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COMMITTEE ON ECONOMIC DEVELOPMENT

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON ECONOMIC DEVELOPMENT

March 15, 2019
Start: 10:07 a.m.
Recess: 12:28 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: PAUL A. VALLONE
Chairperson

COUNCIL MEMBERS:

- ADRIENNE E. ADAMS
- INEZ D. BARRON
- ROBERT E. CORNEGY, JR.
- PETER A. KOO
- BRAD S. LANDER
- MARK LEVINE
- CARLOS MENCHACA
- KEITH POWERS
- DONOVAN J. RICHARDS
- CARLINA RIVERA
- HELEN K. ROSENTHAL
- JUMAANE D. WILLIAMS

COMMITTEE ON ECONOMIC DEVELOPMENT

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

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

4 Kim Vaccari
5 Chief Financial Officer of the New York City
6 Economic Development Corporation, EDC

7 Saduf Syal
8 Coordinating Director of the New York City
9 Network of Worker Cooperatives, NYCNoWC

10 Marisol Linda Diaz
11 President, Founder and Worker Owner at Brooklyn
12 Stone and Tile

13 Julian Hill
14 Staff Attorney at the Community Justice Center at
15 The Urban Justice Center

16 Aileen Fuchs
17 President and CEO of Snug Harbor Cultural Center
18 And Botanical Garden

19 Eve Moros Ortega
20 National Urban Fellow at CUNY, Trustee of New
21 Yorkers for Culture and Arts, Board President of
22 Arts Gowanus

23 Katie Parks
24 Business Outreach Center, BOC Network and
25 Affiliate Small Business Loan Fund, BOC Capital
Corp, CDFI

Aline Biler
Staff Member of Workers Justice Project, WJP,
Immigrant

Tasfia Rahman
Policy Coordinator at the Coalition for Asian
American Children and Families, CACF

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[gavel]

CHAIRPERSON VALLONE: Good morning, good morning. We are calling to order today's Committee on Economic Development fiscal 2020 preliminary budget hearing. Good morning everyone, welcome, my name is Paul Vallone and I am the Chair of the Council's Committee on Economic Development. We are also joined today by Council Members Peter Koo, Adrienne Adams, Carlos Menchaca and other members will be joining us. Today's capital budget and fiscal 28 investments report will be looked at and examined. Each one of the programs should support and be well integrated with one another to properly execute the city's capital projects as well as its infrastructure goals. We will examine to what extent this is occurring, where improvements need to be made and the overall feasibility of NYC EDC's capital program. Additionally, we will look into the assistance NYC EDC provides to projects throughout the city on a discretionary basis to support economic growth and private investments. Projects may be firms or nonprofits and it may take advisory, financial or other forms. Most NYC EDC financial aid is administered by NYC IDA or build NYC with energy

1 assistance co-administered by EDC and Con Edison. EDC
2 is the city's primary agent for economic development
3 and their principle mandate is to encourage
4 investment and to attract, retain and create jobs in
5 New York City. As such this Committee is interested
6 in having a robust conversation about how EDC's
7 budget as laid out in this preliminary plan connects
8 to the larger job creation and economic development
9 strategies of our city. The Mayor has pledged to
10 create 100,000 good paying jobs over the next ten
11 years, and we are interested to hear what role NYC
12 EDC has been playing to achieve this goal. The ten-
13 year capital strategy provides 3.7 billion in fiscal
14 2020 to 2029 for neighborhood revitalization,
15 commercial development, infrastructure upgrade,
16 industrial development, waterfront development and
17 port development. However, the strategy is very
18 frontloaded, unfortunately this planning pattern is
19 repeated in many other city agency's ten-year
20 strategies. The spending plan essentially cuts
21 capital spending to almost nothing for the last six
22 years of the plan. Hopefully this ten-year strategy
23 does not reflect accurately how the funds will be
24 used this is in contrast to the five-year commitment
25

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2 plan. In fiscal 2017, the corporation committed 338
3 million or 26.7 percent of its annual capital plan of
4 1.3 billion. In fiscal 2018, the corporation
5 committed 320 million or 53.8 percent of its annual
6 capital plan. Through... though NYC EDC's actual
7 commitments have not increased from fiscal 2017 to
8 fiscal 2018, their five-year plan now more accurately
9 projects what the agency expects to commit. We
10 appreciate what the agency has done to improve its
11 capital commitment plan and would like to see the
12 same effort made for the ten-year strategy. Can NYC
13 EDC then do this crosswalk for us between the
14 agency's ten-year capital strategy and the agency's
15 budget lines in the capital budget commitment plan to
16 show us how they fit and mesh together. NYC EDC has
17 several funds in its capital plan that total over one
18 billion dollars for fiscal 2019 through 2028. These
19 funds will be used in the future for various projects
20 on city priorities. As the recipients to these funds
21 are decided later, the City Council is not always
22 aware of all these projects when the budget is
23 adopted. We would like NYC EDC to provide us with a
24 step by step description on how projects are selected
25 and executed and as well as how City Council is

