

9 MR. PINSKY: No, there are some
10 projects that are like that, where we're making a
11 capital expenditure and someone is paying an
12 amount back to the city to pay for that--Yankee
13 Stadium, the Met Stadium, those are good examples
14 of those kinds of projects.

15 COUNCIL MEMBER COMRIE: Right.

16 MR. PINSKY: Most of the capital
17 budget is the city making expenditures and it just
18 makes those payments back out of its general
19 funds, and so those are the sorts of projects that
20 I think the budget office is concerned about.

21 COUNCIL MEMBER COMRIE: So what's
22 your percentage of projects that are not self-
23 financed or not--

24 MR. PINSKY: [Interposing] It's
25 the--I mean the vast majority of them are not

1
2 directly self-financed. What does come out of our
3 projects, we believe, and also out of other
4 capital projects is that you're increasing
5 economic activity in the city--

6 COUNCIL MEMBER COMRIE: Right.

7 MR. PINSKY: --and so indirectly
8 the city will be paid back for that, but the
9 direct connection is harder to establish and,
10 unless economic activity increases at the same
11 rate as your debt service, you're eventually going
12 to create deficits for yourself.

13 COUNCIL MEMBER COMRIE: Okay. But
14 isn't it necessary especially in an economic
15 downturn to create economic engines by stimulating
16 the economy by doing projects that will be long
17 term? I mean how do we--

18 MR. PINSKY: Yes.

19 COUNCIL MEMBER COMRIE: So--

20 MR. PINSKY: There's no question
21 about that and that's why, you know, even with the
22 cuts that have been discussed, first of all, the
23 capital budget for fiscal year 2009 has not been
24 touched and the Fiscal Year 2009 budget, because
25 of the way the city allocates capital funding,

1
2 represents a very large proportion of our total
3 capital budget.

4 In addition to that, with respect
5 to the other cuts, even after a 30% cut, which is
6 one of the figures that's been discussed, between
7 2009 and 2013, those five years of capital
8 expenditures will still be greater than the last
9 seven years before the Mayor came into office by
10 40%. So we're at such a high level of capital
11 expenditure right now that even with the cuts
12 we're still going to be making unprecedented
13 investments.

14 That being said, there will be an
15 impact, there's no question, as a result of cuts
16 or stretches and what we're looking to do, which
17 is something I mentioned to Council Member White,
18 is that we're looking to be as intelligent as we
19 can with the cuts that we're making, we're trying
20 to find cost savings in our projects so we don't
21 have to eliminate them, we're looking to phase
22 projects, maybe increase the timing for some
23 projects and our goal is to eliminate as few of
24 them as possible.

25 COUNCIL MEMBER COMRIE: So when

1
2 you're doing the phasing thing, you're not going
3 to require the up-front money as now being
4 required by OMB to have a project fully funded or
5 do [crosstalk]--

6 MR. PINSKY: [Interposing] We'll
7 have to show in the budget that the project is
8 fully funded, but it may not all have to be funded
9 in 2009, some of it could be in 2010 or 11 or 12,
10 but we're going to have to have the money in the
11 budget in order to move forward.

12 COUNCIL MEMBER COMRIE: Can you
13 project to the out-years what your longest--

14 MR. PINSKY: [Interposing] Yeah, we
15 go out--

16 COUNCIL MEMBER COMRIE: --how far
17 can you go out and still get--

18 MR. PINSKY: We go out to--

19 COUNCIL MEMBER COMRIE: --approved
20 by--

21 MR. PINSKY: --2019.

22 COUNCIL MEMBER COMRIE: And still
23 get approved by OMB for a project?

24 MR. PINSKY: Yeah, I mean,
25 certainly they look more skeptically at out-year

1
2 funding than in-year funding and we think that the
3 actions over the next couple of years are much
4 more important, especially with respect to
5 economic recovery--

6 COUNCIL MEMBER COMRIE: Right.

7 MR. PINSKY: --but they do look all
8 the way out.

9 COUNCIL MEMBER COMRIE: And do you
10 have any projects that are considered shovel-ready
11 that are being considered for the stimulus money?

12 MR. PINSKY: Yeah, we're working
13 very closely with the rest of the administration
14 to identify the projects that will get stimulus
15 money. There are many different pots, some of
16 which don't yet have regulations attached to them,
17 so it's a little unclear how they're going to
18 work, but we've been working, for example, on the
19 transportation funding, we think that EDC will
20 likely get a significant portion of that, we're
21 looking at some of the tax exempt bonding
22 programs, as well as energy programs and I'm
23 expecting that the administration will have
24 announcements on that in the very near future.

25 COUNCIL MEMBER COMRIE: Great, well

1
2 it sounds good. And I'm glad to hear that you can
3 do some out-year projection to get projects
4 approved, I hope that that's something we can use
5 in some other areas.

6 Just on a different topic, are you
7 eligible to receive Community Block Grant
8 Development money?

9 MR. PINSKY: Yes.

10 COUNCIL MEMBER COMRIE: My
11 understanding is there's going to be a lot more
12 money in the stimulus package in that form that
13 will be coming to the city, is that going to come
14 direct to the city or is that getting filtered
15 through the state as far as you know?

16 MR. PINSKY: I think some of it
17 will come to the city and some of it will be going
18 through the state--that I'm not positive about.
19 We--

20 COUNCIL MEMBER COMRIE: Oh, okay.

21 MR. PINSKY: --I think we're still
22 trying to determine that from the language in the
23 legislation.

24 COUNCIL MEMBER COMRIE: Well from
25 the statistics that I've seen, Queens has been

1
2 traditionally shortchanged in their fair share for
3 Community Block Grant Development money and I
4 would appeal to you that we get more of that
5 money, especially if there's an opportunity for
6 more federal money overall to come down so that
7 those traditional percentages, I believe we get
8 less than 11% of the Community Block Grant
9 Development money when the borough is entitled to
10 at least 23% of the overall funding in Community
11 Block Grant Development money. I think that would
12 help our LDCs that are not getting fully funded
13 now as result of cuts that have happened over the
14 last couple of years and also would help with
15 dealing with the commercial strips that need to
16 get focused and QOEDC, which has been underfunded
17 the last couple of years and is really trying to
18 do some innovative work. So I'm hoping that the
19 Community Block Grant Development money that you
20 do receive is given to those specific entities and
21 also hopefully to--especially with the BID--not
22 the BID, what am I talking about? The--

23 MR. PINSKY: The LDCs.

24 COUNCIL MEMBER COMRIE: --not the
25 LDC, the [pause] the Economic Development Zone,

1
2 sorry, and the expanded zone because we have a lot
3 of businesses that are looking to take advantage
4 of zone benefits and especially in a negative
5 economy, the more benefits that we could give
6 vital businesses to stay in the city, even on a
7 citywide level because I've been reading about New
8 Jersey and Connecticut poaching businesses, we
9 could use some of that Community Block Grant
10 Development money to encourage businesses to stay
11 in New York I think it' critical. But Queens has
12 been traditionally underfunded and it's important
13 that we try to get that back.

14 I did ask you, you didn't get a
15 chance to answer, you were focused on the first
16 part of the question, have there been any projects
17 that are threatened in Queens as far as funding in
18 your capital plan?

19 MR. PINSKY: We're still in the
20 process of finalizing the budget stretch, budget
21 cut, we haven't officially been told by OMB
22 exactly how it's going to work, I think we have a
23 decent idea and we've started to plan it out. Our
24 hope is, as I said, to eliminate as few projects
25 as possible, there may be cuts that have to be

1
2 made or stretches. As soon as we have more
3 specifics, we will, of course, share it with all
4 of the members of the Council and we anticipate
5 that that will be part of an ongoing discussion.

6 COUNCIL MEMBER COMRIE: Right.

7 Well I just want to say I appreciate all of the
8 outreach from your staff, every one on your staff,
9 I won't name names, I'll just say everyone, and
10 especially the person that's the point person for
11 the Jamaica plan and reviewing Jamaica, Jessica
12 Baker, I forget her married name--

13 MR. PINSKY: Vaughn [phonetic],
14 yeah.

15 COUNCIL MEMBER COMRIE: --is doing
16 as much as she can to do the outreach, but I want
17 to thank you and your entire team for staying in
18 contact with all of us in Jamaica to try to make
19 sure that Jamaica has more opportunities to inform
20 their constituents about the outreach
21 opportunities and all of the M/WBE opportunities
22 that are there.

23 And just my final question, where
24 are we on 168th Street? You did mention that.

25 MR. PINSKY: On 168th Street, we

1
2 are in negotiations with a couple of developers,
3 we think that we're a few weeks away, we hope,
4 from having an agreement with a specific
5 developer. It's possible that the housing
6 component which had been envisioned with a
7 significant ownership component will have to be
8 rental just because of the market and, to be
9 honest with you, and this is, you know, a theme
10 with all of our projects, it's a very tough market
11 in which to get projects moving--

12 COUNCIL MEMBER COMRIE: Right.

13 MR. PINSKY: --but we're continuing
14 to work very hard on that and we remain hopeful
15 that we'll have something to announce on that
16 shortly.

17 COUNCIL MEMBER COMRIE: Well I'd
18 like to see a high quality project there. If it
19 takes more time because of the financing to make
20 that happen, you know, I'm willing to wait for the
21 financing to be better so that we don't wind up
22 with a project that doesn't meet the standard. I
23 think that's a real watershed project and a magnet
24 and to do anything less than the best project
25 possible would not be the magnet that we need to

1
2 really reinvigorate that area and, as you know,
3 that was one of the three magnet areas along with,
4 you know, the revitalization of Sutphin [phonetic]
5 Boulevard and the one way pair [phonetic] to
6 really drive big businesses back. I know that,
7 you know, before the downturn, Macy's and some
8 other large retailers were looking to come back to
9 Jamaica, so we really need to make sure that the
10 projects are right and are done at the highest
11 level of quality.

12 So I'm willing to wait to get to
13 that if we have to put the project together that's
14 below what we need to make it a magnet, it won't
15 be the right type of project.

16 MR. PINSKY: Well that's our goal
17 as well, we want to do a good project here, it's
18 very important to us.

19 COUNCIL MEMBER COMRIE: And I'm
20 sure that, you know, you've been and your staff
21 has been in constant communication with me about
22 it. I just, again, want to thank them for
23 everything they're doing and continuing to focus
24 on making sure that the projects we do do in
25 Jamaica are the best quality. Thank you.

1

Thank you, Mr. Chair.

2

3

CHAIRPERSON WHITE: Thank you. Can
the Committee have a copy of the slide?

4

5

MR. PINSKY: Of which slide? Oh
yes, absolutely.

6

7

CHAIRPERSON WHITE: PowerPoint.

8

MR. PINSKY: Yeah, no problem.

9

CHAIRPERSON WHITE: Okay. I would
like to acknowledge the presence of colleague
Council Member James and Councilwoman Brewer.

10

11

12

I have a question here about when
you do that stretch, you say when you're doing
your analytical stretch about what projects you're
going to downsize or delay, and going along with
my colleague from Queens, Leroy Comrie, would that
be before the decision is made or after the
decision is made?

13

14

15

16

17

18

19

MR. PINSKY: Before which decision?

20

21

CHAIRPERSON WHITE: In other words,
you say you're going to have to scale back and
delay some projects and I'm quite sure you have
some projects that are slated for Jamaica and,
because we do not get our fair share, we would
like to make sure, to the best of our ability,

22

23

24

25

1
2 that there in itself is an opportunity to, shall I
3 say, pass us over a little bit.

4 MR. PINSKY: Well we have literally
5 hundreds of millions of dollars in projects that
6 are either underway or about to start in Jamaica
7 and we remain committed to those projects, the
8 IMAX projects are almost fully funded and we
9 expect shortly to be able to identify funds to
10 make them fully funded, we're moving forward with
11 the Sutphin underpass, we believe that we can
12 start in due course on the Atlantic Avenue
13 extension and the intermodal work that we have
14 planned.

15 We also have the Queens Family
16 Courthouse project, which is 170 something million
17 dollars in private investment which is underway,
18 we've worked on the improvements to Hillside and
19 Jamaica Avenues, all those projects are going to
20 move forward and we don't anticipate any of those
21 to be detrimentally effected.

22 CHAIRPERSON WHITE: Well we also
23 have a fresh air park on 95th and Sutphin
24 Boulevard, there's supposed to be a hotel built--

25 MR. PINSKY: Mm-hmm.

1
2 CHAIRPERSON WHITE: --and I
3 understand that someone wanted to build another
4 building in front of the hotel, which would
5 severely impact the business of that hotel and we
6 would not like to see that done.

7 MR. PINSKY: Yep, we know that
8 that's a priority to you, to Councilman Comrie and
9 others, we've been working with your staff, with
10 Councilman Comrie's staff. There is not money in
11 the budget right now to pay for the land
12 acquisition, but we continue to actively engage
13 with you and your staff to try to find that money
14 because we understand the importance of that.

15 CHAIRPERSON WHITE: Okay, fine. I
16 would like to call on my colleague, Councilwoman
17 James.

18 COUNCIL MEMBER JAMES: Thank you,
19 Mr. Chair. Good afternoon, President.

20 MR. PINSKY: Good afternoon.

21 COUNCIL MEMBER JAMES: Let me just
22 begin--so the stimulus funds are parked in your...

23 MR. PINSKY: They're coming--

24 COUNCIL MEMBER JAMES: Agency?

25 MR. PINSKY: --no, they're coming

1
2 in a number of different ways, and this is
3 obviously a massive federal plan. Some of the
4 money is in the state and we have to access that
5 money; some of the money is coming to the city and
6 we're working with the other agencies to try to
7 access pieces of that; some of the money is at the
8 federal level and we have to apply directly to the
9 federal government--all of these are being
10 coordinated among the agencies. When all is said
11 and done, some of it will be allocated to us
12 directly, but I don't know exactly what that is
13 yet or which pots it will come out of.

14 COUNCIL MEMBER JAMES: So is there
15 a list of projects that you are considering for
16 funding through the stimulus?

17 MR. PINSKY: We have a long list of
18 projects that would qualify for stimulus that are
19 shovel-ready, that are, you know, meet the
20 requirements in terms of not having the full
21 funding and we've been dealing with the rest of
22 the administration to try to make sure that our
23 projects are prioritized among those projects.

24 COUNCIL MEMBER JAMES: So let me
25 ask the question, you know the question, is there

1
2 any part, any infrastructure or any funding either
3 directly or indirectly going to the proposed
4 Atlantic Yards project?

5 MR. PINSKY: Not that I'm aware of,
6 no.

7 COUNCIL MEMBER JAMES: Good, then,
8 and good. How about City Point?

9 MR. PINSKY: City Point we've been
10 working very actively with the developers, it's
11 very important for us to see that site developed.
12 The issue is that there are several different uses
13 that are part of the project, there's an office
14 component, a retail component, and a residential
15 component. Each of those is at a different stage
16 of readiness and so what we've been working with
17 the developer on is to try to separate them as
18 much as possible so that the things that are ready
19 now can move forward now, and the things that are
20 going to require a little more time can wait so
21 that we can make sure that it's not a giant hole
22 in the ground for years and years. We're making
23 progress with them, but we don't have an agreement
24 yet.

25 COUNCIL MEMBER JAMES: Do you know

1
2 whether or not the amount of affordable housing
3 has in fact been increased? I know that I've been
4 advocating to increase the affordable housing
5 envelope, do you know whether or not we've
6 achieved that goal yet?

7 MR. PINSKY: The goals that were
8 set out for affordable housing are the goals that
9 we're currently working towards, not more than
10 that, but not less than that. But, again, we
11 haven't finished the negotiations, we understand
12 that we're going to need to come and speak to you
13 when we do have an agreement and make sure that
14 everything is acceptable.

15 COUNCIL MEMBER JAMES: And what are
16 the goals now? Is it still 20%?

17 MR. PINSKY: It was 20% of 900 and
18 something units I think.

19 COUNCIL MEMBER JAMES: And given
20 the market, are we still going forward with 900
21 some odd units since, as you know, on Flatbush
22 Avenue there is a, unfortunately, a glut of unsold
23 and unrented apartments?

24 MR. PINSKY: Well that's part of
25 what may be phased and it may not be all 900 units

1
2 happening at once, it may be in a couple of towers
3 or buildings, part of that going forward with a
4 later phase having more of the development.

5 COUNCIL MEMBER JAMES: Can we now
6 go to Myrtle Avenue and--oh, back to the
7 Willoughby Square, it's, according to a confidant
8 in HPD, they've indicated to me that the residents
9 who were, I believe, rent-controlled or rent-
10 stabilized who were once on--I don't know the name
11 of the street, I want to say Lawrence Street, but
12 I might be wrong--who were slated to be relocated,
13 there's been a difficulty in finding them
14 apartments throughout the city of New York. Do
15 you know whether or not those individuals have in
16 fact been relocated to suitable apartments?

17 MR. PINSKY: I don't think they've
18 been relocated yet, but I know that HPD is working
19 with them and we can go back and check with HPD on
20 the status, but the last I heard was that they
21 were actively looking for relocation sites.

22 COUNCIL MEMBER JAMES: There was a
23 press conference on Monday I did not attend, there
24 was one building on Duffield that was demolished,
25 I don't know the address offhand. Do you know

1
2 what are the plans for that particular building?

3 Is that to provide access to the parking lot?

4 MR. PINSKY: That I'm not sure. If
5 you can give me the address, I can--

6 COUNCIL MEMBER JAMES: Okay.

7 MR. PINSKY: --check and find out
8 for you.

9 COUNCIL MEMBER JAMES: I'll do
10 that. And, okay, now going over to Myrtle Avenue,
11 what is the status of Catsimatidis, John
12 Catsimatidis? I know that he's building on the
13 corner of Ashland and Myrtle Avenue, I believe
14 that's the market rate housing. As you know, my
15 priority is the affordable housing, he has delayed
16 that somewhat and has not given me a progress
17 report because he's preoccupied with running for
18 Mayor. What is the status of the affordable
19 housing on Myrtle Avenue? Is he going to honor
20 his commitment to building affordable housing--the
21 50/30/20?

22 MR. PINSKY: My understanding is
23 that you're correct that the phase that he's
24 working on is the market housing, what's also in
25 that first phase is the Duane Reed--

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COUNCIL MEMBER JAMES: Yes.

MR. PINSKY: --Pharmacy and also space for a supermarket, he doesn't have a specific tenant identified yet. In terms of his commitment to build the rest of the housing, I believe that he is still committed to build it-- when, I don't know and we can certainly go back and speak to him and find out for you.

COUNCIL MEMBER JAMES: And do you know the status of Turo, Oro--Toren, excuse me.

MR. PINSKY: Toren.

COUNCIL MEMBER JAMES: Toren, Oro, and the project that's a rental project--and the name is escaping me at the corner of Myrtle and Flatbush--Avalon.

MR. PINSKY: Those projects have very little, if any, public involvement, they're all going forward. My understanding is that they're continuing to sell units, but that the pace has slowed down, but that they're still moving forward and--

COUNCIL MEMBER JAMES:

[Interposing] Have any of them converted to rental at this point?

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2 MR. PINSKY: That, I'm not aware
3 of.

4 COUNCIL MEMBER JAMES: Okay. Now
5 moving over to the north side of the BAM LDC, what
6 is the status of Tower One, the north side? I
7 understand, I've received a letter, we have a new
8 partnership now. When is that moving forward?
9 When are we condemning, I believe it's the
10 building that is currently situated on the lot.

11 MR. PINSKY: The plan that was
12 originally proposed has, like a lot of plans, run
13 into financing problems due to the market. I know
14 that HPD is working very closely with the
15 development team to try to restructure the project
16 so that it can move forward. I don't think that
17 they've actually resolved the issues yet, but
18 they're moving at least in the right direction and
19 I think that there won't be any actions like
20 condemnation that would take place until that is
21 resolved.

22 COUNCIL MEMBER JAMES: Okay. And I
23 should have asked do this at the outset, I
24 apologize, as you know, I've been advocating for a
25 very, very long time and people have just joined

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2 on recently to acquire some of these unsold
3 buildings. I had anticipated that we would have a
4 glut of unsold buildings three years ago and now
5 that has happened. So the question is are you
6 working with the HPD and with this Council's
7 office to establish a product so that individuals
8 can in fact acquire and/or convert some of these
9 market rate or high-end apartments to affordable
10 housing?

