

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEES ON FINANCE, ECONOMIC DEVELOPMENT AND SMALL
BUSINESS

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May 17, 2013
Start: 10:02 a.m.
Recess: 1:15 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:

DOMENIC M. RECCHIA, JR.
KAREN KOSLOWITZ
DIANA REYNA
Chairpersons

COUNCIL MEMBERS:

Council Member Gale A. Brewer
Council Member Fernando Cabrera
Council Member Margaret S. Chin
Council Member Leroy G. Comrie, Jr.
Council Member Mathieu Eugene
Council Member Julissa Ferreras
Council Member Lewis A. Fidler
Council Member Robert Jackson
Council Member Letitia James
Council Member Andy King
Council Member Peter A. Koo
Council Member G. Oliver Koppell
Council Member Brad S. Lander
Council Member Darlene Mealy

A P P E A R A N C E S

COUNCIL MEMBERS:

Council Member Donovan Richards
Council Member James G. Van Bramer
Council Member Albert Vann
Council Member Mark S. Weprin
Council Member Ruben Wills

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

Robert Walsh
Commissioner
Department of Small Business Services

Colleen Galvin
Assistant Commissioner, Financial Services and Capital
Access
Department of Small Business Services

Andy Schwartz
First Deputy Commissioner
Department of Small Business Services

Seth Pinsky
President
Economic Development Corporation

2 CHAIRPERSON RECCHIA: Okay. Good
3 morning, and welcome to the fifth day of the City
4 Council's Hearing on the Mayor's Executive Budget
5 for 2014. My name is Domenic M. Recchia, Jr., I'm
6 the Chair of the Finance Committee, and I, we're
7 here today, my colleague on the Small Business
8 Services, Diana Reyna. On Tuesday, we heard from
9 the Fire Department of New York, the Department of
10 Corrections, the Criminal Justice Coordinator and
11 Legal Aid. Today, the Finance Committee will be
12 joined by the Committee on Economic Development,
13 chaired by my colleague, Council Member Karen
14 Koslowitz; and the Committee on Small Business
15 Services, chaired by my colleague, Council Member
16 Diana Reyna; to hear from the Department of Small
17 Business Services and the Economic Development
18 Corporation. Before we get started, I want to
19 remind everyone that the public will be allowed to
20 testify on June 5th, the last day of budget
21 hearings, beginning at 4:00 o'clock, p.m. The
22 public session will be held here in the Council
23 Chambers. The members of the public who wish to
24 testify but cannot make it, they could fax their
25 testimony to (212) 788-7061. Today, we begin our

2 Executive Budget Hearing with Department of Small
3 Business Services. Department of Small Business
4 Services' budget totals \$100.7 million, which
5 reflects a decrease of \$35.2 million from last
6 year's adopted budget. Part of the decrease is
7 from reduction in the Workforce Investment Act,
8 reductions in the Center of Economic Opportunity
9 for the Business Solutions Training Program, and
10 reductions in funding for the Red Hook and Midtown
11 Community Courthouses. SBS has also had new needs
12 in this budget, including funding for MWBE
13 compliance, management of Governor's Island
14 operations, and Roosevelt Avenue cleanup. SBS
15 will also manage \$72 million in business loans and
16 grants from the \$1.7 billion CDBG recovery
17 program. I'm looking forward to hearing from the
18 Small Business Services' Rob Walsh, to learn more
19 about the ways the Executive Budget affects SBS.
20 But before we do that, I recognize my colleague,
21 Diana Reyna.

22 CHAIRPERSON REYNA: Thank you, Mr.
23 Chair. I just wanted to say good morning to
24 everyone. My name is Diana Reyna, I Chair the
25 Committee on Small Business Service, the Committee

1 on Small Business, in the City Council. This
2 hearing will cover the Fiscal Year 2014 Executive
3 Budget for the Department of Small Business
4 Services. This is a joint hearing with the
5 Committee on Finance and the Committee on Economic
6 Development. At this hearing, the Committees
7 would like to know why the Administration decided
8 not to fund the industrial business solution
9 providers for Fiscal Year 2014. I have been in
10 constant communication with City Hall, expressing
11 my dissatisfaction on the fact that especially
12 after Hurricane Sandy and the efforts of recovery
13 where the providers play a key role, to be able to
14 preserve what are the essential services of first
15 responders to businesses, the Administration has
16 made a commitment in 2006 to preserve and keep
17 manufacturing, industrial businesses; however,
18 funding has gradually decreased from its peak of
19 almost \$4 million in Fiscal Year 2006 to \$1.2
20 million in Fiscal Year 2013. In 2013, it's been
21 zeroed out for Fiscal Year 2014. Currently, there
22 are 12 IBSPs serving the 16 industrial business
23 zones. There are approximately 6,000
24 manufacturing and industrial businesses employing
25

1 over 75,000 workers. These businesses rely
2 heavily on the IBSPs for financial and technical
3 assistance and to navigate the City's rules and
4 regulations, considering that one of the greatest
5 complaints we hear is from small businesses
6 navigating government and cutting through the red
7 tape is their most difficult task of running a
8 business in the City of New York. The Council and
9 the public need to know why funding has been
10 eliminated and what the impact would be for these
11 providers for the manufacturing businesses to be
12 serviced. In addition, the Committees want to
13 know the, about the \$72 million in federal grants
14 SBS received for Hurricane Sandy Business
15 Recovery. Our understanding is that these funds
16 would be used for business loans and grants, we
17 need an explanation of how many--and how many
18 businesses would be assisted. Finally, the
19 Committees want to, want a full explanation of the
20 impact of the funding decrease realignment and
21 federal sequestration of the Workforce Investment
22 Act, other known as WIA funding, which SBS uses
23 for the Workforce One Career Centers. How is SBS
24 preparing for these cuts and what are the
25

2 programmatic impacts for the individuals who will
3 use the Workforce One Career Centers. And
4 understanding that we have already passed Local
5 Law 1, I'd like to have the Department of Small
6 Business Services touch upon the amping of
7 personnel within the Department to be able to run
8 what would be an extraordinary effort in
9 continuing the procurement goals for the City of
10 New York with MWBEs, not just the certification
11 process. I'd like to thank the SBS Commissioner,
12 Robert Walsh, for joining us here today, and his
13 team, for all the great work that they have been
14 doing during Hurricane Sandy. And with that, I'd
15 like to just introduce the Committee Members to
16 the Small Business Committee. We've been joined
17 by Council Member Koo, Council Member Andy King
18 and I'd like to thank [background comment] we've
19 been joined by Julissa Ferreras, who's part of the
20 Finance Committee.

21 CHAIRPERSON RECCHIA: Right. And
22 Council Member Al Vann.

23 CHAIRPERSON REYNA: Council Member
24 Vann. Where is he?

25 CHAIRPERSON RECCHIA: Okay. Right.

2 Ready? That's it. Okay, Commissioner, you're on.

3 [background comment] Turn your mic on.

4 ROBERT WALSH: There you go. Good
5 morning, Chairman and Chairwoman Reyna, Council
6 Members, members of the Economic Development,
7 Finance and Small Business Committees. I'm Rob
8 Walsh, I'm the Commissioner of the New York City
9 Department of Small Business Services. I'm joined
10 here by First Deputy Commissioner Andy Schwartz
11 and others from SBS. We're here to help answer
12 any questions you might have. This morning, I'd
13 like to cover some of the questions you have, but
14 also speak about how SBS has been serving
15 businesses, job seekers, neighborhood, and update
16 you on our ongoing response to Hurricane Sandy.
17 In our mission to help small businesses start
18 operating, expand SBS's developing network of
19 seven business solution centers across the five
20 boroughs, it offers nine key services: business
21 courses, employment training, recruitment,
22 financial assistance, helping navigate government,
23 access to incentives, selling to government,
24 certification of local, minority and women owned
25 businesses, and connections to pro bono legal

2 assistance. In 2012, our centers provided over
3 4,000 entrepreneurs with free courses, saved over
4 700 clients on legal fees and helped launch more
5 than 250 new businesses. The centers also
6 provides essential access to capital, connecting
7 business owners with more than 670 awards, worth
8 more than \$63 million. Since 2007, our centers
9 have connected more than 2,200 businesses to
10 almost \$200 million in capital access. And last
11 year alone, we helped more than 1,500 businesses
12 save close to \$50 million in energy costs through
13 our energy cost savings programs, and our Lower
14 Manhattan energy programs. As I mentioned in
15 March, it was because of the network, of the
16 business solution centers, that we were able to
17 hit the ground running and develop relationships
18 with banks and community organizations. We were
19 better prepared to respond to the emergency of the
20 magnitude of Hurricane Sandy. Within days after
21 the storm, we had established a \$20 million
22 working capital loan fund, in partnership with
23 EDC, Goldman Sachs, and 23 other commercial banks.
24 From that fund, we approved 642 businesses for a
25 total of more than \$14.5 million in up to \$25,000

2 in loans. In partnership with the Mayor's Fund
3 and the Partnership for New York City, we
4 established a \$5.5 million matching grant fund
5 from which we approved more than \$4 million in up
6 to \$10,000 grants. In partnership with the City,
7 UBS, and Barclay's, we created a \$1 million small
8 business assistance grant fund for which more than
9 170 businesses have been approved for grants of up
10 to \$5,000 in repair. As you know, commercial
11 corridors across the City were hit hard by the
12 storm, and we've been working tirelessly to
13 restore them. We're working with professional
14 retail experts and community nonprofits to gather
15 data, established long term recovery plans, and
16 increase the capacity of local organizations
17 focused on commercial revitalization. Where those
18 local organizations don't exist, we're working to
19 form them. We've dedicated staff to neighborhoods
20 like the South Street Seaport, the south shore of
21 Staten Island, and the Rockaways, where they've
22 been addressing quality of life concerns, cleaning
23 up the streets, coordinating marketing campaigns,
24 formulating strategic plans and spearheading
25 merchant organizing. Through these efforts,

2 impacted neighborhoods will be able to reduce
3 blight, strengthen their remaining businesses,
4 recruit new retail, attract more visitors and
5 create jobs. In recent weeks, we've been
6 preparing to take full advantage of incoming
7 federal funds to help impacted neighborhoods and
8 businesses. Last week, HUD Secretary Shaun
9 Donovan approved the City's community development
10 block grant action plan. The plan includes \$293
11 million for business programs, including \$131
12 million for investment to improve business
13 resiliency, and to explore new technologies that
14 will help businesses rebuild, protecting them
15 against the effects of future storms. The plan
16 also includes a \$90 million fund for innovative
17 projects that will spur economic development in
18 the hardest hit neighborhoods. Finally, the plan
19 includes \$72 million for recovery grants and
20 loans. Applications for these grants and loans
21 will be available this Monday, May 20th. The
22 impacted businesses will be eligible for \$150,000
23 in loans, and up to \$60,000 in matching grants.
24 Loans will have a low one percent interest rate on
25 a monthly schedule for five to seven years. We

2 have staff working hard to make sure that we get
3 these resources to business as quickly as
4 possible. We've been reaching impacted businesses
5 through our business solution centers, our
6 networks of chambers, business improvement
7 districts, with the help of City Council Members,
8 and so many more. And we could speak more about
9 that in the question and answers, in terms of the
10 plan for that. In addition to the work we're
11 doing for businesses impacted by Hurricane Sandy,
12 SBS continues to make a substantial investment in
13 building the capacity of small business through
14 the City, including firms certified under our
15 minority and women owned business program. In
16 February, we graduated our fourth class from the
17 now nationally recognized Strategic Steps for
18 Growth Executive Management Program, for MWBE
19 leaders, at Stern School at NYU. Since the
20 program began in June of 2010, 55 graduates have
21 collectively been awarded \$64 million in public
22 contracts, secured almost \$2 million in finance,
23 and hired more than 240 new employees. In 2012,
24 we launched a new version of the program in
25 partnership with the Mayor's Office of Media and

2 Entertainment for businesses in the entertainment
3 sector. This is one of the many ways that the
4 City has been supporting the emerging media and
5 technology sector. Earlier this week, 16
6 entrepreneurs graduated from the new course. In
7 2012, with the support of Deputy Mayor Cas
8 Holloway, SBS launched a \$3.2 million capacity
9 initiative called "Compete to Win," to prepare
10 small businesses and MWBEs to better compete on
11 City contracts. Through this initiative, the City
12 has served over 750 businesses and connected MWBEs
13 to over \$13 million in City contracting
14 opportunities. One compete to win program, the Up
15 Front Capital Loan, was expanded in 2012 to
16 include all Mayoral agencies, to help small
17 businesses fund initial City contract expenses
18 such as labor and equipment. Short term working
19 capital loans from \$1,000 to \$150,000 are
20 available for businesses awarded City contracts
21 through partnerships with mission driven lenders,
22 such as the New York Business Development
23 Corporation and Bach [phonetic] Capital. Since
24 the launch of the pilot initiative, MWBE firms
25 prequalified for loans valued at nearly \$1.3

2 million. At the preliminary budget hearing, I
3 spoke about the gains we've made in MWBE programs.
4 Over the past few years, our pool of certified
5 MWBEs has significantly increased, and these firms
6 are winning more contracts. There are now more
7 than 3,600 companies that are certified to do
8 business with City agencies. Back in 2002, there
9 were 700 certified MWBEs. Much of our outreach is
10 accomplished through partnerships with the City
11 Council's MWBE Leadership Association, which has
12 been instrumental in promoting the program and
13 increasing the number of certified businesses.
14 Yesterday, we held our seventh annual citywide
15 procurement fair, where more than 70 agencies and
16 public authorities met with over 500 of our
17 certified firms face-to-face for hours, provided
18 valuable networking and educational opportunities.
19 This time, we also provided important information
20 about upcoming contracting opportunities related
21 to post-Sandy restoration. It was an incredible
22 sight. We got the participation--and thanks to
23 the Council on the outreach, this thing went on
24 all day, not only the City agencies but also State
25 agencies, and a number of private sector

2 organizations, I think a Citibank, Con Edison and
3 others, who were there meeting with many of our
4 MWBEs to talk about their procurement
5 opportunities at their locations. On January 7--
6 of this year, the Mayor signed new legislation to
7 help strengthen the MWBE program, Local Law 1. It
8 removes the \$1 million cap on contracts and
9 increases the total value of the program almost
10 fivefold, from \$433 million to \$2.2 billion.
11 Among several improvements, the new legislation
12 increases accountability for City agencies to meet
13 their contracting participation goals, and enhance
14 the online directory of certified firms. This
15 means we're going to be able to do even more for
16 MWBEs. And again, during questions, we could talk
17 about how we are gearing up on our staffing for
18 that, to make sure that we are holding agencies
19 accountable, that we're having more events like we
20 had yesterday, and that we upgrade our online
21 directory. Let me shift gears and talk about our
22 workforce programs. Complementing our business
23 services, SBS has transformed the City's approach
24 to workforce development, by preparing, training
25 and placing job seekers in response to employer

2 demands. Since Mayor Bloomberg merged the
3 Department of Small Business Services and the
4 Department of Employment in 2003, SBS has gone
5 from three career centers that served about 500
6 people a year to 17 workforce centers that helped
7 over 27,000 New Yorkers find jobs in 2012. In
8 2012, we placed over 4,000 individuals in jobs
9 where they've earned more than \$15 an hour. And
10 the median age of our placements was \$10 an hour.
11 SBS also continues to invest in programs that
12 train New Yorkers to meet the demands of growing
13 economic sector, through partnership with the
14 Mayor's Office of Media Entertainment, SBS has
15 offered a half million dollars in grants to media
16 and entertainment small businesses to train
17 employees. This is an area obviously it's a
18 growing sector and that's where we're putting our
19 resources. And since launching in 2005, the New
20 York Business Solutions customized training grant
21 program has awarded over \$9.6 million to help more
22 than 150 companies train over 5,500 workers. SBS
23 is also committed to helping veterans and their
24 families as they return from the war. Last year,
25 SBS partnered with the Robin Hood Foundation and

2 the Mayor's Fund to put more 1,000 veterans to
3 work in stable, meaningful jobs that leverage
4 their military experience. This year, we're
5 expanding our efforts and increasing access points
6 for veterans seeking career, training and job
7 placement services, with dedicated veteran
8 specialists at seven centers in all five boroughs.
9 In eight years, New York City has become a
10 national model for innovation and effectiveness in
11 workforce development. At the same time, I
12 realize we have so much more work to do. I'm
13 confident that the gains we've achieved will give
14 us a solid foundation to continue to meet the
15 employment needs of New Yorkers. In addition to
16 serving individual businesses and job seekers, SBS
17 works in commercial corridors throughout the five
18 boroughs to strengthen neighborhoods and make them
19 more attractive places to do business. New York
20 City's current network of 67 business improvement
21 districts is the largest in the country and
22 provides valuable sanitation, public safety,
23 marketing, and other services across the five
24 boroughs. BIDs invest nearly \$100 million
25 annually in services to more than 70,000 small

2 businesses. In 2012, a BID was established in
3 Westchester Square in The Bronx; and two other
4 BIDs, Chinatown and Atlantic Avenue, started
5 operations. Next, the City Council will be voting
6 on the City's 68th BID on Broadway, in SoHo. We
7 will continue to guide BID formation and expansion
8 efforts throughout the five boroughs, including
9 the BAM Cultural District in Brooklyn, the South
10 Shore of Staten Island, Roosevelt Avenue in
11 Queens, and East Tremont Avenue in The Bronx.
12 Local development corporations and merchant
13 associations also play a critical role in
14 commercial corridors throughout the City. Our
15 Avenue NYC programs provide critical support to
16 community based organizations that carry out one
17 or more initiatives in project categories, that
18 include business attraction, storefront
19 improvements, merchant organizing, place making,
20 website development, and capacity building
21 initiatives. Finally, SBS works to support
22 neighborhood organizations in their efforts to
23 fill vacancies and diversify their retail mix
24 along commercial corridors. Since 2011, SBS in
25 partnership with the retail, with retail

2 attraction experts such as JGSC Group, has
3 provided intensive, one-on-one training in
4 business attraction and retail leasing to eight
5 neighborhood organizations across all five
6 boroughs. As a result, these neighborhoods have
7 attracted over 40 new businesses and significantly
8 reduced their vacancy rates. In conclusion, I
9 want to thank the Council for all your help in
10 supporting our programs, from partnering on
11 businesses and workforce development initiatives,
12 encouraging a strong MWBE; and helping support the
13 growth of our BID network. We're working hard to
14 help small businesses and job seekers throughout
15 the City, particularly those in the impacted
16 areas. And I know there's so much more work to
17 do. We are continually looking for innovative
18 ways to improve our services, build on
19 partnerships with the community, and expand our
20 reach. One final note: I'd like to thank many of
21 you, that invited me out to your neighborhoods
22 over the last 12 years. I realize this is my last
23 testimony before the City Council. Whether it's
24 been Chinatown or The Bronx or Jackson Heights,
25 Williamsburg, many parts of Brooklyn, it's been a

2 great experience. You've opened my eyes to many
3 of the issues on small business. I think we've
4 got a lot of great things done, we got many new
5 partnerships that have been developed and
6 underway, and I greatly appreciate that, so thank
7 you.

8 CHAIRPERSON RECCHIA: Well, if the
9 IZ money was in the budget, Diana Reyna would
10 appreciate you, too. No, I'm joking.

11 ROBERT WALSH: I understand that.
12 [laughter] Yeah.

13 CHAIRPERSON RECCHIA: We want to
14 thank you, my colleagues have lots of questions.
15 I just have a question about the loan program
16 commission.

17 ROBERT WALSH: Sure do.

18 CHAIRPERSON RECCHIA: That we're
19 going to have given out to small businesses.

20 ROBERT WALSH: Yeah.

21 CHAIRPERSON RECCHIA: What is going
22 to be the big issue that we're facing? I'm
23 talking about Staten Island and my district.
24 These small businesses, they don't have what I
25 would say good credit, they don't have the best

2 paperwork that they could put together, they
3 always had a business there, they have a store,
4 they lost everything. And no one wants, they
5 can't get any credit, they can't get any loans.
6 Is this program going to help those people that no
7 one else wants to help?

8 ROBERT WALSH: Well, you know--

9 CHAIRPERSON RECCHIA: I mean, what
10 is the--

11 ROBERT WALSH: Councilman--yeah.

12 CHAIRPERSON RECCHIA: --'cause if
13 the criteria is going to be, "You got to have this
14 credit, you have to have, you know, so much
15 available, you have to, you know, I mean, what is
16 it, what's the criteria? You know, this, all
17 these loans sound great, but in my district,
18 especially Coney Island, no one's helping them,
19 they're not getting loans, they're not getting
20 help. Is this program going to address those
21 people and those needs?

22 ROBERT WALSH: Sure. And then in
23 Coney Island, we've been able to help a lot, and
24 there's a number of, quite frankly, that have not
25 had good credit ratings. And that has been--

2 CHAIRPERSON RECCHIA: A majority of
3 them don't have good credit rating.

4 ROBERT WALSH: Well, a number of
5 them that have come our way, and we've been trying
6 to, you know, help them, and if not through this
7 program, through other nonprofit means. We were
8 never in this business, as you know.

9 CHAIRPERSON RECCHIA: Yeah, I know.

10 ROBERT WALSH: And back in 2002, we
11 made no connections on capital loans. Quite
12 frankly, we didn't have the apparatus to do that.

13 CHAIRPERSON RECCHIA: And--

14 ROBERT WALSH: Last year, last year
15 we made connections of over \$63 million in capital
16 access, aside from the recovery. Those that come
17 to our attention, that don't have good credit
18 ratings, and I can think of Coney Island, and I
19 think off the top of my head, a number of--

20 CHAIRPERSON RECCHIA: Red Hook and
21 parts--

22 ROBERT WALSH: Red Hook, Red Hook
23 we have done well in terms of penetrating and
24 getting out to the small businesses. But there
25 are some that don't have good ratings, there are

2 some that have difficulties. And we're going to
3 continue to work with them. You know, whether
4 it's through this recovery--in some cases, we've
5 been able to do it through grants, and others has
6 been able to link them to nonprofits that have
7 raised money on, in addition to these loans that
8 we've set up. We're not going to look the other
9 way on some of these, you know, businesses that
10 don't have good credit ratings, don't have a
11 history, and we're going to do everything we can
12 to help them out. Colleen's here, I mean, Colleen
13 Galvin is a woman who has worked with us over the
14 last 12 years. We recruited her after 9/11, she
15 was working with many of the low--the businesses
16 in Lower Manhattan. She's the one that forged the
17 relationships with the banks and nonprofits, the
18 Accions and the Project Enterprises of the world,
19 and she probably could shed a lot more light on
20 this, on this issue.