1
2 involved in this process. In addition to the 523 EDC
3 projects, New York City EDC is also managing 1,067
4 capital projects for other agencies. The Council
5 would like to learn more about how the agencies
6 decide which projects are going to be worked on and
7 how these are accounted for on an annual and daily
8 basis. In addition to its capital projects, NYC EDC
9 also has 488 active investment projects 26 of which
10 now... are now in fiscal 2018, the period of the most
11 investment projects report. Investment projects can
12 receive advisory and financial assistance including
13 tax exemptions and other subsidies granted on
14 discretionary basis. Financial incentives associated
15 with the 26 newest projects for which information is
16 available to total 15.9 million. Council is
17 interested in hearing more about NYC EDC's recent
18 investment projects, how they were chosen, how they
19 relate to the city's economic development goals and
20 what new projects have begun since the last projects
21 report. NYC EDC has its own operating surplus and
22 generates its own revenues by leasing or selling city
23 land, operating services and managing investments.
24 These revenues are used to fund other NYC EDC
25 activities, but some amount negotiated with the

1 administration must be returned to the city's general
2 fund. However, as always, the Council is given little
3 indication of how this amount is to be determined. To
4 fulfil our oversight obligation, we want NYC EDC to
5 explain how this amount is determined, what amount
6 has been returned in the past several years and how
7 much do you anticipate returning to the city this
8 fiscal year? It is essential that the budget we adopt
9 this year is transparent, accountable and reflective
10 of the priorities and interests of the Council and
11 the people we represent. This hearing is a vital part
12 of this process and I expect that we all be
13 responsive to the questions and concerns of each of
14 my fellow Council Members. I look forward to an
15 active engagement with the administration over the
16 next few months to ensure the fiscal 2020 adopted
17 budget meets the goals the Council has set out. I
18 would like to thank President James Patchett for
19 being here today and testifying once again. I'd like
20 to thank NYC EDC staff who are consistently been
21 responsive to, to our amazing crew up here, we would
22 not be able to analyze the city's budget at such a
23 detailed level without your cooperation so we thank
24 you and I want to personally thank the staff and
25

1
2 everyone that's here especially from the Finance
3 Division for the help in preparing this hearing. I
4 felt I was like back in macro, micro economics in
5 Fordham University going through the billions of
6 dollars on this and with that I turn it over to you.
7 We should have had class outside today James, I think
8 it was... [cross-talk]

9 JAMES PATCHETT: I know... [cross-talk]

10 CHAIRPERSON VALLONE: ...it would.. it would
11 have been nicer.

12 JAMES PATCHETT: It's a lovely day, maybe
13 spring is here. Good morning Chair Vallone... [cross-
14 talk]

15 CHAIRPERSON VALLONE: Actually, before
16 you start... [cross-talk]

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

18 CHAIRPERSON VALLONE: ...let's just swear
19 you in.

20 JAMES PATCHETT: Oh, of course...

21 COMMITTEE CLERK: Please raise your right
22 hands? Do you swear or affirm to tell the truth, the
23 whole truth and nothing but the truth in your
24 testimony today and to respond honestly to Council
25 Member questions?

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JAMES PATCHETT: I do.

COMMITTEE CLERK: Great, thank you.

JAMES PATCHETT: Great, thanks. You too Kim. Good morning Chair Vallone and members of the Economic Development Committee. My name is James Patchett and I am the President and CEO of the New York City Economic Development Corporation also known as EDC. I am pleased to test, testify you... testify before you to discuss funding in EDC's preliminary budget and provide updates on some of our projects. I am joined today by my... by my colleagues Kim Vaccari, who's our Chief Financial Officer and James Katz, our Chief of Staff. After my, my testimony we're happy to answer any questions you may have. EDC is a self-sustaining, nonprofit organization that drives and shapes New York's economic growth. We manage city resources to create a bridge between agencies, local communities and private businesses in three key ways; by owning and managing over 66 million square feet of real estate, which we are constantly improving and upgrading to maximize economic impact; by building neighborhood infrastructure to ensure the communities have a good quality of life; and finally, by investing in growth industries that have the

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2 potential to create good paying jobs for all New
3 Yorkers. Every day, EDC works on projects that make
4 the city fairer today and stronger tomorrow. Today,
5 when the city's unemployment rate is at four percent,
6 a record low, and we are home to more than 4.5
7 million jobs, a record high, it is easy to believe
8 that New York is safe from future economic blows. But
9 as the head of the city's Economic Development
10 Corporation, I have a responsibility to ensure that
11 New York's residents and businesses are prepared for
12 the next downturn. And that downturn could happen
13 sooner than we would like. Last month, the Washington
14 Post reported that most leading economists think the
15 U.S. will enter a recession by 2021. Moreover, half
16 of the group polled said a downturn could hit as
17 early as next year. New York City's own economic
18 forecasts are down this year. Albany is threatening
19 to impose 600 million dollars in budget cuts and
20 shifts that may impact our ability to educate our
21 children, provide financial assistance to families in
22 need and deliver health services to vulnerable New
23 Yorkers. To limit this impact, the Mayor has set a
24 savings goal of 750 million dollars for the city.
25 This belt tightening will require agencies to