11 MR. PINSKY: Yeah, we at EDC are
12 not--I know that HPD is looking at that.

13 COUNCIL MEMBER JAMES: Okay. Now
14 moving to within the BAM Cultural District, what
15 is this, if you know, the status of TFANA Theatre
16 for a New Audience? Have they reached their
17 fundraising goal?

18 MR. PINSKY: My understanding is
19 that there is still a gap between the amount of
20 money that they have and the total cost. The
21 Department of Cultural Affairs continues to work
22 with them and the hope is to have that building
23 fully funded. We are working with them to figure
24 out ways that we can economize on the project to
25 bring the gap down from the cost side as well.

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2 COUNCIL MEMBER JAMES: Across the
3 street from the north side is the Brick and the
4 status of the Brick?

5 MR. PINSKY: My understanding is
6 that project is moving forward.

7 COUNCIL MEMBER JAMES: Finally,
8 one, okay, good. Okay, now down the block on
9 Ashland on the other side, right next door to the
10 Williamsburg Bank building, you have the BAM
11 Annex. What is the status of the BAM Annex?

12 MR. PINSKY: We are negotiating
13 with the developer for the Southside and BAM is
14 negotiating with that same developer which owns
15 the Salvation Army building. We're confident that
16 the Salvation Army building will move forward,
17 that BAM will be able to undertake its project
18 there, and it's currently raising money for and
19 there's money in the city's capital budget for
20 that as well.

21 With respect to the Southside,
22 we're making good progress, it's probably
23 something if we do reach an agreement, which we
24 should know relatively soon, if we do reach an
25 agreement, there will probably be a period of time

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2 during which we'll allow the developer to wait to
3 start just to let the market come back. But there
4 would be an outside date and if we do reach an
5 agreement, it will be along the lines that we've
6 discussed with you previously with space for
7 community arts groups.

8 COUNCIL MEMBER JAMES: And I
9 appreciate that, I know that the developer is
10 preoccupied with another project in Dumbo. And,
11 as you know, I've been in discussions with BAM and
12 I would hope that you would join me in asking that
13 BAM be--I know that they provide programming for
14 the community and they're going to offer low rent
15 space for artists at the BAM Annex, but I believe
16 that they can do more and also share space with
17 some of these community-based organizations and I
18 would hope that you would join me in that.

19 As I go throughout my schools, I
20 still see the lack of arts and culture in most of
21 my schools, in Fort Greene, Clinton Hill, Crown
22 Heights, and in Bedford Stuyvesant and these
23 cultural organizations really need to be in these
24 schools and, unfortunately, in only an isolated
25 few. And so as we give them public funds, they

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2 have to provide free arts and culture to our
3 public schools and I would hope that you would
4 join me in urging that--making it a condition of,
5 in fact, public funds.

6 I think I've hit all of my projects
7 that were in my head. [Pause] Yes, let's go to
8 W/MBE, as you know as Chair of Contracts I'm
9 focusing on W/MBE and I've been critical of the
10 administration because I do not believe that we
11 have done enough and providing opportunities for
12 women and businesses of color throughout the city.
13 It's not been a priority in a significant--it's
14 not been a priority in the city of New York and so
15 therefore I see that you now have a new proposal
16 as part of your testimony. You are going to
17 provide new opportunities for the traditionally
18 disadvantaged while spurring competition and
19 reducing costs. Could you elaborate further on
20 how we are going to increase opportunities for
21 M/WBES besides just certifying them?

22 MR. PINSKY: Well we do much more
23 than certify. We certify and we also set goals
24 for our contracting, which we have actually far
25 surpassed, we're pleased to say in the last two

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2 years and we hope to increase those numbers even
3 more. We're also doing a significant amount of
4 outreach with the M/WBE committee community. One
5 of the obstacles that we've found to M/WBE
6 businesses and getting contracting jobs is that
7 they just don't know the master contracting
8 community and so we're working very hard to bring
9 those groups together. We have an event that's
10 planned for a couple of weeks--April 1st, which is
11 along those lines and that's one in a series of
12 such meetings.

13 We also just heard from Councilman
14 Comrie, his desire to try to increase the
15 involvement of M/WBE firms, not just in
16 contracting, but in ownership and investment in
17 our projects and that's certainly something that
18 we haven't pursued, but we're willing to talk to
19 you or to him or anyone else to try to figure out
20 if there are creative ways that we can do that.

21 COUNCIL MEMBER JAMES: Yeah, as you
22 know, in downtown Brooklyn, there are hardly any
23 developers of color, there was one developer of
24 color selected on one project, unfortunately it
25 didn't work out; I know that City Point, I believe

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2 that that developer is someone of color, so City
3 Point is a developer of color, but on another
4 project, the North site, there was a developer of
5 color, unfortunately, he withdrew because of
6 financial reasons or miscommunication or
7 disagreement or personality differences-- I'm not
8 quite sure, but I know he's no longer on that
9 project. As we develop all of these sites, I
10 would hope and urge that we would consider more
11 developers of color in the redevelopment of
12 downtown Brooklyn. It's a priority for this City
13 Council, and I would dare say a priority for all
14 the elected officials who represent downtown
15 Brooklyn.

16 And you referred in your comments
17 to the Jamaica M/WBE advisory committee, as you
18 know, in downtown Brooklyn, we have an advisory
19 committee and I would hope that you would work
20 with the borough president and the advisory
21 committee--I sit on it ex officio, and a number of
22 other elected officials. We've got to do better.
23 Unfortunately, the numbers are just abysmally low
24 and it's really a shame that we don't create more
25 opportunities for W/MBEs in downtown Brooklyn. So

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2 if we can engage in a concerted effort, I would
3 appreciate that.

4 MR. PINSKY: And what I would
5 suggest is that we will schedule some time to sit
6 down with you and talk about ways that we can be
7 more constructive.

8 COUNCIL MEMBER JAMES: And if you
9 can extend an invitation to my office, I would
10 love to attend the April 1st event, I really--
11 okay, I was told to wrap up so... So, okay, so
12 let me just end by saying no monies to Atlantic
13 Yards, infrastructure, energies, nothing.

14 MR. PINSKY: There is nothing that
15 I'm aware of that the city is pursuing from the
16 stimulus funds for Atlantic Yards.

17 COUNCIL MEMBER JAMES: And as far
18 as you know, there is any additional tax levy
19 dollars or anything like that?

20 MR. PINSKY: There's nothing in the
21 capital budget that's different from what's been
22 there.

23 COUNCIL MEMBER JAMES: Okay. Thank
24 you very much.

25 CHAIRPERSON WHITE: We're joined by

Council Member David Weprin.

I'm going to call on--I have one question and then I'm going to call on Council Member Brewer.

The New York City Industrial Development Agency provides companies with access to triple tax-exempt bond financing or tax benefits to acquire or create capital assets such as purchasing real estate, constructing, contracting, or renovating facilities and acquiring new equipment. This allows companies to undertake capital expansion and to become more competitive by locating within New York City or by expanding the existing options. According to Ernest & Young, LLP, October 28th audit report, IDA had unrestricted net assets of 49.5 million in fiscal year '07 and 45.9 million in '08. What does IDA do with the unrestricted net assets?

MR. PINSKY: IDA is required by law only to use those funds for economic development projects and any use of those funds has to be approved by the IDA Board, which includes representatives, not just of the Mayor, but also of each of the five borough presidents and the

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2 Comptroller's office as well and so we've used it
3 for a whole host of project studies to pay for
4 some of our economic development projects, and
5 we're happy to share a list with you if you'd like
6 of the projects that we've used the funds for.

7 CHAIRPERSON WHITE: Okay. Thank
8 you. Councilwoman Brewer.

9 COUNCIL MEMBER BREWER: Thank you
10 very much. Couple of questions, yesterday we had
11 good testimony from your OMB Commissioner's staff
12 and one of the questions was--and maybe you've
13 done this earlier today, let me know--what comes
14 directly from the federal government? I think
15 most of the CDBG for the last hundred years, but
16 what about this Green money? 'Cause it would seem
17 to be it was something that would work with EDC.
18 Do you know anything about that?

19 MR. PINSKY: Yeah, there are now a
20 lot of funds that are flowing to cities and states
21 as a result of the stimulus package. We're still
22 going through the legislation to try to figure out
23 exactly what is going to land where--

24 COUNCIL MEMBER BREWER:
25 [Interposing] I met somebody last night who's read

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the whole thing [crosstalk]--

MR. PINSKY: Yeah, and we've actually read through the whole thing as well. Even having read through the whole thing, there is some regulations that haven't been issued yet. You know, there are some areas where we're very confident about where the money is coming and on those we're working with the administration to make sure that EDC and economic development get a fair share of that. In other areas, it's going to take us a little bit more time and I think over the course of the next couple weeks, announcements will start to come out of the administration on exactly how the funds are being allocated. But certainly the Green initiatives are something that EDC cares very much about, also the Mayor's Office of Long-Term Sustainability is very interested in those and we're working very closely with them.

COUNCIL MEMBER BREWER: And will the Council have some input into that, do you think?

MR. PINSKY: You know, for some of it, I imagine that the Council will, others may be discretionary to the Administration, on that, I'm

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not exactly sure of.

COUNCIL MEMBER BREWER: So you don't know if the green, maybe there's different aspects of green, but you don't know if it comes directly to the city like CDBG or if goes to the state, you don't know.

MR. PINSKY: Some will come to the city, there are also some funds where it doesn't-- where you apply directly to the federal government. For example, there are tax exempt bonds that are available for Green initiatives and we're going to certainly look to access those.

COUNCIL MEMBER BREWER: Okay. Second question is, as you know, I'm interested in technology, I know somebody on your staff is working hard to try to figure out how we can use some of the stimulus money to supplement what we've done with the diamond consultants. Without divulging much, can you state what your thoughts are about that? It's quite a lot of money in Department of Commerce think 200, 250 million in terms of different pots and there may be others. Can you enlighten us or is that still something you're working on?

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2 MR. PINSKY: It's really something
3 that we're working on. That being said, you know,
4 we at EDC have a number of initiatives that are
5 underway to figure out how to use technology to
6 make our delivery of services more effective and
7 our monitoring of our projects more effective and
8 thereby to make--

9 COUNCIL MEMBER BREWER:

10 [Interposing] That's not stimulus, that's not job
11 creation.

12 MR. PINSKY: That's correct, we're
13 also looking to use funds wherever they're
14 available. You know, one area that just comes to
15 mind in terms of stimulus is media and technology.
16 There is a new--a change in the tax exempt bond
17 law that now allows you to use taxes [off mic]
18 debt, not just for manufacturing of tangible
19 property, but also intangible property, which
20 could be something that could be very valuable to
21 New York City's technology and media startups.
22 We're looking at ways that we might be able to use
23 those funds. That's just one example. It is such
24 a rich bill that I think we're going to have many
25 opportunities across many areas.

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2 COUNCIL MEMBER BREWER: Okay. On
3 financial services, I know that the OMB
4 Commissioner talked yesterday about financial
5 workers, financial service workers. Are you part
6 of that retraining effort or are those other
7 agencies?

8 MR. PINSKY: No, that's coming out
9 of EDC. I had mentioned earlier to Councilman
10 White that when the financial services industry
11 started to get into trouble last year, we wanted
12 to look at exactly how that would impact the city
13 and we found that it would impact us in three
14 ways: there's the financial services ecosystem--

15 COUNCIL MEMBER BREWER: Right.

16 MR. PINSKY: --which is threatened;
17 there is the fact that the capital markets, which
18 is the strongest part of the city's financial
19 services industry, are particularly impacted; and
20 then the third area is that we're going to lose a
21 number of jobs for some period of time and there's
22 a risk that those people might go elsewhere. We
23 think it's very important to keep, not just those
24 people who are losing their jobs, but people in
25 all of the industry's, the talented people that

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2 make New York such a dynamic economy in the city.
3 So we have been working very closely with the
4 Mayor's office, with OMB, with Small Business
5 Services to get these entrepreneurial programs up
6 and running. We have made significant progress on
7 all of them and we expect to see results of that
8 almost immediately.

9 COUNCIL MEMBER BREWER: And do you
10 coordinate with the Mayor's office--with Small
11 Business Services so that some of this information
12 flows through the one-stop centers?

13 MR. PINSKY: Yes, it's there and
14 we're also putting it on the city's website, it's
15 on EDC's website, and the response has just been
16 enormous, it's really been heartening to see how
17 many people are interested.

18 COUNCIL MEMBER BREWER: And that's
19 partly privately funded and partly publicly
20 funded.

21 MR. PINSKY: Correct.

22 COUNCIL MEMBER BREWER: Six
23 million, I think, of public and less--

24 MR. PINSKY: Yeah, and then next--

25 COUNCIL MEMBER BREWER: --45

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private, what we were [crosstalk]--

MR. PINSKY: Well the total expenditure--

COUNCIL MEMBER BREWER: Forty-nine.

MR. PINSKY: --for the five years is \$12 million from the city, \$3 million from EDC, and \$30 million from the federal government, and then large private contribution as well.

COUNCIL MEMBER BREWER: Just so you know, the numbers were different yesterday, not that it matters, but just so you know.

MR. PINSKY: I think the six million, just so you know, is the next two years.

COUNCIL MEMBER BREWER: Okay. It was slightly different. And then the other question I have is with regarding just generally coordination with business services. As you do these projects, you have many that are hopefully in the pipeline, how do you actually physically coordinate with Small Business Services in terms of their one-stop centers?

MR. PINSKY: We're in constant contact with them and we are always looking for ways that we can leverage our relationship to make

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2 sure that these get out to as many people as
3 possible.

4 COUNCIL MEMBER BREWER: Okay. In
5 terms of IDA, I'm really pleased that--

6 CHAIRPERSON WHITE: Yeah, I got two
7 questions [crosstalk]--

8 COUNCIL MEMBER BREWER: --that
9 school that we talked about is gone--I'm
10 delighted, I know that you may or may not be, but
11 I'm delighted. Do you ever sort of talk to people
12 directly like the Durst [phonetic] and say we have
13 some ideas for your site or does it have to come
14 from the developer themselves?

15 MR. PINSKY: Generally with
16 development [crosstalk]--

17 COUNCIL MEMBER BREWER:
18 [Interposing] Is that a new idea, Seth
19 [crosstalk]--

20 MR. PINSKY: No well, generally
21 with development projects, developers will come to
22 us. We do a lot of outreach through IDA and it's
23 not just with small businesses, but that tends to
24 be what our outreach is focused on--small
25 businesses and [background noise] for profits.

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2 It's been less with not-for-profits in the last
3 year or so because we don't have the power to give
4 benefits to not-for-profits because of a change in
5 law in Albany that we're hoping goes back--

6 COUNCIL MEMBER BREWER: Right, I
7 know.

8 MR. PINSKY: --but that's where our
9 outreach is focused.

10 COUNCIL MEMBER BREWER: Okay.
11 'Cause we would love to see that stretch of 57th
12 Street be something that was community minded in
13 the broadest sense of the word--there's a art
14 studio there, as you know, that is very rough and
15 tough and then that big open space--

16 MR. PINSKY: Yeah.

17 COUNCIL MEMBER BREWER: --so
18 something to discuss. Thank you very much.

19 MR. PINSKY: Thank you.

20 CHAIRPERSON WHITE: I'd like to ask
21 you about the rising in construction cost. How
22 does rising construction costs and has the slowing
23 economy impacted EDC's capital projects and have
24 any of our sponsored projects been delayed as a
25 result of the developers being unable to secure

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2 private funding?

3 MR. PINSKY: So first taking your
4 question about construction costs, over the last
5 especially three, four, five years, construction
6 costs in the city have increased much faster than
7 inflation, at times 10, 12, 13% per year, which
8 has had a significant impact on development in the
9 city. Because the economy was booming as much as
10 it was, many projects still got done even with
11 that kind of acceleration. We've seen some signs
12 in the last six months that that acceleration is
13 slowing and that, in fact, construction costs may
14 actually be dropping. But it really depends on
15 the kind of project and it's probably the sort of
16 thing that we'll see more of in the next six
17 months or so as the construction pipeline dries up
18 from projects that were started before.

19 With respect to your question about
20 financing, we've absolutely seen on projects
21 difficulty in the market for private developers to
22 get financing. We've had some success despite
23 that, but it's certainly a challenge.

24 CHAIRPERSON WHITE: Well, I would
25 think so. I was watching 20/20 and they gave a

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short story on Dubai--

MR. PINSKY: Yeah.

CHAIRPERSON WHITE: --and I believe they have three quarters of the world's cranes and it's dried up and, I mean, it's beginning to look like a ghost town so--

MR. PINSKY: We are fortunate in that we're not looking like a ghost town here in New York, but financing is difficult to access everywhere in the world right now.

CHAIRPERSON WHITE: Yeah, so that being said, I don't think this is any time to bicker in the city of New York between the City Council and the Administration, I think it would fare well that we all get creative and thinking and working as closely as we can together to make sure that the city gets better and hopefully the stimulus package--and we got this \$200 million shortfall I believe from the state of the amount of the stimulus package coming into New York City--I mean to New York State, that the state shorted us \$200 million and that has to have an impact on the city. And what I said in the meeting is that we join the Administration and the Council's going

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2 to be fighting for that \$200 million that is due
3 us to help us through this financial difficulty
4 and the loss of jobs that are coming.

5 So I want to thank my staff--

6 MALE VOICE: Council member--

7 [Pause]

8 CHAIRPERSON WHITE: Before I thank--
9 well I want to thank my staff, I didn't get to
10 your staff.

11 But we've been joined by one of my
12 colleagues--two of my colleagues, Councilwoman
13 Reyna and Councilman Gerson.

14 MALE VOICE: And Councilwoman
15 Palma.

16 COUNCIL MEMBER REYNA: And Annabel
17 Palma.

18 CHAIRPERSON WHITE: And
19 Councilwoman Palma, and Councilwoman Palma has a
20 question--Reyna, I'm sorry.

21 COUNCIL MEMBER REYNA: I'm sorry,
22 Chair. [Pause] The opportunity to ask [pause]

23 [Off mic]

24 I wanted to just ask EDC--and
25 before I do, sir, I wanted to thank, you know, EDC

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2 for their commitment in having the Moore Street
3 Market opened. It has been a great challenge for
4 the last two years, but we are very excited about
5 the new opportunity it will bring, the job
6 creation possibilities, the entrepreneurship
7 possibilities. And I look forward to continue to
8 expand on what the Moore Street Market is as the
9 fabric of small business in our district in
10 comparison to the city of New York.

11 Having said that, I wanted to just
12 take an opportunity to in the quickest way you can
13 understand, as far as the stimulus funding and its
14 opportunities, what is EDC doing to prepare, to
15 encourage city agencies and private contractors
16 receiving city funds in doing their best to
17 identify and work with local manufacturers--and I
18 say that in the aspect of the energy efficient
19 projects that are out there--New York City Housing
20 Authority is going to come out with their Green
21 Initiative, we have other Green Initiatives in
22 other agencies. How are we trying to take this
23 Green concept of Green industry and apply it so
24 that we're able to have a local contracting that
25 will help the economy locally to then have growth

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2 expansion within these companies, to then have job
3 creation opportunity. We can do all the training
4 we want--and I know that DSBS to follow you will
5 probably be here to answer a lot of these
6 questions as well and I will take advantage of
7 asking them--but the coordination of all of this
8 has not been laid out. And I want to pose this
9 question now so that you can go back and be able
10 to start giving us some answers as far as the
11 local manufacturing industries that are viable--I
12 know of two in our Industrial Park that
13 manufactures Green product and are waiting for
14 opportunities to be able to connect a lot of this
15 stimulus package through city funds or in the
16 private sector and being able to coordinate all of
17 that is very difficult. What opportunities are
18 you able to present that will make that venture
19 easier?

20 MR. PINSKY: We are actually about
21 midway through a study that we're undertaking on
22 what the Green opportunities are in economic
23 development for the city. The first phase is
24 defining what Green means because there are a lot
25 of different definitions that are floating out

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2 there.