21 COLLEEN GALVIN: Thank you, good
22 morning, everyone. Yeah, I would just add to what
23 the Commissioner said. We are working very, very
24 closely--

25 CHAIRPERSON RECCHIA: Could you

2 state your name for the record?

3 COLLEEN GALVIN: Sorry, Colleen
4 Galvin, Assistant Commissioner of Capital Access
5 and Business Services for SBS. We're working very
6 hard with our colleagues at EDC, who I think
7 you'll be speaking with next, to engage CDFIs who
8 can be more creative in their underwriting and
9 exhausting all possibilities for the businesses
10 that you're describing. In the first phase of our
11 emergency loan program, it might interest you to
12 know that more businesses had challenges with cash
13 flow issues, than credit, actually. The
14 underwriter we're working with now, New York
15 Business Development Corporation, takes every
16 effort to look at the business holistically. They
17 speak to the management team, they look at their
18 numbers from a number of different perspectives,
19 they look at the personal financial situation
20 because that's often intertwined with the business
21 situation.

22 CHAIRPERSON RECCHIA: All right.
23 I'll, we will follow up, and I think I'll
24 recommend to my colleague here that maybe we do a
25 follow up hearing in September to see where we

2 are.

3 ROBERT WALSH: Good, okay.

4 CHAIRPERSON RECCHIA: Because this
5 is of great concern to me. All right, and that's
6 the big issue that I'm hearing. There's that, you
7 know, trying to get up these small businesses back
8 up and running. I'll turn the mic over to my
9 colleague, Diana Reyna. We've been joined by
10 Margaret Chin and Councilman--all right, go ahead,
11 Councilwoman Diana Reyna.

12 CHAIRPERSON REYNA: Thank you, Mr.
13 Chair. Just wanted to continue to touch base on
14 the CDBG money from HUD.

15 ROBERT WALSH: Yes.

16 CHAIRPERSON REYNA: HUD Secretary
17 Shaun Donovan has agreed to what is a substantial
18 amount of money dedicated to a plan that City Hall
19 came up with regarding the needs for the City of
20 New York.

21 ROBERT WALSH: Right.

22 CHAIRPERSON REYNA: For recovery
23 efforts and resilience. The issue of \$72 million
24 dedicated to loans and grants, but there was a
25 greater figure that was dedicated for innovation,

2 \$90 million. Why was that a decision? And how
3 does that impact businesses in a positive way,
4 where--if you can elaborate what innovation you
5 are seeking to see, that will assist in the
6 recovery efforts and resiliency.

7 ROBERT WALSH: I don't mean to pass
8 the buck, I do realize that you have Seth Pinsky,
9 that has been pouring through the, cross the Ts
10 and dotting the Is on the program. You know, he's
11 given up his responsibilities at EDC, he has been
12 the architect of putting this program together.
13 My focus has been on the recovery grants and how
14 we're going to get that out and how we're going to
15 get that money out, and making sure that there are
16 grants pieces to that. But he could give you the,
17 much more detail in terms of how they, how they
18 decided to allocate--

19 CHAIRPERSON REYNA: Sure.

20 ROBERT WALSH: --and break it out.

21 CHAIRPERSON REYNA: So, I will--

22 ROBERT WALSH: You know, I made the
23 strongest case I possibly could--

24 CHAIRPERSON REYNA: If we could
25 just focus--

2 ROBERT WALSH: --and based on the
3 experience over the last six months, to get the,
4 you know, to get money out and also to push really
5 hard on things that I heard, on getting more grant
6 money available for small businesses, in addition
7 to loans.

8 CHAIRPERSON REYNA: So let's just
9 focus on the grant availability.

10 ROBERT WALSH: Okay, sure, thank
11 you.

12 CHAIRPERSON REYNA: The issue of
13 impacted businesses in Hurricane Sandy's case--

14 ROBERT WALSH: Yes.

15 CHAIRPERSON REYNA: --the number of
16 businesses, how many were there? Do we have an
17 accountability? A final count. Because I know
18 that you were in the process during the
19 preliminary--

20 ROBERT WALSH: Go ahead. I'm going
21 to ask--

22 CHAIRPERSON REYNA: Ms. Galvin.

23 ROBERT WALSH: Yeah, Colleen
24 Galvin, to--

25 COLLEEN GALVIN: I believe that the

2 CDBG action plan stated there were 23,000
3 businesses inundated in the affected areas.

4 CHAIRPERSON REYNA: 23,000. So
5 this up from 13,000.

6 COLLEEN GALVIN: 13,000 is
7 specifically in the business recovery zones. So,
8 as defined by the flood maps. We know that there
9 were businesses that weren't necessarily in those
10 zones, that did have flooding.

11 CHAIRPERSON REYNA: So, the CDBG
12 money has identified 23,000 small businesses;
13 therefore, whether or not you're in the zone, you
14 will have access to these loan and grant
15 opportunities?

16 ROBERT WALSH: That's correct.

17 CHAIRPERSON REYNA: Yeah.

18 COLLEEN GALVIN: Yes.

19 CHAIRPERSON REYNA: And the \$72
20 million that are becoming available for loans and
21 grant opportunities, the one percent, what was the
22 loan percentage before--

23 ROBERT WALSH: One percent.

24 CHAIRPERSON REYNA: One percent, as
25 well.

2 ROBERT WALSH: That's correct.

3 CHAIRPERSON REYNA: And this is a
4 percentage that is more doable than the SBA--

5 ROBERT WALSH: It's one--yeah, the
6 SBA's about four percent--

7 CHAIRPERSON REYNA: Correct.

8 ROBERT WALSH: --and the difference
9 here is it gives many more years to pay back. The
10 initial loan--and again, Colleen is much more
11 schooled in this area than I am, and I'll admit
12 that--was a two year payback. And this is up to a
13 seven year, you know, payback.

14 CHAIRPERSON REYNA: Seven year
15 payback. Colleen, did you want to say something?

16 COLLEEN GALVIN: So, just the hope
17 is there to add to what Rob said, is that those
18 that had cash flow challenges, some of them may be
19 in a better position because they have longer to
20 pay it back.

21 CHAIRPERSON REYNA: Okay. And is
22 the money available for restructuring of debt,
23 which was one of the issues that many small
24 businesses raised time and time again--

25 ROBERT WALSH: Yeah.

2 COLLEEN GALVIN: Yes.

3 CHAIRPERSON REYNA: --so that this
4 funding will become available for restructuring of
5 existing loans, so that it an assist them in what
6 would be refinancing with this availability of--

7 COLLEEN GALVIN: Yes.

8 CHAIRPERSON REYNA: --funding.

9 COLLEEN GALVIN: You are able to
10 use these funds to pay back higher rate debt.

11 ROBERT WALSH: And you're hitting
12 on an important issue. As I go out to many of
13 these neighborhoods, the issue is not just getting
14 the money out on loans and grants, the issue is
15 helping some of these businesses that would--and
16 it was what Councilman Recchia was talking about,
17 is many of these businesses were struggling
18 beforehand. Many of 'em don't have very good
19 business plans, or marketing plans, or websites.
20 And my hope, in addition to this, is we see more
21 money towards those areas on technical assistance
22 for these businesses that are there, that have
23 been hanging on by a shoestring, quite frankly.

24 CHAIRPERSON REYNA: What--what
25 relocation grant has been set up through the CDBG

2 money that's coming from the federal government?

3 ROBERT WALSH: Relocation.

4 CHAIRPERSON REYNA: If any.

5 ROBERT WALSH: I'm sorry. Seth
6 Pinsky would be much more versed in that area in
7 terms of relocation. I'm not aware of a
8 relocation grant.

9 CHAIRPERSON REYNA: Okay. So I
10 will definitely make sure that we communicate with
11 Seth Pinsky--

12 ROBERT WALSH: Yes.

13 CHAIRPERSON REYNA: --following
14 your testimony. The issue of innovation has us
15 very concerned that this is another way of looking
16 at ways to gentrify what would be distressed
17 communities, and I hope that is not the mission of
18 this administration to be able to spend money at a
19 greater level of \$90 million, calling it
20 innovation.

21 ROBERT WALSH: Yeah. You know, my
22 hope in some of these areas, and the anchor in Red
23 Hook was Fairway. And many of these businesses
24 hang--you know, were able to hang on through
25 January and February until Fairway opened their

2 doors again, and you know, I was out there last
3 weekend, you know, walking, you know, store front
4 to store front, to some of these and say, you
5 know, "How's it going? What's going on? What
6 happening?" And you know, the response was,
7 "Since Fairway opened up again, you know, that's
8 great." Now, anchors in places like the
9 Rockaways, oh and places like Beach/116th Street
10 or the Far Rockaway community, you know, what can
11 we end up doing? Their largest employer out in
12 the Rockaways was 300 employees, it was a
13 chocolate factory. My hope, quite frankly, with
14 these innovation grants or game changing grants,
15 is that we find more anchors that were able to
16 take areas that where you've disinvestment, even
17 before the 29th of October, and get something in
18 there.

19 CHAIRPERSON REYNA: I just want to
20 make sure that we understand, what are the efforts
21 that are being made to inform businesses of these
22 programs? Specifically, your program--

23 ROBERT WALSH: Yeah.

24 CHAIRPERSON REYNA: --as far as the
25 loans and grants availability, and when is the

2 expiration date?

3 ROBERT WALSH: I--yeah, it is going
4 to be a--it's, Councilwoman it's going to be a
5 multi-tasked effort, there's a one by the name of
6 Jackie Mallon behind me, who will be doing email
7 blasts, ads in papers, we're going to be--

8 CHAIRPERSON REYNA: As well as
9 ethnic papers?

10 ROBERT WALSH: --chambers, ethnic
11 papers, local papers, we are going to reach out to
12 the chambers, the BIDs, the local development
13 corporations, we're going to go door-to-door, you
14 know, in these areas--

15 CHAIRPERSON REYNA: When does that
16 begin?

17 ROBERT WALSH: It's beginning.

18 CHAIRPERSON REYNA: It's starting
19 now.

20 ROBERT WALSH: It's starting. And,
21 you know, the applications will be available
22 Monday. I plan, quite frankly myself, to go out
23 to a good number of these places myself, and hand
24 out the applications in these concentrated areas.
25 It makes a difference. Greg Bishop, Kelvin

2 Collins, through our seven Business Solutions
3 Centers, they all have mailing lists, they all
4 have networks. And we're going to use every means
5 that we have to get the word out. You know, I
6 think back on what we were able to do with the
7 loans and grants in the first round, and the fact
8 that we got over \$15 million in loans out, and
9 more in the grants, and we're going to build on
10 that foundation that we put in place.

11 CHAIRPERSON REYNA: And what is the
12 expiration date for filing this application?

13 ROBERT WALSH: That's a good
14 question.

15 COLLEEN GALVIN: I believe all of
16 the money under the HUD CDBG, disaster recovery
17 program, needs to be expended within the first two
18 years. But I don't think it's going to take us
19 nearly that long to get the applications.

20 ROBERT WALSH: But is there a
21 deadline for the application?

22 COLLEEN GALVIN: No.

23 CHAIRPERSON REYNA: No deadline for
24 the application.

25 COLLEEN GALVIN: No, other than

2 within the two year period.

3 CHAIRPERSON REYNA: Right.

4 COLLEEN GALVIN: Right.

5 CHAIRPERSON REYNA: And what
6 happens if the business defaults on their loan?

7 COLLEEN GALVIN: It's my
8 understanding there isn't a separate loan loss
9 reserve fund on this. The write-off will be that
10 of the government's. We have collection processes
11 in place with our underwriters, and they will take
12 reasonable efforts to collect on the money.

13 CHAIRPERSON REYNA: And is there a,
14 any efforts that we are preventing the defaults
15 from happening?

16 COLLEEN GALVIN: I think what the
17 Commissioner spoke about earlier, making sure that
18 we have great post-loan technical assistance in
19 place, through our centers, through the CDFIs.
20 Given the nature of the extensive reporting that
21 will be required, and that we'll be providing,
22 we're going to be in touch with this portfolio of
23 borrowers on a regular basis, as we have been with
24 the 600 plus that are currently in our portfolio.

25 CHAIRPERSON REYNA: And so your

2 partnership through CDFIs, you believe that you
3 can accomplish what would be lesser chance of a
4 default.

5 COLLEEN GALVIN: I do, I think
6 we're very well positioned, given our network of
7 NYC Business Solution Centers, and again the
8 relationships with the CDFIs. Historically,
9 default rates on loan programs through disaster
10 recovery have always been a little higher than the
11 norm, but I think we can manage expectations.

12 CHAIRPERSON REYNA: And the CDFIs
13 that have been identified?

14 COLLEEN GALVIN: So, right now, we
15 are launching the program with the New York
16 Business Development Corporation, and we are in
17 conversation with several other CDFIs that we work
18 with regularly, that we hope to be able to
19 announced soon.

20 CHAIRPERSON REYNA: Can you just
21 mention, again, who they are?

22 COLLEEN GALVIN: The New York
23 Business Development Corporation, or NYBDC,
24 they're a non-bank SBA lender that has been a
25 great partner to us in the first phase of disaster

2 recovery, as well as on the up front capital loan
3 program.

4 CHAIRPERSON REYNA: And who else?

5 COLLEEN GALVIN: We're in
6 discussions with other CDFIs that we--

7 CHAIRPERSON REYNA: So I just want
8 to share with you, Accion USA, who was one of--
9 Accion USA, who's one of the CDFIs that happened
10 to be in the mix of the recovery efforts, to loan,
11 had made very necessary comments regarding the
12 delay of at what point they were invited to the
13 table, when they could have been perhaps at the
14 very beginning of speaking to businesses to
15 provide and secure loans and the technical
16 assistance necessary, and they lost valuable time
17 so that three months later they were engaged, as
18 opposed to day one after Hurricane Sandy. I just
19 want to make sure that we are quickly having those
20 conversations with an opportunity with an
21 organization like theirs, that has an enormous
22 network, especially in the immigrant entrepreneur
23 world.

24 ROBERT WALSH: Yeah, that would be
25 helpful to us on our capital access--

2 COLLEEN GALVIN: And we did have a
3 call with Paul Quintero on this specific program a
4 few weeks ago, we've been in, I think fairly
5 regular touch with him.

6 CHAIRPERSON REYNA: And if you can
7 confirm that, just so that at least by Monday, all
8 these, you have, I think Greg is trying to--
9 [background comments]

10 COLLEEN GALVIN: Yeah, we've had
11 calls with five or six of the CDFIs that we work
12 with regularly. Again, in partnership with EDC,
13 and we're keeping them updated and working out the
14 terms of who will come on board with this program.

15 CHAIRPERSON REYNA: And that will
16 be finalized by Monday.

17 COLLEEN GALVIN: No.

18 CHAIRPERSON REYNA: No. Okay. And
19 when will that be finalized?

20 COLLEEN GALVIN: I would have to
21 speak with Seth and his colleagues at EDC. My
22 hope is that we can do this very quickly, within
23 the next few weeks, but we don't have a set date.

24 CHAIRPERSON REYNA: Okay. The
25 money, when they get, when the loan gets paid

2 back, what happens to that money?

3 COLLEEN GALVIN: So, the money will
4 come back to the City, the borrower is not making
5 anything on this program, if you will, it's not a
6 revenue gen--sorry, the borrower [laughs] the
7 underwriter is not making anything on this
8 program. So, the money comes back into a central
9 fund, at OMB, that's my understanding.

10 CHAIRPERSON REYNA: So it goes back
11 to the general fund?

12 COLLEEN GALVIN: To be used for
13 other CDBG eligible purposes.

14 CHAIRPERSON REYNA: Into the
15 general fund for CDBG purposes.

16 COLLEEN GALVIN: That's my
17 understanding, yes.

18 CHAIRPERSON REYNA: And the issue
19 of the federal government's requiring for that
20 money or any of it to be returned back to the
21 federal government, is that part of a stipulation
22 under what has been signed off to the City?

23 COLLEEN GALVIN: I'm afraid I don't
24 know the answer to the question. I don't believe
25 that it has to go back to the federal government.

2 But we'd have to confirm that.

3 CHAIRPERSON REYNA: So 100 percent
4 of whatever is lent out will go back to the
5 general fund for G--

6 COLLEEN GALVIN: CDBG.

7 CHAIRPERSON REYNA: --CDBG
8 purposes.

9 COLLEEN GALVIN: Yes. But I'd like
10 to confirm that with OMB and get back to you.

11 CHAIRPERSON REYNA: Okay. And what
12 happens after the two year mark? Will the City
13 have full jurisdiction on whether or not there'll
14 be opportunities to perhaps continue to have a
15 loan fund for small businesses?

16 COLLEEN GALVIN: I'm afraid, again,
17 Councilwoman Reyna, I'm sorry, I don't know the
18 answer to that question, but would be happy to
19 follow up with OMB. I think we've all been so
20 focused on getting this out the door and up and
21 running.

22 CHAIRPERSON REYNA: Understood,
23 yeah, absolutely, and just for the record,
24 suggesting that this great opportunity of having
25 what would be beyond two years, considering that

2 recovery isn't just--and we would all hope that in
3 two years we'll be better off as far as the small
4 business community is concerned. But should there
5 be an opportunity to continue this loan fund, that
6 it is, discussions that begin today, as opposed to
7 allowing for there to be this gap of planning
8 because we only thought of the first two years,
9 considering we have to spend it all within two
10 years, and as it gets paid back, to be able to
11 utilize that so that the CDBG purpose as far as a
12 priority is concerned, to continue to assist small
13 businesses.

14 COLLEEN GALVIN: Absolutely. It's
15 a very good point.

16 CHAIRPERSON REYNA: I'd like to
17 take the opportunity to ask Council Member
18 Ferreras, followed by Council Member King, to ask
19 questions, while I just continue to gather our
20 questions for the purposes of this hearing. Thank
21 you.

22 COUNCIL MEMBER FERRERAS: Thank
23 you, Chairwoman. Commissioner, I just wanted to
24 take this opportunity to thank you and your staff.

25 ROBERT WALSH: Thank you, thank

2 you.

3 COUNCIL MEMBER FERRERAS: For the
4 incredible work that has, we've been able to do in
5 partnership with my office and your office over in
6 the district, especially on the Roosevelt Avenue--

7 ROBERT WALSH: Thank you.

8 COUNCIL MEMBER FERRERAS: --
9 revitalization.

10 ROBERT WALSH: I took a peek at it
11 the other day, and the workers are out there,
12 they're cleaning up, and the 82nd Street Business
13 Improvement District, I promised that we'd get it
14 up and running in May, and they have delivered,
15 and a lot of credit goes to you and Seth Taylor of
16 the BID. Thank you.

17 COUNCIL MEMBER FERRERAS: I think
18 that, you know, since--there's times when we need
19 to acknowledge and celebrate when things are done
20 well, and--

21 ROBERT WALSH: Thank you.

22 COUNCIL MEMBER FERRERAS: --your
23 team has been amazing and of course I don't think
24 it's enough, we always want more.

25 ROBERT WALSH: I hear that all the

2 time.

3 COUNCIL MEMBER FERRERAS: Okay.

4 Now, we're going to focus on Astoria Boulevard,
5 before you go anywhere. But I also wanted to know
6 if you would be able to highlight any programs or
7 what happens when EDC proposes economic
8 development or large project in our communities.
9 For example, in our conversations, a lot of the
10 redevelopment for Roosevelt Avenue has really been
11 triggered by my concern on the impact of small
12 businesses when we create a large mall.

13 ROBERT WALSH: Yep.

14 COUNCIL MEMBER FERRERAS: So, as
15 the City engages in plans of future redevelopment,
16 be it of any sort, a mall or any other type of
17 major development, where is your partnership in
18 that conversation with the existing small
19 businesses, so that they're not impacted in a
20 negative way? Or so that they're at least
21 embraced. And in parallel to that conversation,
22 and this I always bring up, and our Chair of
23 Economic Development is also, like when we have
24 the examples of the U.S. Open, and when they're in
25 town, what impact they have. And unfortunately,

2 what we see is very little. And maybe a better
3 example of that would be like the Barclay's and
4 the support that they have with the small
5 businesses in the surrounding areas, we don't
6 necessarily see that in Forest Hills and in Corona
7 and in Flushing. So could you speak a little bit
8 to those programs and how, if any, this fiscal, or
9 this budget would impact any of those programs.

10 ROBERT WALSH: Yeah, I would start
11 with, and I think, you know, something I know a
12 little bit about, is the strength or visibility of
13 a community based organization in the area that
14 can end up taking, you know, making it happen.
15 You know, one of my frustrations, quite frankly,
16 in some of the recovery work is that there are not
17 visible or active community based organizations
18 that are there, and we're starting from ground
19 zero, if you will, on places like Beach/116th
20 Street. And I, you know, even the merchants right
21 here, in Margaret Chin's district, north of what I
22 would say the main street of the seaport, they
23 haven't been organized. So you take something
24 like the U.S. Open, where a lot of people are
25 coming in and a lot of people are going out, and

2 the small businesses are not impacted. No one's
3 wiring that together and making that happen.

4 There's 22 million people that go across the ferry
5 in Staten Island, and St. George lags behind and
6 the small businesses lag behind. You know,

7 there's not a community based organization there
8 that should be pointing people to some of the

9 attractions and businesses, and you know, we have

10 grown the program, obviously we've grown many more

11 bids, many more local development corporations.

12 I've worked with your colleague Al Vann next door

13 on the restoration and the work that Calvin

14 Granholm [phonetic] has done, but there's still a

15 lot more work to be done on that. I think the

16 biggest gains that I've been able to make with

17 Seth Pinsky and his team at ADC, is on there has

18 been a big project, whether it's a mall, an arena,

19 or a large development, we are now much better,

20 not perfect, but much better about lining up local

21 jobs. The Barclay's Arena, you know, is 1,700

22 jobs that we were able to fill, and if you look at

23 those numbers, and even if you look at those

24 numbers today, most of 'em are locally based, and

25 more than a third of them came from the

2 surrounding public housing. That is monumental,
3 and we have a lot more that we have to do on other
4 large developments, you know, of its kind. But
5 development comes in, is there a community based
6 organization? If there isn't a community based
7 organization, what could we end doing to get one,
8 you know, going, and I know as I look around and I
9 look at many of you here, and being out on the
10 street with many of you, Forest Avenue, on Austin
11 Street, you know, the frustration often is that,
12 yeah, there might be an organization that exists,
13 but it's somewhat dormant. And how do we get them
14 to, you know, to rise up and improve it, and you
15 know, we've teamed up on a number of occasions but
16 we got, we have a lot more work to do. I think
17 the Roosevelt Avenue cleanup is helpful, but I
18 think that's one, there's one piece.