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2 identify inefficiencies and redundancies in their
3 budgets. While EDC isn't a city agency and cannot
4 achieve this goal by reducing the amount of expense
5 funding we receive from the city, we are prepared to
6 do our part to contribute to the solution. We will
7 participate in the PEG program through increased
8 payments. In addition to our annual contract payment,
9 land sale revenue, and 42DP revenue that we turn
10 over, we will provide the city with an additional 30
11 million dollars in revenue support in fiscal 20. In
12 addition to directly contributing to the city's
13 budget, EDC supports the local economy by developing
14 programs that strengthen neighborhoods and create
15 good paying jobs. Over the past year, we have
16 spearheaded major initiatives including launching We
17 Venture, a plan to increase access to funding for
18 women entrepreneurs; implementing two new NYC ferry
19 routes with two more on the way and building a new
20 tech training center in Union Square to ensure that
21 New Yorkers of all backgrounds have a pathway to 21st
22 century jobs. We are proud of our work on these
23 initiatives and our continued ability to deliver on
24 short timelines. And across the five boroughs, there
25 are scores of EDC projects that are just as impactful

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2 as these. I'd like to provide a snapshot of these
3 projects, which span, span from Stapleton on Staten
4 Island to Edenwald in the Bronx and are in dozens of
5 neighborhoods in between. They are parks... they are
6 parks, manufacturing hubs and discovery labs. And
7 over the past year we have made tremendous progress
8 on many of them, helping to change the lives of New
9 Yorkers and strengthen the economy for future
10 generations. In the Bronx, EDC is bringing a much-
11 needed recreation center to the Edenwald
12 neighborhood. This new YMCA facility will provide
13 thousands of local families with a full-service
14 recreation facility that will include two pools, a
15 basketball court, gym, and indoor track. The center
16 will also provide childcare, after school, summer
17 camp, wellness programs, senior adult programs and
18 civic classes for new Americans. For decades, local
19 residents have tried to establish a recreation center
20 of this size and scope. We are excited to partner
21 with them and finally bring this facility to life. In
22 Brooklyn, EDC is transforming the Flatbush Caton
23 Market, a local commercial and cultural institution,
24 into a rejuvenated, mixed use community asset. We are
25 creating a brand new, expanded market that gives

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2 legacy vendors like Balkaran Jewelers an opportunity
3 to, to sell their goods in a modern, reinvigorated
4 space. This space, which includes a commercial
5 kitchen, digital technology lab, and textile
6 fabrication unit, will also provide a new home for
7 the Caribbean American Chamber of Commerce and
8 Industry and will continue to support small
9 businesses and entrepreneurship through on-site
10 programming. In addition, there will be 255
11 affordable homes on site. This project successfully
12 furthers two key EDC objectives; empowering small
13 businesses and increasing access to affordable
14 housing. In Queens, EDC opened the second phase of
15 Hunter's Point South's 5.5-acre waterfront park. This
16 new green space begins south of 54th Avenue and wraps
17 around Newtown Creek to complement phase one of the
18 park, resulting in a total of 11 acres of waterfront
19 open space in an area that sorely needs it. this
20 urban oasis is home to wildlife, marshlands, a
21 playground, café, kayak launch and unparalleled views
22 of Manhattan. We believe every New Yorker has the
23 right to access world class parks; we are proud to
24 support those efforts across the city. On Staten
25 Island, EDC is working in partnership with the Parks

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2 Department to deliver nearly 12 acres of new
3 infrastructure and open space to the North Shore
4 community. the project activates the formerly
5 inaccessible Navy Homeport and provides first rate
6 recreation space adjacent to a continuous waterfront
7 esplanade. The first five acres are already open to
8 the public and an additional seven acres are
9 currently being designed. And just yesterday in
10 Manhattan, we worked with the Mayor's Office of
11 Recovery and Resiliency to release the plan to
12 protect Lower Manhattan from climate change. This
13 plan advances 500 million dollars in capital projects
14 that will protect 70 percent of Lower Manhattan from
15 the effects of climate change. It also provides
16 interim protection for vulnerable waterfront
17 neighborhoods like Two Bridges in Battery Park City
18 and makes recommendations for extending the shoreline
19 into the East River for the remaining 30 percent of
20 this area, which includes the financial district and
21 seaport. These examples are just a few of hundreds
22 that highlight how EDC serves New Yorkers and
23 strengthens our neighborhoods and sometimes we have
24 projects that reach people in every corner of every
25 borough. This year, the city budget will include 107