3 The second phase is looking at
4 areas where New York has competitive advantages
5 over other cities, and then the third phase, which
6 is what we're working on now, is to come up with a
7 series of initiatives that will not just identify
8 what the Green industries for the future of the
9 city are, but will actually make that a reality.
10 And our hope is to have an announcement on that
11 study, we're aiming for Earth Day, which is in
12 April, it may be a little bit later than that, but
13 it will be--

14 COUNCIL MEMBER REYNA: Right.

15 MR. PINSKY: --sometime around
16 then. We think that there are huge opportunities
17 for the city. The stimulus package, I think,
18 makes it easier to finance some of those
19 initiatives, some of them are much longer term
20 than the stimulus package is geared towards--

21 COUNCIL MEMBER REYNA: Sure.

22 MR. PINSKY: --but it's very
23 important for the city to be investing in these
24 Green industries, both from a sustainability
25 perspective, but also because it's crucial for the

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2 city to diversify its economy, and this is clearly
3 going to be a growth area and we want to make sure
4 that New York gets a share of that.

5 COUNCIL MEMBER REYNA: And so when
6 you mentioned your point number two, competitive
7 advantage over, you know, other national companies
8 that are bidding for a process here to have goods
9 sold in New York City, is the competitive
10 advantage going to include local businesses that
11 already manufacture in New York City?

12 MR. PINSKY: Well when I say
13 competitive advantage, what I mean is, where are
14 the areas where New York has something inherent in
15 it that makes it so that companies that are
16 located here are better positioned than companies
17 that are located in other places--Green companies
18 specifically. And so we're working on identifying
19 those and the hope is that in those areas where we
20 do have an advantage, we can focus our energy so
21 that we can grow companies in those industries and
22 allow them to expand here in the city, and
23 certainly manufacturing is one of the areas that
24 we're looking at.

25 COUNCIL MEMBER REYNA: And just to

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2 tailor it to New York City, so can you end that
3 sentence by saying that the identified businesses
4 in that industry and that specific product-making
5 will be able to expand, but also be able to do
6 some type of coordination as far as preferencing
7 those companies local as opposed to national
8 companies or out of the city companies?

9 MR. PINSKY: Well what I can say
10 for certain, 'cause we're still working on this,
11 what I can say for certain is that we're going to
12 have initiatives that are actionable initiatives
13 that we think will make a difference for these
14 companies. Whether it's going to be local
15 preferences, that's something that I think is a
16 little trickier, first of all there are interstate
17 commerce issues, constitutional issues with doing
18 that, and, second of all, there are questions of
19 whether if New York City preferences New York City
20 companies, does that mean that California's going
21 to do the same and not buy from our companies.

22 COUNCIL MEMBER REYNA: Right.

23 MR. PINSKY: So we have to look at
24 those sorts of questions, but the bottom line is
25 that we have to come out of this study, not just

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with a study that people put on their shelf--

COUNCIL MEMBER REYNA: Right.

MR. PINSKY: --but with a series of actions that we're going to take that will help these companies in a substantive way.

COUNCIL MEMBER REYNA: Right. You know, there's a huge weatherization program that's going to come out of this stimulus package and, you know, window installation and, you know, Green product of window installation is manufactured in our Industrial Park--

MR. PINSKY: Yep.

COUNCIL MEMBER REYNA: --in North Brooklyn. You know, taking that company to be able to provide the service is a threefold effect, you know, you're getting the Green product, obviously, you're expanding business, and you're hiring locally.

MR. PINSKY: Yep.

COUNCIL MEMBER REYNA: So that's the goal that I'd like to share with the Administration in trying to figure out a way within this study to make that happen and be the priority. In taking into consideration what

1
2 you've just said as far as, you know, California
3 not reciprocating and only looking at the view
4 that we're isolating them--

5 MR. PINSKY: Right.

6 COUNCIL MEMBER REYNA: --it's not
7 about isolation, but we have to make sure that
8 we're ensuring a local economy that's viable and
9 that can be expanded on.

10 MR. PINSKY: Well I think what
11 would make sense, especially if you have a couple
12 of specific companies that you know are doing well
13 in New York, would be for us to contact your
14 office, get contacts at those companies and really
15 talk to them about what it is that has worked,
16 what hasn't worked, so that we can make sure that
17 our study addresses what the lessons that they've
18 learned.

19 COUNCIL MEMBER REYNA: I would
20 definitely take advantage of that--

21 MR. PINSKY: That's great.

22 COUNCIL MEMBER REYNA: --and get in
23 contact with you.

24 So that, Mr. Chair, was the end of
25 my question, I appreciate the time you gave me.

Thank you.

CHAIRPERSON WHITE: Substantive small businesses, okay. I will continue, I want to thank the staff, economic development staff, and the committee members, and I want to thank EDC for its response to all of our questions and willingness to provide us with the necessary documentation that we had requested.

And we're going to have--we have two speakers from Greater Jamaica Development Corporation--Mr. Carlisle Towery and from the Greenpoint Manufacturing. They will be called upon after the Small Business presentation.

And what we're going to do now is I want to thank EDC for appearing before us and we're going to take a 15 minute recess.

MR. PINSKY: Thank you.

COUNCIL MEMBER REYNA: I'm sorry I wasn't here--

MALE VOICE: No, no--

[Pause]

[END TAPE 1, SIDE A]

[BEGIN TAPE 2, SIDE A]

MALE VOICE: Thank you, Mr.

Chairman.

CHAIRPERSON WHITE: Oh.

[Pause]

MR. JERRY STAFEERY: March 10th,
year 2009, the Committee on Small Business.

CHAIRPERSON YASSKY: Good
afternoon, the Committee on Economic Development
is now back in session from recess and joining
with the Committee on Small Business Services and
we are now ready to hear from the Commissioner of
the Department of Small Business Services,
Commissioner Robert Walsh.

Commissioner, we should just move
directly to your testimony. No one needs any
further underscoring of the severity of the crisis
that is hitting every part of the economy, small
businesses probably worst of all. I just noticed
another couple of empty storefronts on the main
commercial street in the south part of my district
yesterday, on 7th Avenue and Park Slope. I'm sure
that those are not the last that we will see,
unfortunately.

So the mission of helping ease the
credit crunch, helping make the most of the

resources available to small businesses is an urgent one. I look forward to your testimony and we can have questions afterward. Please proceed when you're ready.

COMMISSIONER ROBERT WALSH: Thank you very much, thank you very much, Chairman Yassky.

I am Rob Walsh, the Commissioner of the Department of Small Business Services. I'm joined here by the First Deputy Commissioner Andy Schwartz, and members of our staff who are here to help answer any questions that you might have.

Picking up on your theme, I want to focus my testimony on how we are helping New Yorkers during the toughest of times to help keep their small businesses open, to find new jobs, to access training, and also to find business opportunities with the city. I will highlight the accomplishments of the past year and outline some of our new initiatives at the Department of Small Business Services.

Our division of Business Development helps businesses start, operate, and expand in New York City. Their work has never

1
2 been more important than it is today. The city's
3 approximately 200,000 small businesses are the
4 backbone of our economy and we need to make sure
5 that we are doing everything we can to help them.

6 In her State of the City Address,
7 Council Speaker Quinn made it clear that the city
8 needs to make it easier for businesses to start
9 up. Opening up a business in New York City can
10 require obtaining more than a dozen permits,
11 licenses and inspections from multiple city
12 agencies. The Council Speaker is right and her
13 comments align with the work that we are doing to
14 build out New York City Business Express.

15 Since early 2006, SBS has been
16 working with multiple city agencies to develop New
17 York City Business Express--an online one-stop
18 shop where business owners can go to get licenses,
19 permits, and other requirements from government
20 quickly and easily. New York City Business
21 Express now serves eight sectors: Retail, Food &
22 Beverage Services, Arts and Entertainment,
23 Recreation, Health Care, Administrative & Support
24 Services, Finance & Insurance, and Wholesale
25 Trade. Collectively, these sectors represent

1
2 approximately 69% of all businesses operating in
3 New York City.

4 In January 2009, for the first
5 time, New York City Business Express has made it
6 possible for businesses to apply online for new
7 licenses and permits, starting with four at the
8 Department of Consumer Affairs. Before the end of
9 the year, New York Business Express will allow
10 businesses through one website learn about
11 permits, licenses, and requirements needed to
12 start and operate businesses in all sectors
13 relevant to New York City; receive customized
14 information about city, state, and federal
15 incentives that can help a business save money;
16 apply and pay for 30 additional licenses and
17 permits from multiple agencies online and in one
18 place; create a secure account to view and save
19 information about their businesses, such as the
20 status of permits, of taxes owed, outstanding
21 balances, inspection dates, and settle outstanding
22 balances in a single place. Ultimately, New York
23 City Business Express will make it clearer,
24 faster, and simpler to start, operate or expand a
25 business in New York City so businesses can focus

1
2 on what is really important--opening their doors,
3 generating revenue and creating jobs. I would
4 urge you to take a look if you can at the website
5 that we have put together, which is
6 nyc.gov/BusinessExpress for more information on
7 this program and, you know, I can't emphasize
8 enough how important a program like this is in
9 terms of saving people a lot of time and a lot of
10 money as we go forward as a city.

11 We're also providing direct
12 services to individual businesses and
13 entrepreneurs through New York City Business
14 Solutions. Regardless of the size or the stage of
15 their business, New York City Business Solutions
16 can help New Yorkers access services to meet their
17 needs. In 2008, we served over 12,000 businesses
18 and entrepreneurs; we provided over 2,200 clients
19 with free business courses and helped over 5,000
20 entrepreneurs develop an effective business plan.
21 Business Solutions helped 400 businesses hire over
22 5,000 employees and helped 170 clients secure over
23 \$11.8 million in financing.

24 As the lending environment has
25 become more challenging, our six Business

1
2 Solutions Centers have been working closely with
3 banks, credit unions, and alternative lenders to
4 help position small businesses for loans.

5 New York City Business Solutions
6 has also modified its course offerings to focus on
7 helping entrepreneurs and small businesses adjust
8 to the current economic climate. As part of this
9 expansion, SBS has partnered with the Kauffman
10 Foundation to provide a new business training
11 course series called FastTrac. We will offer two
12 courses: FastTrac Newventures starts on March 23rd
13 and will provide recently laid-off individuals who
14 are interested in starting a business with
15 training. FastTrac Growthventure will begin in
16 April and will help existing businesses adapt
17 their business models to remain strong in the face
18 of a dramatically changing marketplace.

19 We are also helping businesses
20 invest in their employees by covering up to 70% of
21 their training cost. Through our New York City
22 Business Solutions Training Funds programs,
23 businesses can help their employees gain the
24 skills that the changing market demands. The
25 objective is to help companies promote workers

1
2 rather than lay them off, pay higher wages, create
3 more jobs, and grow in New York City. Since 2005,
4 SBS has helped 62 employers train over 3,900 New
5 Yorkers. The employers have contributed \$6.9
6 million to this program and to their workers.

7 SBS is also working in commercial
8 corridors throughout the five boroughs to
9 strengthen neighborhoods and make them more
10 attractive places to do business. Our Business
11 Improvement Districts continue to grow. Over the
12 past seven years, we have created 19 new BIDs, 17
13 of which are in boroughs outside of Manhattan.
14 This brings the total number of Business
15 Improvement Districts to 63. So far, in fiscal
16 '09, three BIDs have been signed into law.
17 Collectively, BIDs contribute more than \$98
18 million in supplemental services and strengthen
19 and improve commercial corridors across New York
20 City. We are expecting to present at least three
21 additional BIDs for your approval this calendar
22 year and there are another nine additional BIDs in
23 the development and planning stages.

24 While we've seen the number of BIDs
25 increase over the past two decades, we also want

1
2 to make sure that we focus on developing and
3 strengthening them. In 2008, SBS published the
4 first BID Annual Report Summary to measure the
5 collective impact that BIDs have in New York City
6 and to show how BIDs are generating revenue to
7 provide innovative services in their district.
8 SBS will continue to collect, analyze and
9 distribute data from the BIDs to ensure
10 transparency of their activities to all
11 stakeholders. In addition, we're developing a
12 series of workshops and roundtables focused on
13 topics such as non-profit management, fundraising,
14 marketing, and managing capital projects.

15 I just want to stop there for a
16 moment--as I was mentioning to you, Mr. Chairman,
17 beforehand, there are a lot of the Business
18 Improvement Districts that we have in New York
19 City that have budgets under a half-million
20 dollars, in fact, I believe, 43 of the 63 have
21 budgets under a half-million, and in many cases
22 you're talking about staffs of one, two, you know,
23 maybe three people, and it becomes more and more
24 important as we develop and we see more retail
25 corridors open up and especially during these

1
2 times that we do have additional courses in terms
3 of building a board, cash management, and some of
4 the other things that I mentioned. And this is
5 something, I give credit where credit is due, that
6 David Margalit and Jeremy Waldrup of our staff has
7 been working. In fact, Jeremy was telling me he
8 was just out on Church Avenue in Brooklyn today,
9 you know, working with a staff of one, I believe,
10 to help that individual, you know, market and
11 develop the programs as we go forward.

12 Our work in New York City
13 neighborhoods goes beyond Business Improvement
14 Districts and we have focused on providing
15 technical assistance and supporting community-
16 based organizations that need extra help to make a
17 great difference in neighborhoods. Through the
18 New York City Clean Streets program we have
19 partnered with 13 neighborhoods to provide
20 services to more than 3,000 business and property
21 owners throughout the five boroughs.

22 Our Avenue NYC program also
23 provides critical support to the community-based
24 groups that work to create vibrant commercial
25 corridors throughout the City. In fiscal '09,

1 Avenue NYC is investing close to \$2 million in the
2 commercial revitalization programs of 40
3 neighborhood organizations that are working to
4 attract businesses and shoppers to their district,
5 to improve the appearance of the storefronts, and
6 to build new merchants associations.
7

8 Through these initiatives, we not
9 only have cleaner commercial corridors, we are
10 also strengthening organizations that can bring
11 together small business and improve neighborhoods.
12 And, again, a critical program especially during
13 these times.

14 Another way we're helping small
15 businesses to ensure that minority and women-owned
16 businesses have greater opportunities to do
17 business with the city. We're currently in our
18 third year of implementing Local Law 129 and we're
19 seeing a steady increase in the number of
20 businesses participating in the M/WBE program and
21 in the number and value of contracts they have
22 won. The number of prime contracts awarded to
23 certified companies in fiscal '08 was up 76% from
24 Fiscal Year '07. These contracts represent \$278
25 million worth of business that M/WBEs did with the

1
2 city in fiscal '08, compared to \$158 million in
3 '07. Certified companies were also successful in
4 subcontracting opportunities, with the dollar
5 value of subcontracts more than doubling to \$127
6 million.

7 Part of improving the number of
8 contracts awarded comes about by bringing more
9 M/WBE companies into the program. We have worked
10 hard to make certification simpler and quicker.
11 We have streamlined the application, we've
12 increased the certification period from two to
13 five years, and we worked to expedite the
14 application process for companies that are already
15 certified with other regional certification
16 entities. And with the help of the Council and
17 the hard work of the M/WBE Leadership Association,
18 we've been able to reach more companies--these
19 efforts are paying off. Today we have 1,945
20 certified companies compared to 1,035 when the
21 program began in June of '06. We expect this
22 trend to continue.

23 As our pool of certified companies
24 grow, SBS is determined to improve its customer
25 service and with the focus on meeting the needs of

1
2 the companies. With nearly 2,000 certified
3 companies, we are now focusing on improving our
4 ability to collect, update, verify, and access
5 information about each and every one of our
6 certified companies. We have a dedicated staff to
7 focus exclusively on assessing our companies and
8 assisting them in getting ready to do business
9 with the city.

10 For companies that need additional
11 assistance, our staff can direct them to workshops
12 and classes, such as our seven-course CUNY
13 Construction Management Program and our classes on
14 doing business with the city. They also provide
15 guidance on where to find opportunities and one-
16 on-one bidding assistance for companies competing
17 on specific contracts. Additionally, they refer
18 them to all of SBS's other business services that
19 we have available.

20 Most importantly though, this team
21 will identify which companies are ready to do
22 business with the city and will connect the
23 companies to contracting opportunities.

24 Be able to match our companies with
25 agency contracting opportunities, SBS is forging a

1
2 stronger relationship with city buyers, we have
3 expanded our leadership team to include a new
4 commissioner and Gregg Bishop, who's sitting with
5 us today, under the leadership of Anne Rascon, our
6 Deputy Commissioner, and an Account Management
7 team--each member of this team will be assigned a
8 portfolio of agencies and be responsible for
9 working with the agency's purchasing staff to
10 understand their buying needs. This enables SBS
11 to actively market the service of our qualified
12 M/WBE companies. As a start, we have been meeting
13 monthly with Agency Chief Contracting Officers--
14 better known as ACCOs--to review their performance
15 and make recommendations on how they can improve
16 M/WBE utilization. The Account Managers will
17 explore all available contract opportunities, and
18 match those opportunities to the certified
19 companies that can compete to win and deliver upon
20 them.

21 Our focus is to provide customer
22 service to both our certified companies and our
23 city agencies and prime contractors. By
24 understanding both our buyers and our companies,
25 we will be better positioned to connect M/WBEs

1
2 with the right agency procurement opportunities.

3 Additionally, we've created various
4 tools to make it easier for both companies and
5 buyers to connect. We recently enhanced our online
6 directory to enable buyers to access performance
7 and contract information about our certified
8 companies quickly and easily. It also allows
9 certified companies to market their goods and
10 experience directly to buyers. Our online
11 directory is nyc.gov/buycertified. We send e-mail
12 blasts to our companies to notify them of relevant
13 contract opportunities. We also have planned a
14 series of industry focused networking events to
15 bring our companies and the agencies together.
16 And later this year, we will host our signature
17 networking event, the Third Annual City-Wide
18 Procurement Fair, it's a full-day conference
19 designed to bring together certified companies and
20 procurement personnel from city and state
21 agencies, public authorities, and prime
22 contractors. We anticipate exceeding last year's
23 attendance of nearly 500 certified companies and
24 over 50 purchasing entities.

25 We have made a lot of progress, but

1
2 there is still much more to do. We are committed
3 to working with the Council and aggressively
4 increase our ability to help these businesses win
5 contracts with the city.

6 On the workforce development front,
7 SBS continues to improve, not only the way we help
8 businesses find qualified labor, but also how we
9 are connecting New Yorkers to training and jobs.
10 At previous hearings, I've talked about the gains
11 that we've made in workforce development and we
12 are extremely proud of the results achieved by the
13 Workforce1 Career Centers under the leadership of
14 Angie Kamath and her team, but our work has taken
15 on a greater sense of urgency as the City loses
16 jobs at an alarming rate. We have lost nearly
17 140,000 jobs between October 2008 and January
18 2009, with 111,000 of those jobs lost in December
19 and January. It's clear we must do more this year
20 and we have a strong foundation to build upon.

21 In 2008, our Workforce1 Career
22 Centers placed New Yorkers in more than 17,000
23 jobs for the second consecutive year. We've also
24 made an additional 2,000 placements through City
25 Council and the Center for Economic Opportunity

1
2 programs, bringing our total to over 19,000. Over
3 the past five years, the Career Centers have made
4 over 66,000 job placements, increasing the
5 placement of New Yorkers from just 127 in the
6 first quarter of 2004, to over 4,000 in each of
7 the last 11 quarters to-date, including a record
8 4,614 in the fourth quarter of 2008.

9 We have expanded the number of
10 Career Centers from three to our current portfolio
11 of eight. In 2008, we added a new center in Hunts
12 Point and our first sector-based center, the
13 Transportation Center in Jamaica.

14 Our center in Hunts Point has made
15 nearly 400 job placements since August. It is
16 located near one of the largest food distribution
17 centers in the world and we're working to continue
18 to build a relationship there.

19 Last year, in partnership with the
20 Mayor's Center for Economic Opportunity, we
21 launched the Transportation Center in Jamaica.
22 The Transportation Center prepares New Yorkers
23 with industry-specific knowledge and training to
24 place them in jobs that pay good wages and provide
25 opportunities for career advancement. To-date,

1
2 the Center has achieved nearly 600 placements and
3 promotions, with placements having an average of
4 \$14.40 an hour.

5 We are also issuing more training
6 grants, but we are accompanying them with improved
7 accountability. To make training more
8 transparent, we developed an online tool, the New
9 York City Training Guide, that allows our Career
10 Center customers to make informed decisions about
11 which school and which type of training is the
12 best for them. With this tool, we can connect
13 jobseekers to training providers that have
14 successful track records, and make it easier for
15 the best training providers to market their
16 courses. Since last summer, this site has
17 received over 100,000 visits. And I encourage all
18 of you to take a look at the Training Guide site,
19 it is an important tool, particularly for New
20 Yorkers who are looking to get better training and
21 better jobs. And that website is
22 nyc.gov/trainingguide.