19 COUNCIL MEMBER FERRERAS: Right.

20 ROBERT WALSH: So, you know, does
21 the 82nd Street--does that have the capacity and
22 strength to move on? And I think they will be
23 able to do that in that case, but there's, you
24 know, many other examples where it won't happen,
25 and we have to be there to help out. And I think

2 what Elizabeth Deleon has been focusing, quite
3 frankly, is exactly those types of commercial
4 corridors. If you look where we have created BIDs
5 over the last 12 years, 23 BIDs, 20 of them have
6 been outside of Manhattan, in commercial corridors
7 like Roosevelt Avenue, 82nd Street, and other
8 places.

9 COUNCIL MEMBER FERRERAS: I just
10 want to, two follow up questions is: When do, in
11 your opinion, when is it the best time to begin to
12 engage with EDC when they have these proposals?

13 ROBERT WALSH: I, you know,
14 Councilwoman, I do it as soon as I catch wind of a
15 project. You know, we're not talking to them
16 about, you know, the North Bronx, and the old
17 Kingsbridge Armory. What's the plan? How many
18 jobs do they anticipate? You know, we look at the
19 surrounding area, we see, you know, what local
20 organizations are there. Has that locally based
21 organization been active or inactive? Can we work
22 with the existing organizations? So we, we've
23 gotten a lot better at it. We've gotten a lot
24 better, as soon as we catch wind of a large
25 project, we pounce.

2 COUNCIL MEMBER FERRERAS: So, in
3 your experience, and I ask this question because
4 we get asked for funding from hundreds of CBOs.

5 ROBERT WALSH: Yep.

6 COUNCIL MEMBER FERRERAS: So I know
7 that you talk about CBOs.

8 ROBERT WALSH: Yep.

9 COUNCIL MEMBER FERRERAS: In your
10 experience, which ones are the--what type of CBOs
11 are best to support our small businesses? Or is
12 it just the mixture of CBOs?

13 ROBERT WALSH: I think it's a
14 mixture. I mean, I was out, I would out this
15 week, on Sunnyside, in Sunnyside, on the other end
16 of Roosevelt Avenue, with a new BID director, and
17 I, you know, we walked block-by-block and what I
18 often, what I get off is how familiar is that
19 individual with the merchants there? And when
20 that person walks in the door and they have no
21 clue who the person is, it gives me a signal that
22 this person is putting on a show for me, quite
23 frankly. And I'm speaking bluntly.

24 COUNCIL MEMBER FERRERAS: Right.

25 ROBERT WALSH: But you know, I

2 think that is important, and the message I often--
3 as someone who came out of that, you know, that
4 place, of running a Union Square partnership for
5 eight years, it is so important, it is so
6 important for them to get out, get out of the
7 office, walk around, and take a look at the
8 embarrassment we had in your district, the
9 embarrassment we had in your district of an
10 organization that existed basically on paper. And
11 they weren't active. And you know, we have our
12 antennas up on that type of stuff, and I give
13 great credit to Elizabeth Deleon for that.

14 COUNCIL MEMBER FERRERAS: Yeah,
15 she's great. Thank you very much, Commissioner.
16 Thank you, Madam Chair.

17 CHAIRPERSON REYNA: Thank you,
18 Council Member Ferreras. And the great work that
19 you were able to accomplish with Commissioner
20 Walsh on Roosevelt Island. Roosevelt Island--

21 ROBERT WALSH: Avenue.

22 CHAIRPERSON REYNA: --Roosevelt
23 Avenue. It does look like an island, along
24 Roosevelt.

25 ROBERT WALSH: She would like that

2 as part of her district, though.

3 CHAIRPERSON REYNA: [laughs] I'd
4 like to just introduce my colleagues, Council
5 Member Wills, Council Member Koslowitz, Chair
6 Koslowitz, Council Member Fidler, Council Member
7 Chin, Council Member Weprin, Council Member
8 Koppell and Council Member Comrie. We are now go-
9 -moving on to Council Member King. And I just
10 want to sensitize everyone, we have 25 minutes
11 before EDC comes before us, and Council Member
12 Koslowitz will then take over for EDC. Just
13 wanted to make sure that we're all aware of the
14 time. Thank you. Council Member King?

15 COUNCIL MEMBER KING: With that
16 being said, Madam Chair, I will adhere to time
17 constraints.

18 CHAIRPERSON REYNA: [laughs]

19 COUNCIL MEMBER KING: Commissioner,
20 it's a pleasure again.

21 ROBERT WALSH: Good seeing you.

22 COUNCIL MEMBER KING: I haven't had
23 the pleasure of getting to know you as my
24 colleagues have, but I'm hoping before you
25 transition anyplace, that you come up to the

2 district and - -

3 ROBERT WALSH: [interposing] I am,
4 and I thought we, you know, I made a hand motion
5 to say, "Did we have a schedule?" and I will look
6 and I will be there. I'm leaving here to go up to
7 the, you know, to The Bronx today, but it's not in
8 your district, it's in the Fordham Road area.

9 COUNCIL MEMBER KING: Okay, well
10 I'm not far, maybe we can keep going on the 41 Bus
11 up to - -

12 ROBERT WALSH: [interposing] I
13 could do that, but you know, let's get a day where
14 we could really concentrate and look at your
15 areas.

16 COUNCIL MEMBER KING: Okay, great.
17 So, I'm going to be brief, I have just really like
18 two questions. I've had the privilege of meeting
19 and working with Bernadette Nation.

20 ROBERT WALSH: Bernadette Nation is
21 St. Bernadette Nation in our agency.

22 COUNCIL MEMBER KING: Yes.

23 ROBERT WALSH: But don't tell her
24 that.

25 COUNCIL MEMBER KING: Okay.

2 ROBERT WALSH: I hope she's not
3 standing behind me.

4 COUNCIL MEMBER KING: It's already
5 on the record, though, but we won't tell anybody.

6 ROBERT WALSH: Yeah.

7 COUNCIL MEMBER KING: Because you
8 know, we've had a massive fire where we lost a
9 whole - -

10 ROBERT WALSH: [interposing] I know
11 you did, you really got wiped out hard there.
12 Oscar Santana has been up there--

13 COUNCIL MEMBER KING: Yes.

14 ROBERT WALSH: --Bernadette Nation
15 has been up there, and--

16 COUNCIL MEMBER KING: Well, my
17 question to you is this, because I did propose it
18 to her and we're still trying to figure out how do
19 we do this, but I wanted to know, from your level,
20 could you tell me how the Small Business Services
21 work with landlords to prevent any price gouging
22 where there's an emergency and moving people's
23 rents up? 'Cause that's one of the issues that
24 we're having, as we try to relocate some of the
25 businesses. Right now, that's some of the

2 landlords, which y'all deal with, are someone's
3 paying--

4 ROBERT WALSH: They're price
5 gouging on the some of the, of some of those
6 businesses?

7 COUNCIL MEMBER KING: Yeah, when
8 people, we're trying to find places for people to
9 locate right now. Now some landlords, I suppose
10 would take--someone's been paying \$2,300 a month
11 for their rent. Now that we have, we had to move
12 'em up say maybe seven blocks, now they want to
13 charge 'em \$3,200 a month.

14 ROBERT WALSH: Why don't we do
15 this, if I may, I promise you, I will call you
16 early next week, and I think we should do this in
17 with Consumer Affairs.

18 COUNCIL MEMBER KING: Okay.

19 ROBERT WALSH: Because that should
20 not happen. You know, shame on them.

21 COUNCIL MEMBER KING: Okay.

22 ROBERT WALSH: And we need to get
23 them help, and if I have to make a couple of phone
24 calls to some of these, you know, knuckleheads, I
25 will do it.

2 COUNCIL MEMBER KING: Okay.

3 ROBERT WALSH: I mean, I, you know,
4 and we'll go out in front of their building. I
5 mean, that's simply--

6 COUNCIL MEMBER KING: It's wrong.

7 ROBERT WALSH: --I mean, you had a
8 tragedy up there, we got to move, you know,
9 there's so many places in this City where when
10 we've, we've been down and out and people lend a
11 helping hand and sometimes, you know, this is just
12 irritating me.

13 COUNCIL MEMBER KING: Okay.

14 ROBERT WALSH: So, if I could help
15 you, let's schedule something.

16 COUNCIL MEMBER KING: Okay.

17 ROBERT WALSH: I will talk to
18 Bernadette. I will get up there, I'll come up
19 with Consumer Affairs. You give me the list of
20 who it is, and we'll go after 'em together.

21 COUNCIL MEMBER KING: Okay.

22 ROBERT WALSH: I'll enjoy this
23 part, I'll ac--you know--

24 COUNCIL MEMBER KING: All right,
25 thank you.

2 ROBERT WALSH: This'll be great.

3 COUNCIL MEMBER KING: Thank you.

4 And the next one, just to piggyback off our Chair-

5 -

6 ROBERT WALSH: Let's do that.

7 COUNCIL MEMBER KING: --which

8 talked about the grants, just trying to learn, is

9 there a system in place that the grants are just

10 centralized, or is there or can there--

11 ROBERT WALSH: We're doing it

12 through, many of the grants, all of our business

13 solutions centers, they're well versed.

14 COUNCIL MEMBER KING: Okay.

15 ROBERT WALSH: So, in The Bronx, we

16 have one on Fordham and Webster. But our main

17 office, Colleen, Greg, Kelvin, they're the folks,

18 and perhaps, you know, right after that, they

19 could maybe talk to you more--

20 COUNCIL MEMBER KING: I'll meet

21 with them, I'll meet with--

22 ROBERT WALSH: --in detail on how

23 to make it happen.

24 COUNCIL MEMBER KING: So they'll be

25 able to tell me whether or not grant moneys, are

2 they broken up by boroughs, or it's just one bit
3 pot?

4 ROBERT WALSH: It's those, for--
5 when you're talking about the recovery grants? Or
6 you're talking about--

7 COUNCIL MEMBER KING: Yeah. Just
8 grants in general.

9 ROBERT WALSH: The recovery--they
10 could give you the details on that.

11 COUNCIL MEMBER KING: Okay. All
12 right.

13 CHAIRPERSON RECCHIA: I just want
14 to remind all my colleagues, this a budget
15 hearing, ask questions that pertain to this
16 budget. Anything that pertains to your district,
17 but to any, in the budget. The Commissioner has
18 to go soon, so if you could keep, ask your
19 questions, so we could have, give everybody an
20 opportunity to ask questions. Council Member
21 King, are you finished?

22 COUNCIL MEMBER KING: I'm done,
23 thank you.

24 CHAIRPERSON RECCHIA: Okay.

25 COUNCIL MEMBER KING: Thank you.

2 CHAIRPERSON RECCHIA: Council
3 Member Wills.

4 COUNCIL MEMBER WILLS: Good
5 morning, Commissioner.

6 ROBERT WALSH: Good morning.

7 CHAIRPERSON RECCHIA: Budget
8 questions.

9 COUNCIL MEMBER WILLS: Budget
10 questions. I'm going to change it to a budget
11 question. Thank you, but can I applaud him for
12 his work first, Mr. Chair?

13 COUNCIL MEMBER VANN: That's not a
14 budget question.

15 COUNCIL MEMBER WILLS: I said Mr.
16 Chair, I didn't say ma--there you go, starting you
17 stuff. May I applaud him for his work?

18 CHAIRPERSON RECCHIA: Go ahead, ask
19 the question, he's going to leave.

20 COUNCIL MEMBER WILLS: The, okay--

21 CHAIRPERSON RECCHIA: He has to
22 leave. Make sure--

23 COUNCIL MEMBER WILLS: You know
24 what? Why wouldn't the--Okay, no problem. I get
25 the last question, and they want to hold my

2 question. Anyway, Commissioner--

3 CHAIRPERSON RECCHIA: You asked the
4 question.

5 COUNCIL MEMBER WILLS: I know that
6 you have [laughs] you know, Recchia, boy, always
7 want to exert his power, I don't know. What I
8 wanted to ask you was, some of the programs that
9 I've spoken to you about, to strengthen the
10 existing small business infrastructure throughout
11 the City, and make it a more robust area, such as
12 partnering, the hotels in my area, with the
13 airports, and small businesses, the restaurants
14 and things like that. Being that that is
15 something that you thought you was considering, is
16 that something that you have already put into the
17 budget? Because I know it takes a lot of man
18 hours. Your group has worn out a lot of shoe
19 leather going throughout the city.

20 ROBERT WALSH: Yeah.

21 COUNCIL MEMBER WILLS: So, is that
22 something that you have already put into the
23 budget, being that that would be a new thing? Is
24 that budget related, Mr. Chair?

25 ROBERT WALSH: If we, if it's in

2 the budget, it would be through the Avenue NYC,
3 and it would, it would come from the ground up.
4 So, in your district, it would come from the
5 Sufton Boulevard BID or the Jamaica BID, on
6 marketing. I know they're spending a lot of time
7 in trying to figure out how to connect with all
8 those people that are coming in on the air train
9 [phonetic], and never seeing places like Sufton
10 and Jamaica. But I will take a closer look to,
11 you know, see what the specifics are on what their
12 marketing strategies would be. But, you know,
13 the, through those grants, you know, the
14 expectation is to come from the community, you
15 know, up, and tell us where they want to get
16 funding from.

17 COUNCIL MEMBER WILLIS: Thank you
18 very much. Thank you, Madam Chair.

19 CHAIRPERSON RECCHIA: Thank you.
20 Council Member Chin.

21 COUNCIL MEMBER CHIN: Thank you,
22 Chairs. Commissioner, and I just also wanted to
23 reiterate that it's such a pleasure working with
24 you and your staff--

25 ROBERT WALSH: Yeah.

2 COUNCIL MEMBER CHIN: --this past,
3 almost four years, and before.

4 ROBERT WALSH: You caught me out
5 there, this week.

6 COUNCIL MEMBER CHIN: [laughs]

7 ROBERT WALSH: Yeah.

8 COUNCIL MEMBER CHIN: I saw you
9 walking in my district, so--

10 ROBERT WALSH: Yeah, good.

11 [laughs]

12 COUNCIL MEMBER CHIN: --I could
13 [laughs] vouch for that. Two questions I have.
14 One is relating to all the, you know, the cutback
15 in some of the programs, some--

16 ROBERT WALSH: Yeah.

17 COUNCIL MEMBER CHIN: In your
18 testimony, you talk about all the good work that
19 was done through the Workforce One Centers, and
20 we're looking at a 15 percent cut.

21 ROBERT WALSH: And we could talk
22 about that, and Andy could give you the details of
23 why.

24 COUNCIL MEMBER CHIN: Okay.

25 ROBERT WALSH: Okay?

2 COUNCIL MEMBER CHIN: I mean, I
3 just want to make sure that, you know, there are
4 still a lot of people out there that needs to help
5 in terms of looking for jobs, or upgrading their
6 jobs.

7 ANDY SCHWARTZ: Yeah, Andy
8 Schwartz, I'm the First Deputy Commissioner for
9 SBS. I think you're looking at last year's
10 adopted budget to this year's executive plan, when
11 it indicates a \$14 million difference. We don't
12 anticipate that, though, being a direct impact to
13 us, because we, our budget allocation is still
14 about \$38 million. What the 14 represents is
15 about \$5 million in Council funding and Workforce
16 programs that come to us, and I would expect
17 probably will be there when the adopted budget
18 comes in, that there'll be that Council funding.
19 There's also about \$2.5 million in what was City
20 funded expansion centers that we began rolling out
21 two to three years ago, and that money was
22 designed to end in FY'14. There's also \$2 million
23 that OMB has set aside for potential impact from
24 the federal sequestration. But that has not
25 actually come down to affect our workforce program

2 yet. And then the last item is about \$5 million
3 which was an OMB, what they called an alignment,
4 where they have basically fronted the money that
5 we spend under WEA [phonetic] and wait for
6 reimbursement. So really, we're hoping that none
7 of that will impact. If the sequestration does
8 come down to us, we would probably have to take
9 that across our different workforce programs in
10 the centers, in training, personnel costs, but
11 we're hopeful that most of that funding is intact.

12 COUNCIL MEMBER CHIN: Thank you.

13 The second question is around the Sandy recovery
14 fund. The CDBG fund. The \$72 million. Is there
15 a breakdown, and would you anticipate the
16 percentage is going to be for loans and percentage
17 for grants? 'Cause reason I'm raising that is
18 that, I mean, in my district, I've been talking to
19 some of the seaport businesses.

20 ROBERT WALSH: Oh, right, yeah.

21 COUNCIL MEMBER CHIN: We, you know,
22 heard about the money coming down, we let them
23 know. And the first thing we hear from a lot of
24 them is that--

25 ROBERT WALSH: "I don't want a

2 loan, I want a grant."

3 COUNCIL MEMBER CHIN: Yeah, and
4 also it's like a lot of them did not apply for the
5 SBA loan. So, if they didn't apply for the SBA
6 loan, are they out of luck? Or is, or are they
7 still going to be able to apply for some grants?

8 COLLEEN GALVIN: So--

9 COUNCIL MEMBER CHIN: And so I
10 guess, the question is that, the \$72 million, did
11 you think about, in terms of the percentage for
12 loan or percentage for grant, or can we have a
13 greater percentage for grant? 'Cause that's what
14 the businesses need.

15 COLLEEN GALVIN: Okay, so I heard a
16 few questions in there, I want to make sure I
17 address each one. You asked about the SBA. And--

18 ROBERT WALSH: You have to
19 introduce yourself, Colleen.

20 COLLEEN GALVIN: Again, yes,
21 Colleen Galvin, Assistant Commissioner of Capital
22 Access and Business Services. The--if a business
23 is applying for, let's say working capital, and
24 the SBA disaster recovery loan program for
25 economic injury is still active, the expectation

2 is that they will apply for SBA first. If they
3 have gone through the process and been declined,
4 that does not make them ineligible for this
5 program. Additionally, if they have an SBA loan
6 or they came through our process for the \$25,000
7 loan, they may be eligible for a grant without
8 another loan, without taking on more debt. With
9 regard to the mix, the loans are up to \$150,000,
10 the grants are up to \$60,000. So, I believe the
11 ratios were set based on our experience in the
12 first phase of our program, to gage demand. I
13 can't speak to the numbers in aggregate, perhaps
14 EDC can, but the ratios are based on what we
15 experienced historically and what we've heard
16 people need.

17 COUNCIL MEMBER CHIN: So what is
18 the ratio that--?

19 COLLEEN GALVIN: So, it's \$150,000
20 loan, maximum loan, \$60,000 matching grant, and
21 the dollar is one-for-one. So, for example, if
22 you went through our eligibility screening and
23 calculation of unmet needs based on all other
24 funds you've exhausted, if your unmet need was
25 \$100,000, you would look at that \$100,000 as

2 \$50,000 in a loan and \$50,000 in a grant.

3 COUNCIL MEMBER CHIN: So it still
4 comes down to that the business has to apply for a
5 loan in order to qualify for the grant.

6 COLLEEN GALVIN: Unless they have
7 another loan such as an SBA loan already, or a
8 \$25,000 loan, yes.

9 COUNCIL MEMBER CHIN: What about a
10 loan that they got for, from another CDFI?

11 COLLEEN GALVIN: Yeah, I believe
12 that's still under discussion. We're hoping to be
13 as inclusive as possible.

14 COUNCIL MEMBER CHIN: Yeah, I think
15 that's the same problem from early on. I mean, we
16 just got to figure out a way, now that the federal
17 money, more federal money, are coming in, that we
18 have to make every effort to help businesses that
19 were not helped in the last round.

20 COLLEEN GALVIN: Agreed.

21 ROBERT WALSH: One of the things we
22 were able to lobby for is to get a longer period
23 of time. But I hear you, I hear it every day when
24 I'm out there. You know, we've been able to get,
25 you know, from the one-to-two years to five-to-

2 five to seven years. And I was happy with the
3 fact it still has that grant piece to it. But we
4 just need to keep pushing, and we have to keep
5 pushing on other, you know, sources, you know,
6 whether it's the Mayor's Fund or Robin Hood or
7 some of these other organizations to help us on
8 the grant front, also.

9 COUNCIL MEMBER CHIN: Yeah, because
10 right, because we're still hearing from business,
11 'cause the--we're trying to do an outreach, I
12 mean, I think--

13 ROBERT WALSH: Yeah.

14 COUNCIL MEMBER CHIN: --together
15 with your office, we were going to do it on
16 Monday, but we have to postpone it, because you
17 guys - -

18 ROBERT WALSH: [interposing] All
19 right, I'll do it with you. Right.

20 COUNCIL MEMBER CHIN: But the issue
21 is the criteria, is laid out, you know, one of the
22 criteria is that you have to apply for an SBA
23 loan, I think that is a problem.

24 CHAIRPERSON RECCHIA: Yeah, her
25 main, the Councilwoman wants to know, request is

2 that you could apply it to this, no matter if you
3 didn't apply for an SBA loan. Could that happen?
4 Yes or no.

5 COUNCIL MEMBER CHIN: Yes.

6 ROBERT WALSH: Yes. Yes.

7 COLLEEN GALVIN: Yes, if you're
8 applying for the need, let's say movable
9 equipment, the SBA disaster recovery loan--

10 CHAIRPERSON RECCHIA: Forget about
11 the SBA. We're not talking about the SBA. Answer
12 the question, very simple, it's plain and simple.
13 If they didn't apply for no loan at all, it's a
14 business that's in need, they got washed out, they
15 didn't apply to SBA, could they apply to this
16 loan? Yes or no.

17 COLLEEN GALVIN: Yes.

18 CHAIRPERSON RECCHIA: Thank you.
19 Okay, moving right along, Councilman Koppell,
20 followed by Councilman Leroy Comrie.

21 COUNCIL MEMBER KOPPELL: I will
22 adhere to the Chairman's admonition and simply ask
23 you to get back to me on progress on the 204th
24 Street, I think it's called an "express BID" or
25 something like that--

2 ROBERT WALSH: Okay. I will.

3 COUNCIL MEMBER KOPPELL: --that
4 we've been working on for a long time.

5 ROBERT WALSH: I will do that, I'll
6 give you the details

7 COUNCIL MEMBER KOPPELL: And also,
8 do you administer the regulations that prohibit
9 merchants putting out goods in front of their
10 store? Is that within your purview?