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2 million dollars in funding for NYC ferry's expansion
3 and new routes. This includes 35 million dollars for
4 necessary infrastructure upgrades tied to the
5 service's expansion, which will now include Coney
6 Island, Throggs Neck, the North Shore of Staten
7 Island and Manhattan's West Side. It also includes 72
8 million dollars of new vessels tied to the recently
9 announced expansion. We are grateful that the Council
10 continues to support the ferry system, which has
11 dramatically improved the accessibility of our
12 waterfronts and is critical to the city's efforts to
13 expand transit options for residents. Of course, we
14 are always looking out for the health of our citizens
15 while strengthening, strengthening our economy in the
16 process. Over the past year, we have made major
17 investments in LifeSci NYC, an initiative to
18 establish New York as a global leader in life
19 sciences, research and innovation. A priority from
20 the outset has been establishing pipelines of talent
21 from our universities into good paying life sciences
22 jobs. This is why EDC established the LifeSci NYC
23 internship program. For the past three years, we have
24 offered hundreds of students' intern... summer
25 internship opportunities in the life sciences sector.

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2 This past year, 82 students from across the boroughs
3 were placed in internships, our highest participation
4 ever. Moreover, 31 of these students were offered
5 full or part time positions following their
6 internship, highlighting the program's success. We
7 are also tirelessly working to protect our citizens
8 from cyberattacks. Last year, EDC launched Cyber NYC,
9 the city's initiative to grow the cybersecurity
10 sector. We are now working with world renowned
11 partners on a suite of initiatives including
12 launching a Global Cyber Center, creating an
13 innovation hub for startups, starting initiatives to
14 fuel commercialization and research, and building new
15 talent pipelines to train the cyber workforce of the
16 future. No matter the size and scope of our projects,
17 EDC is proud to help build a fairer and stronger New
18 York, one with better infrastructure, more
19 opportunities for residents and robust industries
20 that keep our economy growing. Thank you for the
21 opportunity to testify. I now welcome any questions
22 you have.

23 CHAIRPERSON VALLONE: We've been joined
24 by Council Member Brad Lander and thank you for that...
25 for your testimony. As usual we have a, a large

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2 Council Member attendance on this EDC Committee so as
3 the Council Members come in and I know they have
4 projects in their districts or close by we will give
5 them all an opportunity to discuss those projects.

6 JAMES PATCHETT: Uh-huh.

7 CHAIRPERSON VALLONE: Well why don't we
8 start with the ten-year capital strategy plan...

9 [cross-talk]

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

11 CHAIRPERSON VALLONE: ...and the
12 information that you provided to our committee on
13 your vision for that, that was next coming ten years.
14 When you look at the first five years of that plan
15 there's almost 3.7 billion or 3.4... 3.4 to be
16 projected in the first five years and then there's a
17 drastic either non-calculation of what's happening
18 through six through ten or whether that's going to be
19 provided at a different time but it would be... I would
20 think it would be unrealistic to think that the
21 capital plan would not include year's six through ten
22 so if you could help us explain the timeline of that
23 ten-year plan and why it's so frontloaded versus
24 spending at the last six through ten years?

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2 JAMES PATCHETT: Yeah, absolutely, thanks
3 for the... thanks for the question, you know I think...
4 you, you know you're certainly referencing the... you
5 know the... OMB's broader capital strategy and EDC's
6 capital budget within that, I think if it's a little...
7 a little helpful I can talk about EDC's budgeting
8 strategy and then I think OMB is probably better
9 prepared to talk about the city's overall but I'll
10 talk about our, our budgeting approach. So, we, we
11 internally see also... do a ten year budget forecast
12 and the way that we approach that is with a great
13 deal of certainty in the next fiscal year and the
14 fiscal year after that and of course as you go
15 further out you have less fiscal certainty about
16 what's going to happen. We know the projects that
17 we're currently planning, we don't know what new
18 projects we might envision in fiscal 23 or fiscal 24
19 so what we... what we... what we attempt to do is take
20 the project... the known projects and project the
21 revenues and expense associated with those and then
22 for the... for uncertainties we put in... you know we
23 make conservative assumptions to ensure that there's
24 enough budgeting capacity to have the resources that
25 we need to be successful...