23 We are also implementing a new
24 pricing system for our Individual Training Grant
25 program that will lead to smart investment. Later

1
2 this month we will introduce a new system that
3 will allow the city to pay more for courses that
4 result in higher paying jobs. This also means
5 paying less money for training in occupations that
6 offer lower wages.

7 With Mayor Bloomberg's support,
8 we've expanded the hours of our centers so that
9 customers can now access services on evenings and
10 weekends, and I'm pleased to report that New
11 Yorkers are taking advantage of these initiatives.
12 Since December, we have served an additional 3,000
13 customers at centers during the expanded hours
14 alone.

15 We've also used this funding to
16 reach out to New Yorkers who need to find jobs or
17 change careers because of the downsizing of major
18 financial institutions. In February, the Mayor
19 announced the launching of Career Link NYC--a
20 website that provides recently laid off
21 individuals with information on job listings,
22 independent consulting opportunities, continuing
23 education, training resources, access to health,
24 and unemployment insurance options. We continue
25 to enhance this website and we've begun to market

1
2 it citywide. That site is careerlinknyc.com.

3 We're also making greater
4 investments in partnering with community-based
5 organizations through the city. The number of
6 partners placing people in jobs through the Career
7 Centers continues to grow--in 2008, we made 4,200
8 job placements through our community partners,
9 we're working with the Council to administer the
10 Community Workforce Innovations program that funds
11 organizations to serve and place individuals with
12 higher barriers to employment. In 2008, we placed
13 over 900 New Yorkers in jobs through this program
14 and we're looking to continue the success of this
15 program with 16 organizations.

16 Going forward, we understand the
17 challenges ahead for our workforce programs.
18 There's no doubt that the city is facing
19 difficult, tough economic times, but we aim to
20 make more than 20,000 job placements this year and
21 we're working to do even more for the city's
22 businesses and jobseekers in the years ahead.
23 This is an ambitious target during this climate,
24 but we believe we have a proven model and the
25 resources to achieve this. Additionally, the

1
2 federal recovery package will go a long way in
3 helping us grow, we are still waiting on the final
4 allocations, we expect to receive over \$30 million
5 in additional funding that we will use to serve at
6 least 15,000 additional New Yorkers over the next
7 two years.

8 Here are just a few ways we're
9 going to expand current programs and launch new
10 ones: First, we're going to continue to improve
11 the way we do business at our Career Centers--it's
12 a proven model and we're going to build upon it.
13 We will get better at managing contracts; we will
14 improve the facilities; we will maintain the
15 professional setting of our customers for our
16 customers and we will use technology even better
17 to make quicker matches between jobseekers and
18 jobs. Building on the success of the
19 Transportation Center out in Jamaica, we will open
20 additional sector centers. We believe there is a
21 great potential for centers to focus in
22 manufacturing and healthcare and we're evaluating
23 additional sectors as well. We will also expand
24 the services that we offer to help low-wage
25 workers increase their incomes or move on to new

1
2 careers.

3 Through the Career Advancement
4 Program, we will provide intensive career
5 coaching, skill training, and connections to
6 benefit to low-wage workers at all of our centers--
7 -currently, these services are only available at
8 four centers. Since the program launched in 2007,
9 participants have achieved an average wage
10 increase of over 10%.

11 Second, we will increase our
12 investment in quality training to help New Yorkers
13 access jobs that are in demand. For example,
14 yesterday we began piloting a new program--
15 Licensed Practical Nurse certification course in
16 partnership with the LaGuardia Community College.
17 We are investing a significant amount of money in
18 this pilot--over \$400,000--but healthcare is a
19 demand industry, even in the current downturn, and
20 the starting salaries for an LPNs is over \$40,000--
21 -this is well worth the investment and we will
22 expand these types of courses to make sure that
23 more New Yorkers are trained to take advantage of
24 available job opportunities.

25 And at this point, I do want to

1
2 thank Commissioner Katy Gaul for all the work she
3 has done, in not only this area, but developing
4 the training guides and bringing more
5 accountability to the commercial and vocational
6 schools throughout the city--thank you, Katy.

7 Lastly, we also realize that we
8 can't do it alone. Over this next year, we will
9 forge new partnerships with organizations
10 throughout the five boroughs to provide targeted
11 workforce services to high-need populations. We
12 will contract with organizations that have a track
13 record of success with high-need populations,
14 possess a proven focus in meeting employers demand
15 with particular sectors, and serve areas in the
16 city with a great need for additional workforce
17 services. These services will augment the work
18 being done by the Workforce Career Centers,
19 allowing us extend our reach during these
20 difficult times.

21 In conclusion, as you can see,
22 we're working hard to serve small businesses and
23 jobseekers throughout the five boroughs. During
24 these difficult times, our work is more important
25 than ever before. We've put forward an aggressive

1
2 and ambitious agenda to help us weather this
3 storm.

4 I would be remiss not to thank the
5 Council for all your help in supporting our
6 programs, providing us with new ideas, whether
7 it's partnering with our workforce initiatives,
8 helping us build our even stronger M/WBE program,
9 or developing Business Improvement Districts
10 throughout the five boroughs, you've been a great
11 partner and I appreciate all the efforts and
12 concerns that you have had over the past years.
13 It's our goal to become the first place business
14 thinks of when they need to turn to government.
15 With your strong support, we're getting there.

16 At this point, I'd be happy to
17 answer any questions that you may have. Thank you
18 very much for this opportunity.

19 CHAIRPERSON YASSKY: Thank you,
20 Commissioner. I know there are a couple of my
21 colleagues with questions, so let me ask a couple
22 and then we'll see if there's time left over at
23 the end.

24 Just on the stimulus funding, you--
25 I had in my head the number was 29, but you give a

1
2 \$30 million figure for the amount that we're
3 expecting and we--but I've been told that there
4 are questions on the timing. Will that be in this
5 fiscal year or--

6 COMMISSIONER WALSH: [Interposing]
7 It's over the next two years. We're expecting \$30
8 million over the next two years. Do I have that
9 right?

10 MS. ANGIE KAMATH: Yep.

11 CHAIRPERSON YASSKY: Okay. So
12 that--

13 COMMISSIONER WALSH: [Interposing]
14 Why don't you sit up here? Because I have a
15 feeling there's going to be more work for--I'm
16 inviting Angie Kamath, our Deputy Commissioner,
17 who knows a lot more about this issue than I do.

18 CHAIRPERSON YASSKY: So in other
19 words, fiscal 9/10 and 10/11 or no?

20 COMMISSIONER WALSH: I think it
21 goes through 11.

22 CHAIRPERSON YASSKY: Or we don't
23 know?

24 MALE VOICE: It depends on when we
25 actually get the funds.

1
2 COMMISSIONER WALSH: Okay. We
3 don't know.

4 [Off mic]

5 MS. ANGIE KAMATH: Sure, so good
6 afternoon, I'm Deputy Commissioner Angie Kamath,
7 and our understanding is that we will have until
8 June 30th, 2011, to expend the funds.

9 CHAIRPERSON YASSKY: I get it,
10 okay. So do you anticipate--so to some extent
11 within your control and do you anticipate front-
12 loading it into this year or splitting it or how
13 are you going to handle it?

14 MS. KAMATH: We're going to be
15 getting guidance from the U.S. Department of Labor
16 hopefully by this Friday, potentially bleeding
17 into next week that will give us better guidance
18 in terms of how they are looking to local areas to
19 spend that. It's quite likely that it's not going
20 to be just a 50/50 split between the two years,
21 there will be probably some level of front-
22 loading, so maybe something like 60% in the first
23 year, 40% in the second year, but we're going to
24 be getting that guidance and those instructions
25 from Department of Labor are forthcoming.

CHAIRPERSON YASSKY: Okay. Thank you. Just one more and then I'll--one thing that caught my eye in the preliminary budget was that the funding for the, you know, industrial retention operation appeared to have been virtually eliminated, is that correct? And, if so--

COMMISSIONER WALSH: [Interposing]
It is, early documents may have shown that, I think we have dealt with that problem and it will be funded.

CHAIRPERSON YASSKY: Okay. Good, okay. Thank you. Council Member Comrie. I'm sorry, Council Member Comrie.

COUNCIL MEMBER COMRIE: I'm good, thank you, thank you, Mr. Chair.

Good afternoon, Commissioner Walsh.

COMMISSIONER WALSH: Good afternoon, Councilman.

COUNCIL MEMBER COMRIE: Good to see you and your team here.

COMMISSIONER WALSH: Good to see you.

COUNCIL MEMBER COMRIE: Thank you.

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2 Does any of the stimulus money could be used to
3 deal with the fact that we're losing so much money
4 and New Yorkers of industrial manufacturing and
5 business area? Is it a possibility that any of
6 that money could be used to help to encourage
7 businesses to stay and retain services in the
8 city?

9 COMMISSIONER WALSH: The 16
10 Industrial Business Zones will be funded through
11 this yeas, so, you know, I know that was an issue
12 among many of the organizations, including those
13 zones that are in your district, but we have
14 worked out, you know, the funding issues going
15 forward and they will be funded. I think we could
16 end up doing a lot more, I think the
17 Transportation Center in Jamaica has shown that,
18 you know, I mention the wages are much higher than
19 the placement in some of the health areas or
20 retail, I think the average rate 14.40. And, you
21 know, the more we can end up extending and
22 strengthening and helping some of the
23 manufacturing and industrial companies throughout
24 the five boroughs, the better off New Yorkers are
25 because it is generally higher wage and it also

1
2 helps strengthen those districts.

3 COUNCIL MEMBER COMRIE: Okay. So
4 you're saying that the money for the industrial
5 and manufacturing businesses--

6 COMMISSIONER WALSH: It has been
7 taken care of.

8 COUNCIL MEMBER COMRIE: Has been
9 that's great. I was getting ready to thank you
10 for the Jamaica workforce and transportation and
11 doing it there, everything that, you know, as we
12 both know, that was your first workforce center,
13 it's, you know, developing like gangbusters it's
14 always been exceeding its goals. And to initiate
15 programs there, I'm sure it's going to be very
16 successful and continue to be as successful as it
17 has shown itself to be already and I think that
18 it's a great idea, its transportation hub as far
19 as multimodal transportation, so it makes sense to
20 do it there and I'm glad--

21 COMMISSIONER WALSH: [Interposing]
22 And it also makes sense to focus in a sector. I
23 was out there last week showing it off quite
24 frankly--

25 COUNCIL MEMBER COMRIE: I heard, I

1
2 heard, I heard you were.

3 COMMISSIONER WALSH: --you know,
4 and it's something that we need to, you know,
5 replicate throughout the city. It is a one-of-a-
6 kind place and having the focus on a particular
7 sector, where you have company after company
8 coming in, doing job fairs, interviewing people,
9 assessing people, and making the match quickly
10 makes so much sense. And as I mentioned in my
11 testimony, if we could end up replicating that,
12 whether its transportation again, you know,
13 perhaps in the South Bronx where we have the Hunts
14 Point market or in the health industry or some of
15 the other places, I think it makes sense and it's
16 one of the ways we look to use some of the
17 additional funds that we're going to get in job
18 training.

19 COUNCIL MEMBER COMRIE: The issue
20 of the BIDs and the ability of the BIDs to
21 maintain their outreach in this economic climate,
22 I know we just did some BID enhancements as far as
23 increasing the big overall budgets, but do you
24 envision the need to further increase a lot of
25 budgets for the BIDs since the cost of security,

1
2 the cost of maintenance is going up and the
3 ability of the BIDs to continue to advertise?

4 COMMISSIONER WALSH: You know, my
5 bigger concern is not the BIDs, but some of the
6 smaller merchants or organizations and some of the
7 other local development corporations that do not
8 have a regular funding source year in and year
9 out. I don't have to tell you with the cuts in
10 some of the financial institutions that they
11 relied on for grants, a lot of that has dried up
12 and I think it makes our work a lot more
13 difficult. We've also received cuts in our
14 Community Development Block Grant money, you know--
15 -

16 COUNCIL MEMBER COMRIE: You
17 [crosstalk]--

18 COMMISSIONER WALSH: --in your home
19 borough, you know, one of the difficulties that we
20 have on the Community Development Block Grant
21 money is that there are many neighborhoods, many
22 retail corridors that are not eligible--

23 COUNCIL MEMBER COMRIE: Right.

24 COMMISSIONER WALSH: --for
25 Community Development Block Grant money --

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COUNCIL MEMBER COMRIE: Right.

COMMISSIONER WALSH: --so that makes it even more complicated as we try to reach out and develop and, you know, we're seeing that throughout the city. But our, you know, our piece of the pie on the commercial revitalization has been cut over the years and, you know, we've been doing the best we can, we've initiated a number of new programs like the Clean Streets programs, we're doing a lot more of the training, you know, ourselves in the office in terms of bringing the smaller organizations in, but we have a lot more to do.

COUNCIL MEMBER COMRIE: I

appreciate, do you envision that the Community Development Block Grant money will be overhauled or what is your sense of what's coming from the federal level? Because as you mentioned, I have a lot of neighborhoods that are in need, but they but, for whatever reason, the census tracts are overinflated due to the false housing market, but clearly the commercial strips are in need. Is there any way that we can look at delineating that and parsing that out so that they could be

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2 possibly eligible? Is there any discussion on a
3 federal level about--

4 COMMISSIONER WALSH: [Interposing]

5 I have not yet, you know, there's a article in the
6 Wall Street Journal today on small business
7 assistance and if there's anything that we could
8 end up doing, you know, between the Administration
9 and the Council is to keep our eye on, you know,
10 how the Community Development Block Grant money is
11 going to be allocated. And the second is any
12 other additional business assistance money that we
13 could end up providing--you know, out at the
14 Queens Center, the Career Center, not only do we
15 have the workforce piece, but we also have a
16 business assistance piece that is helping small
17 businesses line up, you know, access to capital or
18 helping small businesses put together business
19 plans. You know, these are the things that we've
20 been able to do the right way, we just need to
21 expand our reach on many of those programs.

22 And also, you know, to your point,
23 is to get more money to the organizations that are
24 doing a good job out there. It is tough when
25 you're talking about, you know, a little over \$1

1
2 million and dividing it, you know, 40, 50, 60
3 different ways. It doesn't amount to much in the
4 end.

5 COUNCIL MEMBER COMRIE: Right.
6 Well I'll look forward to working with you to
7 making that happen, if there's anything I can do,
8 as I was proud to work with you to site the
9 Workforce Center in Jamaica and continuing to
10 expand it, I'm--

11 COMMISSIONER WALSH: You've got to
12 be quite proud of it.

13 COUNCIL MEMBER COMRIE: I'm very
14 proud of it.

15 COMMISSIONER WALSH: It is a
16 signature center.

17 COUNCIL MEMBER COMRIE: I'm very
18 proud of it, I'm glad that I was able to be
19 helpful with it and want to continue to be helpful
20 with solving that problem with the Community Block
21 Grant Development money, because as you know, we
22 have business trips in my area and I'm sure many
23 other areas that need that assistance and if
24 there's some way we can create a--maybe the center
25 that they can come in as a--maybe the site, but

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2 then maybe workforce to do that type of training
3 that that might be a possibility also. And since
4 the center is in the Community Block Grant
5 Development Zone it might be a possibility to take
6 advantage of.

7 I wanted to then just ask you, the
8 opportunity for businesses to be eligible for zone
9 benefits, has that been expanding even if the
10 businesses are outside of the business development
11 zone or is that more of an EDC question?

12 COMMISSIONER WALSH: I'm looking to
13 my left, which Andy Schwartz has been working on
14 this quite a bit, so I'll let Andy handle this
15 issue.

16 MR. ANDY SCHWARTZ: Thank you, Rob.
17 Council member, are we talking about Empire Zone
18 program--

19 COUNCIL MEMBER COMRIE: Right.

20 MR. SCHWARTZ: --yeah, the
21 regionally significant projects--

22 COUNCIL MEMBER COMRIE: Yes.

23 MR. SCHWARTZ: --I think we've done
24 three of those in conjunction with the City
25 Council--

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COUNCIL MEMBER COMRIE: Right.

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MR. SCHWARTZ: --and currently it is still possible to do those projects.

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COUNCIL MEMBER COMRIE: Okay. And have you gotten more requests in the light of the fact that we have so many businesses that are looking to think about relocation during this difficult time with the poaching that's happening from Connecticut and New Jersey?

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MR. SCHWARTZ: I know we have a couple of regionally significant projects under review and there are a couple of Empire Zone boundary changes also being considered, I don't know if it's in direct correlation to companies suddenly moving, but there are ongoing projects.

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COUNCIL MEMBER COMRIE: And expanding the outreach on that I think would be important because I know we've been focused on the large businesses in the city, but to really cement our economic expansion to make sure that these smaller mid-size businesses that are really a large economic engine for our city is important as well.

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Under whose shop is the movie tax

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2 credit? Is that your shop or was that EDC? I
3 forgot to bring that up to OMB yesterday.

4 - -

5 COUNCIL MEMBER COMRIE: I think...

6 COMMISSIONER WALSH: Go ahead.

7 MR. SCHWARTZ: I think it's more
8 the EDC working in conjunction with the Mayor's
9 Office of Film and Theater.

10 COUNCIL MEMBER COMRIE: Okay. I
11 didn't bring that up yesterday, I forgot, they
12 limited my time when I was questioning, so I'll
13 just drop that out as a need to do. Clearly we
14 need to make sure that that continues.

15 I had one other question, but I'm
16 not going to ask it, I think you already talked
17 about it.

18 Other than access to credit, are
19 you going to get any of the federal stimulus money
20 to help with access to credit to ensure that some
21 of the projects that you have in the hopper can
22 actually get opportunity to get financing?

23 COMMISSIONER WALSH: At this
24 moment, the funding that we're going to be getting
25 is geared to workforce, we're going to use some of

1
2 those resources in some of the new entrepreneurial
3 efforts that we have. Access to financing is not
4 included in the package that we're receiving.

5 COUNCIL MEMBER COMRIE: Well I know
6 that some of the--a lot of businesses are looking
7 more for financing and some of your--

8 COMMISSIONER WALSH: Yeah.

9 COUNCIL MEMBER COMRIE: --groups
10 that already or they're already at maximum as far
11 as their ability to make loans [crosstalk]--

12 COMMISSIONER WALSH: [Interposing]
13 And this is--I'm anxious to see what takes place
14 on the federal level with the SBA. Yeah, I
15 alluded to that article in the Journal today--

16 COUNCIL MEMBER COMRIE: Right.

17 COMMISSIONER WALSH: --and I think
18 we're all watching to see a much more robust small
19 business administration on the federal level.

20 COUNCIL MEMBER COMRIE: That could
21 hopefully recapitalize some of these groups that
22 are providing financing for this, I think most of
23 them are at maximum now and if we can do more on
24 the federal level, I mean if the city--if we can
25 get more from the federal level, we could give

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2 more into these local groups that are providing
3 financing and I'm sure that you'll continue to
4 monitor that, but I think it's an important area
5 to look into as well.

6 Finally, I want to, again, thank
7 you for all of the proactive work that you're
8 doing and, you know, thank you for continuing to
9 focus on highlighting and expanding the
10 opportunities at the Jamaica Workforce Center and
11 I look forward to--

12 COMMISSIONER WALSH: Thank you.

13 COUNCIL MEMBER COMRIE: --to
14 continuing to work with you and your team--

15 COMMISSIONER WALSH: Thank you very
16 much.

17 COUNCIL MEMBER COMRIE: --as we
18 work--

19 COMMISSIONER WALSH: Thank you,
20 Councilman.

21 COUNCIL MEMBER COMRIE: --to try to
22 maintain jobs. Thank you.

23 COMMISSIONER WALSH: Thank you very
24 much.

25 COUNCIL MEMBER COMRIE: Thank you,

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2 Mr. Chair.

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3 CHAIRPERSON YASSKY: Thank you,
4 Council Member. Council Member Mealy.