11 ROBERT WALSH: It's regulated by
12 Consumer Affairs.

13 COUNCIL MEMBER KOPPELL: By who?

14 ROBERT WALSH: Consumer Affairs,
15 Department of Consumer Affairs.

16 COUNCIL MEMBER KOPPELL: Consumer
17 Affairs.

18 ROBERT WALSH: That's right.

19 COUNCIL MEMBER KOPPELL: Let me
20 just comment, because it does affect small
21 businesses--

22 ROBERT WALSH: Yes, it does.

23 COUNCIL MEMBER KOPPELL: --and that
24 there seems to be a complete vacuum in the
25 Administration and there's, in certain of our

2 commercial areas, it's my recommendation and
3 others agree, although there's not a uniform
4 agreement, that we should have certain areas where
5 no sidewalk display is permitted, except perhaps
6 for fruit and vegetable stores. And it's been
7 impossible for me, over the years, to even get
8 consideration of that by anybody. And yet I see
9 on 5th Avenue they don't let merchants put out
10 stuff up to three feet; but they, in my district,
11 I can't even get consideration from anybody, and
12 we've been trying for years, and the BID has been
13 trying for years, the 231st Street BID. So
14 something's wrong there. And I'd appreciate your
15 getting back to me.

16 ROBERT WALSH: Okay.

17 CHAIRPERSON KOSLOWITZ: I just want
18 to say something along the lines. We're supposed
19 to have a street review panel that hasn't met in
20 over--the last time they met was in 2001. This
21 Administration never met to decide the problem
22 here. So that's what the problem is.

23 CHAIRPERSON REYNA: There's a
24 question from Council Member Comrie, and I don't
25 know, Commissioner, if you were going to answer

2 Council Member Koppell's or any--

3 ROBERT WALSH: I will get back to
4 him.

5 CHAIRPERSON REYNA: --follow up.

6 ROBERT WALSH: I will get back to
7 him on that.

8 CHAIRPERSON REYNA: Thank you very
9 much. Council Member Comrie. And we have been
10 joined by Council Member Lander.

11 COUNCIL MEMBER COMRIE: Thank you,
12 Chair Reyna. Good morning, Commissioner.

13 ROBERT WALSH: Good morning,
14 Councilman.

15 COUNCIL MEMBER COMRIE: I just want
16 to start off by saying it's been a pleasure
17 working with you over this past period of time.

18 ROBERT WALSH: Thank you, it's been
19 nice working with you, also, thank you.

20 COUNCIL MEMBER COMRIE: Some great
21 opportunities to do some things, from starting the
22 first Workforce intervention maker, to
23 rehabilitating and to making sure that it's still
24 one of the best workforce centers in the City. I
25 want to thank you for focusing on that, and

2 bringing--

3 ROBERT WALSH: Thank you.

4 COUNCIL MEMBER COMRIE: --bringing
5 in a tech component there, as well, I think has
6 been quite helpful. And I wanted to ask you, the
7 money for Hurricane Sandy and the money that will
8 be distributed, who will be the point people for
9 distributing that money in Queens? Are you going
10 to be working with RDRC, the Rockaway Development
11 Corp, or the Queens Overall Economic Development
12 Corp. to--

13 ROBERT WALSH: We would be working
14 through our network of business solutions centers,
15 and we would work through, as you mentioned, the
16 workforce center. We also have a business
17 solutions center.

18 COUNCIL MEMBER COMRIE: Right.

19 ROBERT WALSH: We will work through
20 the business solutions center there.

21 COUNCIL MEMBER COMRIE: In Jamaica.
22 But you know, the Rockaway people don't
23 necessarily like coming all the way to--

24 ROBERT WALSH: Yeah, and you know,
25 I was out in the Rockaways, let's see, when did I

2 see 'em, it was a week or two ago, and our
3 business solutions center was in the Rockaways.
4 You know, helping me out in terms of going, you
5 know, out to the businesses. So we'll do that,
6 but obviously we'll also be leaning on the
7 nonprofit community based organizations in the
8 Rockaways, also.

9 COUNCIL MEMBER COMRIE: Well, I
10 would just make a suggestion that they come take
11 tables out to Rockaway Development Corp. and to
12 the libraries and set up tables out in the
13 Rockaways, so that people don't have to, you know,
14 travel time from the Rockaways to--

15 ROBERT WALSH: It's a good point.

16 COUNCIL MEMBER COMRIE: --anywhere
17 that's difficult right now, in terms of businesses
18 in the 116th area, and you know, the businesses on
19 East 19th Street, they're not going to travel.
20 So, I would strongly suggest that your team goes
21 out there and work with, you know, the churches
22 and RDRC and, you know, the other folk that are
23 out there on the ground now. You know, the Church
24 of the Nazarene, as you know, was a major location
25 for it, you were there during that time. I'm sure

2 that Pastor Mullins would be happy to set up a
3 site and to operate it. The Joe Addabbo Center,
4 out there, as well, would probably - -

5 ROBERT WALSH: [interposing] If you
6 could, if we could do this and get a list of the
7 places you think we should do it, I will do it.

8 COUNCIL MEMBER COMRIE: I know you
9 will, that's why I just wanted to mention that.

10 ROBERT WALSH: Okay, okay.

11 COUNCIL MEMBER COMRIE: I
12 appreciate that. And then also, you know, the,
13 just on the other side of Queens, to talk about
14 the tech center that's coming in and the tech
15 corridor that's coming to Long Island City, with
16 the advent of the Cornell, the Cornell new biotech
17 center that they're building, I was just
18 wondering, what are we doing to help that through
19 SBS? Are you having any plans or is there any
20 part of your plan in dealing with, encouraging
21 businesses with loan packages to build up that
22 tech corridor in Long Island City?

23 ROBERT WALSH: Well, we've doing,
24 we've been doing some of it through the training
25 funds, and getting it out to technology companies,

2 I've teamed up with Commissioner Oliver on a
3 number of programs. In my testimony, I mentioned
4 a new program that we have with NYU that's taking
5 some of the tech companies and helping them, you
6 know, to build up. You know, we're looking at the
7 projections on the jobs, I don't know it in Long
8 Island City, I do know it in Brooklyn, because I
9 just met with them. You know, downtown Brooklyn,
10 they're going from 8,000 tech jobs to 16,000. So,
11 in places where there's a mismatch on jobs, quite
12 frankly, you know, whether it's \$40,000-\$50,000-
13 \$60,000 jobs, is working with some of the locally
14 based educational schools to make sure that their
15 curriculums are aligned with the available jobs,
16 and then, you know, what outreach are they doing
17 in the community for those jobs. So, we'll do the
18 same thing in Long Island City.

19 COUNCIL MEMBER COMRIE: Okay,
20 great, appreciate it. And I'm sure someone asked
21 you about MWBE already, before I got here, so I'm
22 not going to re-bring it up. I just want to get
23 an idea.

24 ROBERT WALSH: The numbers are
25 encouraging. We are, we're gearing up now, we're

2 staffing up on the, you know, with Local Law 1 on
3 compliance, we're rebuilding our online directory,
4 we had a incredible procurement fair yesterday.
5 You know, agencies just didn't participate, they
6 were actively involved and they stayed there.

7 COUNCIL MEMBER COMRIE: Right.

8 ROBERT WALSH: And we had over 700
9 people that showed up and, you know, we're--under
10 Local Law 129, where we have, where agencies had
11 the flexibility, you have seen the numbers go, you
12 know, increase dramatically. Now with the ceiling
13 off, you know, the key now is to chase some of
14 those larger contracts. And that's what we're
15 gearing up now to do.

16 COUNCIL MEMBER LANDER: Right.

17 Thank you. And again, Commissioner, I want to
18 thank you for your outreach, you've been always
19 willing to talk with me and to talk with my
20 community whenever we've had a problem, I really
21 have enjoyed working with you, even when we've
22 disagreed on issues, we've always been able to do
23 it in a positive manner. And I really appreciate
24 your service to the City. Thank you very much.

25 ROBERT WALSH: All right, thank

2 you.

3 CHAIRPERSON RECCHIA: Thank you
4 very much. Council Member Lander, then it'd be
5 Council Member Reyna, and then we'll close it
6 down. Council Member Lander has a question.

7 COUNCIL MEMBER LANDER: Thank you,
8 Chair Recchia and Chair Reyna. Commissioner, it's
9 good to see you.

10 ROBERT WALSH: It's good to see
11 you.

12 COUNCIL MEMBER LANDER: Thanks
13 again for the work that you guys are doing with
14 the folks on 7th Avenue and BID work and you're
15 doing a lot of--

16 ROBERT WALSH: Yeah, it looks like
17 we're coming along there.

18 COUNCIL MEMBER LANDER: And I
19 continue to hear good things from people that
20 reach out on some of the small business
21 acceleration--

22 ROBERT WALSH: That's good, thank
23 you.

24 COUNCIL MEMBER LANDER: --and
25 solutions work. I know that Council Member Reyna

2 already asked, to some extent, about the
3 industrial business solution providers, but--and I
4 apologize for not being here earlier--but I need
5 to ask again, I have to tell you, I emerged from
6 our Preliminary Budget Hearing optimistic, based
7 on your comments and also on Chair Pinsky's
8 comments, that this money would be restored in--

9 ROBERT WALSH: It has not been
10 restored to-date.

11 COUNCIL MEMBER LANDER: --
12 Executive, and it has not been restored.

13 ROBERT WALSH: To-date it has not.
14 And we were in the same situation last year, some
15 way, somehow, during the negotiations, it was
16 restored, you know, I'm going to keep pushing like
17 crazy to, you know, to see all that I can do to
18 get it. These are important organizations, they
19 do important work. If you look at our capital
20 access, if you look at our business solutions, you
21 look at our training funds, you look at the jobs
22 and the wages, you know, all of the things that
23 you have talked about for years, I get it. And I
24 am pushing as hard as I can to get that money
25 restored.

2 CHAIRPERSON RECCHIA: And I just
3 want to set the record straight, the Council's in
4 talks with the Administration about working on
5 these moneys, we are talking to this
6 Administration.

7 COUNCIL MEMBER LANDER: But I just
8 want to make--you know, and I appreciate that, and
9 I appreciate your commitment to it, and I
10 appreciate that OMB works hard to make us, you
11 know, make Chair Recchia, you know, fight for
12 every single nickel in these negotiations, rather
13 than putting them in earlier in a way that might
14 make it a little easier. But the sum total of not
15 restoring these funds, of cutting them over time,
16 of some of the things around the hotels and
17 special permits and the challenges we're having
18 with City Planning, and the rezonings there, at a
19 time when we are finally realizing the strength in
20 manufacturing, and Brookings did that great study
21 with Pratt, and nationally we're starting to get
22 recognition for things you and I have been talking
23 about and working on together for a lot of years--

24 ROBERT WALSH: Yeah, I know we
25 have, yeah.

2 COUNCIL MEMBER LANDER: --it feels
3 like the Bloomberg Administration as a whole is
4 actually still giving some rhetorical love, but
5 pulling back on resources, and pulling back on
6 land. And even if it's just an OMB negotiating
7 tactic to make Chair Recchia fight for every
8 nickel, it's frustrating for those of us who
9 really want to see that strong commitment to
10 manufacturing made clear, and then continued on
11 for years to come in the City, so. Thank you.

12 CHAIRPERSON RECCHIA: Okay, thank
13 you. And I also want to thank my Finance staff
14 for the hard work they do, under the leadership of
15 Preston Niblack, our Director and Deputy Director
16 Jeffrey Rodus. All right, Council Member Reyna,
17 you have one question, close it down, and then
18 we'll start with Seth Pinsky.

19 CHAIRPERSON REYNA: Just to
20 clarify, the Avenue NYC, Commissioner, what is the
21 actual budget dedicated for Avenue NYC, for FY'14?

22 ROBERT WALSH: \$1.8 million.

23 CHAIRPERSON REYNA: \$1.8 million.
24 Is that an increase or same level?

25 ROBERT WALSH: About the same, same

2 level as it was.

3 CHAIRPERSON REYNA: Same levels.

4 Different communities? Or the same contracts,
5 just to continue the efforts?

6 ROBERT WALSH: The contract, we've
7 received, there'll be different communities, you
8 know, every year we've received, you know, a
9 variety, some apply, some don't. You know, there
10 is--

11 CHAIRPERSON REYNA: Is the Avenue
12 NYC multiyear or--?

13 ROBERT WALSH: It's a one year
14 thing.

15 CHAIRPERSON REYNA: It's one year.

16 ROBERT WALSH: Yeah.

17 CHAIRPERSON REYNA: And that does
18 not exclude the contracts that have already been
19 awarded in FY'13 to continue what would be the
20 progress of what they started.

21 ROBERT WALSH: That's correct.

22 CHAIRPERSON REYNA: And the last
23 point I just want to make sure we don't leave this
24 room without understanding, the Fiscal Year '06
25 budget of \$3.4 million, almost \$4 million worth of

2 contracts to industrial business solution
3 providers, the IBZ providers, and the IBZs, of
4 which are managing what would be 6,000 industrial
5 manufacturing businesses, employing 75,000
6 workers. It is important for us to understand
7 that when we've seen what would be workforce
8 opportunities for families, that we're seeing
9 greatest growth in retail, in the retail sector.
10 And that there is no real career growth in the
11 retail sector, in comparison to what would be in
12 the manufacturing industrial business sector,
13 where the average salary is \$42,000.

14 ROBERT WALSH: Much higher.

15 CHAIRPERSON REYNA: With benefits.

16 Now, when we compare apples to oranges, this
17 Administration has to wake up. And the issue of
18 the IBZ contracts not being funded to this day,
19 we're putting in jeopardy what would be these
20 businesses, employing 75,000 workers, at greater
21 levels of salaries than we do, touting our own
22 horns about how we're creating workforce, in the
23 retail sector. And so, I do hope and expect that
24 in the midst of the CDBG funding that we're
25 receiving from the federal government, that

2 there's an opportunity to have the dialogue of how
3 to carve a \$4 million contract to continue to
4 support our industrial manufacturing sector, who
5 did suffer the recovery issues that today they're
6 still trying to figure out how to manage. And if
7 the support is not coming in through CDBG, then
8 where? So this Administration has the full
9 control and decision making power to make this
10 right, by what would be the IBZs that they made a
11 commitment to as an industrial policy, back in
12 2006. And we've only seen a decline. Today
13 there's a zero commitment. So, I hope that these
14 conversations will not just take place, but that
15 there is real funding behind what is the IBZ
16 sector in the City of New York.

17 ROBERT WALSH: Got it. I hear you
18 loud and clear.

19 CHAIRPERSON REYNA: So, I know that
20 you have a commitment to go to and congratulations
21 to your nephew.

22 ROBERT WALSH: Thank you.

23 CHAIRPERSON REYNA: Thank you for
24 your collaboration and--

25 ROBERT WALSH: Thank you.

2 CHAIRPERSON REYNA: --your team's
3 efforts in assisting small businesses in the City
4 of New York. But I do expect that we hope to
5 continue to conversations offline.

6 ROBERT WALSH: I can promise you
7 that.

8 CHAIRPERSON REYNA: Thank you very
9 much.

10 ROBERT WALSH: You bet, thank you
11 very much, thanks to all of you. Appreciate it,
12 thank you.

13 CHAIRPERSON RECCHIA: Thank you,
14 Commissioner. Okay. [background comment] We'll
15 take a two minute break. [pause, background
16 noise] Could everyone calmly find their seats?
17 We're going to move forward. [pause, background
18 noise] Testing 1, 2. Could everyone kindly find
19 their seats? All right, are we ready to go?
20 Where's the Sergeant-at-Arms? You ready? Okay.
21 Shhh! Please, find your seats. We will now
22 resume the City Council Hearing on the Mayor's
23 Executive Budget 2014. And I requesting again,
24 could everyone please kindly find their seats,
25 take your conversations outside the chamber. The

2 Finance Committee, the Committee on Economic
3 Development, and Small Business, have just heard
4 from the Department of Small Business Services;
5 now the Committee on Finance and Committee on
6 Economic Development will be hear from EDC. The
7 City has received \$3 billion in Hurricane Sandy
8 funds from the federal government. Of this
9 amount, \$45.3 million is allocated to EDC in FY
10 2013 for repairs and improvements to various City
11 owned properties, including the Brooklyn Navy
12 Yard, Pier 8, Governor's Island, Home Port,
13 Brooklyn Cruise Terminal, 34th Street Ferry
14 Landings. I'm joined by my Co-Chair, Karen
15 Koslowitz. Let me recognize everyone who has
16 joined us here today: We have Council Member
17 Diana Reyna, Council Member Richard Donavan,
18 Donavan Richards [laughter], Julissa Ferreras,
19 Mark Weprin, Tish James, Lewis Fidler, Mathieu
20 Eugene, Andy King, and Oliver Koppell. [pause,
21 background noise]

22 CHAIRPERSON KOSLOWITZ: Good
23 morning, I'm Council Member Karen Koslowitz, Chair
24 of the Council's Committee on Economic
25 Development. Today, the Committee will be

2 presiding over the Fiscal 2014 Executive Budget
3 for the Economic Development Corporation. This is
4 a joint hearing with the Committee on Finance and
5 the Committee on Small Business. The Committee on
6 Economic Development is very interested in
7 learning about EDC's unrestricted net asset and
8 cash-on-hand and cash equivalent. From the March
9 Preliminary Budget, EDC has testified that they
10 are holding onto these funds as reserve for future
11 deficits. However, their contract with the City
12 states that they must turn over any funds over \$7
13 million. We need to understand why EDC is holding
14 on to these funds and what EDC is doing to address
15 future deficits. The Committee also wants to
16 learn about funding for the industrial business
17 service providers, IBSPs. In the Fiscal 2014
18 Executive Budget, funding has been completely
19 eliminated. The Mayor made a strong commitment
20 towards manufacturing but has gradually decreased
21 funding for the IBSPs from its peak of roughly \$4
22 million in Fiscal 2006 to \$1.2 million in Fiscal
23 2013, to \$0 in Fiscal 2014. Finally, the City
24 received \$1.8 billion in community development
25 block grant recovery, CDBG-R funding, for the

2 Hurricane Sandy Recovery Initiatives. Of this
3 amount, \$293 million is for business recovery and
4 \$829 million is for infrastructure and resilience
5 programs. EDC's President, Seth Pinsky, has been
6 appointed Senior Advisor to the Mayor and also as
7 Director of Mayor's Special Initiatives for
8 Rebuilding and Resilience. The Committee needs a
9 full explanation and understanding of these funds
10 and what the business recovery and resilience
11 efforts mean for the homeowners and business
12 fighting to rebuild. I would like to thank EDC's
13 President Seth Pinsky for joining us and we will
14 now hear his testimony.

15 CHAIRPERSON RECCHIA: Before you
16 start, Mr. Pinsky, I just want to set the record
17 straight, so the Bloomberg Administration
18 understands, we are on time with our hearings, we
19 start our hearings at 10:00 o'clock. And I would
20 really strong for the intergovernmental from
21 Bloomberg Administration to send a message to the
22 Administration, that the Commissioners must be
23 here on time, and if you're not sure of the time,
24 that you should check the Council website. So,
25 all right, 'cause we need to start this hearing,

2 it's a half hour behind schedule. Okay, Mr.
3 Pinsky.

4 SETH PINSKY: Thank you. Good
5 morning, Chairman Recchia, Chairwoman Koslowitz,
6 and Chairwoman Reyna, Members of the Committee on
7 Finance, Economic Development and Small Business.
8 I'm Seth Pinsky, President of the New York City
9 Economic Development Corporation, and together
10 with Kyle Kimball, our Executive Director, Zach
11 Smith our COO, and Kim Vaccari, our CFO, and other
12 members of my staff, I'm pleased to present EDC's
13 Executive Budget for Fiscal Year 2014. I have a
14 brief presentation on our agency's agenda, as well
15 as the operating and capital budgets that support
16 this agenda. As you'll note, my testimony today
17 will largely be consistent with that presented at
18 the Preliminary Executive Budget Hearing in March.
19 After my presentation, I'll be happy to take any
20 questions. Since the 2008 recession, New York
21 City's economy has outperformed the national
22 economy, with jobs being created here more quickly
23 than in the country as a whole. As a result, the
24 City has recovered more than two jobs for every
25 job lost during the national recession, and now

2 exceeds our pre-recession private sector
3 employment level, reaching an all-time high, while
4 the nation as a whole has only recovered about 70
5 percent of jobs lost. While in many ways our
6 City's economy is moving in a positive direction,
7 we recognize that we also continue to face
8 challenges. These challenges include an
9 unemployment rate that while down considerably
10 from recession era highs, remains stubbornly high.
11 These challenges also include recovery from
12 Hurricane Sandy, which despite millions of dollars
13 in City aid to date, and hundreds of millions of
14 dollars in federal money now on the way, continues
15 to affect too many New Yorkers who were devastated
16 by the storm. Of course, we as a City are also
17 impacted by political gridlock in Washington, as
18 well as global uncertainty in the Eurozone and
19 elsewhere. We also recognize that the City's
20 fiscal picture remains challenging. For that
21 reason, we've been pleased to do our part by
22 contributing to closing the gaps in the City's
23 budget. As you know, the contributions that we
24 make to the City's budget include annual contract
25 payments that we're required to make to the City,

2 and payments to eliminate the gap, or PEGs, that
3 in the case of EDC take the form of additional
4 contributions to the general fund, rather than
5 cuts in tax levy received. Today, payments made
6 by EDC to the City remain at historic highs, with
7 expectations of payments of approximately \$51
8 million in Fiscal Year '13. In Fiscal Year '14,
9 we expect our total payments to the City to reach
10 almost the same level as '13, including PEG
11 payments of \$32 million, as you can see on the
12 chart before you. In total, from Fiscal Year 2007
13 to Fiscal Year 2014, it's expected that EDC will
14 have made payments to the City totaling
15 approximately \$384 million, a figure that
16 surpasses last year's projections by more than \$20
17 million. This sum also excludes tens of millions
18 of dollars a year in payments that we make to the
19 City, in connection with our asset management
20 functions. In addition, EDC negotiated sales of
21 City owned properties generate hundreds of
22 millions of additional dollars in funding for the
23 City. As a result of the payments that we're
24 making to the City and other factors, we now
25 estimate that over the next five years we will see

2 a substantial decline in EDC's unrestricted net
3 asset balance. In fact, this balance is currently
4 projected to drop by some \$126 million during that
5 period. Turning to our capital budget, as you can
6 see from the chart before you, our capital budget
7 for Fiscal Year 2013 through Fiscal Year 2023
8 totals approximately \$2.5 billion. As I discussed
9 with you in March, of this \$2.5 billion capital
10 budget, seven percent or \$183 million flows
11 through our budget to the Brooklyn Navy Yard
12 Development Corporation, and ten percent, or \$256
13 million flows through our budget to the Trust of
14 Governor's Island; both of which manage their own
15 capital budgets. Putting aside these
16 expenditures, as well as the two percent of our
17 capital budget that's managed by other City
18 agencies, we're left with EDC's core capital
19 budget, which totals approximately \$2 billion.
20 Since I spoke to you in June, federal funding has
21 replaced some of the City funding allocated to
22 relief programs from Hurricane Sandy in our core
23 capital budget. As a result, the portion of our
24 core capital budget funded by the City has
25 decreased by three percentage points, while the

2 portion funded by federal sources has increased by
3 one percentage point. Of this core capital
4 budget, approximately 70 percent is allocated to
5 projects in boroughs other than Manhattan. As I
6 mentioned earlier this year, when we look at our
7 budget we assign projects to one of the following
8 six categories: area wide development,
9 infrastructure and transportation, not-for-profit
10 and community organizations, open space,
11 industrial and miscellaneous. We continue working
12 with the Office of Management and Budget to align
13 future budget documents with our internal
14 categories, but in the meantime I will again use
15 these categories for purposes of my testimony
16 today. Turning back to the chart before you,
17 approximately \$376 million, or 18 percent of our
18 core capital budget, is allocated to area wide
19 development projects. This category includes a
20 number of EDC's major projects, including Willets
21 Point, Hunter's Point South and Coney Island.
22 Expenditures for these projects range from
23 infrastructure to site acquisition to strategic
24 planning. Meanwhile, approximately \$593 million,
25 or 29 percent of our core capital budget, is

2 allocated to infrastructure and transportation.