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CHAIRPERSON VALLONE: So, the known projects are the projects that are in force now generating revenue and income and then... [cross-talk]

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

CHAIRPERSON VALLONE: ...then there's a sense of what the projects in the outlining years will bring in, that's a... [cross-talk]

JAMES PATCHETT: Yeah, that's right. So, we... essentially what we do is for known projects we put specific numbers against them, for unknown projects we make assumptions about effectively assuming that the current trends will continue and that there will be increases over time, you know specific... just our experience has been that that process had led to us outperforming our budget every year which is to say that our net revenue is ahead of what we project in each fiscal year so it works, it actually ends up being a fairly conservative budget strategy to just take a trend and assume that you'll continue to grow revenues and expenses at the same level, usually we're able to grow revenues at a greater rate than, than just using a trend and expenses we're usually able to keep under control. So, as a general matter in analogizes that to the

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2 city's approach, you know I think that there's more
3 certainty about the projects that are happening in
4 the near term fiscal years that's why you're seeing
5 more specificity and more projects identified and in
6 late, later fiscal years there's less certainty about
7 what's happening and so they're having to rely on
8 trends as opposed to knowing specifically what
9 capital projects they'll identify in years eight
10 through ten of the capital plan for example.

11 CHAIRPERSON VALLONE: Well you, you
12 mentioned the net revenue and that... it's... tends to be
13 larger than what we're actually budgeting for...
14 [cross-talk]

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

16 CHAIRPERSON VALLONE: ...is there some
17 percentage or a scale that we can look back on the
18 last five years of how... [cross-talk]

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

20 CHAIRPERSON VALLONE: ...different that
21 scale was... [cross-talk]

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

23 CHAIRPERSON VALLONE: ...if we projected 70
24 and it came in 90 for example... [cross-talk]

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JAMES PATCHETT: Uh-huh, yeah, we'd be happy to share that, happy to share that with you. I think... what I can tell you is that last fiscal year we projected a deficit which is to say that, that EDC is net... asset balance would have declined but we ended up I think, what, about 20 million dollars?

KIM VACCARI: Yes... [cross-talk]

JAMES PATCHETT: ...to the positive...
[cross-talk]

KIM VACCARI: Yes... [cross-talk]

JAMES PATCHETT: So, we had initially projected to be in the red and we ultimately were able to outperform that projection so that's, that is historically what we've been able to do. We seek to budget conservatively so that we're in a position of having some flexibility and not being cash strapped throughout the course of the year.

CHAIRPERSON VALLONE: So, what would you attribute that... that's a large switch from being in the... in being in the red to positive 20 million, what was some of the things that changed in budget?

JAMES PATCHETT: Yeah, yeah, I think we're... yeah, we're very... we're just very carefully managing our expenses is, is, is primarily what it

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2 is, just keeping an eye on our expenses, we try to
3 budget expenses conservatively and, and I think
4 that's the primary driver and the, the other
5 component of it from an EDC perspective is that
6 there are sometimes unanticipated revenue events that
7 are one off so we, we, we know when for example
8 certain land sales are going to occur and we have a
9 good sense of when... how revenues on our properties
10 are going to grow but any given fiscal year, you know
11 on, on occasion there's a large payment due to a sale
12 of a property under which we have no control and
13 someone owes a payment that we can't budget for and
14 those onetime revenues tend to recur year over year,
15 they're just totally unpredictable so we don't budget
16 for them but it gives us an inherent cushion.

17 CHAIRPERSON VALLONE: So, how do we break
18 that revenue down then, how do we look at the
19 difference between those onetime sales versus annual
20 revenue generators versus leasing city lands versus...
21 [cross-talk]

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

23 CHAIRPERSON VALLONE: ...actually receiving
24 profits from projects, how is that broken down within
25 the budget?

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2 KIM VACCARI: So, I would say the
3 majority... the majority of our budget is really... our
4 revenues are from our asset management department
5 that manages all of the city properties, we have a
6 portfolio of over 500 leases that's pretty
7 predictable. We also get some land sales which we do
8 try to project out over a number of years, they do
9 tend to, to slide from one year to another but we do
10 have a good sense of what is in the pipeline. I would
11 say that the biggest swing in our budget year over
12 year is maybe overly ambitious in terms of spending,
13 we budget a lot of money to, to fund for... to spend on
14 the project... on our properties sometimes we don't
15 get to, to actually execute on all of those projects
16 but we do have a lot of... we budget a lot of funding
17 for our own projects and just sometimes that, that
18 spending is not at the pace that we projected...

19 CHAIRPERSON VALLONE: So, how many city
20 properties do we own and operate, and do we have a...
21 for that grouping of properties a breakdown of what
22 those expenses are?

23 JAMES PATCHETT: Yeah, we do. It's, it's...
24 we have a portfolio, by portfolio approach that we'd
25 be happy to share with you, it's, it's... I mean it's...

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2 again it's over 60 million square feet across the
3 entire city so it is an enormous portfolio, happy to
4 share more details with you in terms of how the
5 expenses vary by project.