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5 COUNCIL MEMBER MEALY: Good
6 afternoon, Commissioner. Could you give me the
7 agenda for Brooklyn that you have in regards to--I
8 know we really do not have any funds for a
9 Workforce1 New York in Brooklyn since Queens is
10 taken care of, could you just elaborate on what do
11 you--or what was your agenda for Brooklyn
12 [crosstalk]--

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13 COMMISSIONER WALSH: Well a couple
14 of things, on the workforce, our workforce center
15 is at 9 Bond Street in downtown Brooklyn, we--

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COUNCIL MEMBER MEALY: That one--

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18 COMMISSIONER WALSH: --sited it
19 there, you know, giving it to central business
20 district and the access to transportation, you
21 know, so it's over a \$4 million investment in the
22 workforce development, you know, programs and not
23 only that, you know, why reinvent the wheel? We
24 developed a strong relationship with the Brooklyn
25 Chamber of Commerce to run our Business Solution
Centers. I was out there not last week, but the

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2 week before where, with the borough president,
3 they brought in, you know, organizations
4 throughout the borough of Brooklyn in to talk
5 about access to financing, you know, business
6 planning, you know, the works and, you know, I
7 think the tentacles of our workforce and business
8 solution centers has helped, you know, throughout
9 the corridors.

10 The other effort is, you know, I
11 mentioned the growth into something that you're
12 particularly interested on [off mic] Avenue is the
13 strengthening of the commercial corridors through,
14 whether it's merchants coming together to develop
15 a Business Improvement District and we've seen it,
16 you know, all throughout Brooklyn. You know, I
17 mentioned the 19 Business Improvement Districts--
18 two of them are in Manhattan, the rest primarily
19 have been in Brooklyn, Queens, the Bronx, Staten
20 Island, you know, also had one, but these
21 organizations have helped. And I was out on
22 Washington Avenue, you know, not too long ago
23 where merchants are getting together, our Clean
24 Streets programs, you know, those efforts are, you
25 know, make a difference. Our industrial and

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2 manufacturing program and the number of--how many
3 do we have in Brooklyn, the IBZs? Anybody?

4 MR. SCHWARTZ: We have three Empire
5 Zones and [crosstalk]--

6 COMMISSIONER WALSH: Three Empire
7 Zones and--

8 MR. SCHWARTZ: --I'm not sure of
9 the number of [crosstalk]--

10 COMMISSIONER WALSH: --three or
11 four, you know, in the industrial and
12 manufacturing area, so collectively between the
13 commercial revitalization, the Business
14 Improvement Districts, the Workforce programs, the
15 Business Assistance program, I think we're, you
16 know, we're reaching out as best we can, you know,
17 throughout the borough.

18 COUNCIL MEMBER MEALY: Yes, I still
19 have to tell you, we still didn't get that meeting
20 in regards to my Bid, and I know it's not your
21 office that was in charge of it, but when stores
22 are hurting, they need outreach.

23 COMMISSIONER WALSH: Right.

24 MALE VOICE: [Off mic]

25 COUNCIL MEMBER MEALY: And do you

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have anything to say on that meeting?

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MALE VOICE 1: You want me to--

MALE VOICE 2: Just get it set up.

COMMISSIONER WALSH: Go ahead, this is David Margalit, um, Deputy Commissioner.

MR. DAVID MARGALIT: Hi.

COMMISSIONER WALSH: I'm pretty good on [crosstalk]--

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COMMISSIONER WALSH: Hi, Council Member Mealy, you and I spoke on the phone some time ago about this--

COUNCIL MEMBER MEALY: Yes.

COMMISSIONER WALSH: --probably about three weeks ago. We actually had a staff member of ours, our executive director for BID development Bea De La Torre, visit with your staff, she was out this morning and, from what I understand, we're in a position to work well together and to follow-up connected to the BID, the potential formation of the BID that you had questions about and we would definitely be--

COUNCIL MEMBER MEALY: Yes, they--

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2 COMMISSIONER WALSH: --happy to
3 continue to work with you outside of here to move
4 that forward.

5 COUNCIL MEMBER MEALY: 'Cause what
6 is the problem in Brooklyn itself? Stores, the
7 rents are going up, what are you doing with the
8 small bodegas? Their rents are going up and I can
9 say two years, we will have lost at least half our
10 bodegas in central Brooklyn. So do you all have
11 any outreach to the bodega stores, the small
12 community stores that have been in the community
13 for 20 or 30 years and now that the economic
14 downfall or landlords wanting more rent, are you
15 all combating that at all? Have you all even
16 investigated that or how you can work with the
17 owners of the buildings to work with the store
18 owners to do a lease that can be conducive for
19 them to stay in the area? Have you ever thought
20 of that with this--

21 COMMISSIONER WALSH: I have, last
22 week, myself and Commissioner Linares met with--I
23 believe the gentleman's name was Pasquel Murphy
24 who heads up the Bodega Association that has over
25 10,000 members [crosstalk]--

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COUNCIL MEMBER MEALY:

[Interposing] What's his name again? I--

[Off mic]

COMMISSIONER WALSH: What [off mic]

Ramon, Ramon.

COUNCIL MEMBER MEALY: Ramon.

COMMISSIONER WALSH: I'm sorry,

Ramon Murphy, thank you very much.

COUNCIL MEMBER MEALY: Right.

MALE VOICE: Council Member

Jackson.

COMMISSIONER WALSH: Thank you. I

was trying to give him--yes, Councilman Jackson,

thank you for--and we met with Mr. Murphy--I'll

leave it at that--and not only with Mr. Murphy,

but also associations of supermarkets, beauty

salons, nail salons, and, you know, in this case,

we have a follow-up meeting the first week of

April. I have asked each and every one of the

groups to give me a list of priorities of what

they need, so with Mr. Murphy, you know, his issue

was one business assistance helping businesses and

small businesses on inventory, on business

planning, on capital access, so we're going to be

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2 looking to tailor strategies for each and every
3 one of the sectors that we met with. I'm working
4 with Commissioner Linares also on a website
5 designed in Spanish, so we could do further
6 outreach to many of the bodega owners that you
7 mentioned and see where we could end up helping.

8 COUNCIL MEMBER MEALY: Would there
9 be a problem if I attend this meeting in April?

10 COMMISSIONER WALSH: I'll check
11 with Commissioner LInares, I certainly wouldn't
12 have a problem.

13 COUNCIL MEMBER MEALY: Thank you.
14 Because we have to find some kind of solution to
15 keep them in our neighborhoods.

16 COMMISSIONER WALSH: I agree.

17 COUNCIL MEMBER MEALY: They are
18 part of the fabric of our communities. Some
19 should be closed down, yes, but a lot of them
20 should not. They employ people from the
21 community, I'm working with some to make sure all
22 of them have health coverage. so if you can
23 really help me with that 'cause I definitely want
24 to sit down and see what is our main objective to
25 keeping them in a neighborhood. They were there

2 when an economic or even in neighborhoods were the
3 worst of the worst and now that the neighborhoods
4 are becoming more viable economically, even with
5 this recession, some of them are really
6 progressing, so we need to keep them in our
7 communities and I hope that I can work with you in
8 regards to that. That's going to be my agenda, so
9 I will have to work with you, and I still have to
10 think about my last question.

11 The BID on Utica Avenue, this been
12 going on now about two years and right now all
13 they really needed--and I'm glad your assistant
14 told me that they met, I just came in this
15 morning--they have to have--we have to have
16 seminars to teach our BID owners--'cause they have
17 some of the owners, but in order to get to the
18 owners of a BID or a commercial strip, it's almost
19 impossible to get me a right address.

20 COMMISSIONER WALSH: You're right.

21 COUNCIL MEMBER MEALY: Thank you,
22 'cause you don't know--they don't want to be found
23 really.

24 COMMISSIONER WALSH: There's a lot
25 of holding companies.

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COUNCIL MEMBER MEALY: Exactly--

COMMISSIONER WALSH: Yeah.

COUNCIL MEMBER MEALY: --so how we can help our BID associations find that information, that's the main thing I really need for my BID right now. We sent out hundreds of letters, only three of them came back, so--and that's because we didn't know how to get to the original owner, so if we can--

COMMISSIONER WALSH: [Crosstalk]

COUNCIL MEMBER MEALY: --work with your organization in regards, that's my agenda.

COMMISSIONER WALSH: Yeah.

COUNCIL MEMBER MEALY: And I'm looking forward to--

COMMISSIONER WALSH: [Interposing]

I just leaned over to Deputy Commissioner David Margalit and he has a great staff, you know, I think of Eddie Ang [phonetic] and Michael Malamutt [phonetic] who can, you know, get to the bottom of it, they've done it before, they could do it again, you know, it does take a focus, it takes a lot of effort. You know, these are obviously tough times and the property owners and merchants

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2 are paying for those extra services, so I caution
3 you a little bit, you know, during these tough
4 times because it's--you know, with all that said,
5 we're still seeing, you know, many efforts of
6 organizations, you know, coming together to
7 create, you know, Business Improvement Districts
8 and make their areas better. So we will work with
9 you on this and, yeah...

10 COUNCIL MEMBER MEALY: What is the
11 caution again? [Crosstalk]

12 COMMISSIONER WALSH: Well the
13 caution would be that the whole notion of a
14 Business Improvement District is you have property
15 owners paying an extra assessment--

16 COUNCIL MEMBER MEALY: Yes.

17 COMMISSIONER WALSH: --for those,
18 you know, supplemental--

19 COUNCIL MEMBER MEALY: The BIDs.

20 COMMISSIONER WALSH: --services,
21 for sanitation, security, marketing, capital, you
22 know, whatever, however they want to spend it, so
23 it will cost the property owners even more in, you
24 know, during some difficult times and that has to
25 be explained to them up front--

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COUNCIL MEMBER MEALY:

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[Interposing] Okay. I took that in full

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consideration--

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COMMISSIONER WALSH: Got it.

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COUNCIL MEMBER MEALY: --but in

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order to help the community or the commercial

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strip to grow, we definitely need that.

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COMMISSIONER WALSH: And I would

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agree, you make investments during tough times.

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COUNCIL MEMBER MEALY: Okay. And

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another thing, have you talked with DOT in regards

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to some of the store owners are--their businesses

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are practically dying because now they don't have

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meters, so if they don't have meters, people are

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getting ticketed so much that they're losing

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business. And what I propose to have on Utica

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Avenue, a bus lane, a different bus lane, they did

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it somewhere else where the bus from East Empire

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Boulevard to Easton Parkway where it can come

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maybe to a third lane in the middle and then

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people could use the meters again like it

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originally was, at least about 1998, that's when

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they took the meters away. How can we have our

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community thrive if no one can stop and go into

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2 the stores? So that commercial strip will die
3 sooner or later and that's what I'm experiencing
4 on Utica Avenue. So if you can maybe sit down
5 with me, with DOT, I have a meeting with them very
6 soon and that can help with the Utica BID and the
7 commercial strip there. Thank you.

8 COMMISSIONER WALSH: Thank you very
9 much.

10 COUNCIL MEMBER REYNA: Thank you,
11 Council Member Mealy. Chair Yassky has stepped
12 out and has asked me to take over.

13 COMMISSIONER WALSH: [Off mic]

14 COUNCIL MEMBER REYNA: Hopefully
15 he'll be back soon, but in the meantime I will
16 take advantage. I've toned down--

17 COMMISSIONER WALSH: [Interposing]
18 Madam Chairman?

19 COUNCIL MEMBER REYNA: Thank you
20 very much.

21 COMMISSIONER WALSH: Woman, woman.

22 COUNCIL MEMBER REYNA: I wanted to
23 just take the opportunity to personally thank one
24 of your staff member, Mr. Gordon, for assisting us
25 in a, what seemed to be a technical--

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MALE VOICE: [Off mic]

COUNCIL MEMBER REYNA: --absence
where there was M/WBE certified business that had
no--

COMMISSIONER WALSH: [Off mic]
Bishop.

COUNCIL MEMBER REYNA: I'm sorry.

MALE VOICE 1: That's [off mic]

COMMISSIONER WALSH: That's okay.

COUNCIL MEMBER REYNA: I'm sorry, I
said another name? Tell me your name again.

MALE VOICE 3: Bishop.

COMMISSIONER WALSH: Gregg Bishop.

MALE VOICE 3: Gregg Bishop.

COUNCIL MEMBER REYNA: Great, I
just--Mr. Bishop, I apologize.

COMMISSIONER WALSH: That's okay,
that's all right.

COUNCIL MEMBER REYNA: So much for
giving kudos.

COMMISSIONER WALSH: That's all
right.

COUNCIL MEMBER REYNA: Mr. Bishop--

COMMISSIONER WALSH: [Interposing]

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Gordon Richards would be very happy.

COUNCIL MEMBER REYNA: Well we
can't give it to Gordon.

COMMISSIONER WALSH: Yeah, we can't
give it to Gordon.

COUNCIL MEMBER REYNA: No, not at
all. Mr. Bishop--

COMMISSIONER WALSH: Yeah.

COUNCIL MEMBER REYNA: --was very
helpful in making sure that this particular M/WBE
did not fall through the cracks. Apparently they
had not been in the system identified
appropriately and so that--

FEMALE VOICE: Technology?

COUNCIL MEMBER REYNA: No.

COMMISSIONER WALSH: Technicality?

COUNCIL MEMBER REYNA:
Technicality, thank you very much--has been
corrected and we're talking about the livelihood
of this business. The business was not doing
well, we were concerned, we don't want them to
lose their M/WBE certification, it wasn't serving
as a purpose anymore, and we certainly intervened
and worked appropriately together, so thank you,

Mr. Bishop.

Having said that, there is what I consider to be a phenomenal strategy on behalf of the administration when it came to the Industrial Business Zone office that falls under your jurisdiction and I wanted to just--I came in and you stole my thunder when you said you're going to fund the IBZ--

COMMISSIONER WALSH: Yes.

COUNCIL MEMBER REYNA: --and you're going to continue the commitment--at what levels, I don't know, but I prepared all this information and I need to just make certain that it's not in vain.

COMMISSIONER WALSH: Okay.

COUNCIL MEMBER REYNA: So I will talk to you as to what we've done in order to prepare, you know, this struggle to continue to fund and see and full operation the coordination of the IBZ zones, as well as the office that heads these zones in making sure that they're viable and in place.

In 2004, NIRON [phonetic] studied the industrial park in our area and found 27

1 industrial buildings had been illegally converted,
2 of which a total 500,000 square feet had been
3 lost--this equals out to the possibilities of
4 1,000 jobs that could have been created. Twenty
5 firms with 120 employees requiring--and this is a
6 separate note, this has nothing to do with the
7 study, this is current times now--the study was
8 done in 2005--in 2004, I apologize. Since then,
9 20 firms with 120 employees requiring a total of
10 74,000 square feet of space have expired leases
11 and need to relocate right away. Thirty firms
12 with 225 employees requiring a total of 170,000
13 square feet have leases expiring and will need to
14 relocate in the next year or two. Sixteen firms
15 with 147 employees requiring a total of 119,000
16 square feet will need to relocate in the next
17 three to nine years. That's a total demand for
18 in-place North Brooklyn firms of over 366,000
19 square feet in need of industrial space.

21 When people say that manufacturing
22 is dead, these numbers can prove them wrong. Its
23 industry has transformed itself and we have to
24 live in current times, so we cannot continue to
25 say or accept that manufacturing is dead, we have

1
2 to follow the steps of these particular industries
3 that have evolved, that have decided to invest
4 into these industrial parks and are now in
5 jeopardy of losing everything because of the
6 illegal conversions that have occurred. IBZ has
7 played that role and continues to, unless
8 otherwise noted by the Administration taking away
9 the security that it once promised.

10 The 1,000 industrial firms employs
11 over 15,000 people, most of whom walk to work.
12 The manufacturing employees' demographics, 38%
13 come from Manhattan; 25% come from Brooklyn; 28%
14 come from Queens; Staten Island, 1%; the Bronx,
15 8%. So we're talking about most of the employees
16 are from the city of New York and we're in
17 jeopardy of losing these firms. I really want to
18 ask specifically, is there any specific amount as
19 to what level of funding will be secured to
20 maintain the IBZ offices at the Mayor's level, as
21 well as the coordinators.

22 [Pause]

23 [Off mic]

24 COMMISSIONER WALSH: Okay. We have
25 secured over \$2.5 million, you know, in the

1
2 upcoming year for the 16 Industrial Business Zones
3 throughout the city. In addition to that, we have
4 a staff of five, six people headed by Leslie Ramos
5 who done a good job and, you know, one of the
6 things that we're able to do and do a lot more of
7 as we build out our solution centers, as we make
8 our programs more robust on the workforce side, if
9 you look at the training fund programs that we've
10 had where we have partnered with companies, many
11 of the manufacturing and industrial companies--
12 actually the manufacturing and industrial
13 companies are the ones that dominate that list
14 and, you know, they're looking at taking lower
15 scaled [phonetic] employees and elevating them to
16 higher positions. And these are programs that the
17 individual businesses also have to pay into, but
18 we have just penetrated that and I think we could
19 end up doing a lot better. Don Giampietro, who
20 heads up our Assistant Commissioner For
21 Incentives, again, you know, it's the industrial
22 and manufacturing companies that dominate that
23 list of companies that are taking advantage of
24 that.

25 And you're right, you're right, you

1
2 know, the manufacturing and industrial companies
3 have, what would you say, remade themselves in a
4 way and you're seeing, you know, the image that
5 people have of manufacturing companies are dirty
6 companies and that simply is not the case.

7 We need to do more, we need to do
8 it better, we need to do it more effectively,
9 we've been at this for, you know, just a couple of
10 years now--five years to be exact--but I think you
11 know, if you start looking at how we have served
12 companies, how we have helped train companies, how
13 we've helped, you know, link incentives has been a
14 good foundation that we could end up building.

15 And I think as I look at our programs,
16 particularly, you know, the workforce programs,
17 you know, I was mentioning when Councilman Comrie
18 was here is the amount that we have been able to
19 make by going into the sector development on
20 transportation--those are manufacturing and
21 industrial jobs and we're making a lot of headway
22 and placing people in jobs like that and we just
23 need to replicate that--

24 COUNCIL MEMBER REYNA: Right.

25 COMMISSIONER WALSH: --you know,

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throughout the city.

COUNCIL MEMBER REYNA: Now as far as the \$2.5 million that have been allocated for the 16 IBZ contracts and the office under the Mayor's offices, is this higher, lower, or the same--

COMMISSIONER WALSH: [Interposing]
It's the same amount.

COUNCIL MEMBER REYNA: It's the same amount.

COMMISSIONER WALSH: Same amount.

COUNCIL MEMBER REYNA: SO I will smile and be happy that you have confirmed that this is the intent and the spirit of committing to the industrial and manufacturing zones is still present, you know, and I will to continue to just, as I did this morning when we were at a press conference with the Mayor, to press upon the importance behind the industrial parks--

COMMISSIONER WALSH: Thank you.

COUNCIL MEMBER REYNA: --he was at the industrial park and I pointed out to him, you know, this particular business is located in an IBZ and we need to make sure that we're protecting

1
2 these boundaries. Now we still have a problem
3 with the illegal conversions--

4 COMMISSIONER WALSH: We do.

5 COUNCIL MEMBER REYNA: --and BSA is
6 a partner in making certain that we're not giving
7 away these manufacturing buildings and we need to
8 come up with a balance as to how to deal with
9 illegal conversions and families that have now--
10 you know, at one point it was struggling artists
11 that I had great, you know, respect for, but now
12 we're talking about landlords are literally--

13 COMMISSIONER WALSH: Yeah.

14 COUNCIL MEMBER REYNA: --you know,
15 catering to the need of marketing these commercial
16 leases into units that can accommodate families.
17 Now it's a different population and we have to
18 make sure that we're penalizing landlords for
19 doing this and finding out a solution as to what's
20 going to happen to these families--do we make a
21 decision to help them remain with housing or evict
22 them or find the balance between manufacturing and
23 a residential neighborhood that has created
24 itself. The issue as far as our manufacturing
25 businesses, I have a question specific to--and I

1
2 don't know if you had a comment, I didn't mean to
3 not allow you the opportunity--

4 COMMISSIONER WALSH: [Interposing]

5 No, I--

6 COUNCIL MEMBER REYNA: --concerning
7 illegal conversion, not that there's a quick
8 answer for that.

9 COMMISSIONER WALSH: If I had a
10 quick answer, I would have pounced, but I don't
11 have a quick answer and it's a--

12 COUNCIL MEMBER REYNA:

13 [Interposing] And I--

14 COMMISSIONER WALSH: --difficult
15 one.

16 COUNCIL MEMBER REYNA: Yes, it is.

17 COMMISSIONER WALSH: Yeah.

18 COUNCIL MEMBER REYNA: And I will
19 continue to work with your agency, the IBZ
20 coordinators, and the Buildings Department to
21 really take a look at how to deal with this
22 particular matter.