3 This includes expenditures to improve the City's
4 piers, streets, railroads and water systems.

5 Since I testified in March, funds allocated to
6 this category have increased by \$107 million.

7 This is largely due to the addition of several
8 green infrastructure projects at NYC, that EDC is
9 managing for the Department of Environmental

10 Protection, that are designed to improve sewer
11 systems, and prevent sanitary and storm waste

12 runoff in areas like the neighborhoods around
13 Newtown Creek. This year's allocation also

14 accounts for funding for several projects related
15 to recovery from Hurricane Sandy. Moving on to

16 the next category, approximately \$544 million, or
17 27 percent of our core budget, is allocated to

18 investments in the City's not-for-profit and
19 community organizations. Examples of these

20 investments include \$4 million for the Intrepid
21 Museum, which is using this funding to install an

22 innovative power plant that would provide the
23 entire aircraft carrier with cleaner energy and

24 dramatically reduce its carbon footprint.

25 Approximately \$187 million, or nine percent of our

2 core budget, is allocated to investments designed
3 to enhance and increase open space. In Prospect
4 Park, for example, EDC is construction two open
5 air skating rinks within a public plaza. The
6 Prospect Park Lakeside Center will also feature
7 landscaped green roofs. This project is scheduled
8 for completion by the end of this year. An
9 additional \$210 million, or approximately ten
10 percent of our core budget, is allocated to
11 investments in the City's industrial sector. This
12 included expenditures in EDC managed sites such as
13 the Brooklyn Army Terminal and the South Brooklyn
14 Marine Terminal. Finally, approximately \$134
15 million, or seven percent of our core budget, is
16 allocated to miscellaneous investments, including
17 funding for City managed public markets, among
18 other assets. Our capital and operating budgets
19 support an ambitious slate of projects intended to
20 promote our City's physical transformation.
21 Several of these projects have recently reached
22 significant milestones. In April, for example,
23 Mayor Bloomberg announced plans to transform the
24 iconic, long vacant Kingsbridge Armory in The
25 Bronx into the world's largest indoor ice

2 facility. The result of an historic collaboration
3 with elected officials and community leaders, this
4 project will help spur The Bronx' ongoing
5 revitalization. The Administration also continues
6 to advance the redevelopment of Seward Park on the
7 Lower East Side. In October 2012, the City
8 Council approved a plan to create nearly \$1.7
9 million square feet of affordable housing, open
10 space, retail and other commercial space on the
11 Lower East Side. In January, EDC issued a request
12 for proposals for a development for the site, and
13 we look forward to returning soon with news from
14 the process. In Staten Island, meanwhile, we're
15 moving forward with the plan to create the world's
16 largest amusement wheel, along with a retail
17 complex and hotel, as part of our integrated plan
18 for the north shore. These projects, announced
19 this fall, represent one of the largest private
20 investments in the history of Staten Island. We
21 expect to certify this project into ULURP shortly.
22 As we work to improve our City's physical
23 infrastructure, we also recognize that we have to
24 continue to devote time and effort towards
25 diversifying and growing the City's economy. To

2 this end, we're working to help New York City's
3 legacy industries to develop 21st Century business
4 models, attract new growth industries and spur
5 entrepreneurship regardless of the industry.

6 Since I testified in March, winners of our NYC
7 applied sciences initiative have reached several
8 milestones. As you know, this includes the recent
9 ULURP approval received by Cornell University and
10 the Technion, Israel Institute of Technology, for
11 their two million square foot campus on Roosevelt
12 Island. At full build out, this campus, along
13 with two other applied science projects being
14 developed by Columbia's engineering school in
15 Morningside Heights, and by a consortium led by
16 NYU in downtown Brooklyn, will more than double
17 the number of fulltime graduate engineering
18 students in New York City, and over the next three
19 decades will result in overall nominal economic
20 impact of more than \$33 billion, cementing our
21 City's status as a leader in innovation.

22 Supporting our economic development strategy are
23 our efforts to ensure that all New Yorkers have
24 opportunities to succeed in today's economy. To
25 this end, we remain focused on supporting

2 minority, female and disadvantage business owners,
3 immigrant entrepreneurs, and low income
4 individuals. For example, since launching our
5 program for minority women owned and disadvantaged
6 business enterprises, EDC has awarded more \$120
7 million in subcontracts and prime contracts to
8 MWDBE firms. Through our blueprint for success
9 program, meanwhile, we're offering promising MWDBE
10 firms additional opportunities for growth,
11 including personalized technical assistance.
12 We're also moving forward with our Kickstart loan
13 program, that will offer MWDBE firms working on
14 EDC construction projects, access to capital to
15 finance their mobilization efforts. On another
16 front, we're building on the success of
17 Competition Thrive, which we launched last year to
18 support immigrant entrepreneurs. This competition
19 encourages the creation of programs to assist
20 immigrant entrepreneurs in starting and expanding
21 their businesses in the City. In this year's
22 round, applications increased by 40 percent versus
23 last year. In April, we announced five finalists
24 who are piloting their programs and expect to
25 announce a winner in the fall. Finally, in

2 collaboration with other City agencies and
3 community partners, we launched eight pilot
4 programs in March as part of our Link initiative,
5 to foster income mobility among low income New
6 Yorkers. These programs connect individuals who
7 lack advanced training or earn low wages to jobs
8 in the 21st Century economy, and we look forward
9 to coming back to you to report on the results.
10 As you can see, EDC continues to make tangible
11 progress towards our goals of physical and
12 economic transformation. While the City, like
13 many cities around the world, certainly faces
14 challenges, with your continued support and
15 partnership, I'm confident that we will achieve
16 the Mayor's goal of transforming the City into a
17 capital of innovation and prosperity, for the 21st
18 Century and beyond. I'm happy to answer your
19 questions.

20 CHAIRPERSON RECCHIA: Thank you,
21 Mr. Pinsky. All right, I'm just going to start
22 off, ask a few questions, then I know my
23 colleagues have questions. And first I'm going to
24 start off in the financial report, for FY 2012,
25 EDC held assets of \$235.8 million. Okay? And

2 under the master maritime contract, EDC is
3 obligated to turn over any resources above \$7
4 million. EDC, you know, didn't turn over money,
5 stating that you would use the money in
6 unrestricted net assets as a cushion to the
7 expected net operating loss of \$120 million in the
8 next three years. So could you please explain
9 this?

10 SETH PINSKY: Sure. The way that
11 our contract works is that the Mayor has the
12 ability, but is not the obligation, to transfer
13 funds from EDC's balance sheet, into the City's
14 general fund, and but has to leave a minimum
15 balance of \$7 million. Over the last few years,
16 as I testified in March, our net unrestricted
17 assets have increased substantially because of a
18 revenue source that has now been transferred to
19 the City, and is now generating tens of millions
20 of dollars for the general fund. We're managing
21 the property still, but the revenues are all going
22 to the City. As a result of a combination of that
23 and the fact that our payments to the City have
24 increased dramatically, we were paying to the City
25 something like \$5 million out of unrestricted net

2 assets each year, as recently as 2007. We're now
3 paying \$50-something million as of 2013, as well
4 as just general business, the general business
5 environment. Our expectation is that there will
6 be substantial losses at EDC going forward. This
7 year, we expect the unrestricted net assets to
8 drop by about six percent, and we're expecting
9 that to continue and accelerate over the next
10 several years.

11 CHAIRPERSON RECCHIA: All right, it
12 all sounds good, but I want numbers. You have
13 \$235.8 million. Okay?

14 SETH PINSKY: We had. We do not
15 have it.

16 CHAIRPERSON RECCHIA: You had.

17 SETH PINSKY: Yeah.

18 CHAIRPERSON RECCHIA: Where did the
19 money go, and how much do you have left over?

20 SETH PINSKY: So, the money is
21 going to, at the end of this year we'll have
22 somewhere around \$230 million. And our
23 expectation is that over the course of the next
24 five years, that that will probably shrink by more
25 than half, probably about 45 percent.

2 CHAIRPERSON RECCHIA: Okay.

3 SETH PINSKY: It will have about 55
4 percent.

5 CHAIRPERSON RECCHIA: I hear you,
6 \$235 million, where did it go? We want to know.
7 How much went where? Where did the money go?

8 SETH PINSKY: I'm explaining. It's
9 on the balance sheet now, so it didn't go
10 anywhere, it's \$235 million.

11 CHAIRPERSON RECCHIA: So you have
12 \$235 still on the balance sheet.

13 SETH PINSKY: Where--and it's going
14 to cover net operating losses that are expected
15 over the next several years, because the revenues
16 that we bring in will not be sufficient to cover
17 the costs. And for the most part, the reason for
18 that is because the payments that we're making to
19 the City have increased dramatically. And just to
20 give you a firm number, 'cause I know you're
21 looking for figures, between Fiscal Year 2007 and
22 Fiscal--the end of Fiscal Year 2014, we will have
23 transferred about \$400 million to the City's
24 general fund. So, the reason why this balance is
25 going to be declining is because of increased

2 payments to the City's general fund.

3 CHAIRPERSON RECCHIA: Okay. The
4 unrestricted net assets, it's not the same as
5 cash-on-hand. So how much cash-on-hand would you
6 have?

7 SETH PINSKY: Sure.

8 CHAIRPERSON RECCHIA: And how much
9 cash-on-hand do you currently have?

10 SETH PINSKY: So, cash is obviously
11 one of our assets, and our assets balance against
12 our liabilities. And our liabilities as of the
13 latest balance sheet, which was March 2013, were
14 about \$600 million. So against those \$600 million
15 in liabilities, we have a series of assets,
16 including cash. At the end of Fiscal Year '12,
17 our cash balance was \$177 million. Our
18 expectation is that that's going to decline by
19 about 25 percent by year-end 2013. So, our, it
20 already has declined substantially. And it's
21 likely to continue to decline again to cover these
22 net operating losses that we're expecting over the
23 next several years.

24 CHAIRPERSON RECCHIA: So what's the
25 number?

2 SETH PINSKY: As of the end of this
3 year, we're expecting about \$130 million will
4 probably be on hand, somewhere in that
5 neighborhood.

6 CHAIRPERSON RECCHIA: \$130 million.
7 And you're going to keep that on hand to cover
8 your losses for the next two years.

9 SETH PINSKY: Well, it covers, I
10 mean, cash is different than net assets, it covers
11 our liabilities, it covers our net losses, and it
12 also is what we use to make sure that we have
13 liquid funds to actually operate.

14 CHAIRPERSON RECCHIA: And with the
15 cash money on hand, are there any restrictions
16 with that? Or you could use it as you wish?

17 SETH PINSKY: Well, we have to use
18 it in compliance with our contract, that's first
19 of all. And the contract is signed every year
20 between EDC and the City, it has to be registered
21 by the Comptroller. There are also restrictions
22 in our own bylaws about how we use that revenue.
23 Generally, what we use it for is for the operation
24 of EDC, we use it to cover economic development
25 projects, and we also use it to cover

2 extraordinary expenses as they arise, as well as
3 transferring, as I mentioned, this \$400 million
4 over the course of Fiscal Year 2007 to 2014.

5 CHAIRPERSON RECCHIA: Okay. Karen
6 Koslowitz?

7 CHAIRPERSON KOSLOWITZ: Thank you.
8 The City received \$1.8 billion in community
9 development block grant recovery: funding for
10 the, for Hurricane Sandy, recovery initiatives.
11 The City will use \$648 million for housing
12 recovery, \$293 million in business recovery, and
13 \$829 million for infrastructure and resiliency.
14 EDC will manage the business recovery and
15 infrastructure and resiliency programs. Please
16 explain how the City would use the \$1.8 billion in
17 CDBG-R funds.

18 SETH PINSKY: Sure. So, to-date,
19 the Mayor has announced the allocation of about a
20 billion of that, dollars of that \$1.8 billion.
21 That billion, the numbers that you cited, add up
22 to a little bit less than a billion dollars, and
23 the reason for that is that HUD requires in what
24 are called the partial action plans, for an
25 applicant to take money off the top for

2 administrative costs. We don't expect that our
3 administrative costs will be anywhere near what
4 we're required to show for HUD. So, they're
5 probably going to be larger numbers, but it'll be
6 roughly in the range of a billion dollars. 70
7 percent of that is going to housing recovery,
8 which will be managed by the City's Housing
9 Recovery Office, as well as HPD and NYCHA. It
10 will go to making repairs and resiliency
11 improvements to NYCHA housing, to rehabilitating
12 multifamily housing, especially affordable
13 housing, as well as helping people whose homes
14 were destroyed or significantly damaged to restore
15 and hopefully elevate and make safer those homes.
16 The business and community recovery programs
17 include somewhere--and I apologize for not having
18 the exact number, somewhere around \$150-160
19 million for a combination of expanded loans and
20 grants, that will be offered to businesses,
21 primarily small businesses, that were affected by
22 the storm. As you know, we had a \$25 million
23 program that was mostly City funded, but also had
24 private funding that we've been allocating to
25 businesses. This is going to allow us to

2 significantly increase the awards that we're
3 giving to businesses, which we heard was a need.
4 And also, to have less strict underwriting
5 standards so that more marginal businesses can
6 receive this money. The resiliency investments
7 will be to help not just businesses that were
8 affected by Sandy, but also businesses that are
9 located in vulnerable areas, the 100 year flood
10 plain that happened this time not to be affected
11 by Sandy, to make investments like elevating
12 mechanical equipment out of the flood zone, so
13 that they'll be safer. In addition to that, we
14 have about \$90 million allocated towards community
15 recovery program, which we're calling our
16 "neighborhood game changer investment challenge."
17 What that will do is it will allocate moneys to
18 each of the five most impacted parts of the City,
19 and will challenge the private sector to make new
20 investments in those communities that create jobs,
21 that create economic activity, and what the goal
22 is, is to leverage that public money with
23 significantly more private money. And then the
24 last piece is somewhere around \$40 or so million,
25 which is available to try to put in place new

2 technologies that will help both businesses and
3 our utility infrastructure to be more resilient in
4 the future. So then, and then just to finish,
5 sorry, the answer, so there's another \$700 or so
6 million that has not been allocated. The
7 expectation is that the Mayor will be making
8 announcements about the allocation of that money
9 shortly. But it will likely go to a combination
10 of resiliency investments by the City as well as
11 to infrastructure projects that hopefully will
12 help to mitigate the effects of climate change.

13 CHAIRPERSON KOSLOWITZ: Can you
14 explain what resiliency means?

15 SETH PINSKY: It's a complicated
16 question, but I guess the simplest way I could
17 explain it, is that given the challenges that we
18 as a City are going to be facing going forward
19 because of climate change, which as the Mayor's
20 Special Initiative Report, which will be released
21 in a few weeks will show, are quite substantial.
22 And those are challenges that we as a City face,
23 and that all coastal cities around the planet
24 face. We don't think that it's possible to
25 climate change proof any city, including New York.

2 So the way that we define resiliency is that our
3 goal is to make sure that weather and climate
4 affect the City less often than it does now, even
5 as the conditions get worse, and when from time to
6 time, weather events do affect the City, which
7 they will, no matter what investments we make,
8 that we're able to bounce back more quickly.

9 CHAIRPERSON KOSLOWITZ: And can you
10 please explain the goal and purpose of the
11 program?

12 SETH PINSKY: Which program?

13 CHAIRPERSON KOSLOWITZ: The
14 resiliency program.

15 SETH PINSKY: So, the goal of the
16 Mayor's Special Initiative for Resiliency and
17 Rebuilding is to answer three questions that the
18 Mayor has posed to us. One is to look at what
19 happened during Hurricane Sandy, not on an
20 anecdotal level, but on an analytical level. And
21 to be able to explain why those things happen.
22 The second question is to look to the future and
23 say, given that we are going to be more exposed,
24 not just to coastal storms but to other forms of
25 climate change, where are the risks? And where

2 are those risks both to our whole City, our
3 infrastructure, like our transportation system,
4 our electric system, as well as to the specific
5 neighborhoods that were impacted by the storm.

6 And then the third question is how do we rebuild
7 the neighborhoods that were impacted by the storm
8 in a way that makes them better and stronger than
9 they were before? And how do we ensure that
10 citywide, our critical systems and infrastructure
11 are protected.

12 CHAIRPERSON KOSLOWITZ: And what
13 about the federal reporting requirements for the
14 expenditure?

15 SETH PINSKY: Any time there's
16 federal money involved, there's very strict
17 reporting requirements. Just as we did with the
18 stimulus money that we received a few year ago, we
19 will fully comply with all of the requirements and
20 will make sure that everything is very well
21 documented through the whole process.

22 CHAIRPERSON KOSLOWITZ: Okay. And
23 part of the \$1.8 billion in CDBG funds is \$293
24 million in business recovery. Of this amount,
25 only \$72 million is allocated for the business

2 loans and grants program. The rest are allocated
3 for investments in business resiliency, \$90
4 million; a game change investment competition, \$90
5 million; and another competition for developing
6 resilient technologies, \$41 million. Please
7 explain why only \$72 million is allocated for
8 business loans and grants.

9 SETH PINSKY: Sure, well first of
10 all, as I mentioned, that number is net of
11 administrative costs and we don't expect the
12 administrative costs to be anywhere close to what
13 we're required to put into the document for FEMA.
14 So, we're probably talking about something close
15 to \$80 or \$85 million, in total. On top of that,
16 the City already has a \$25 million program that's
17 in place. So, that will give us a total of well
18 north of \$100 million in loans and grants that are
19 available to businesses. We've allocated a
20 significant portion of that \$25 million already.
21 The resiliency funds of \$100 million are
22 prioritized to businesses that were impacted by
23 the storm, so much of that will also go towards
24 recovery, but what we're looking to do is make
25 sure that as businesses recover, they're not just

2 putting things back in vulnerable places, but
3 they're putting them into places that are safer.
4 And then the rest of the investments, the reason
5 why there's a resiliency element to what we're
6 looking to do, is that as bad as Hurricane Sandy
7 was, and it was a horrible storm and did horrible
8 damage to a lot of property, it killed people, the
9 fact is that the future, in the future we could be
10 much, much more vulnerable. Something like 2,000
11 homes or so were either destroyed or substantially
12 damaged, and we're going to do everything that we
13 need to do to repair those and put people back in
14 safer place. But the real challenge that we face
15 is the 70 odd thousand buildings in New York City,
16 600 million square feet, that wasn't damaged
17 during Hurricane Sandy, but remains in the 100
18 year flood plain, and we have to make sure we're
19 investing in that, too.

20 CHAIRPERSON KOSLOWITZ: In the fall
21 2011, the Administration put EDC in charge of the
22 Mayor's Industrial and Manufacturing Business
23 Program. Originally, it was the Department of
24 Small Business Services. EDC hired Michaela
25 Crater [phonetic] to be Director of the Industrial

2 Initiatives. In the Fiscal 2014 budget, in SBS,
3 there is zero funding for the IBS providers. In
4 Fiscal 2013, this program was funded at \$1.2
5 million. According to OMB, the IBSP contract
6 expires at the end of Fiscal 2013. This program
7 supports 12 IBSPs who in turn provide services to
8 more than 6,000 manufacturing and industrial
9 business owners who employ more than 75,000
10 manufacturing workers. What are the
11 Administration's and EDC's plans for manufacturing
12 and industrial development.

13 SETH PINSKY: Sure. So, the IBZ
14 service provider funding, as you know, has
15 traditionally been in SBS's budget, not in EDC's
16 budget; although in the past, EDC using IDA fund
17 balance has sought to help fill gaps in that
18 budget. I think the important message is that the
19 particular line item in the budget is not a
20 reflection of any lack of commitment to this
21 sector. It's simply an allocation of moneys to
22 different uses to benefit the sector. I mentioned
23 the significant part of our capital budget, which
24 is devoted to the industrial sector and is
25 continuing to be devoted to the industrial sector.

2 At Brooklyn Army Terminal, which is a major
3 industrial property that EDC manages, we have
4 3,200 people working, and we're at, I think, 99
5 percent occupancy. The Brooklyn Navy Yard has
6 been amazingly successful, as you know, another
7 Administration managed property. Meanwhile, we
8 launched 22 initiatives a couple of years ago,
9 with the Speaker committing \$110 million in value
10 to the sector. We are executing on every one of
11 those programs. We hired, as you mentioned,
12 Michaela Crater, who's been an aggressive advocate
13 and provides invaluable assistance. She's
14 connected with thousands of businesses. We
15 completed the brokering of the sale from the
16 federal government to a private industrial
17 developer. The federal building in Sunset Park
18 which is a million square foot property, we've
19 been allocating funds from the Council to
20 industrial modernization, and step out space at La
21 Marquette. We've created a \$10 million food
22 manufacturing fund with Goldman Sachs. And the
23 list goes on. All of that said, I clearly
24 recognize and we have heard that the IBZ service
25 provider funding is a priority to many Council

2 Members. And I'm sure that that will continue to
3 be a part of the discussions between the
4 Administration and the Council as we move towards
5 a final budget.

6 CHAIRPERSON KOSLOWITZ: Is the
7 contract going to be--are you planning to renew
8 the contract in 2014?

9 SETH PINSKY: I don't know, because
10 it's--SBS holds the contract. I can find out for
11 you. I'm not sure what the - -

12 CHAIRPERSON KOSLOWITZ:
13 [interposing] Okay, really appreciate it.

14 SETH PINSKY: Sure.

15 CHAIRPERSON KOSLOWITZ: Because it
16 seems that each year, last year, you combined a
17 few of the IBZs. I know in Queens, you put Long
18 Island City together with Maspeth. So, I just
19 hope it's not a way of, you know, getting rid of
20 them, because they're really vitally important.
21 They, the people there work very, very hard.