6 CHAIRPERSON VALLONE: Oh, I think that's
7 essential if we're looking at budget... [cross-talk]

8 JAMES PATCHETT: Yeah uh-huh... [cross-
9 talk]

10 CHAIRPERSON VALLONE: I think just to..
11 [cross-talk]

12 JAMES PATCHETT: Of course... [cross-talk]

13 CHAIRPERSON VALLONE: ...determine what our
14 expenses are, whether we're dealing with DFTA,
15 whether we're dealing with veterans, we're dealing
16 with small business... [cross-talk]

17 JAMES PATCHETT: Yep... [cross-talk]

18 CHAIRPERSON VALLONE: ...we still have to
19 see where that is, where most the costs are, where we
20 can plan for going forward and where maybe there can
21 be some savings, I think we need to see that.

22 JAMES PATCHETT: Absolutely.

23 CHAIRPERSON VALLONE: So, that list of
24 properties then whatever they may be how is it
25 determined that what property may be sold for a one

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2 shot versus properties that may be kept for future
3 and those that may be developed for another project?

4 JAMES PATCHETT: Right, so for the.. for
5 the most part EDC doesn't... we don't have a... we don't
6 really have a significant portfolio of property at
7 this stage that EDC controls that is available to be
8 developed on, those properties at this point in time
9 are usually held by other agencies so we'll partner
10 with them, you know for example, example, you know
11 frequently we'll hear from Council Members and
12 they'll say, you know there's a... there's a parking
13 lot in my community I'd like to work with EDC to... and
14 it's a city, city parking lot and I'd like to work
15 with EDC to understand what might be possible there.
16 So, ordinarily it's... I'd say most frequently driven
17 by the Council or local elected officials who come to
18 us and say there's this property in my district, I
19 know it's owned by the city, it's usually not an EDC
20 property but, you know EDC is known as the
21 organization that can work with other agencies to
22 effectuate development and community amenities on, on
23 properties so... [cross-talk]

24 CHAIRPERSON VALLONE: So, do we have a
25 breakdown for that category, right, because that

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2 comes up like you said each Council Member has
3 certain projects or areas within their district that
4 the community, community boards, civic... [cross-talk]

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

6 CHAIRPERSON VALLONE: ...groups or
7 homeowners will be very either interested in,
8 concerned over... [cross-talk]

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

10 CHAIRPERSON VALLONE: ...do we have a
11 breakdown of the properties that you own and or
12 operate or work with other interagency affiliations?

13 JAMES PATCHETT: We have the breakdown
14 of our properties that, that we have responsibility
15 for and again happy to share that as... I mean I think
16 the, the city's portfolio is much, much broader than
17 EDC portfolio, for that breakdown you would have to
18 speak with DCAS.

19 CHAIRPERSON VALLONE: Well what about
20 when EDC does team up with small business or... [cross-
21 talk]

22 JAMES PATCHETT: Oh, yeah. Once, once,
23 once we do that it becomes a part of our portfolio
24 and that would be included in any of the numbers that
25 we would share with you. It's just prior to that, you

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2 know that's what I'm... I was trying to respond to
3 your question about, you know what is the... what is
4 that... the vacant... you... or the municipal lot that we
5 would love to see developed in our community, that's
6 not currently part of our portfolio that's part of a
7 much broader city portfolio, it might be in the
8 control of a different agency and we frequently hear
9 about it because of an elected official and it
10 wouldn't be reflected... [cross-talk]

11 CHAIRPERSON VALLONE: Yeah, but... [cross-
12 talk]

13 JAMES PATCHETT: ...in our... [cross-talk]

14 CHAIRPERSON VALLONE: ...you just stated
15 that once it does become... [cross-talk]

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

17 CHAIRPERSON VALLONE: ...partnered with you
18 it becomes part of your portfolio... [cross-talk]

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

20 CHAIRPERSON VALLONE: ...so, that's, that's
21 the breakdown that we are going to need... [cross-talk]

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

23 CHAIRPERSON VALLONE: ...in order to
24 properly digest and understand those differences
25

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2 between solely owned, operated by EDC and those...

3 [cross-talk]

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

5 CHAIRPERSON VALLONE: ...that are then
6 merged within EDC when another agency comes through
7 whether it's libraries, parks, ferry or... [cross-talk]

8 JAMES PATCHETT: Yep... [cross-talk]

9 CHAIRPERSON VALLONE: ...something else
10 that's going on.

11 JAMES PATCHETT: Happy to share that.

12 CHAIRPERSON VALLONE: How are those
13 projects decided, so once you do... say look we've got
14 our five projects from last year and now we're going
15 to expand, how is that decision process just handled?

16 JAMES PATCHETT: Yeah, so... well, I think...
17 I think... I think you're primarily talking about
18 capital projects.