23 My last question as far as the
24 stimulus package is concerned, you had walked in
25 when I was questioning Seth Pinsky from EDC

1
2 concerning their efforts in trying to encourage
3 city agencies and private contractors receiving
4 city funds to do their best in finding and, you
5 know, identifying and working with local
6 manufacturers. Now the question had to do with
7 the stimulus package and trying to be certain that
8 we're creating a local economy for the city of New
9 York, specifically, where we have IBZs, there
10 needs to be coordination to be able to find Green
11 manufacturers or industry--

12 COMMISSIONER WALSH: [Crosstalk]

13 COUNCIL MEMBER REYNA: --that is on
14 the verge of becoming Green or have a line of
15 products that are Green to match that up to all
16 and every Green initiative the city is promoting,
17 initiating, and funding. There needs to be a
18 local preferencing on these particular products as
19 a Made in New York City business so that if
20 they're able to get contracting because they do
21 produce in New York City and are able to get
22 business expansion, that means we will be able to
23 create jobs, as opposed to spending all this money
24 on job training and no job at the end of that
25 line.

1
2 I find that we're focusing so much
3 on job training that we're not dealing with the
4 issue of creating job opportunities and there has
5 to be a way where we can pause and start figuring
6 out who these manufacturers are, what are the
7 tools they need, and how can we streamline it so
8 that they are the first in line to getting these
9 contracts and producing job opportunities.

10 One particular company I know I
11 have in mind is very interested in the
12 weatherization program that the stimulus package
13 is going to fund. They produce Green glass and
14 manufacture glass to whatever, you know, developer
15 is looking for. They would be in the residential
16 side, as well as the commercial side of producing
17 Green glass. I don't know if that particular
18 company will have a vested interest that the city
19 can highlight to encourage a marketing effect, a
20 marketing campaign, Made in New York City in
21 relation to our stimulus package and where it's
22 going to be spent and is that something that is
23 being coordinated and we just don't know.

24 COMMISSIONER WALSH: The Green jobs
25 has been one that we have been grappling with, the

1
2 Offices Sustainability has also been--you
3 mentioned weatherization, HPD and, you know, I've
4 gone over to talk to Jerry Hultin over at NYU-
5 Poly, who has also put a lot of thought into this,
6 and, you know, we're all sort of studying this and
7 looking at, you know, the projected number of jobs
8 that will come out of the Green movement, if you
9 will, whether it's weatherization, whether it's
10 solar panels, whether it's the readaptive, you
11 know, use of buildings, you know, whatever it is.
12 I could tell you that we are--you know, given the
13 foundation that we have in place on workforce, we
14 could get a program up and running quickly.

15 You know, I think the key thing is,
16 are the jobs there, you know, who are the
17 companies that are doing this, and where could we
18 end up helping, not only with their existing
19 employees to get them better jobs, but to identify
20 new employees as they grow and it's something that
21 we have done and done well over the last couple of
22 years as we have reenergized what was, you know,
23 once the Department of Employment and, you know,
24 Angie Kamath, our Deputy Commissioner, is one
25 person who has, when there has been an opportunity

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2 and we have seen job growth, we have been able to
3 move in and move in quickly.

4 I know that there's another effort,
5 you know, in another office at the Mayor's Office
6 on Sustainability, we've met with them on a number
7 of times to look at where are these jobs going to
8 be created and how could our agency play a role
9 in, but I think it's still, you know, premature on
10 our end on that on the--you know, you mentioned
11 the weatherization and I did walk in, you know,
12 when you were talking to Seth about that, you
13 know, we're ready, we're ready to assist and help,
14 you know, on the back end of that if you will.
15 There's others that are looking at the
16 projections.

17 COUNCIL MEMBER REYNA: So as far as
18 others are concerned who are looking at the
19 projection, who is that?

20 COMMISSIONER WALSH: It is the
21 Office of Sustainability. Help me out on that.

22 FEMALE VOICE: [Off mic] Mayor's
23 Office of Long-Term--

24 COMMISSIONER WALSH: [Interposing]
25 Come on up.

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FEMALE VOICE: Sure.

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COMMISSIONER WALSH: She's been

3

heavily involved in this.

4

FEMALE VOICE: Sure, so EDC is

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coming out with their study at the end of April I

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understand and they're working with the Mayor's

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Office of Long-Term Planning and Sustainability

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for some separate studies and those studies are

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very much looking, as Rob said, employer demand

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and I think coming out of that, where they're

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looking at, I think, dozens of businesses will get

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a better picture for what are those jobs, what are

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those occupations, what type of training, what

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type of skills do you need, and then from there we

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can then assess if there's a good match for our

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system.

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COUNCIL MEMBER REYNA: And I

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appreciate, you know, Seth Pinsky had mentioned

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that study, the problem there is that they're

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looking at the potential where there's growth to

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turn jobs into green collar jobs. I'm talking

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about businesses that already have been doing that

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and taking those businesses to give them an

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opportunity to grow and expand into more job

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2 opportunities for local employment--that's the
3 piece that's missing. And these are businesses
4 that are ready, but we're not giving them an
5 opportunity because we're focused on creating
6 larger demand, as opposed to working with what we
7 have simultaneously, so there has to be a parallel
8 approach here.

9 One of those parallel approaches is
10 identifying who exists now, what do they need to
11 grow, obviously they need to be preferenced as a
12 contractor--you know, we have M/WBE contracting,
13 are there in the Green sector that exist. I have
14 industries in my district and our industrial park,
15 such as Goldray USA, who used to be Colonial
16 Glass, who merged in order to be able to go into
17 the Green concept with an international partner
18 and is doing phenomenal, but he still sees
19 barriers, and understanding what those barriers
20 are is our job to make sure that we're dealing
21 with them so that we can be partners in creating
22 the jobs that we're expecting. Marjam is another
23 company, they're ready to expand and the city is
24 entering into a site acquisition on their behalf
25 to be able to sell them property so that they can

1
2 expand, they're producing Green products.

3 What products are there and how can
4 we make sure that the Made in New York City logo
5 is being preferenced over other opportunities and
6 I'm not trying to put one state against the other
7 because obviously Seth Pinsky had mentioned, we
8 don't want inter-commerce conflicts here, but we
9 need to start growing our local economy. You
10 know, as Wall Street is now not the number one
11 industry out there, where can we start building a
12 better economy? This can be it--our small
13 business entrepreneurs who have been steadily
14 growing and have invested in their companies to
15 see 21st century opportunities so that our
16 communities are more stable.

17 Is that something that you are
18 looking at currently? Working with existing
19 companies.

20 COMMISSIONER WALSH: Well, yes, and
21 in some cases, you know, you end up having to look
22 at them, you know, one by one in some cases and,
23 you know, getting the message out, you know,
24 through our Business Solution Centers, through, as
25 you mentioned, IBZs. You know, I was out--you

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2 know, a company out in Red Hook, company's name
3 was Itsy [phonetic], you know, they have an
4 incredible online, you know, system that they have
5 where they're selling most of their product
6 online, but they're in the warehouses. I was not
7 aware of it until someone, you know, highlighted
8 it and profiled it and they needed some assistance
9 from us. For many of the small businesses that
10 just need to get up and running. I mean, we--one,
11 we know we cannot do it alone. We know we need
12 to, you know use the networks that we have to help
13 us in identifying those, you know, companies that
14 we can end up helping and help them grow.

15 You know, what I would suggest is,
16 you know, if we could end up going off-line and
17 talk about some of these companies that you did
18 highlight and figure out, you know, where we could
19 be doing even more in that area. I think what
20 David Margalit has done, you know, on business
21 solutions in terms of helping out, if we could get
22 a list of those companies and use that perhaps as
23 a test case and see if we could end up replicating
24 that in other places, that would be helpful.

25 COUNCIL MEMBER REYNA: And I

1
2 appreciate that, Commissioner, the problem is you
3 oversee the office of Industrial Business Zone,
4 they should be supplying you with that already.

5 COMMISSIONER WALSH: They should
6 be.

7 COUNCIL MEMBER REYNA: So that
8 list, you should already have access to.

9 COMMISSIONER WALSH: And in some
10 cases, I do not because, you know, some,
11 unfortunately, you know, the advocates in the
12 different zones don't have that much detail of
13 their businesses that exist.

14 COUNCIL MEMBER REYNA: They've
15 given it to me. They've been communicating that
16 to me.

17 COMMISSIONER WALSH: Okay.

18 COUNCIL MEMBER REYNA: And so I'm
19 hearing this problem their end and I'm presenting
20 it to you --

21 COMMISSIONER WALSH: Okay.

22 COUNCIL MEMBER REYNA: --and I
23 presented it to EDC. We can't continue to say we
24 didn't know.

25 COMMISSIONER WALSH: Okay.

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COUNCIL MEMBER REYNA: --that's
what the IBZ office was--

COMMISSIONER WALSH: [Interposing]
Well I'm--

COUNCIL MEMBER REYNA: --created
for.

COMMISSIONER WALSH: --perhaps
there's staff people who have been working with
them, I don't have that information.

COUNCIL MEMBER REYNA: But I'm
asking you have it because it's under your agency-
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COMMISSIONER WALSH: Well I will
look into it.

COUNCIL MEMBER REYNA: --so I'm
asking you to please make sure--

COMMISSIONER WALSH: I certainly
well.

COUNCIL MEMBER REYNA: --that EDC
and DSBS are working hand in hand to have parallel
approaches, not just as to what industries we can
grow into and turn into green collar jobs, but
take the companies that already have done that and
help them continue to supply the job opportunities

1
2 that they've already embarked in.

3 COMMISSIONER WALSH: I will do
4 that.

5 COUNCIL MEMBER REYNA: Thank you.

6 CHAIRPERSON YASSKY: Thank you,
7 Council Member. Council Member Jackson and then
8 next up Council Member Jackson.

9 COUNCIL MEMBER JACKSON: Thank you,
10 Mr. Chair, and good afternoon, Commissioner, and
11 all of your staff that are here. Let me just say
12 that I recently about a month ago had the pleasure
13 of being up at the New York State Black Puerto
14 Rican Caucus weekend and I saw your deputy
15 commissioner and your directors--

16 COMMISSIONER WALSH: [Crosstalk]

17 COUNCIL MEMBER JACKSON: --sitting
18 right there now, but they were all up there
19 representing you and SBS very well, especially
20 when it comes to minority women-owned businesses,
21 obviously that's an issue and concern of mine and
22 the New York City Council's Black Latino and Asian
23 Caucus, which I co-chair.

24 But I want to talk about small
25 business and I heard Mayor Bloomberg in his State

1
2 of the City Address, and I've heard Christine
3 Quinn in her State of the City Address with
4 respects to helping small businesses open up and
5 to simplify the process for small businesses to
6 get up and running, and I think that that's great.
7 I've clearly heard the Mayor say that small
8 business is the backbone of New York City, and I
9 agree wholeheartedly.

10 One thing that I have not heard is
11 where any initiative on behalf of the Mayor or
12 anyone else in order to keep small businesses in
13 business as far as lease renewals, and if you
14 don't know so, please be advised that I've
15 introduced a bill called the Small Business
16 Survival Bill and I've heard and in discussing
17 with some members of the community that they
18 discuss that with you and you had indicated that
19 you are supportive of that bill, is that true or
20 not true?

21 COMMISSIONER WALSH: I have not
22 read the bill, I've heard that it has been
23 introduced, I have not looked at the details of
24 that, so that that is not true, I have not looked
25 at it. The group that you're probably talking

1
2 about is a group that myself and Commissioner
3 Linares met with, you know, some time ago, but I
4 need to take a look at the details of the bill
5 before I could make a comment like that.

6 COUNCIL MEMBER JACKSON: Okay. All
7 right, and I appreciate that. Every paper I pick
8 up, whether it's the New York Times, the Daily
9 News, the Post, or even our local paper, the
10 Manhattan Times, which I have a copy hear, the
11 latest copy I guess this came out last Friday, and
12 I was looking through it and here in the real
13 estate section Sunny Card Shop in business for 20
14 years closes and it says here that for the--and
15 I'm reading here, I'm quoting from the newspaper
16 article--the last two renewals of her lease, she
17 said the landlord asked for what she calls quote
18 unquote key money, an illegal under the table
19 payment that amounted to \$10,000 each time. And
20 basically this small entrepreneur who is scraping
21 by with her husband selling cards and, you know,
22 little trinkets for gifts, has closed the doors
23 after 20 years as a result of the lease renewal
24 process. But in this article--and I'm going to
25 leave it with you when I finish, Commissioner--it

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2 says right directly across the street the
3 Gruenwald [phonetic] Bakery storefront and a
4 handwritten sign says for rent hangs in the
5 window, it's been empty for three years, she said
6 the landlord was asking \$12,000 for rent--and
7 that's not a year, that's a month and that was a
8 bakery--but recently lowered it to \$8,000 a month.
9 And I really want to know from you as the
10 Commissioner as far as this particular budget
11 process, what is being done to help small
12 businesses stay in business? I know part of the
13 initiatives was to help them go through the
14 process to make it simpler and easier to go into
15 business but as far as lease renewals and staying
16 in business, what if anything is being done?

17 COMMISSIONER WALSH: On the--

18 COUNCIL MEMBER JACKSON: And I'm
19 not talking about any neighborhood, I'm talking
20 about citywide.

21 COMMISSIONER WALSH: Yeah, on the
22 lease renewal piece, one, I got take a look at
23 that, you know, the bill you're talking about, so
24 I'm a little, you know, flat-footed on that one.
25 But in terms of assistance to small businesses,

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2 what we have been doing neighborhood by
3 neighborhood has been, in cases where small
4 businesses, one, have come to us, where we can end
5 up helping with access to capital, you know, in
6 some cases they've been denied to know from the
7 traditional sources of banks and been lining them
8 up with other nonprofits. The group that I met
9 with that you're familiar with, we've lined them
10 up with organizations like Axion and Citgo
11 [phonetic] who are a little bit more flexible on
12 their funding. We've been using our Business
13 Solutions Centers to help on business plans, we
14 started a new program that, perhaps will go in
15 line what you're talking about, is these
16 unscrupulous, you know, practices on a pro bono
17 service that we could end up providing on business
18 solutions for legal services and give legal
19 assistance to small businesses.

20 Quite frankly, that is an area that
21 I did not expect that we would be, you know, in
22 the middle of. I guess given the times and given,
23 you know, the information that you have provided
24 and it is one that we need to be, you know,
25 stepping up our efforts on. So legal, capital,

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2 you know, step-by-step planning, helping those
3 organizations that are out there, you know,
4 assisting providing, you know, more resources to
5 some of the, you know, the merchants associations
6 that could help and organize these different
7 communities.

8 COUNCIL MEMBER JACKSON: Okay.

9 Well I wanted to bring this to your attention
10 during this budgetary process because as you know,
11 as this obviously with the economic downturn,
12 everyone's in trouble--

13 COMMISSIONER WALSH: Yes.

14 COUNCIL MEMBER JACKSON: --big and
15 small and I think that we need to do everything
16 that we can to keep small businesses in business
17 since the majority of the jobs in New York City
18 are based with small businesses for companies
19 under 100 employees. And even when Commissioner
20 Linares attended the Bodega Association's annual
21 benefit that they had about two weeks ago, I was
22 there with him, and I mentioned about the bill and
23 he was sitting right there listening, so I know
24 that this is an issue and concern for him also
25 because this is not a local issue, it's a citywide

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2 issue and it's impacting, store owners every
3 single day. People are going out of business as a
4 result of the lease renewal process and this bill,
5 I ask you to take a look at it and I'll reach out
6 to your office within a week or so--

7 COMMISSIONER WALSH: [Crosstalk]

8 Thank you.

9 COUNCIL MEMBER JACKSON: --to get
10 your opinion about it and as you know, the bill is
11 pending in this committee and I will be asking the
12 Chair in order to have a hearing on that in the
13 very near future.

14 So I'm glad to know that the Mayor
15 and the Speaker are on board in trying to help
16 businesses stay in business, but I will ask you to
17 look at this aspect to be more comprehensive.

18 COMMISSIONER WALSH: Yeah, I want
19 to add one more piece on this because I, you know,
20 I have a little bit of experience on this,
21 Councilwoman Brewer knows this. I was up at Union
22 Square in 89 to 97 and the whole eastern corridor
23 of 14th Street was down and out at best, I can
24 remember 24 vacant stores on the block between 2nd
25 and 3rd Avenue on 14th Street. The key thing, and

1
2 one of the key things that we need to do, you
3 know, as a city, as administration, and as Council
4 is to be sure that we're funding, providing
5 support, technical assistance to some of the
6 organizations that, one, are up and running; two,
7 that are being created. So while there are
8 vacancies--and there are going to be vacancies, we
9 all know that, you know, this is a downturn--that
10 we can make sure that the whole corridor is not
11 also pulled down during these times.

12 COUNCIL MEMBER JACKSON: Thank you,
13 Commissioner, I appreciate it very much. Thank
14 you, Mr. Chair.

15 CHAIRPERSON YASSKY: Yes indeed.
16 And thank you, Council Member Jackson. I know,
17 Council Member Comrie, you have a very quick
18 follow-up--

19 COUNCIL MEMBER COMRIE: Thank you
20 very much, Commissioner--

21 CHAIRPERSON YASSKY: --and then
22 Council Member James.

23 COUNCIL MEMBER COMRIE: It's not a
24 follow-up, it's one question I forgot to ask.
25 Commissioner, where are we with the Workforce

1 Initiative that we created together and that had
2 500,000 in it for this year? Has the Workforce
3 Initiative program, the...

4
5 COMMISSIONER WALSH: Do you know?
6 Good.

7 FEMALE VOICE: Hi, good afternoon--

8 COUNCIL MEMBER COMRIE: And--

9 FEMALE VOICE: --thank you so much
10 for your support for that program. So we have 16
11 workforce contracts that all have been drawn up,
12 executed, and I believe that all the programs are
13 up and running. Our goals for the year, the year
14 that will end June 30th is to have, I believe, 544
15 placements. We are--basically those contracts
16 really got started around January so we're two
17 months into the program, and we are looking at
18 about 45 placements made to date--that's similar
19 tracking to where we were last year, there is
20 typically a slower start and then there's a lot of
21 those outcomes really hit our books in May and
22 June. And so we have a monthly reporting cycles
23 with the organizations, they're all hooked up with
24 our reporting templates, we've done site visits to
25 all of organizations as well, so I think that we

1
2 are on track. In terms of updates, what we can
3 probably do is--and what we were planning on doing
4 rather--is giving Council two a midpoint update in
5 terms of the progress and then the final year-end
6 report, like we did last year, so --

7 COUNCIL MEMBER COMRIE:

8 [Interposing] And do you expect the need to
9 continue the program next year?

10 FEMALE VOICE: I'm sorry--

11 COUNCIL MEMBER COMRIE: Do you
12 expect the need to continue the program next year.

13 FEMALE VOICE: That's a good
14 question, I think in terms of answering that, I
15 think there's a couple of ways, I want to make
16 sure that we are able to hit performance in all of
17 those contracts for this year, I think that's
18 first and foremost making sure that the
19 organizations that we work with have the capacity
20 to deliver.

21 COUNCIL MEMBER COMRIE: Okay.

22 FEMALE VOICE: So I think it's too
23 soon to tell--

24 COUNCIL MEMBER COMRIE: Okay.

25 FEMALE VOICE: --but I think that

1
2 these are hard times and I think community-based
3 organizations are an important piece of the
4 workforce puzzle in New York.

5 COUNCIL MEMBER COMRIE: Well I
6 think the community-based organizations are a
7 critical piece and I want to compliment you for
8 continuing the program. I just want to know early
9 because even though we won't really start our
10 deliberations until after preliminary budget, I
11 want to be armed with the facts as soon as
12 possible so that we could probably do the
13 restoration back to the '08 level, you know,
14 having the local partners also strengthens your
15 other programs as well I think it's an important
16 component--

17 FEMALE VOICE: We'll get you an
18 update for sure probably at the end of March.

19 COUNCIL MEMBER COMRIE: Thank you.

20 FEMALE VOICE: Sure.

21 COUNCIL MEMBER COMRIE: Thank you.

22 COMMISSIONER WALSH: Stay here [off
23 mic]

24 [Off mic]

25 CHAIRPERSON YASSKY: It's not how

1
2 fast the questions are, but how useful and
3 effective and that was very useful and effective,
4 thank you, Council Member Comrie.