22 SETH PINSKY: Now, you and your
23 colleagues made that clear at our March testimony,
24 and we understand.

25 CHAIRPERSON KOSLOWITZ: Okay. I

2 just want to get updates on Willets Point and
3 Hunts Point Market.

4 SETH PINSKY: So, at Willets Point,
5 we are continuing to move that project forward.
6 We are on schedule and on budget with respect to
7 \$50 million in offsite infrastructure investments
8 that we're making, that will be necessary for the
9 development of Willets Point. We are moving
10 through the ULURP process. We just received an
11 approval of the amendment to the Willets Point
12 plan at the community board. We have been
13 continuing to engage with the property owners in
14 the footprint of the first phase of the
15 development at Willets Point. And are down to a
16 very small handful of owners that we have to reach
17 agreement with. And our expectation is that as we
18 move through the ULURP process and we start to
19 have a better sense as to when work onsite is
20 going to beginning, we will very, very shortly
21 reach out to the businesses onsite, which I know
22 is a priority to many Council Members, including
23 Council Member Ferreras.

24 CHAIRPERSON KOSLOWITZ: Right.

25 SETH PINSKY: And our expectation

2 is at that point, that they will begin to get
3 serious about relocation options and we will work
4 with them very hard to relocate as many of them as
5 possible.

6 CHAIRPERSON KOSLOWITZ: Okay. And
7 Hunts Point?

8 SETH PINSKY: Hunts Point, we
9 negotiated an extension of their term at Hunts
10 Point I think about a year ago now. They have--

11 CHAIRPERSON KOSLOWITZ: It was the
12 three year extension?

13 SETH PINSKY: It was the three year
14 extension.

15 CHAIRPERSON KOSLOWITZ: Right.

16 SETH PINSKY: I think that they
17 have roughly two years left on that extension. We
18 had reached an agreement with the co-op for a
19 significant extension, as well as some investment
20 in the property, as of a few months ago. And
21 unfortunately, because of some extraneous issues,
22 the deal eventually didn't occur. We are open to
23 continuing to talk to them. We believe that they
24 would like to stay in The Bronx, that they intend
25 to stay in The Bronx. I think we've developed a

2 good relationship with them. But where we are
3 right now is we're in the extension period of the
4 existing lease.

5 CHAIRPERSON KOSLOWITZ: Okay, I
6 really hope that, you know, we're successful in
7 this and we don't lose Hunts Point Market at all.

8 SETH PINSKY: We agree.

9 CHAIRPERSON KOSLOWITZ: I'd like to
10 turn to my colleagues now. Council Member James.

11 COUNCIL MEMBER JAMES: Good
12 morning. I just left a breakfast this morning at
13 the Brooklyn Navy Yard where we were talking about
14 the Tech Triangle. And my question really is the
15 success of the Brooklyn Navy Yard, as you
16 mentioned earlier, can that be used as a pilot to
17 expand tech, media, digital and the art industry
18 to the East New York Industrial Zone, as well as
19 the Army terminal?

20 SETH PINSKY: So it has, in fact,
21 expanded to the Brooklyn Army Terminal, the
22 Brooklyn Army Terminal has been enormously
23 successful. As I said, we're about 99 percent
24 occupied, we have 3,200 jobs, primarily industrial
25 jobs there. There are continued investments going

2 on to expand the space there, and we've signed I
3 think several, a number of tenants over the course
4 of the last several months. The East New York
5 area is a challenging area for industrial
6 businesses, and we've been heavily focused on
7 trying to attract industrial businesses to East
8 New York. The issue that you face in East New
9 York is transit access. And when we've spoken to
10 companies, especially companies that need to do
11 distribution, they've said that the lack of
12 available highway access and to a lesser extent
13 rail access, is a real hindrance. One program
14 that we've launched in the last month or two is a
15 program to try to activate all of the vacant lots
16 that are City owned within I think it's a two
17 square mile section of East New York. And one of
18 the uses that we're looking to try to use to
19 activate those lots, are industrial uses. But it
20 is a, that is a tough problem to solve, which
21 doesn't mean that it's not an important one, and
22 it doesn't mean that we're not trying. But I
23 think that there are opportunities to do important
24 things in the neighborhood and we have to keep
25 working as an Administration, and we have to keep

2 working with the Council to try to, to realize
3 those opportunities.

4 COUNCIL MEMBER JAMES: In your
5 waning months, I'd like to advance a special zone
6 for what is often referred to as the Wallabach
7 Community in and around the Navy Yard, to maintain
8 industrial uses, but also to allow for commercial-
9 -well, it allows for commercial, but affordable
10 housing, which, as you know, there's all of these
11 competing demands. But there is a crisis in
12 affordable housing throughout the City of New
13 York. And clearly, those individuals who are
14 coming to the Tech Triangle need a place to live.
15 There's a number of artists there. And as you
16 know, residents there are being squeezed out. So,
17 what can we do to advance this special purpose
18 zone for that neighborhood?

19 SETH PINSKY: So, I don't have
20 specific information about that specific proposal
21 or that neighborhood. I would say that we in EDC
22 are strongly in favor of trying to protect our
23 manufacturing districts for industrial uses. Our
24 goal is to, for example, expand the industrial
25 business zones, including creating some new

2 industrial zones for that very purpose. The one
3 observation I would make, which is not to disagree
4 with the premise of your question by any stretch
5 of the imagination, but I think that if you make a
6 district available both to industrial uses and to
7 housing, even if it's affordable housing, what
8 you'll end up with is almost exclusively housing.
9 And there's a significant need for housing, so
10 that's not a criticism. But if your goal is to
11 preserve the industrial uses, just because of the
12 economics of industrial uses versus residential, I
13 would say that it would be difficult to allow both
14 of those in the same zone.

15 COUNCIL MEMBER JAMES: Well, the
16 only ques--well, I would hope that you would
17 communicate that to the Office of--there's all of
18 these individual applications, these in-fills that
19 are going on in and around the Navy Yard. So, the
20 BSA, the Board of Standard and Appeals has
21 approved a significant number of in-fills in and
22 around the Navy Yard. So though I recognize the
23 challenges that you present, the reality is, is
24 that BSA really needs to her that, because they
25 have approved at least, last count, at least nine

2 or ten applications for housing, and it's
3 primarily luxury housing, in and around the Navy
4 Yard.

5 SETH PINSKY: And on that, so two
6 things. One is that BSA has a mandate, a
7 requirement that they grant variances for
8 properties that meet certain criteria. So, my
9 assumption is, based on lots of conversations with
10 them, that they are doing what they're required to
11 do by law. That being said, we have communicated
12 to them the importance of trying to maintain our
13 manufacturing districts in the City. They have
14 been responsive to that. That doesn't mean that
15 in every case that's brought before them, they're
16 able to decide on way or another. But we have
17 most definitely communicated that to them.

18 COUNCIL MEMBER JAMES: Moving to
19 another area of the district, the, what has been
20 referred to as the cultural district, there are
21 three lots, as you know, that we are moving
22 forward to developing. And the question that I
23 have is on the BAM South site, which is the BAM
24 parking lot, which has been sold to Two Trees,
25 what was the, how much did we sell that land for,

2 to Two Trees?

3 SETH PINSKY: We sold it to them
4 for \$16 million. We gave them an option to sell
5 for--we haven't actually closed on the property
6 yet, but they paid a \$2 million deposit and
7 hopefully in June when they close, the purchase
8 price will be another \$16 million.

9 COUNCIL MEMBER JAMES: And in that
10 development project, there is a proposal for a
11 library. Do you know if that library is
12 contingent upon the demolition of the library in
13 Brooklyn Heights and/or in Park Slope?

14 SETH PINSKY: Sure. My
15 understanding as a trustee of Brooklyn Public
16 Library is that the idea is that modernization or
17 rebuilding of certain libraries around the
18 borough, will fund the library. So the library is
19 undertaking an effort to monetize some of the air
20 rights that it owns. So, I can't say that it's
21 precedent upon that particular library being--and
22 it's not torn down at all, it's about being sold.
23 And the air rights above it being sold. But
24 rather, but it is part of the library's plan to
25 generate money from underutilized properties

2 around the borough.

3 COUNCIL MEMBER JAMES: So I would
4 hope that we would decouple the selling off of any
5 libraries to this on particular ULURP application,
6 because I would oppose that application if in fact
7 it is contingent upon the selling off of
8 neighboring libraries. And I would hope that on
9 that particular site, we would have had more
10 affordable housing, but nonetheless I'll accept
11 the 20 percent for the purposes of that
12 application. BAM North, I understand there's a
13 number of applications that have been submitted to
14 HPD as well as EDC. And they include, but are not
15 limited to, hotels and to some degree some
16 commercial and some degree affordable. I would
17 hope, I recognize that BAM North 1 and BAM North 2
18 were trying to capitalize on the amount of
19 affordable housing. I know there's a health
20 component on BAM North 2, which is now owned by
21 Gotham. And I would hope that we would do the
22 same on BAM North 1, it's only 20 percent. And I
23 know that you, in your RFP, indicated various
24 financing schemes, and I would hope that we would
25 move forward and support that application, which

2 has the most affordable housing, given the crisis
3 in affordable housing, not only in downtown
4 Brooklyn, but in the City.

5 SETH PINSKY: And that property, as
6 well as the other north site property, both of
7 those are controlled by HPD, EDC hasn't been
8 involved. But I will make sure to pass that
9 message along to Commissioner Wambua.

10 COUNCIL MEMBER JAMES: On the, with
11 regards to the business recovery loans and grants,
12 have we changed the stringent criteria for
13 eligibility that was criticism of a number of a
14 individuals who wanted to apply for some of the
15 loans, but unfortunately were not in a position
16 to--

17 SETH PINSKY: Yeah, so, we had a
18 \$25 million loan and grant fund, which was money
19 that we were able to raise within about a week of
20 the end of Hurricane Sandy. It included some EDC
21 funding, as well as funding from private sources.
22 Because of the limited nature of that relative to
23 the need, which we know is extensive, we limited
24 both the size of the loans and also the, we put in
25 place criteria for the loan that would ensure that

2 the businesses that got them were businesses that
3 would actually be able to survive if they did
4 receive them. The program has actually been quite
5 successful. We have allocated well north of 70
6 percent of the money and we're continuing to
7 process applications. The processing of
8 applications has been very fast, as contrasted
9 with some of the federal and other programs.

10 We've, on average, cut checks within two weeks of
11 receiving a final application for these
12 businesses. But the program did, as I mentioned,
13 have fairly strict criteria. With now the
14 addition of the funding from the federal
15 government, we expect that we'll be able to relax
16 some of those standards. And so businesses that
17 were not eligible under the old program will be
18 eligible under this. And the other thing that I
19 would say, that's kind of been lost in the
20 discussion, is that of the \$85 million gross, and
21 as I said, you have to net out the administrative
22 costs, but of the \$85 million gross, our proposal
23 is that \$35 million of that would be allocated to
24 CDFIs around the City on a competitive basis, to
25 make sure that--based on a competition that would

2 ask them to develop programs to get that money out
3 to businesses either in neighborhoods that haven't
4 been receiving loans and grants under our program,
5 or to types of businesses that haven't been
6 receiving loans and grants under our programs.

7 COUNCIL MEMBER JAMES: And those
8 two areas, I would obvi--we would include the
9 Rockaways and Staten Island.

10 SETH PINSKY: Absolutely, yes.

11 COUNCIL MEMBER JAMES: And just a
12 last point. What are we doing to advance the
13 remaining part of the Atlantic Yards Project,
14 where most of the affordable housing was slated?
15 Are we working with the State to begin the
16 development on the second phase of Atlantic Yards?

17 SETH PINSKY: So, as you know, the
18 arena was the first phase, that is now completed
19 and has been a success and is employing a lot of
20 local people, which is great. The first
21 affordable housing project is now rising, and will
22 contain a substantial number of affordable units.
23 And under the agreement, there's kind of a steady
24 requirement for them to continue to develop the
25 site, including more affordable housing, which

2 they will do. We're working with the State to
3 ensure that they meet the requirements.

4 COUNCIL MEMBER JAMES: Let me just
5 end by adding that, you know, the developer
6 unfortunately have reneged on a commitment to the
7 community, where he was, he had originally
8 promised to build larger units. And then, changed
9 his position and now is only building smaller
10 units. And the demand in Brooklyn and throughout
11 the City is for larger units. And that really
12 should be tied to any public subsidies that we
13 provide to the developer, all developers, that
14 they build larger units to reflect the need and
15 the demand in the City of New York.

16 SETH PINSKY: So, I can't change
17 agreements that are in existence, and are
18 completed.

19 COUNCIL MEMBER JAMES: I
20 understand.

21 SETH PINSKY: But it's certainly, I
22 think, useful information for future negotiations
23 and the other thing that I would say is that we
24 also are not in a position to enforce agreements
25 that the developer may or may not have made with

2 the community, but we certainly are enforcing the
3 agreements that we have with them.

4 COUNCIL MEMBER JAMES: Thank you.

5 CHAIRPERSON KOSLOWITZ: Okay, thank
6 you, I just want to note that we were joined by
7 Council Members Lander, Koppell, Jackson, Van
8 Bramer, and Brewer. Lew Fidler.

9 COUNCIL MEMBER FIDLER: Thank you.

10 President Pinsky, good afternoon. I have two
11 general areas I'd like to focus on. You spoke at
12 considerable length, but with considerable lack of
13 detail, about this large amount of CDGB funding
14 that the City is receiving, relative to the
15 hurricane. You mentioned in part that there's a
16 proposal, I guess to help businesses, in five of
17 the most impacted areas of the City.

18 SETH PINSKY: No, that's in City--
19 sorry, there are two different proposals, there
20 are proposals that are citywide or any impacted
21 business, and then there are proposals that are
22 focused exclusively on the five most impacted.

23 COUNCIL MEMBER FIDLER: What are
24 those five most impacted?

25 SETH PINSKY: Sure, they are

2 Southern Manhattan; they are the Brooklyn and
3 Queens Waterfront, from Sunset Park, but through
4 Newtown Creek; they are Southern Brooklyn, which
5 is focused on the Coney Island Peninsula, but also
6 includes Grave's End and Gerritsen Beach; they are
7 South Queens, which includes Howard Beach and
8 Broad Channel in the Rockaways; and then the south
9 and east shores of Staten Island.

10 COUNCIL MEMBER FIDLER: Well,
11 excuse me for being parochial, I appreciate the
12 fact that Sheepshead Bay and Gerritsen Beach,
13 which were clearly impacted, are part of that
14 zone, but what happened to Canarsie? Haven't you
15 guys noticed that there was a FEMA disaster center
16 in Canarsie?

17 SETH PINSKY: We have a number of
18 programs that will be available to businesses, as
19 well as to homeowners, in Canarsie, hundreds of
20 millions of dollars in programs will be accessible
21 by Canarsie businesses and residents.

22 COUNCIL MEMBER FIDLER: How?

23 SETH PINSKY: You know, at the end
24 of the day, what we had to do was we had to
25 allocate the scarce resources that we had to the

2 neighborhoods that were most impacted. Those are
3 certainly not the only neighborhoods that were
4 impacted, there are lots of other parts of the
5 City that had impacts, including areas in the
6 north of the City. But we had to make choices and
7 just based on the analysis that we've done of
8 where the most homes were destroyed, or impacted,
9 where the most businesses were destroyed and
10 impacted, those are the places where we drew the
11 borders.

12 COUNCIL MEMBER FIDLER: You know,
13 President Pinsky, I heard that same reasoning from
14 the HRA Commissioner, when the D-SNAP program was
15 not extended to the Canarsie. Assembly Member
16 Maisel and I are in court right now with the
17 Administration on that point. Everybody in
18 Canarsie thinks they were impacted. I mean, maybe
19 we didn't get news coverage show on a nightly
20 basis, but Canarsie, but Canarsie was hit just
21 about as badly as anybody else.

22 SETH PINSKY: Yeah, and [crosstalk]
23 clear, Councilman--

24 COUNCIL MEMBER FIDLER: And not
25 including Canarsie in one of the five most

2 impacted areas--

3 SETH PINSKY: Yeah.

4 COUNCIL MEMBER FIDLER: --continues
5 to be an insult to the people in Canarsie.

6 SETH PINSKY: Well, it certainly is
7 not intended to be an insult, and just to be
8 clear, the people of Canarsie, to the extent that
9 they experienced damage to their businesses, to
10 the extent that they experienced damage to their
11 homes, will be eligible for exactly the same
12 reconstruction programs that are available to
13 businesses and homeowners throughout the City.

14 COUNCIL MEMBER FIDLER: And, look,
15 maybe insult was the wrong word, but it certainly
16 is injury. And I would like your office to
17 communicate with my office, so we can communicate
18 with the not-for-profits in Canarsie. Exactly how
19 businesses in Canarsie can access this assistance
20 and relief, because they were impacted.

21 SETH PINSKY: And that is--

22 COUNCIL MEMBER FIDLER: And we
23 don't feel in Canarsie that the City has noticed
24 what the federal government noticed, which is that
25 Canarsie was hit as badly as any other waterfront

2 community in Southern Brooklyn.

3 SETH PINSKY: And as I said, there
4 are a number of programs that are available, and
5 we would be more than happy to come out to the
6 community and talk to anyone that you think we
7 should be talking to about how to access those
8 programs.

9 COUNCIL MEMBER FIDLER: Okay. And
10 the other aspect of this is, I think you said
11 there's \$829 million for resiliency. I understand
12 the Mayor has asked you to head the long term
13 resiliency initiatives. I wrote to you some time
14 ago about some of the Southern Brooklyn Waterfront
15 issues, both the increasing of the marshlands--

16 SETH PINSKY: Yeah.

17 COUNCIL MEMBER FIDLER: --off of
18 Southern Brooklyn, and the dredging of Sheepshead
19 Bay, two things that would seem to me would be
20 very helpful. I heard some rumblings about the
21 marshland actually going to happen. I have not
22 gotten a response to that letter. I'd like to
23 know specifically, and I'm being very parochial
24 now, Southern Brooklyn Waterfront, what are we
25 doing to make sure that the ocean doesn't come

2 into our backyard again?

3 SETH PINSKY: Well, it is a very
4 complicated issue. it's a very complicated issue
5 all throughout the City, but especially because of
6 the geomorphology of that area, it's very low
7 lying, a lot of it is former marshland. And has
8 been subject to flooding for years. And as sea
9 levels rise, will clearly be subject to greater
10 flooding. The report that we're putting together
11 at the direction of the Mayor will be issued
12 likely in the next few weeks, soon. And that will
13 contain detailed proposals for coastal protections
14 all throughout the City, including in your
15 district. Some of it will be programs and
16 projects that we're able to move forward with
17 quickly, because they don't involve a lot of in-
18 water work with, for example, which requires a lot
19 of permitting and approvals. And is also
20 complicated from an engineering perspective. Some
21 of it will be to begin the work of studying and
22 designing those projects, which however will take
23 some time. And as I said, the report will be
24 issued shortly and I'm happy to sit down with you
25 once it is out, to walk you through exactly what

2 it is that we're--

3 COUNCIL MEMBER FIDLER: Actually,
4 I'd like you to do one step better than that. I'd
5 like you to engage all of the elected officials in
6 Southern Brooklyn to discuss what you're
7 considering for that report.

8 SETH PINSKY: Yeah, and--

9 COUNCIL MEMBER FIDLER: But rather
10 than informing us after the fact [crosstalk]

11 SETH PINSKY: Yeah, and that's
12 actually not--that's not really a fair
13 characterization, and maybe it's my fault for not
14 having been clearer about this, of the way that
15 we've approached this. We've met with the offices
16 of over 60 elected officials, we have over 200
17 community based organizations that are on
18 taskforces that we've been meeting with regularly,
19 we have held public forums that over 1,000 people
20 have attended around the City. So we're more than
21 happy to meet with elected officials, we've gotten
22 very, very valuable feedback. If you think that
23 it makes sense for us to sit down, I'm happy to
24 sit down with you as well.

25 COUNCIL MEMBER FIDLER: Well, I

2 would ask for that and I'd also ask for a response
3 to the letter that I sent you about two months
4 ago. Because I think those issues are extremely
5 important, and we'd like to know whether or not
6 they're viable. And if in fact you are going to
7 do them in our lifetime. My second area is, you
8 know, I listened to your testimony about very,
9 very many worthy economic development projects and
10 transportation projects in the City. You know, I
11 heard about the skating rink for The Bronx, I
12 heard about the Intrepid, you know, power plant
13 and the tech stuff for Roosevelt Island, and the
14 lake site in Prospect Park, which is another
15 skating rink, which frankly I thought the Brooklyn
16 Delegation and the Council had paid for. All of
17 those things. What I didn't hear was a single
18 thing about all of Southern Brooklyn or Western
19 Brooklyn, for that matter. And I just wanted to
20 know whether or not EDC has looked at some of the
21 bold, you know, ideas that may or may not work,
22 that would have a true game changing effect in
23 those communities. Anything for Southern Brooklyn
24 at all, which I haven't heard about. How about
25 burying the Gowanus Expressway, once and for all,

2 literally and figuratively; putting in a tunnel;
3 opening West Brooklyn's waterfront to economic
4 development and parkland? How about reconnecting
5 Staten Island to the mass transit grid by
6 recommencing the building of the subway tunnel
7 from Staten Island to Bay Ridge, that was
8 abandoned 80 years ago? How about the cross
9 harbor freight tunnel that would not only take
10 thousands and thousands of trucks off our street,
11 but spur economic development all along the Bay
12 Ridge Conrail line? What about those things? I
13 mean, is it just Midtown Manhattan where we think
14 boldly?

15 SETH PINSKY: No.

16 COUNCIL MEMBER FIDLER: We only
17 think about extending the 7 line in Manhattan, but
18 not think about commuters that live in Staten
19 Island and Western Brooklyn. What about those
20 things?