19 CHAIRPERSON VALLONE: Yeah, for, for now.

20 JAMES PATCHETT: Okay, so let's... so for
21 capital projects... you know so I think generally
22 understood that EDC is a, a... is a unique tool when it
23 comes to doing capital projects we're able... because
24 we have certain structural advantages we're able to
25 move more quickly in capital projects than, than some

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2 of our sister agency partners and so I think that's
3 effective to a degree but if our portfolio grows too
4 large then suddenly we're no longer able to be as
5 effective as we... as we are right now so it's, it's...
6 the, the approach that we take is we have a limited
7 capacity in terms of capital projects, right now
8 we're managing I think just over 70 large scale
9 capital projects across the city and, and those are
10 really focused on areas where EDC is doing other
11 significant work in terms of economic and
12 neighborhood development. So, for example, you know
13 in, in Council Member Menchaca's district for example
14 you know we're, we're, we're doing capital projects
15 in partnership with DOT because EDC has significant
16 historic assets in his district that are industrial
17 assets. Similarly, in Jamaica EDC is, is working on a
18 series of capital projects there as a result of a
19 comprehensive planning effort we did in partnership
20 with the Council Members and the borough president to
21 pursue a comprehensive plan for Jamaica. So... [cross-
22 talk]

23 CHAIRPERSON VALLONE: So, that type of
24 planning effort those, those are the ones... you know

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2 that, that excites us, we like to see that there's
3 going to be coordination by borough... [cross-talk]

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

5 CHAIRPERSON VALLONE: ...by each Council
6 Member to envision whether it's this year, three
7 years, five years, ten years from now... [cross-talk]

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

9 CHAIRPERSON VALLONE: ...we can see part of
10 that plan. Is there going to be additional
11 coordination through... for the boroughs for future
12 capital projects such as those?

13 JAMES PATCHETT: Right, yeah absolutely.
14 So, I think... first off I would say clearly the
15 Department of City Planning is responsible for the,
16 the, the entire planning of the city but when, when
17 it's an economic development particular opportunity
18 again as we believed it was in Jamaica and it
19 certainly is in Sunset Park that's where it makes
20 sense to have EDC play a role. Generally... [cross-
21 talk]

22 CHAIRPERSON VALLONE: How many... how many
23 times do you share that role with DCP on, on that
24 like so right now you had... like you said Department
25 of City Planning would be the sculptor of the project

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2 but once EDC gets involved then it's joint
3 coordination, do we have a breakdown of those
4 project?

5 JAMES PATCHETT: Yeah, be... I mean yeah,
6 so... I mean it's... I wouldn't... there's no official list
7 per se but absolutely, I mean we'd be happy to share
8 it to you, I mean I think the... it... for example, again
9 downtown Far Rockaway EDC... that was a... one of the
10 major rezoning initiatives Council Member Richards
11 who's not here at the moment we worked very closely
12 in partnership with him. The reason that EDC, EDC was
13 the lead agency on that rezoning effort, we worked in
14 partnership with City Planning as well as with DOT
15 and some of our other agent... HPD, a lot of other
16 agency partners on it. The... why did we end up
17 focusing on downtown Far Rockaway for example,
18 because there were a significant number of city owned
19 parcels that could be potential for affordable
20 housing and other development so EDC had a unique
21 role to play in both thinking through the planning
22 and the zoning but also in finding a way to
23 rationalize the use of municipal property and create
24 new opportunities in that community as a part of it.

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2 CHAIRPERSON VALLONE: Well, well that's
3 perfect because as you said there was a unique
4 opportunity with city owned properties that EDC could
5 put... use affordable housing... [cross-talk]

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

7 CHAIRPERSON VALLONE: ...at each property.
8 How many other sites?

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

10 CHAIRPERSON VALLONE: ...that... are yet to
11 have been targeted such as that one that might be
12 coming down the pipeline and how are those decided,
13 that's where the... [cross-talk]

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

15 CHAIRPERSON VALLONE: ...wants to have...
16 [cross-talk]

17 JAMES PATCHETT: ...of course... [cross-talk]

18 CHAIRPERSON VALLONE: ...those robust
19 conversations... [cross-talk]

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

21 CHAIRPERSON VALLONE: ...saying... because
22 there can't be too many left on that size, I mean I
23 know we have, say for example Willets Point... [cross-
24 talk]

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

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2 CHAIRPERSON VALLONE: ...which I have seen
3 in your budgets in the past with billions of dollars
4 in there and I don't see anything on it in this, this
5 particular budget what's in front of us so that
6 raises a concern to me, how did we have a vision for
7 such a large 26 acres of land and then all of a
8 sudden it's quite so... [cross-talk]

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

10 CHAIRPERSON VALLONE: ...those are the type
11 of concerns and positives that we need to talk about.

12 JAMES PATCHETT: Right, so I think
13 you're, you're right, I mean I think our approach on
14 this is exclusively to work in partnership with local
15 elected officials; the Council Member, the borough
16 president and in some cases state federal officials
17 but generally speaking it's a partnership with the
18 local Council Member, I mean again certainly downtown
19 Far Rockaway was that and our efforts... you we're...
20 there are other areas of the city where we're
21 currently in conversation with Council... individual
22 Council Members if they want to pursue a
23 comprehensive planning effort focused on economic
24 development with us and we have the resources and
25 capacity to do it we certainly want to pursue that.