5 Council Member Brewer.

6 COUNCIL MEMBER BREWER: The quick
7 question I have is first of all, I had a great
8 meeting this morning with your deputy
9 commissioner, Angie Kamath, and I appreciate it.
10 And the second issue is picking up on what Robert
11 was talking about regarding keeping businesses in
12 business. As you know, we've talked about this
13 for, I don't know, 20-25 years and one of my
14 questions is nobody understands why a commercial
15 space can stay vacant. So we could have lots of
16 solutions as to how the space could perhaps be
17 smaller, we could deal with tax abatements for the
18 owners, those are issues that we want to discuss,
19 but according to the Finance Commissioner of the
20 City of New York, Commissioner Stark, there's no
21 reason property tax wise--and she said she was
22 going to look at the business tax--so I'm asking
23 you if we could see if there's some business tax--
24 city, state, or federal--that gives an advantage
25 to the owner. Again, this is something that has

1
2 been bandied about for a long time, but given the
3 fact that there it's not just the West side of
4 Manhattan and downtown Brooklyn that is now
5 experiencing vacancies, it's everywhere. And so
6 we're wondering if we could work on something that
7 is real during this time period, take the time,
8 situation where there are some lower rents to try
9 to look at it. It's a very challenging issue.

10 COMMISSIONER WALSH: I don't
11 understand, you know, quite frankly, how some of
12 the--you know, I was up in the Flat Iron Medicine
13 Square area last week and Councilwoman I looked at
14 seven buildings--Not two, not three, seven
15 buildings owned by a particular owner. It
16 reminded me of an owner that was on Union Square
17 and in your district--

18 COUNCIL MEMBER BREWER: Mm-hmm, I
19 know who you're talking about.

20 COMMISSIONER WALSH: --years ago,
21 this is a different owner--

22 COUNCIL MEMBER BREWER: I know, I
23 know you're talking about.

24 COMMISSIONER WALSH: --that they
25 were empty, the buildings were empty, the

storefronts were empty--

COUNCIL MEMBER BREWER:

[Interposing] The commercial spaces were empty.

COMMISSIONER WALSH: Not only the commercial spaces, but if you looked up into the buildings, they were empty and, you know, I quite--I don't get it and if there is something that we could end up doing that encourages the owners or penalizes them, I'd like to hear about it and you know, I'd be happy to sit down with you and Commissioner Stark and see what we can come--you know, we're not going to do it over--

COUNCIL MEMBER BREWER: Okay.

COMMISSIONER WALSH: --you know, the next couple of minutes, but I--

COUNCIL MEMBER BREWER:

[Interposing] Thanks to you and to the Department of City Planning and the Chair, she's working on it in terms of looking at it from a zoning perspective, just so you know. So in terms of retaining smaller businesses, but--

COMMISSIONER WALSH: [Interposing] I mean, you can look at this case study, you know, up at Madison Square. It just doesn't make sense.

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COUNCIL MEMBER BREWER: Okay.

COMMISSIONER WALSH: --and it just holds everybody back and it's also denying, whether large or small businesses who want to invest in our city [crosstalk]--

COUNCIL MEMBER BREWER: Right.

COMMISSIONER WALSH: --during, you know, the most difficult of times.

COUNCIL MEMBER BREWER: I think we're all on the same page we want to have the spaces occupied, but some of my stores have been empty seven years, 10 years, way before any recession, even during boom times waiting for this huge rent that they're never going to get. So I'm just saying that we really need to focus on it, this is the time to do it and I think we at least have the obligation to tell New Yorkers something about these vacancies--is it a tax write-off, is there something we can do together, etc. and, again, there may be some budget implication, if that's where we go. So I don't--this is sort of a budget issue.

I know that David Yassky has been thinking about this for a long, long time and, to

1
2 be honest with you, we're kind of stuck, so we
3 really need to work on it together.

4 And to the credit of Amanda Burden,
5 she's working on it, she's got studies in about
6 seven different neighborhoods and they're looking
7 at it from a zoning perspective. So we could
8 [crosstalk]--

9 COMMISSIONER WALSH: [Interposing]
10 Well we should add what I saw last week on to the
11 list.

12 COUNCIL MEMBER BREWER: Oh please,
13 we have a long list, that will be great.

14 COMMISSIONER WALSH: Yeah.

15 COUNCIL MEMBER BREWER: But now we
16 need to do something about it, so I just--we will
17 talk to you and follow-up.

18 COMMISSIONER WALSH: Thank you.

19 COUNCIL MEMBER BREWER: Thank you,
20 Mr. Chair.

21 CHAIRPERSON YASSKY: Thank you,
22 Council Member, and I, you know, I echo your
23 concern 100%. Council Member James.

24 COUNCIL MEMBER JAMES: Hello,
25 Commissioner, how are you?

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2 COMMISSIONER WALSH: Good, how are
3 you?

4 COUNCIL MEMBER JAMES: Hello, how
5 are you? So let me join my voice to the choir in
6 speaking about business retention, small
7 businesses, particularly specialty stores are
8 being displaced in downtown Brooklyn. As you
9 know, downtown Brooklyn is a displacement zone for
10 not only small businesses, but also for residents,
11 and so whatever we can do either in the changing
12 the zoning techs [phonetic] or in the tax code
13 that has been proposed by Council Member Yassky
14 and the changing the zoning techs as proposed by
15 Council Member Brewer, I support both initiatives.
16 I love chains, as you can see here with my
17 Starbucks, but there's something about the
18 specialty stores which are near and dear to my
19 heart and so if we could again provide support for
20 them, particularly during these times. And I know
21 that basically most of the products that you offer
22 within your agency consists of loans, what most
23 businesses are looking for are outright grants and
24 if there's any opportunities for grants or if you
25 know of any--

COMMISSIONER WALSH: You know, I--

COUNCIL MEMBER JAMES: --

philanthropic or private entities that would be helpful to these small businesses that are barely holding on, that would be greatly appreciated particularly in downtown Brooklyn.

And thank you for Fulton street BID, we were off to a rocky start, we're still off to a rocky start, I still hear from some businesses on Fulton street who seek to amend the time that we pay the taxes and they want to see if it's possible to extend it or push it out so that at this point in time when they are collecting less revenues, perhaps the time in which we pay the tax assessment or whatever can be pushed out further in the calendar.

Thank you for all of your efforts in increasing the certification process or--

COMMISSIONER WALSH: Yeah, we [off mic]

COUNCIL MEMBER JAMES: --

streamlining the certification process and increasing the number of W/MBEs who are becoming certified. I think we receive an A, we've been

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2 successful, right now we have to connect them to
3 actual opportunities.

4 COMMISSIONER WALSH: We do, and I'd
5 love to come talk to you in more detail on that
6 and give credit where credit is Anne Rascon and
7 Gregg Bishop--

8 COUNCIL MEMBER JAMES: Yes.

9 COMMISSIONER WALSH: --have really
10 been working hard. We have a new account
11 management system where I have staff that have
12 been assigned portfolios of various agencies,
13 we're looking at those 9 or 10 agencies that make
14 up the bulk of purchasing, we're breaking it down
15 by micro-purchasing, mid-level purchasing and
16 large purchasing and going after the places where
17 we have opportunities. And, you know, I think
18 with the additions of Anne Rascon and Gregg, we're
19 really making some headway there, not enough
20 headway that I could, you know, declare victory.
21 We have a lot, a lot, a lot more work to do on a
22 lot of different fronts, not only in getting our
23 own house in order--and I think we have, I think
24 we've done a remarkable job, but it's to make
25 those links and they've added a lot on that front.

COUNCIL MEMBER JAMES: Yeah, I want to publicly thank--and I apologize for, I don't know them personally that well, but for Gregg and Anne--I hate referring to people by their first name, unless they allow me to do that--

COMMISSIONER WALSH: [Interposing] Anne Rascon and Gregg Bishop.

COUNCIL MEMBER JAMES: --Ms. Rascon and Mr. Bishop?

COMMISSIONER WALSH: Bishop.

COUNCIL MEMBER JAMES: Okay. So thank you.

COMMISSIONER WALSH: And Carlisia [phonetic] Taylor should also be recognized--

COUNCIL MEMBER JAMES: And, Ms-- okay, enough.

COMMISSIONER WALSH: --she's been-- she's in the second row in.

COUNCIL MEMBER JAMES: Ms. Kelly?

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COMMISSIONER WALSH: Taylor.

COUNCIL MEMBER JAMES: Kell?

MALE VOICE: Taylor.

COUNCIL MEMBER JAMES: Taylor.

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COMMISSIONER WALSH: Carlisia Taylor, who's [crosstalk]--

COUNCIL MEMBER JAMES: Thank you, Ms. Taylor. So, you know, before you arrived, Mr. Pinsky was here and he talked about creating additional opportunities for the same constituencies--constituency and had indicated that he was creating a program to increase opportunities for W/MBE so [off mic] if there could be some coordination, that would be helpful, and/or if you could read his testimony that would be--

COMMISSIONER WALSH: [Interposing] I will do that too.

COUNCIL MEMBER JAMES: --that would basically just say tell what he plans on doing and he plans on holding a program, I believe he said April 1st and he has extended--

COMMISSIONER WALSH: [Interposing] You've been in touch with him [crosstalk]--

COUNCIL MEMBER JAMES: --invitation to me, but his testimony, again, there was a couple of paragraphs here on all the plans to do with respect to creating opportunities to

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2 subcontracts under \$1 million on city funded
3 projects, and here's a copy of his testimony for
4 you.

5 COMMISSIONER WALSH: Right, thank
6 you.

7 MALE VOICE: Great.

8 COUNCIL MEMBER JAMES: Bonding. I
9 continue to hear about bonding, bonding
10 assistance, again, if we could model a bonding
11 assistance program that they had once in on the
12 state level, as well as bridge loans, I hear that
13 a lot. Bonding assistance is absolutely critical
14 and a revolving loan program. They had at one
15 time on the state level and if we get replicate it
16 in the city that would be greatly appreciated.

17 Clean Streets Initiatives, thank
18 you --

19 COMMISSIONER WALSH: [Interposing]
20 It's remarkable what's taken place.

21 COUNCIL MEMBER JAMES: It is
22 remarkable.

23 COMMISSIONER WALSH: Washington
24 Avenue has reenergized itself thanks to your
25 encouragement, thanks for you, putting us in touch

1
2 with heart of Brooklyn. I have been out there,
3 Jeremy Waldrup is out there --

4 COUNCIL MEMBER JAMES: Yes.

5 COMMISSIONER WALSH: --you know,
6 these are the programs that if you can end up
7 replicating--when Councilman Jackson was talking
8 about, you know, some of those areas that have
9 vacancies and with a few dollars, you know, it
10 really does make a difference, I think you have
11 Washington Avenue, one of the models--

12 COUNCIL MEMBER JAMES: Yes.

13 COMMISSIONER WALSH: --those
14 merchants have gotten together, they had bad times
15 in the past, they pulled themselves together
16 again. Websites, marketing, cleaner streets,
17 removing the graffiti, they're looking out after
18 each other and that's something that we just need
19 to replicate over and over again.

20 COUNCIL MEMBER JAMES:

21 [Interposing] And just last week I was invited to
22 the north Flatbush BID which, as you know, I share
23 with Council Member Yassky, and there was a
24 gentleman who was part of the Clean Streets
25 Initiative, who retired after working for the

1
2 North Flatbush BID for 30 or 40 years and he had
3 not one day was he absent--

4 COMMISSIONER WALSH: That's pretty-

5 -

6 COUNCIL MEMBER JAMES: --and he was
7 from San Salvador and he migrated here and, again,
8 sought employment and was on Flatbush Avenue for
9 40 years and not one day absent. I presented him
10 with a proclamation upon his retirement, but he
11 really is a model, not only to the other employees
12 within that company, but on Flatbush Avenue and as
13 a model to me since I have taken at least two days
14 in the last five years. So...

15 COMMISSIONER WALSH: Right.

16 COUNCIL MEMBER JAMES: So thank
17 you. The Workforcel, downtown Brooklyn, great
18 model. Again, referring to President Pinsky, who
19 was here earlier, we talked about all of the
20 projects that we anticipate--Coney Island, Hollin
21 Hook, oh in Brooklyn, Coney Island, downtown
22 Brooklyn, City Point, Myrtle Avenue, BAM LDC, and
23 a number of other projects that he talked about
24 and, as you know, I continue to talk about the
25 fact that the residents, particularly in downtown

1
2 Brooklyn public housing, 50, 60 % unemployment we
3 have to retrain them, we have to connect them with
4 these opportunities, only for construction, but
5 office jobs, security jobs, and all of the
6 employment opportunities that, hopefully, will
7 come once we survive--we come out of this
8 recession.

9 And I refer everyone to Workforcel,
10 it is a model, I look at the Pancake House, IHop,
11 Target, and--

12 COMMISSIONER WALSH: Yep.

13 COUNCIL MEMBER JAMES: --what's the
14 other successful one down there?

15 COMMISSIONER WALSH: Atlantic
16 Center, well Atlantic Center, yeah--

17 COUNCIL MEMBER JAMES: Atlantic
18 Center, the Target, but there's also the--

19 COMMISSIONER WALSH: Help me out
20 guys.

21 COUNCIL MEMBER JAMES: --something
22 on Schimmerhorn [phonetic] Street, Barbecue Place.

23 [Off mic]

24 COUNCIL MEMBER JAMES: Dallas,
25 there you go, Pact, they're all Workforcel people.

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COMMISSIONER WALSH: Yeah.

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COUNCIL MEMBER JAMES: So if we could, I don't know these places, even though for my size you think I do, but I really don't, so if you could--so if we could replicate that all throughout downtown Brooklyn that would be greatly appreciated.

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COMMISSIONER WALSH: It's made a difference.

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COUNCIL MEMBER JAMES: Yes, it has.

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COMMISSIONER WALSH: It has made a difference and I, you know, I was saying earlier in my testimony that, you know, with a few more resources from the stimulus package what we'll be able to do is develop more relationships with some of the community-based organizations that you talked about that get people to the starting line. You know, many of the people that come into the career center, they're ready to work. And the point you've made, you know, and articulated time and time again is the work that is needed to get people, you know, in a position where they can end up accepting a job, you know, whether it's Ingersoll Houses or Whittman women or other--you

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2 know, the access is there with where we have put
3 the career center. It takes a little bit more
4 effort--

5 COUNCIL MEMBER JAMES: Yeah.

6 COMMISSIONER WALSH: --so we're
7 going to be sending out more RFPs to develop more
8 relationships with organizations that can end up
9 helping us, you know, do the outreach.

10 COUNCIL MEMBER JAMES: So that was a
11 good follow-up question, the stimulus funds, I
12 know that there was some WIA money--

13 COMMISSIONER WALSH: Yes.

14 COUNCIL MEMBER JAMES: --as part of
15 that, so can the WIA funds be used to support the
16 effort in downtown Brooklyn, particularly with
17 Workforce1?

18 COMMISSIONER WALSH: We're going to
19 be doing a number of different things and, you
20 know, I guess the word is getting out, we got a
21 visit by one of the organizations that may be in
22 your district build--

23 COUNCIL MEMBER JAMES: Yes.

24 COMMISSIONER WALSH: --Mr. Caldwell
25 and Ms. Lewis were in to see us yesterday. Its

1
2 organizations, you know, whether it's build or,
3 you know, some of these special population areas
4 or hard to reach--

5 COUNCIL MEMBER JAMES: Right.

6 COMMISSIONER WALSH: --
7 organizations, some of the religious organizations
8 that will not come into our Workforce1 centers,
9 you know, and it's something that we have to
10 accept. We will be, you know, reaching out to,
11 you know, more than a dozen different
12 organizations, you know, throughout the city to
13 help us reach out to New Yorkers who have special
14 needs barriers, whether it's a language barrier or
15 other things that take place and see what we can
16 end up doing and, you know, the first thing is to
17 get the money secured--

18 COUNCIL MEMBER JAMES: Right.

19 COMMISSIONER WALSH: --and then to
20 do the outreach. And I think the other thing that
21 we have to do, you know, we've expanded the hours
22 and I remember having a conversation with you a
23 number of years ago where you said it's nice that
24 it's open Monday to Friday, but you're missing a
25 big population that are working, you know, Monday

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2 through Friday on a low-paying job and they're
3 looking for something better and that we have
4 Saturday hours now and people are taking
5 advantage, you know, of that--is if we could
6 continue to build off that foundation.

7 COUNCIL MEMBER JAMES: As you know,
8 Council Member de Blasio, Yassky, and I hosted
9 Senator Gillibrand and she indicated and promised
10 and in fact called me last week that she's going
11 to sponsor a grant workshop on how organizations
12 in downtown Brooklyn can apply for stimulus funds
13 because some of the funds I understand are
14 competitive. A lot of the organizations that are
15 interested do workforce development, job
16 preparedness and so I would like to connect those
17 organizations that are applying for the stimulus
18 money with your shop.

19 COMMISSIONER WALSH: Well bring
20 them into our center, I mean, and I think that
21 would be the best way to see--you know, I think
22 it'll be, I hope an eye-opener for some people in
23 terms of, you know, what we've been able to do,
24 but in other cases, not only on the workforce
25 side, but also on the business assistance side

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also.

COUNCIL MEMBER JAMES: Well I guess when we hold this workshop, I would like to invite you and/or someone from your staff to present to this group.

COMMISSIONER WALSH: I will be there.

COUNCIL MEMBER JAMES: Okay. I don't have a date yet, but I will let you know.

And last but not least weatherization, which as you know, is the greening of our--

COMMISSIONER WALSH: Yeah.

COUNCIL MEMBER JAMES: --borough. I became aware of weatherization when I used to work for then Assembly Member Al Vann and weatherization program was offered out of Vanguard and it provided employment opportunities to a number of young individuals who were formerly incarcerated, and it was like a second chance program, and it provided them with skills and I know that there are some weatherization funds within the stimulus package. Will that be housed at SBS or--

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COMMISSIONER WALSH: The

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weatherization program will not, but what we need

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to do and, you know, I took a lot of notes today

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and my guess is a lot of people with us have done

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the same thing is [pause] to get a better

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understanding of what the needs are, you know,

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what are going to be the needs, what are going to

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be the numbers, the skills required, the number of

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available jobs and once we get a better handle on

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the universe--

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COUNCIL MEMBER JAMES: Right.

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COMMISSIONER WALSH: --we could end

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up moving and moving very quickly to line people

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up who have come into our career centers or do a

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special outreach, if you will, to do that. And I

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think that is what has made us successful at

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places that you mentioned already, some of those

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retail shops is to sit down and find out exactly

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what are they paying, how many jobs will there be,

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what's the skills, can we train people for those

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skills--

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COUNCIL MEMBER JAMES: Right.

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COMMISSIONER WALSH: --and then we

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can move right into that. Everyone, you know, has

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jumped onto the issue of Green jobs--

COUNCIL MEMBER JAMES: Right.

COMMISSIONER WALSH: --we're hearing it all over the place--

COUNCIL MEMBER JAMES: Yes.

COMMISSIONER WALSH: --I got to see a little bit more of a, you know, a concrete proposal, if you will. And you know, I feel confident, given what we have done in Brooklyn and in other places, that we can move very quickly when the time comes.

COUNCIL MEMBER JAMES: And, Commissioner, I was reading something yesterday or last week or over the weekend, I can't remember, you know, Brooklyn has weathered this storm rather well.

COMMISSIONER WALSH: Yeah [off mic] is the biggest advocate of about this [crosstalk]-
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COUNCIL MEMBER JAMES:
[Interposing] And the reason why Brooklyn has weathered--

COMMISSIONER WALSH: Yeah.

COUNCIL MEMBER JAMES: --this

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2 recession so well is because primarily the economy
3 in Brooklyn is small business, retail, social
4 services, and education.