21 SETH PINSKY: Yeah, I don't, again,
22 I don't think that that's an accurate depiction of
23 the way that our budget or our projects break
24 down. We certainly have projects in the central
25 business district in Manhattan, but the vast

2 majority of the projects that we're working on are
3 outside of those areas. And what I would say is,
4 I think in my testimony I actually did reference
5 both Western Brooklyn and Southern Brooklyn, I
6 certainly made reference to Coney Island where the
7 City's making hundreds of millions of dollars in
8 investments, not just in the amusement area but in
9 new housing, including affordable housing, as well
10 as new commercial space. We are also putting \$130
11 something million into new sewers in the Coney
12 Island area. We are making significant
13 investments, which I also mentioned in my
14 testimony in Sunset Park, all along the
15 waterfront. I mentioned the success that we're
16 having at Brooklyn Army Terminal, as well as at
17 Bush Terminal. We also are making significant
18 investments in Red Hook. And I think when you see
19 the report that comes out for the Mayor's Special
20 Initiative on resiliency and rebuilding, that
21 there will be vast programs that will be targeted
22 towards exactly those areas. With respect to the
23 very specific proposals that you made, what I
24 would say first just generally is that we're
25 always happy to talk about ideas and ways that we

2 can spur economic activity throughout the five
3 boroughs, certainly including in Southern and
4 Western Brooklyn. You know, the idea of burying
5 the Gowanus Expressway, there was federal funding
6 that was appropriate to do some design work, EDC
7 led that, and we provided the results of that
8 work. And I think it was well received. That
9 will require vast amounts of federal funding,
10 which at the moment don't exist. Staten Island
11 Railroad Tunnel, that's an MTA project, that's not
12 something that the City controls. I think that
13 it's an interesting idea, but again just given the
14 capital needs of the MTA, I'm not sure if it will
15 be happening anytime soon. But again, certainly
16 something that--

17 COUNCIL MEMBER FIDLER: But we have
18 money to extend the 7 line.

19 SETH PINSKY: Well, no, it's, the 7
20 line is being extended by, through the incremental
21 tax revenues that are being generated by
22 development in - -

23 COUNCIL MEMBER FIDLER:
24 [interposing] The 7 line is being funded by
25 pilots, all right, an opportunity which is not

2 available to the rest of the taxpayers of the City
3 of New York.

4 SETH PINSKY: Yeah.

5 COUNCIL MEMBER FIDLER: The pilots,
6 by taking the most available real estate in the
7 free world, and giving them the ability to pay for
8 their own improvements, instead of putting the
9 money into the general fund.

10 SETH PINSKY: No, because without
11 this project, which could only be funded with
12 pilots, because nothing has been funded in terms
13 of extensions of the subway for a generation
14 before this, without those pilot, without that
15 extension, those pilots would never have existed.
16 So it's not like there was money that was waiting
17 to flow into the general fund absent this project,
18 which is not flowing into the general fund because
19 of this project.

20 COUNCIL MEMBER FIDLER: The point
21 really is, Mr. Pinsky, is that we've studied the
22 Gowanus Expressway, we've talked about the Cross-
23 Harbor Freight Tunnel, we actually started digging
24 the Staten Island thing, and we're going to put it
25 off on the MTA and blame them.

2 SETH PINSKY: Well, no, I mean,
3 look--

4 COUNCIL MEMBER FIDLER: We need a
5 little bit of leadership from this Administration-
6 -

7 SETH PINSKY: Yeah, but I don't--

8 COUNCIL MEMBER FIDLER: --for
9 truly--

10 SETH PINSKY: --I don't think
11 that's a fair--

12 COUNCIL MEMBER FIDLER: --game
13 changing ideas in the rest of the City.

14 SETH PINSKY: Yeah, I don't think
15 that's even a little bit fair, Councilman. I
16 think if you look all throughout the five
17 boroughs, you will see game changing ideas and
18 major investments that are being made by the City.
19 I also don't think that we can be held responsible
20 for the decision by Robert Moses to fill in the
21 tunnel that was being dug under the Narrows.
22 Look, we're happy to look at all of the projects
23 that you described. Those projects will require
24 significant funding from the federal government.

25 COUNCIL MEMBER FIDLER: That is

2 correct.

3 SETH PINSKY: And we are happy to
4 work with the federal government on that.

5 CHAIRPERSON RECCHIA: And Domenic
6 Recchia's going to resolve that when I'm the
7 congressman.

8 COUNCIL MEMBER FIDLER: Well--

9 CHAIRPERSON RECCHIA: All right?
10 You want to--

11 COUNCIL MEMBER FIDLER: --well, let
12 me just say with that--

13 CHAIRPERSON RECCHIA: - -

14 COUNCIL MEMBER FIDLER: --with all
15 due respect to our Finance Chairman, who does a
16 magnificent job of representing Coney Island, the
17 Southern Brooklyn Waterfront is a lot more than
18 Coney Island. So, when I ask you about the
19 Southern Brooklyn Waterfront, and you mention
20 three projects for Coney Island, you haven't done
21 anything for Sheepshead Bay, Canarsie, Bay Ridge--

22 SETH PINSKY: Yeah, but--

23 COUNCIL MEMBER FIDLER: --Gerritsen
24 Beach--

25 SETH PINSKY: First of all--

2 COUNCIL MEMBER FIDLER: A

3 neighborhood which is in extraordinary need - -

4 SETH PINSKY: First of all, that's
5 not true. Second of all, you asked me if, to
6 mention some projects in Southern Brooklyn, you
7 didn't - -

8 COUNCIL MEMBER FIDLER:

9 [interposing] And you mentioned three, and they
10 were all in Coney Island.

11 SETH PINSKY: --every project in
12 Southern Brooklyn, and the third thing that I
13 would say is that, as I mentioned, I think when
14 you see the special initiative report that's going
15 to be coming out, that there will be significantly
16 more in the way of investment and study that will
17 be geared towards exactly the areas that you're
18 describing.

19 COUNCIL MEMBER FIDLER: Well, I'm
20 going to hold you to that--

21 SETH PINSKY: Good.

22 COUNCIL MEMBER FIDLER: --President
23 Pinsky, I expect to see real, you know, bold ideas
24 to make sure that the Southern Brooklyn Waterfront
25 is not again subjected to the kind of thing that

2 we had in Sandy. We are very vulnerable.

3 Particularly in Canarsie, we feel abandoned by the
4 City, which seems to ignore the fact that Canarsie
5 was hit in every possible measure. Every time,
6 and you know, impacted areas are selected,
7 Canarsie is ignored. And as the elected official
8 for most of Canarsie, I'm just not going to sit by
9 silently and allow that to happen.

10 SETH PINSKY: Thank you.

11 CHAIRPERSON RECCHIA: Thank you,
12 Councilman Fidler. We've been joined by Council
13 Member Brewer, Council Member Vann, Council Member
14 Wills, Mealy, Levin and Cabrera. Okay, Council
15 Member Lander. Is he here?

16 COUNCIL MEMBER LANDER: I'm here.

17 CHAIRPERSON RECCHIA: Okay.

18 COUNCIL MEMBER LANDER: Thank you,
19 Mr. Chairman, Madam Chairman, President Pinsky,
20 good to see you. I'm going to pick up on a few of
21 the questions that Council Member Fidler asked and
22 actually a few that Chair Koslowitz asked. First,
23 I do want to say thank you on the reports for
24 organizing them. I think, you know, these six
25 categories and our ability to look across your

2 expenditures on the capital side, comes out of in
3 some ways earlier frustrations that we had had a
4 couple of years ago. And I appreciate that you've
5 broken them down and brought them in to us in ways
6 that I think are more useful. But, and I think I
7 want to build on that in following up on a couple
8 of the Sandy related questions that Council Member
9 Fidler asked. For starters, just on our ability
10 to track and see and identify those resources as
11 they, as we seek to get back what we already spent
12 and as we move forward, I asked the Budget
13 Director in the Preliminary Budget Hearing about
14 this, in part because the stimulus spending was
15 well tracked, but the 9/11 spending was not well
16 tracked. And I want to make sure, not just that
17 we're complying with federal regulations, but that
18 the Council and all New Yorkers can really see that
19 visibly. So, Council Member Richards and I have
20 introduced a bill to track the Sandy funding. And
21 while that'll mostly be a dialogue with the Budget
22 Director, I guess because you have some unique
23 responsibilities in relationship to both the SIR
24 and CDBG, we would like to engage you on it and
25 figure out how we can make sure, not just that

2 it's all spent appropriately and reported to
3 federally, but that the Council and the people of
4 New York can really see what we're recovering and
5 billing for and where we're not, if there's gaps
6 there. And then very clearly where those
7 resources are going and how they're being used.

8 SETH PINSKY: The, we'll look
9 forward to engaging with you on that.

10 COUNCIL MEMBER LANDER: The
11 question I want to ask, I think in addition to the
12 specific projects and areas of the City that
13 Council Member Fidler was referring to, relates to
14 real transparent priority setting for our capital
15 investments and infrastructure investments. And I
16 don't believe that's something, and you and I have
17 had this conversation before, that our budget
18 process in general is good at. We, you know, you
19 get each individual agency doing its
20 infrastructure spending, and you wind up in our
21 budget conversations talking with each agency.
22 And the bigger conversations about our capital and
23 infrastructure strategy and how it relates to the
24 City's plans for development in a bigger and more
25 holistic way, I don't think the Administration is

2 organized in a way that's been presented
3 coherently, and there, and I don't think, I don't
4 know that we've as a Council been able to figure
5 out how to have that. Now, previously I wouldn't
6 have necessarily asked that of EDC, but
7 interestingly over recent years, more and more of
8 it is being done through EDC. The growth, there's
9 been a growth in the infrastructure expenditures
10 that you guys make. It's interesting to note that
11 a piece of DEP's green infrastructure is here.
12 And now especially as you've got this charge
13 through SIRR for a longer term look at strategic
14 capital investments for long term resiliency, I
15 hope that in addition to a list of investments, we
16 should prioritize, that I assume is in that
17 report. That you will speak to some process
18 questions about how the City can organize its
19 capital spending and infrastructure investments,
20 in a way that puts those decisions in a place
21 where the debate that Councilman Fidler, you know,
22 wants, is rightly proposing, about priorities, can
23 be had in a coherent way. And again, I just--I
24 want that to be a distinction. You know, the
25 State very quickly came out with, "Here's many,

2 many things we want to do." And kind of threw
3 them all out there. I'm glad that you and the
4 Administration are taking the time to be
5 thoughtful, but that needs to become a regular
6 process, where we think about these things, attend
7 to what's been spent, and set priorities. And so
8 I guess I would ask, are you looking at SIRR, at
9 some process recommendations for better
10 coordination of capital infrastructure spending?
11 And if not, how do you think we should do that
12 going beyond this Administration?

13 SETH PINSKY: I would start by
14 saying that that question is in many ways well
15 beyond my pay grade. And really is a question I
16 think that's properly asked of the Budget
17 Director, and the Mayor's Office, who in fact are
18 the people that do set those priorities. And the
19 administration does go through a very thorough
20 process where the agencies submit their needs
21 based on their areas of focus, and then the budget
22 office working with the Mayor's office makes
23 decisions, we should allocate more to this agency,
24 less to this agency, more to this priority, less
25 to this priority. And the capital budget that's

2 produced is the result of that process. Look, I'm
3 sure that there are ways to improve it, there are
4 ways to improve every process. But I think it is
5 actually done in a very thoughtful and thorough
6 way. As much as it can be a pain in the neck for
7 us to deal with the City's budget office, they do
8 a very good job at balancing the priorities and
9 pulling together a budget every year. And I would
10 say that, you know, to the extent that you're
11 looking for changes in that process, you should
12 reach out to them. And I'd be happy to be engaged
13 in that, and I'd be happy to talk to you about how
14 we set priorities within EDC. But I can't really
15 speak, 'cause I'm just not involved in it at that
16 level, I can't really speak to how the City sets
17 its capital program.

18 COUNCIL MEMBER LANDER: Well, I
19 mean, I hope we'll have a hearing on the SIRR
20 report when it comes out, but I actually think
21 it's your resp--I mean, you've been charged, and I
22 think it's interesting, some of us, you know, said
23 it's interesting that SIRR is being given to EDC.
24 We might've thought of that as City Planning. And
25 it's a core planning function for thinking about

2 long term resiliency and capital investments,
3 which are budget related. And it's not a system
4 that needs a little improvement, it's not a
5 system, there is no place where there is any
6 transparent conversation. It's why SIRR is
7 actually necessary and it's why I think there's an
8 obligation coming out of it to think about how the
9 City can make those choices wisely. So, I'm not
10 going to go on about it in this conversation. But
11 I hope you'll think a little more about it,
12 because I think if what you produce is a list and
13 not a longer term process for how the City should
14 think about hard infrastructure investment
15 questions in an era of climate change, that you're
16 falling a little short of the goal that I hope you
17 would set for this.

18 SETH PINSKY: Yeah, and if your
19 question was relating specifically to how we
20 prioritize our budget allocations relating to
21 resiliency and climate change, then I think that
22 actually there has been a process in place through
23 the Mayor's Office of Long Term Planning and
24 Sustainability, there I think is now a more
25 intense process in place through the special

2 initiative. And as part of the special
3 initiative, we will be making proposals, in fact,
4 for how we can continue to think about these
5 investments strategically going forward.

6 COUNCIL MEMBER LANDER: And I would
7 just say, I don't know how you can separate the
8 question of how our freight should get into and
9 out of the City, or the questions of major mass
10 transit investments from the questions of
11 infrastructure investments for resiliency, in
12 light of climate change.

13 SETH PINSKY: Yeah, and that again
14 is why, you know, even as we're looking at
15 resiliency, we're going to continue to have a
16 budget office that will take all of the priorities
17 from all of the different competing areas of the
18 City government, and we'll, with the Mayor, who
19 has the ultimate say on these things, will make
20 the decision about where to allocate.

21 COUNCIL MEMBER LANDER: So, I want
22 to follow up briefly on the conversation about
23 manufacturing that you've now had, you know, both
24 with Council Member Chair Koslowitz and Council
25 Member James, and here's my and here's my, and

2 we've had this conversation before, but I'm going
3 to have it one more time. Here's my frustration.
4 I know that you believe in manufacturing, and have
5 spent some time and energy and capital on it. And
6 I know that Commissioner Walsh believes in
7 manufacturing, you know. We've spent time
8 together talking about it and looking at it. But,
9 every other time when our needs around
10 manufacturing bump into other agencies in the
11 Administration, it winds up being deprioritized.
12 So those industrial business solutions based on
13 conversations we had in the preliminary budget, I
14 was optimistic that it was going to be restored in
15 the capital budget, and I'm disappointed that it
16 not. And I think we all know that it's OMB that
17 wants to force us to fight for every penny and
18 thinks of it as a budget negotiation and not a
19 question of commitment of the Administration to
20 manufacturing. But then you add to that the fact
21 that City Planning is fighting us tooth and nail
22 on the issue of special permits for hotels in
23 industrial business zones, and I actually thought
24 your conversation with Council Member James was
25 very instructive there, it's the same issue that

2 you said to her, if we allow residential
3 development, allowing hotel development is
4 undermining our manufacturing space. You know, so
5 you have OMB for its reasons pushing back and
6 manufacturing losing. You have City Planning for
7 its reasons unknown to me pushing back, and
8 manufacturing losing. You have the BSA for its
9 reasons doing its thing, and manufacturing losing.
10 And I'll add the Loft Board to that list, as well,
11 that you know, on today of all days, you know,
12 what the Loft Board is doing was a thing it did
13 for Vito Lopez, let's be honest about it, and in
14 some ways the Loft Law that the City fought at the
15 State level, but the way it got played out, and
16 manufacturing is losing. So, the Administration's
17 broad commitment to manufacturing, while I
18 appreciate, you know, what you and Commissioner
19 Walsh coming before us, has not been as robust as
20 we had hoped, when those initiatives were
21 announced. At least in this budget cycle, let's
22 stop fighting foolishly. Please get the
23 industrial business solutions provider dollars
24 restored, work with Commissioner Walsh to do it.
25 If that didn't have to be something that Chair

2 Recchia was fighting for till the last minute, but
3 you guys could go in and say, "You know what?
4 Just let this one go," it would help.

5 SETH PINSKY: So, I do have to
6 disagree with the characterization of the
7 Administration's commitment and I also have to
8 disagree with the characterization that every time
9 there is a competition between different uses,
10 that manufacturing ends up the loser, I don't
11 think that that's the case, either generally or
12 certainly during this Administration. I think
13 that the Administration is quite committed to the
14 industrial sector. All of that being said, again,
15 I have heard from you, I've heard from the Chairs
16 of the Committees, and I've heard from other
17 members of the Council that this is a high
18 priority. And as I said, I know that this will be
19 a source for continued discussion as we move
20 towards a final budget.

21 COUNCIL MEMBER LANDER: Thank you.
22 And just two final sort of budget related
23 recommendations for things that I think that EDC,
24 before the end of the year, might be able to
25 contribute to future and ongoing conversations,

2 one of those is, you mentioned in your testimony,
3 for example, the project that you're managing in
4 Prospect Park and the other work that EDC is doing
5 to manage not-for-profit related development
6 projects, and there's been more and more of that
7 in the Administration. And one of the reasons
8 there's more and more of that is that you seem to
9 be able to deliver those projects on time and on
10 budget with spending of City capital dollars in
11 ways that seem to prove more elusive to the Parks
12 Department, where we all, every Council Member
13 here can tell you our tales of woe getting capital
14 dollars kind of spent by the Parks Department
15 itself. We'd like to understand better, I know
16 you still have to follow the WICS law and follow
17 the prevailing, with a range of the appropriate--
18 if you guys could help figure out what the things
19 it is that EDC has been able to do on those
20 projects that move them more quickly and
21 efficiently, so we could think about how to get
22 City capital dollars spent as quickly and
23 efficiently, I think that would be very helpful
24 across the board to future Administrations.

25 SETH PINSKY: So, if I can just

2 respond to that. I think that all of the City's
3 construction agencies do an excellent job and they
4 have very difficult projects to manage. We're
5 very proud of EDC's record on managing capital
6 projects. And getting projects done on time, on
7 budget, and not just on budget but shrinking our
8 budgets in the first place, is something about
9 which I'm really passionate. It's a dry and very
10 technical conversation, but an important one, and
11 I would be very, very interested in engaging with
12 you on that.

13 COUNCIL MEMBER LANDER: Great, so
14 we'll follow up on that, I think there's some
15 opportunities to learn lessons from things you've
16 done, and in a similar way, I got a good letter
17 this week that was sent to Chair Palma from
18 Commissioner Doar, who they've agreed to look more
19 comprehensively at the transitional jobs programs
20 across the Administration, because there's been a
21 few in different places and similarly, I think on
22 some of the economic and workforce development
23 linkage work, I know you're just starting new
24 initiatives, which it won't be possible to
25 evaluate. But whatever we can capture, you know,

2 the next Administration will start their own
3 programs.

4 SETH PINSKY: Yep.

5 COUNCIL MEMBER LANDER: And the
6 more we can capture what we think has been
7 successful and what we think has been less
8 successful, the better off we would be. There's a
9 certain logic when you guys launch a program or
10 tout a program, you have to say, "This is going to
11 be great." It would be great if we could collect
12 the economic and workforce development link to job
13 preparation and readiness and creation programs,
14 and have some sense of which ones we think are
15 really effective and which ones are not. So as
16 we're making decisions going forward, we can do
17 them based--

18 SETH PINSKY: No, and I think
19 that's a great suggestion. We've been doing that
20 within the Administration, looking across all of
21 our various job creation and training programs,
22 and trying to evaluate them. And we certainly
23 have been looking at the programs that we've
24 launched very carefully. And again, I'd be happy
25 to talk to you about that at greater length.

2 CHAIRPERSON RECCHIA: Okay.

3 COUNCIL MEMBER LANDER: Thank you
4 very much.

5 CHAIRPERSON RECCHIA: All right,
6 just to comment on the Parks issue, the reason why
7 the Parks' capital projects are behind is because
8 they were way understaffed in their design
9 department. They have now addressed that, they
10 hired 43 more people, so projects are starting to
11 move faster. But you'll have the opportunity to
12 question Commissioner Veronica White, Council
13 Member Lander, at the Parks--

14 COUNCIL MEMBER LANDER: And I apo--
15 I did not mean, my goal was not to single them
16 out.

17 CHAIRPERSON RECCHIA: No, no-no, I
18 understand, no--

19 COUNCIL MEMBER LANDER: - - Parks
20 area, but--

21 CHAIRPERSON RECCHIA: But because
22 of, you know, us making issues of it and bringing
23 it to their attention--

24 COUNCIL MEMBER LANDER: Yes.

25 CHAIRPERSON RECCHIA: --the OMB

2 gave 'em the funding to hire 43 more people they
3 need to design, to move the project forward.

4 Okay.

5 COUNCIL MEMBER LANDER: Thank you.

6 CHAIRPERSON RECCHIA: If any other
7 Council Member wished to ask questions, please
8 submit your name to Nathan right now. Okay, I
9 know Gale's next. But before we call on Gale
10 Brewer, always the best for last, I see you have
11 these charts. Do you have copies for the Council
12 Members?

13 SETH PINSKY: If we don't have them
14 with us, we can - -

15 CHAIRPERSON REYNA: [interposing]
16 Could you send them?

17 SETH PINSKY: Yes.

18 CHAIRPERSON REYNA: I'd like to
19 make them part of the record.

20 SETH PINSKY: Happy to do that,
21 absolutely.

22 CHAIRPERSON REYNA: Okay? Thank
23 you, Commissioner. Gale Brewer.

24 COUNCIL MEMBER BREWER: Thank you.
25 Couple of questions. I should know this, but are

2 you still dealing with any of that anti-graffiti
3 program or is that all the trucks are in other
4 agencies and so on? Remember that?

5 SETH PINSKY: Yeah, there are two
6 anti-graffiti efforts in the Administration. One
7 is Sanitation and the other is the Graffiti Free
8 NYC program, which is run out of EDC.

9 COUNCIL MEMBER BREWER: So can you
10 give me an update on the budget of that? 'Cause
11 it was always a good program, but I don't think
12 you mentioned it.

13 SETH PINSKY: Yeah, it's--we have a
14 commitment of I think \$800,000 for this year and
15 \$800,000 for the next year.

16 COUNCIL MEMBER BREWER: Oh, so in
17 other words, the current and '14.

18 SETH PINSKY: It was for Fiscal
19 Year '12 and Fiscal Year '13.

20 COUNCIL MEMBER BREWER: '13, okay.

21 SETH PINSKY: Oh, I'm sorry, '13
22 and '14, I believe.

23 COUNCIL MEMBER BREWER: That's what
24 I just said, okay.

25 SETH PINSKY: Yeah, I'm sorry.

2 COUNCIL MEMBER BREWER: '13 and
3 '14.

4 SETH PINSKY: And we are going to
5 be looking for--this has traditionally been funded
6 in part by federal money.

7 COUNCIL MEMBER BREWER: Correct.

8 SETH PINSKY: And the federal money
9 is going to run out, so we need to secure that for
10 after this fiscal year, which is something that
11 we're working on. It's been I think a very
12 successful program. We cleaned 13,000 properties
13 during Fiscal Year '12, and have cleaned thousands
14 more during this fiscal year, and we're, you know,
15 going to continue to do that. Certainly through
16 this fiscal year, but I think we're going to have
17 to work, and we'd love to work with you to try to
18 see if we can secure more federal--

19 COUNCIL MEMBER BREWER: Right,
20 'cause it was my bill to change the way in which
21 the format is presented for the owners, so that
22 you could do it more readily.