5 COMMISSIONER WALSH: And a good
6 number of manufacturing and industrial jobs--

7 COUNCIL MEMBER JAMES: And good--

8 COMMISSIONER WALSH: --that are,
9 you know, doing quite well.

10 COUNCIL MEMBER JAMES: And I've
11 seen slight increases in social services and
12 slight increases in education in terms of, you
13 know, this economy and growth in jobs. And so I
14 guess, you know, unfortunately, we put too much--
15 we invested too much on Wall Street, we relied too
16 much on real estate, and that's why our economy
17 has collapsed.

18 Again, Brooklyn is really should be
19 the model and, you know, I'm proud to be a member
20 of the City Council representing the Brooklyn
21 delegation and proud that [off mic] has done so
22 well and it's our little borough president, and I
23 don't mean little in, you know [crosstalk]--

24 COMMISSIONER WALSH: Yeah.

25 COUNCIL MEMBER JAMES:--Marty, he's

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done a fabulous job, so--

COMMISSIONER WALSH: [Interposing]

But--

COUNCIL MEMBER JAMES: --kudos to

Brooklyn--

COMMISSIONER WALSH: --but I think

the things that you have done in championing some

of these organizations, you know, if you look at

we talked about Washington Avenue, you also look

at Myrtle Avenue and you look at these are many,

you know, family owned businesses, a lot of

entrepreneurs who have a special business and they

have banded together, they have stuck together,

they look out for each other, and that has made a

lot of the difference. It would sort of be an

interesting case study to look at, what Blaise

Bacher [phonetic], yourself, and so many others

have done on a place like Myrtle Avenue.

COUNCIL MEMBER JAMES: Right.

COMMISSIONER WALSH: And, you know,

the question for us and a real challenge is how do

you end up replicating something like a Myrtle

Avenue or Washington Avenue or Underhill or some

of these other places that we've been able to work

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2

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COUNCIL MEMBER JAMES: Yeah, I

4

mean, the small--

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COMMISSIONER WALSH: And perhaps

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that's a, you know, that perhaps that's a whole

7

different conference.

8

COUNCIL MEMBER JAMES: Right.

9

COMMISSIONER WALSH: Of, you know,

10

seeing where we could end up helping, you know,

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some of the places that are struggling or feel

12

that, you know, feel a sense of hopelessness.

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COUNCIL MEMBER JAMES: I agree.

14

Thank you for all that you do and for all the

15

members of your agency--

16

COMMISSIONER WALSH: Thank you.

17

COUNCIL MEMBER JAMES:--employees of

18

your agencies, I congratulate you and thank you on

19

behalf of--

20

COMMISSIONER WALSH: Yeah.

21

COUNCIL MEMBER JAMES: --the

22

constituents that I represent. Thank you.

23

CHAIRPERSON YASSKY: Well,

24

Commissioner, thank you very much for your, you

25

know, continued dedication in every answer the

1
2 commitment that you've brought here shows through,
3 so I thank you for that.

4 My final--I don't want to, we've
5 had a lot of questions so I'll just one final
6 thing I'll say is, I know the Office of Film and
7 Broadcasting is not really--it's not within your
8 department, but it's funded through your agency
9 and--

10 COMMISSIONER WALSH: Yes, it is.

11 CHAIRPERSON YASSKY: --they don't
12 appear here separately, so I'll just ask you to
13 bring back to them the message, I'm delighted that
14 the budget for that office is being maintained,
15 it's remains a critical sector of the city's
16 economy. What I think that that office should be
17 doing, frankly, would be everybody should be up in
18 Albany and stay there until the state renews the
19 tax credit for film and TV broadcasting because we
20 have already lost more than a dozen pilots that
21 should have been, would have been here in New York
22 City had the credit been, you know, renewed or
23 whatever language you want to use the cap on the
24 funding available for that credit has got to be
25 lifted so that producers know that they'll be able

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2 to claim it when the time comes. If it's not,
3 it's as good as not having the credit at all.
4 That's the situation we're in today, we are losing
5 jobs because of it, these are not jobs we can
6 afford to lose, and I really think the
7 Administration needs to be outspoken in demanding
8 that Albany renew that credit. So I ask you to
9 take that message back, I know that's not, again,
10 I know that's not within SBS, but since it's
11 within your budget and I just ask you to bring
12 that message back.

13 CHAIRPERSON YASSKY: Okay. Well.
14 Thank you very much, Commissioner, and thank you,
15 and one final follow-up.

16 COUNCIL MEMBER JAMES: In renewing
17 that tax credit and when you speak to Albany, you
18 know, they had the tax industry had committed to a
19 committee that they would increase diversity in
20 the film industry and I would like to see the
21 numbers because that was on the subject that we
22 was promised we would revisit prior to its
23 renewal. Thank you.

24 COMMISSIONER WALSH: Got it, thank
25 you.

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MALE VOICE: I think that's it.

[Off mic]

MALE VOICE: [Off mic] adjourn.

CHAIRPERSON YASSKY: No, I believe we have two members of the public who are here to testify. Thank you, Commissioner.

COMMISSIONER WALSH: Okay. Thank you very much appreciate its [crosstalk]--

CHAIRPERSON YASSKY: Thank you very much.

COMMISSIONER WALSH: Thank you. Thank you very much.

CHAIRPERSON YASSKY: That'd be it.

COMMISSIONER WALSH: Thanks [off mic]

CHAIRPERSON YASSKY: And we will do an expedited way, we have Paul Parkhill from the Greenpoint Manufacturing Design Center and Carlisle Towery from Greater Jamaica Development Corp, would you please come up to the witness table.

[Pause]

MALE VOICE: No, for what?

[Pause]

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[Off mic]

MALE VOICE: Good old time, thank
you.

MALE VOICE: Have a seat.

[Off mic]

MR. PARKHILL: I can go first.

MR. TOWERY: It's up to you.

MALE VOICE: I'm going to be quick.

MR. PARKHILL: Yeah, I'll be [Off
mic]

[Off mic]

MR. TOWERY: You're from where?

[Off mic]

SERGEANT-AT-ARMS: Quiet, please.

MR. PARKHILL: Greenpoint
Manufacturing Design Center.

MR. TOWERY: Greenpoint.

MR. PARKHILL: Just a manufacturer
and Design Center.

CHAIRPERSON YASSKY: Please, please
go ahead.

MR. PARKHILL: Thank you very much,
Councilman Yassky.

My name is Paul Parkhill and I'm

1
2 the Director of Planning and Development for the
3 Greenpoint Manufacturing and Design Center, the
4 City's premiere nonprofit developer of industrial
5 property. For the last seventeen years, GMDC has
6 dedicated itself to preserving industrial space
7 and blue collar jobs for New York City residents.
8 By purchasing and renovating dilapidated
9 industrial buildings, GMDC has helped preserve and
10 create hundreds of jobs for low-income New Yorkers
11 and has provided a strong anchor for future
12 outside investment.

13 To date, GMDC has completed six
14 projects comprising more than 700,000 square feet
15 of space at an investment of approximately \$35
16 million. Currently GMDC owns and operates five of
17 these buildings, which, together, house 120
18 businesses employing some 600 people. Tenants
19 include woodworkers, makers of home furnishings,
20 food manufacturers, garment companies, etc.

21 With the support of the City
22 Council, and I'd like to particularly thank
23 Councilman Yassky and Councilwoman Reyna, who I
24 know was here earlier, GMDC recently completed the
25 renovation of its newest building, which is a

1
2 72,000 square foot building at 221 McKibbin Street
3 in East Williamsburg--we're going to have a
4 groundbreaking pretty soon, so I hope you'll all
5 come out. Utilizing Historic and New Market Tax
6 Credits, GMDC leveraged the city's \$4 million
7 investment to secure an additional \$14 million in
8 debt and equity investments. The new facility has
9 been subdivided into units between 1,500 and 7,000
10 square feet and will create or preserve
11 approximately 100 blue collar jobs in the
12 neighborhood.

13 While we're very proud of our
14 recent achievements, we are, like all of you,
15 concerned about the future. As the economic
16 downturn intensifies, we're very attuned to the
17 continued health of the businesses that make up
18 our tenant base. While most remain healthy and
19 have booked work into the near future, we know
20 from past experience that our tenants frequently
21 feel the pain 12 or 18 months into a recession.
22 We therefore hope that the City Council will
23 continue to support not only our work, but will
24 help to strengthen the kind of small business
25 services and access to capital that allows our

1
2 tenants to remain in New York City--and the
3 conversation that just took place was very
4 encouraging to us. It's now more important than
5 ever that New York works to diversify its economy
6 and preserve blue collar employment.

7 On the heels of 221 McKibbin
8 Street's completion, GMDC is initiating several
9 new projects that focus on utilizing our existing
10 resources to their fullest capacity. During the
11 next year we plan to undertake an extensive Green
12 roofs initiative on our existing portfolio to add
13 new solar capacity to our existing 115 kW
14 photovoltaic system, and to launch a Green roof
15 project on several of our buildings. New York
16 State's recent approval of net metering will allow
17 us to add significantly more photovoltaic capacity
18 than we were able to consider previously. GMDC
19 was a pioneer in solar energy, having installed
20 its first system in 2002, and will continue to
21 play a leadership role on this front.

22 We are also planning to perform
23 energy-efficiency upgrades to our existing
24 buildings, many of which were identified by a
25 recent energy audit we performed in conjunction

with the New York Industrial Retention Network.

GMDC also plans to renovate a 30,000 square foot section of its Manhattan Avenue facility previously used for storage to accommodate a mix of light industrial tenants. We're also planning to close this month on the sale of one of our buildings to our largest tenant, Hoskie Corporation, a food processor who exports tripe products to China, among other places. Hoskie will use a Small Business Administration loan guarantee to secure financing not only for the building, but for a new co-generation system that will significantly reduce its energy costs.

We very much appreciate the City Council's support of our work to date and look forward to working with you to make sure New York comes through these difficult times even stronger.

Thank you very much.

CHAIRPERSON YASSKY: Thank you.

MR. TOWERY: Thank you, Mr.

Chairman. I don't have prepared statements, I'll be happy to prepare them and send them later, I know you love to read them, but I've been here all

1
2 day listening and learning a lot.

3 My name is Carlisle Towery, I'm
4 president of Greater Jamaica Development
5 Corporation in Queens. We are a local not-for-
6 profit LDC, one of the oldest in the city, over 40
7 years old and we do a range of economic
8 development activities, many of them under the
9 umbrella of DSBS's commercial revitalization
10 program.

11 We administer the Empire Zone for
12 that area and we are involved in three regionally
13 significant projects, if you know what those are,
14 those are projects outside Empire Zone boundaries,
15 we've already I think executed two and are working
16 on another one and are pleased to do it, even
17 though they're not in Jamaica, they tend to be all
18 around and but we care a lot about Queens and our
19 environs.

20 I really want to start with a
21 recommendation and sort of cut through and suggest
22 respectfully that more CDBG money should be
23 allocated to DSBS. I've tracked the use of those
24 funds for several years, ten years, I've testified
25 two or three or four or five or seven or eight

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2 times about the lion's share going to interim
3 housing which at the time that was a monster that
4 had to be slain and I thought that it had been by
5 now, but DSBS still gets less than 2% of all the
6 CDBG money--federal money that comes to the city,
7 whereas housing gets 50, 60% and interim housing
8 as I looked got 25%.

9 So it seems to me--and by the way,
10 Queens gets shortchanged because we have no, have
11 now and never have had interim housing, so all
12 that comes off the top of the CDBG and then the
13 rest gets allocated.

14 So it really is troubling that that
15 flexible money given to the city from the feds for
16 flexible uses, a lot of uses get used as a way
17 they're doing it now and I'm not about to charge
18 misallocation, but I certainly have looked at
19 other cities who use it for loan funds, who do all
20 kinds of what we call community development and
21 I'm not sure interim housing is an eligible CD
22 activity, I think the Congress have to waive it to
23 allow that expenditure.

24 But my purpose today really is a
25 brief but serious commendation of EDC and DSBS--

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2 they're both hard working, talented staffs,
3 effective, the Workforce1 DSBS is Workforce1 and
4 Jamaica is indeed a signature success. Greater
5 Jamaica enjoys, and Jamaica benefits, from a
6 particularly productive partnership with those
7 two--EDC and DSBS. They, as we are, are focused
8 on jobs, on business retention and development
9 economic activity. We practice what we call
10 commercial revitalization or local economic
11 development in downtown Jamaica and its environs.
12 Our track record from steady, persistent effort
13 always in partnership with government and elected
14 officials--always. We collaborate with a trinity
15 of interest, as we call it--the community,
16 business, and government. In the economic
17 recovery not yet accomplished of a place [off mic]
18 called Jamaica that was economically traumatized
19 in the 70s, when the impacts of new, regional
20 malls mauled Jamaica, as we say, certainly
21 crippled it and threatened it and not only it, but
22 the viability of its service shed. It has about
23 300,000 people in its primary trading area and
24 some 640,000 in its principal service shed. About
25 a third of Queens' population is served to some

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2 degree by downtown Jamaica and we do have several
3 entities that serve all of Queens--the civil
4 courts are concentrated there, and there's one
5 that serves all of New York City, the police crime
6 lab, and three federal agencies that serve multi-
7 state parts of the federal region here, so we are
8 improving or developing regional centers.

9 I echo President Pinsky of EDC's
10 comment that economic development is especially
11 important and timely today given the critical need
12 for job retention and creation and, you know,
13 investing in the city's future with a capital
14 budget is obvious and, of course, is appropriate
15 and it leverages other capital, but I want to
16 stress today that investing in the commercial
17 environments which strengthen retail sales and
18 economic activity and leverages all kinds of other
19 funds. In Jamaica, improving its environment,
20 shopping, and business activity will recapture
21 sales lost to Nassau County and that is in jobs
22 and activity and taxes and [off mic] would be a
23 net gain for the city. Greater Jamaica is
24 undertaking some initiatives in alliance with our
25 three downtown BIDs, it's to instill confidence of

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2 users that go there, we call it safe, clean Green
3 streets, we believe that these are CD eligible
4 activities and we note that the BIDs that we have
5 there now, we created four BIDs in Jamaica over
6 the years and have never managed them, they manage
7 themselves, but we are now in the business of
8 augmenting their services and working with them to
9 try to have a comprehensive downtown management
10 plan.

11 Too I want to just stress that
12 there are two new and alarming losses and
13 conditions worth mentioning Jamaica has
14 experienced. We lost Mary Macula Hospital, 1,200
15 jobs and Queens lost St. Joseph's, another 1,200
16 jobs recently and we have now in south Jamaica,
17 the highest rate of foreclosures in New York--I'm
18 not sure if it's New York City or New York State
19 but I forgotten--but almost 40% of the recent
20 foreclosures have been in south Jamaica. Now why
21 does that have to do with small business that we
22 care about? Because the people there have lost a
23 source of equity, a source of revenue, the value
24 of the houses have gone down, it was a part of a
25 capital access strategy that people used for their

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2 businesses--to operate them, to grow them, or to
3 start a business, that's now gone and many of them
4 have maxed out credit cards, etc., and so do not
5 really have access to capital. We hope U.S. EDA
6 will recapitalize our newly active--we just tried
7 to activate our small business loan fund, we've
8 been operating it for years--we hope EDA will
9 recapitalize it and we do require a local match
10 and the startup of that fund enjoyed--was enabled
11 by one-third of the initial funding from DSBS, or
12 it was then called something else, and it was CD
13 money by the way, so there's no money there now to
14 recapital--to match us--us to leverage this \$2
15 million that we're after from U.S. EDA. And we
16 have just sort of for the record started last week
17 a major project, we call it the Jamaica Alliance,
18 where we are putting our own funds through and we
19 cobbled together a lot of our own funds to augment
20 the BIDs work and try to have this downtown
21 management plan. And our budget, all of it, 70%
22 of it is earned and every nickel that we earn and
23 every nickel that we get through raising for
24 foundation grants and from government contracts,
25 government contracts are about 15% of our budget,

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2 we beg for about 15% and we earn about 70%--every
3 nickel of it goes back into Jamaica.

4 So we hope that with this stimulus
5 money, with the flexibility that it has, that you
6 will help us convince the administration to use,
7 particularly CDBG money if they have some money
8 for that from the stimulus package, and I
9 understand they might, but we hope that we can do
10 some things this year and really makes less sense
11 to reduce resources for economic development in a
12 period when the economy is shrinking. Divert
13 resources in order to redouble efforts to keep in
14 the [off mic] jobs seems to us to be the right
15 message that I'd like to--

16 CHAIRPERSON YASSKY: Okay.

17 MR. TOWERY: --deliver. Thank you
18 for your attention.

19 CHAIRPERSON YASSKY: Thank you very
20 much. I just one question, then we can end. I
21 just want to make sure I understand your point
22 about the interim housing, are you saying that's
23 not a good use of funds period or just that we
24 should find another funding source for that and
25 use CDBG for SBS programming?

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2 MR. TOWERY: I guess I didn't
3 understand your question, you mean--

4 CHAIRPERSON YASSKY: [Interposing]
5 The interim housing that's funded now by CBDG,
6 community development, the CDBG--

7 MR. TOWERY: Oh.

8 CHAIRPERSON YASSKY: --are you
9 saying that that's not a worthwhile thing to be
10 doing at all or rather, yes, we need to do it, but
11 we should find some other money to pay for it?

12 MR. TOWERY: Well the history is
13 that when Mayor Koch decided and he had to have
14 congressional approval as a former congressman, he
15 knew how to do it--

16 CHAIRPERSON YASSKY: Yeah.

17 MR. TOWERY: --to get all the CDBG
18 budget devoted to interim housing to slay that
19 monster, I know some--

20 CHAIRPERSON YASSKY: Yep.

21 MR. TOWERY: --of the people that
22 worked on it, they did a marvelous job, and when
23 we protested that it was taking money from what
24 had been economic development, he said, when we
25 slay this monster--and I still use that word--we

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2 will redress it and shift it back to economic
3 development, but they never--

4 CHAIRPERSON YASSKY: [Interposing]
5 You're saying at this point we should be able to
6 reduce our spending there.

7 MR. TOWERY: Well I don't--I'm not
8 trying to make policy here, but it seems to me--

9 CHAIRPERSON YASSKY: [Interposing]
10 Well that's [crosstalk] I'm just--

11 MR. TOWERY: --the interim monster
12 has been slain and they're still using it for
13 interim--not as much, it used to be 70% of
14 something, it's now down to 25%, but it seems to
15 me there's flexibility in CDBG to redress an
16 imbalance of how it's been--

17 CHAIRPERSON YASSKY: [Interposing]
18 Well I'm just saying your suggestion is most--
19 would be most useful if it either identifies
20 spending that can be cut so we can use that money
21 elsewhere as you're suggesting, or an alternative
22 source of funding. In other words, if what you're
23 saying is well these are activities that we're
24 using CDBG money for and yes, we need to do them,
25 but we also need to increase SBS, then that leaves

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2 the question, well we have to find the money for
3 the housing spending. So you can get back to me
4 on it if you--

5 MR. TOWERY: I will.

6 CHAIRPERSON YASSKY: --but if you
7 have either a proposal for what to cut or for
8 alternative funding source, that's the most
9 useful.

10 MR. TOWERY: Well I'm nervous about
11 telling the city how to run its business--

12 CHAIRPERSON YASSKY: Don't be.

13 MR. TOWERY: --but it's federal
14 money and a congressman has asked me to look at it
15 and suggest whether he should take a special look
16 at it.

17 CHAIRPERSON YASSKY: Okay.

18 MR. TOWERY: And economic
19 development is the principal purpose of many, many
20 CDBG programs in cities all over the nation, but--

21 CHAIRPERSON YASSKY: Indeed.

22 MR. TOWERY: --housing has been
23 this city's and specifically--

24 CHAIRPERSON YASSKY: [Crosstalk]

25 MR. TOWERY: --interim housing

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2 which we thought would be solved and then would
3 not keep using the CDBG money.

4 CHAIRPERSON YASSKY: Okay.

5 MR. TOWERY: So that's--

6 CHAIRPERSON YASSKY: Thank you.

7 MR. TOWERY: Thank you.

8 CHAIRPERSON YASSKY: Well thank you
9 both very much and, with that, the hearing is
10 adjourned.

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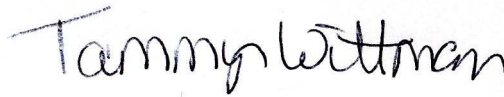
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C E R T I F I C A T E

I, Tammy Wittman, 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 March 19, 2009