23 SETH PINSKY: Yes, it was
24 extraordinarily--

25 COUNCIL MEMBER BREWER: But I

2 haven't gotten any updates. So maybe we could get
3 an update--

4 SETH PINSKY: Sure.

5 COUNCIL MEMBER BREWER: --as to if
6 it is successful and, you know, I just don't know.

7 SETH PINSKY: Yeah, we would be
8 happy to do that.

9 COUNCIL MEMBER BREWER: And if we
10 could share that. And do you do any analysis in
11 terms of owners and storekeepers to see if they
12 find it to be worthwhile and successful?

13 SETH PINSKY: I would have to ask
14 the program. I know that we get a lot of
15 anecdotal feedback, and from what I hear from
16 people, they're very happy with the way that the
17 service is delivered. I think to the extent that
18 there's a frustration, it's frustration of third
19 parties who call and ask for graffiti to be
20 removed. And then the way that the law works, we
21 have to - -

22 COUNCIL MEMBER BREWER:
23 [interposing] You kind of do it in a batch.

24 SETH PINSKY: Well, we have to get
25 permission from the property owner, and sometimes

2 it's difficult for us to get the permission,
3 although it's much easier thanks to the changes
4 that you made. That's, I would guess that's the
5 only real frustration that's out there.

6 COUNCIL MEMBER BREWER: Okay, all
7 right. 'Cause there's still a lot of graffiti out
8 there--

9 SETH PINSKY: Yeah.

10 COUNCIL MEMBER BREWER: --which
11 we'd like to get rid of. And so you'll let us
12 know how much you're short and what your plans are
13 for trying to address that issue.

14 SETH PINSKY: Yep.

15 COUNCIL MEMBER BREWER: Okay. Next
16 issue is I love this Link program, your staff gave
17 me, when Ally was still with you, it gave me a
18 briefing. So my question would be, I know you
19 talked about it in your testimony that it's, you
20 know, being put together and so on and so forth.
21 Can you give me an example, though, of what I've
22 always wished for, is that no matter whether a
23 development is zoning related and has some kind of
24 a special permit needed, or just as a right, and
25 this is more SBS and you, that every single

2 project, I don't care if it's ten employees or
3 1,000 employees, has a commitment from the City to
4 try to find City work workers. So--

5 SETH PINSKY: You mean residents of
6 the City.

7 COUNCIL MEMBER BREWER: And, yes.

8 SETH PINSKY: Yeah?

9 COUNCIL MEMBER BREWER: Yes. I
10 know, I mean, it doesn't have to be, could be more
11 covert than overt, perhaps. But it, if you don't
12 reach out, then I obviously had that experience a
13 long time ago, with Time Warner Center, and it
14 worked. But 'cause we put agencies together and I
15 think that's been the model for SBS. But my
16 question is, how, sort of, deep is Link going to
17 go in your vision, in terms of trying to find
18 projects where your low income workers can be
19 placed, sort of?

20 SETH PINSKY: Well, I think, so, I
21 think there are a few things to say. One is I
22 think that these are very innovative programs--

23 COUNCIL MEMBER BREWER: Yes.

24 SETH PINSKY: --we're very proud of
25 them, and--

2 COUNCIL MEMBER BREWER: I'm, this
3 is the best program you've come up with yet.

4 SETH PINSKY: Well, thank you. And
5 you know, these programs, if they do what they're
6 supposed to do, should help thousands of New
7 Yorkers. To Councilman Lander's point though, you
8 don't know until you actually try it, so we're
9 going to see what's successful. My guess is some
10 things will be more successful than we think, and
11 some things will be less successful. We would
12 then want to scale up as many of the projects that
13 are successful as we can. But in addition to
14 that, even if we were to scale all these programs,
15 if they were all to be successful, it's not going
16 to solve the problem that we're trying to address
17 here, citywide. It's a much bigger problem than
18 that. And so, because of that, we're in the
19 process of working on what we call Link 2.0, we're
20 working on the next generation of programs that
21 hopefully will have an even bigger scale than
22 these. But it's going to be an ongoing process.

23 COUNCIL MEMBER BREWER: Okay. I'm,
24 I'll get more information. Next issue, I passed
25 the open data bill. Do you know that your

2 databases, or are you part of being part of that
3 portal? There's an open data portal, sort of
4 following up on the apps competition. All City
5 agencies need to put their databases on the
6 portal, being out of DoITT.

7 SETH PINSKY: I don't know the
8 answer to that question. So, I believe--

9 COUNCIL MEMBER BREWER: Can you let
10 us know?

11 SETH PINSKY: --that we are, but
12 I'll let you know.

13 COUNCIL MEMBER BREWER: Okay.
14 Metro North, this may not be in your bailiwick,
15 but Metro North has been talking about, but
16 couldn't find an underground location running
17 along the tracks on the upper west side, and all
18 the way up to try to connect. In other words,
19 there's tracks, as we know, along the Hudson
20 River. And we always wanted to have a Metro North
21 station somewhere in the 50s or low 60s.

22 SETH PINSKY: Oh, I see.

23 COUNCIL MEMBER BREWER: And the
24 issue has been the station, the platform, are too
25 curved, and you know, it goes on and on as why we

2 can't do it. Have you heard any discussion, or is
3 that something that you're paying attention to?

4 SETH PINSKY: No. It's, I mean,
5 Metro North is a state controlled agency, so we
6 have very little--

7 COUNCIL MEMBER BREWER: But from an
8 economic development perspective, it would make a
9 lot sense to have--

10 SETH PINSKY: Yeah, the one thing
11 that I will say--

12 COUNCIL MEMBER BREWER: --as far as
13 off the street, because the train is there.

14 SETH PINSKY: Yeah, the one thing
15 that I will say is, I know that at times, when
16 people have been looking at opportunities at Penn
17 Station, they've talked about bringing Metro North
18 into Penn Station.

19 COUNCIL MEMBER BREWER: Yes.

20 SETH PINSKY: I think having--so,
21 first you would need a terminal for Metro North,
22 in order to also have stops. I've never been
23 involved in discussions that have looked at
24 whether, if you did find a terminal in Penn
25 Station, you could also create stops for the Metro

2 North. I think it's an interesting question. But
3 I think really the most important question is how
4 you bring them into Penn Station. And I think
5 there are opportunities to do that, they would
6 require hundreds of millions of dollars, but I
7 don't think you're talking about billions of
8 dollars.

9 COUNCIL MEMBER BREWER: Okay.

10 Well, we, you know, my understanding is that that,
11 the issue is maybe easier on that front than even
12 the, finding those stations along the way. But
13 it's something to think about, it would certainly
14 take--

15 SETH PINSKY: Yeah.

16 COUNCIL MEMBER BREWER: --an awful
17 lot of cars off the street. The IDA, I know
18 that's always a discussion. Bonita seems to think
19 you'd be more transparent, and if she thinks that,
20 you're very fortunate.

21 SETH PINSKY: [laughs]

22 COUNCIL MEMBER BREWER: So, I'm
23 just wondering what the total budget is, how much
24 total discretionary incentives that have been
25 allocated. Obviously, you can't give me all the

2 projects, but how it is transparent on the web?

3 SETH PINSKY: Sure. So, we've put
4 in place a number of reforms, in consultation with
5 Bettina, and her colleagues at Good Jobs New York,
6 among other people. And we now have documents
7 that are posted much earlier than they were
8 before, we're also posting more documents than we
9 did in the past. In addition to that, we are
10 giving more notice to elected officials whose
11 districts are affected by our projects. So a
12 whole host of things, and I think that we're
13 generally considered to be the class of the group
14 among IDAs in New York State. In addition to
15 that, we have been working to try to ensure that
16 the IDA projects that we're doing are focused less
17 on corporate retention. We do very, very little
18 of that, in fact no retention projects in many,
19 many years. And much more focused on not-for-
20 profits and industrial businesses. And we're also
21 focusing much more on areas outside of Manhattan,
22 and I think that if you look, there was an IBO
23 report a year or so ago that bore that out. In
24 terms of the IDA's budget, the total budget for
25 the IDA operating budget is about \$8 million per

2 year. That includes a couple of million dollars
3 in what is called IDA, it's IDA funding for
4 projects, so the IDA has a balance and uses that
5 balance to pay for projects to promote economic
6 development, which is permitted under the state
7 legislation that created the New York City IDA.
8 And then there's a \$6 million fee that's paid to
9 EDC for our management, and even though it's all
10 paid by the Ida, it's really for the management of
11 the IDA as well as some of the other issuers that
12 the City has, something called Build NYC, as well
13 as something called CRC. We have 12 underwriting
14 professionals that are, work on IDA, CRC and Build
15 NYC projects, we have 15 compliance professionals.
16 Significant part of our accounting, legal and
17 budget departments are working on those. And they
18 have collected in recent years about \$84 million
19 in recapture for projects that didn't do what they
20 were supposed to do. And I think that we'll be
21 increasing that number over the course of this
22 year. The latest numbers that I have are as of
23 Fiscal Year '12, and in Fiscal Year '12 we did 20
24 projects, IDA projects. They're, they created
25 7,200 jobs. They induced about 100--sorry, about

2 a billion dollars in private investment, and
3 represented somewhere between \$175 and \$200
4 million in discretionary benefits. So, the way I
5 would think about that is that for somewhere
6 between \$175 and \$200 million, and I can get you
7 exact numbers, if you'd like, in discretionary
8 benefits, we've induced about a billion dollars in
9 private investment. So it's a significant return.

10 COUNCIL MEMBER BREWER: It sounds
11 good. One question I always had, and we had the
12 same problem at Time Warner, is how do you know
13 for the 7,200 jobs. As time goes on, that you do
14 the analysis that the jobs--they don't have to go
15 to New York first, right, they can be--as long as
16 their job's created in the region, I would assume.

17 SETH PINSKY: No, as long as their
18 job's created in New York City.

19 COUNCIL MEMBER BREWER: Okay, New
20 York City, so how do--

21 SETH PINSKY: But they're not
22 necessarily New York City residents.

23 COUNCIL MEMBER BREWER: Okay, but
24 how do you know that these are continually New
25 York City related? In other words--

2 SETH PINSKY: That's why we have--

3 COUNCIL MEMBER BREWER: Because I
4 never--that's why you do the compliance.

5 SETH PINSKY: Yeah, that's why we
6 have the big compliance component we have, and
7 especially on the corporate deals, we build into
8 the agreements requirements that they file reports
9 with us. We then audit those reports.

10 COUNCIL MEMBER BREWER: Okay.

11 SETH PINSKY: And that's why we've
12 collected \$84 million over the last several years
13 in claw backs.

14 COUNCIL MEMBER BREWER: Okay.

15 Final question: Farm to table. I'm not going to
16 ask you about the lettuce machine, 'cause that's
17 an old joke.

18 SETH PINSKY: [laughs]

19 COUNCIL MEMBER BREWER: But my
20 question is, just generally farm to table, can you
21 just--obviously it's not just your agency, but in
22 terms of economic development, do you have an
23 overall view that it's going in the right
24 direction? Is there more we could be doing? Etc.

25 SETH PINSKY: I think it's an

2 interesting new trend. And I think that there are
3 lots of places in New York where you can imagine
4 doing projects that would involve local
5 agriculture. In East New York, one of the things
6 in our vacant lot programs that we're looking at
7 is whether you could have agricultural programs
8 there. We'll see if those end up bearing fruit,
9 so to speak. And then, we also, at the federal
10 building, in Sunset Park, we brokered the sale of
11 that from the federal government to an industrial
12 developer. They are building what I think is
13 still the largest rooftop farm in New York City,
14 which I think will be a real model. And we're
15 looking at other properties around the City that
16 we control with large flat roofs like that, where
17 you could do it.

18 COUNCIL MEMBER BREWER: I would
19 just throw it--we obviously do piecemeal with the
20 schools, a lot of Reso A, etc. But I think you
21 know this, and I don't know that it's a big enough
22 opportunity to be an economic development
23 situation. But every single school has some kind
24 of flat roof or something. And the businesses
25 have now decided to do their lettuce from school

2 gardens--

3 SETH PINSKY: Yeah.

4 COUNCIL MEMBER BREWER: --or from
5 the school hydroponics. And again, it's so
6 piecemeal, it is so micro. But it could develop,
7 obviously there's a million discussions on urban
8 farming and so on. But I just didn't know if that
9 was something that we could think about in a
10 larger sense. 'Cause it's like pulling, you know,
11 each individual lettuce leaf to get these things
12 to be fruitful. Sorry.

13 SETH PINSKY: Yeah, and it is--I
14 think like lots of sectors that we're looking at,
15 it's all contributing towards a larger economic
16 development agenda. I don't believe, personally,
17 that it will ever be a significant enough sector
18 to be a dial mover for New York. But there are
19 other reasons, I think, to pursue it. What makes
20 it challenging is that in many cases, there's
21 actually, you'd be surprised how much weight an
22 urban farm actually requires the roof to be - -

23 COUNCIL MEMBER BREWER:

24 [interposing] Hydroponics doesn't, though.

25 SETH PINSKY: Less. But still,

2 it's, you know, these roofs--

3 COUNCIL MEMBER BREWER: I'm up to
4 here with hydroponics, so I'm familiar with it.

5 SETH PINSKY: Yeah, and but the
6 roofs generally weren't designed originally for
7 that. So, again, we're looking at it, and I think
8 it's certainly an interesting sector to pursue.

9 COUNCIL MEMBER BREWER: Okay.
10 Thank you, Mr. Chair.

11 CHAIRPERSON RECCHIA: Thank you,
12 Gale Brewer. Does any other Council Member have
13 any questions?

14 COUNCIL MEMBER LEVIN: Yes.

15 CHAIRPERSON RECCHIA: Steve Levin.

16 COUNCIL MEMBER LEVIN: Yes. Thank
17 you very much, Mr. Chairman.

18 CHAIRPERSON RECCHIA: All right.

19 COUNCIL MEMBER LEVIN: I'll keep my
20 questions brief, I only have two.

21 CHAIRPERSON RECCHIA: That's what
22 Gale Brewer said and she was 20 minutes.

23 [laughter]

24 COUNCIL MEMBER LEVIN: No, I really
25 only have two. Thank you, President Pinsky, thank

2 you to your team. I just have a couple of
3 questions that I wanted to ask. So in the last
4 year or so, we've been engaged in conversations--I
5 represent Green Point--about what to do on the
6 Green Point waterfront on properties that were
7 part of the 2005 rezoning, that have not really
8 developed their housing plan. As you're aware,
9 the 2005 rezoning rezoned the Williamsburg/Green
10 Point waterfront all the way to the northern end
11 of Green Point, for residential without a
12 component for industrial businesses or light
13 manufacturing or any type of manufacturing,
14 particularly the thing that's come to our
15 attention over the last few years is kind of newer
16 types of lighter, light manufacturing, green desk,
17 what have you. And so I just wanted to ask what
18 EDC is looking to do. There are several
19 development sites that have no plans for
20 residential development at this point. There's,
21 there's, out of the seven or eight, there's
22 probably two or three that really are not moving
23 with a residential development component. So, I
24 just wanted to know if EDC has been, you know,
25 what's the plan, what are we--are we looking at

2 it? What--I mean, it's a great opportunity for
3 economic development.

4 SETH PINSKY: We've been thinking
5 about how to bring commercial development to the
6 whole stretch of the Brooklyn and Queens
7 waterfront, from really Long Island City down
8 certainly through Dumbo. You've seen a lot of
9 success in neighborhoods like Dumbo. Two Trees in
10 the proposal that they've recently made for
11 Domino, which, you know, will come to the Council
12 at some point, is talking about perhaps more
13 commercial space at the Domino site. And we think
14 there are similar opportunities in other areas
15 along the waterfront. What make them, I think,
16 particularly interesting, is a combination of the
17 fact that now you have actually a public transit
18 link with the East River Ferry, but you also have
19 large residential neighborhoods with exactly the
20 kinds of creative people that are founding these
21 kinds of businesses.

22 COUNCIL MEMBER LEVIN: Yep.

23 SETH PINSKY: So, you know, we're
24 thinking and admittedly we're kind of early in
25 that thinking, but we're thinking about what we

2 can do to try to spur more commercial development
3 all along that stretch, and we'd be happy to work
4 with you on that.

5 COUNCIL MEMBER LEVIN: Great, yeah,
6 'cause the thing that I'm hearing from the young
7 entrepreneurs in that neighborhood is, "We would
8 love--"

9 SETH PINSKY: Yeah.

10 COUNCIL MEMBER LEVIN: "--to be
11 able to do this here." And I know--

12 SETH PINSKY: Yeah, we hear that,
13 too.

14 COUNCIL MEMBER LEVIN: --we've
15 talked about, I mean, I saw a FIOS truck out
16 there, you know, earlier this week, and so I'm
17 excited about getting more and more capacity for
18 high speed internet.

19 SETH PINSKY: Yep.

20 COUNCIL MEMBER LEVIN: And that's
21 an important component but you have Kickstarter
22 moving in, you have a lot of kind of new
23 businesses. There's one building that's a lot of
24 new record, small record labels are moving into.
25 And so, I really look forward to working with your

2 team over the next several months, so that we can
3 leave a good starting, you know, a good place for
4 the next Administration to start from. Because,
5 you know, it's in my view that the, a lot of the
6 2005 rezoning kind of missed this component. It
7 didn't foresee this being the reality in 2013 back
8 in 2004.

9 SETH PINSKY: Yeah, and I mean,
10 whether it's--

11 COUNCIL MEMBER LEVIN: Not to
12 second guess or whatever.

13 SETH PINSKY: Yeah. And I'm not
14 sure that it necessarily has to be instead of what
15 was zoned along the waterfront, it may be looking,
16 you know, inland a little bit at opportunities,
17 too. But we would be happy to work with you on
18 that.

19 COUNCIL MEMBER LEVIN: Okay, great,
20 great. And then, I just wanted to ask about, I
21 might be getting the name of this wrong, the
22 Industrial Modernization Subdivision Fund?

23 SETH PINSKY: Yeah.

24 COUNCIL MEMBER LEVIN: So, it's my
25 understanding that there was funding set aside for

2 this program and that it hasn't necessarily been
3 utilized to a large percentage of the funding that
4 was set aside. And so, first I'd ask just how
5 much was set aside and how much has been used?

6 SETH PINSKY: Yeah, I think the
7 total amount was I believe it's \$10 million. \$3
8 million of that has been used at La Marquette to
9 create step out space for food manufacturers
10 coming out of incubators. And we are just
11 finishing our improvements there with the \$3
12 million, and we are anticipating being able to
13 announce tenants for that very shortly there--and
14 it's a great roster of tenants, I think that'll be
15 a real success. And that by the way was money
16 that the Speaker and the Council allocated, and I
17 think it's going to go to very good use. Then
18 there's--and it was \$7 or \$8 million fund that
19 we've been using for industrial modernization
20 around the City. We've gone through one round
21 where we allocated a portion of it and I'll have
22 to get back to you with the exact amount. But a
23 portion of that to the acumen project, a former
24 Pfizer plant, which is I think a great use. And
25 we're now moving forward with the next set of

2 rounds. There certainly is still money available
3 in that. I think it's actually though very
4 important for us to use this money for this
5 purpose, because we've spent a lot of time asking
6 what the challenges are that industrial companies
7 face in New York. And what's been very
8 interesting to hear, it's a very consistent
9 message, is that there are a lot of companies that
10 actually want to do industrial work in the City.
11 And there is a lot of industrial space. But the
12 industrial space that we have is not really
13 appropriately configured for the needs of modern
14 industrial companies. And so, figuring out how to
15 help these older buildings to reconfigure, to be
16 useful to the new businesses, is I think a really
17 important priority for us.

18 COUNCIL MEMBER LEVIN: And you're
19 confident that in maybe, over the next eight
20 months or whatever, that the rest of the, that
21 there's going to be the demand there for--or that
22 the fit is right, for the funding requirements,
23 and the demand from small business--

24 SETH PINSKY: Well, we've
25 envisioned this as a multi-round process, so I

2 won't say to you that all of it will be used. But
3 I do believe that we'll be able to make further
4 allocations.

5 COUNCIL MEMBER LEVIN: Okay.

6 'Cause there's one thing that my office has been
7 working on in conjunction with EDC is on kind of
8 helping the small food manufacturers that are
9 looking to achieve kind of step up space, or one
10 issue that we've been focusing on is potentially
11 doing some type of co-packing facility, that
12 allows somewhere in the five boroughs, or in
13 Brooklyn, that would allow for kind of that type
14 of activity, economic activity to happen--

15 SETH PINSKY: Yes, it's very
16 important.

17 COUNCIL MEMBER LEVIN: --here in
18 the City, and so that might be something that not,
19 doesn't fall under the guidelines of the program
20 now, but if the program were, it would be able to
21 have, allow for that type of activity, that might
22 be helpful as well.

23 SETH PINSKY: Be happy to work with
24 you on that.

25 COUNCIL MEMBER LEVIN: Good, thank

2 you.

3 CHAIRPERSON RECCHIA: All right,
4 thank you, Council Member.

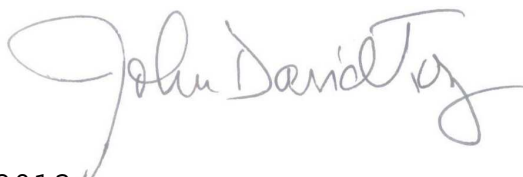
5 COUNCIL MEMBER LEVIN: Thank you,
6 Madam Chair.

7 CHAIRPERSON RECCHIA: Thank you,
8 Mr. Pinsky. This concludes today's hearing. The
9 Finance Committee will resume executive budget
10 hearing on Monday, May 20th at 10:00 a.m. Could
11 the Bloomberg Administration make sure that the
12 Commissioner is here at 10:00 a.m. The hearing
13 will be held in this room on Monday, be joined by
14 Committee on Housing and Buildings, chaired by
15 Council Member Eric Martin Dilan, to hear from
16 Department of Housing, Preservation and
17 Development, and the Department of Buildings. As
18 a reminder, the public can testify on June 5th, at
19 4:00 o'clock. For members of the public who want
20 to testify but cannot make it, fax your testimony
21 to (212) 788-7061. Thank you for today's hearing,
22 this is adjourned [gavel] till Monday morning.

C E R T I F I C A T E

I, JOHN DAVID TONG 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

A handwritten signature in cursive script that reads "John David Tong". The signature is written in black ink and is positioned to the right of the printed word "Signature".

Date June 3, 2013