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2 It really just... it, it... we wouldn't... we would never
3 do that if the local elected officials were not
4 interested in pursuing.

5 CHAIRPERSON VALLONE: Well I would like
6 to see that approach expanded to be borough wide so
7 that each delegation could now have that part of
8 their conversation on their annual view... [cross-talk]

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

10 CHAIRPERSON VALLONE: ...of, of the
11 boroughs, they know those boroughs just as... I
12 couldn't say... [cross-talk]

13 JAMES PATCHETT: Oh, yeah... [cross-talk]

14 CHAIRPERSON VALLONE: ...what's going on in
15 Brooklyn versus what's happening in Queens and we
16 have our delegation hearings and I think that
17 conversation would be a great conversation for... on an
18 annual basis for EDC to be there... [cross-talk]

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

20 CHAIRPERSON VALLONE: ...with these
21 delegations to say these are the projects we're
22 currently working on, these are the ones we're
23 thinking about let's start talking about a ten year
24 plan with these future projects and I think that
25 would be a, a much better path to that community

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2 engagement involvement because it would signal hey,
3 within the next ten years there's an opportunity for
4 these few city owned properties that are left or one..
5 maybe some joint efforts that you're going to have,
6 I'd like to see that, that effort done so before I, I
7 turn it over the first part of this question, we did
8 talk about revenue... [cross-talk]

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

10 CHAIRPERSON VALLONE: ...and how much was
11 generated, how much is returned back to the city's
12 general fund and how is that determined?

13 JAMES PATCHETT: So, in fiscal 19 through
14 a combination of cash payments and in kind
15 contributions EDC is anticipated to, to contribute a
16 little bit over 100 million dollars to OMB's budget
17 or the city's budget that's through a combination of
18 factors at the... there's a historic set of
19 arrangements that have been worked out over decades.
20 The, the... primarily... [cross-talk]

21 CHAIRPERSON VALLONE: But we don't know
22 what those historic... you may know what... [cross-talk]

23 JAMES PATCHETT: Well I know, I mean..
24 [cross-talk]

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CHAIRPERSON VALLONE: ...those are but I don't... [cross-talk]

JAMES PATCHETT: ...I'm happy to explain them in, in detail, I mean there's... and probably the single largest circumstance is the 42nd Street properties that were redeveloped in the 1990s and, and under EDC management so we transfer... we expect... anticipate to transfer to the city a little over 25 million dollars in pilot as a part of that initiative, it's, it's a... we, we turn over those revenues to the city every year based purely on what the revenues are that we receive from the... from the development and, and we have similar arrangements across the city. There's a maritime contract, we have a master contract with the city to do our... these are our large scale contracts with the city that are approved through the Comptroller's Office every year and that's really what dictates the amount of revenues that we share, obviously happy to share those contracts with you, they're quite extensive and we spend an enormous amount of time with the Comptroller's Office going through them line by line and explaining the, the rationale for them, they're certainly not a secretive process but we're happy to

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2 go through with, with you and your committee in much
3 more detail.

4 CHAIRPERSON VALLONE: Well can't just
5 throw ferry service out there and not... [cross-talk]

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

7 CHAIRPERSON VALLONE: ...have follow up
8 questions... [cross-talk]

9 JAMES PATCHETT: Okay...

10 CHAIRPERSON VALLONE: But we do... I, I
11 want to follow up with you on the ferry service, the
12 recent expansion of it... [cross-talk]

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

14 CHAIRPERSON VALLONE: ...and how that was
15 done and how that was broken down and I also want to
16 follow with you, I think it's a perfect example,
17 yesterday's exciting announcements of the Lower
18 Manhattan Coastal Resilience study but something how
19 can it be announced and kind of catch us off guard
20 but it's a great project but something again that we
21 really didn't have a discussion on but is now being
22 presented to the city, those are the type of projects
23 as, as ambitious and forthright they need to be those
24 are some of the things that we'd say well how did a

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2 500 million dollar project go forward without that
3 coming up. So... [cross-talk]

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

5 CHAIRPERSON VALLONE: ...what I'd like to
6 do is to turn it over to Council Member Koo since my
7 brother from Flushing over here had some questions
8 and we'll start with Council Member Koo, after Koo is
9 Council Member Menchaca, Adams and Lander.

10 COUNCIL MEMBER KOO: Thank you Chair
11 Vallone and thank you President Patchett from EDC and
12 I want to thank you for making contributions, making
13 major contributions to the prosperity of New York
14 City, yeah. So, I have a question, go back... going
15 back to 2010 now I worked with EDC to secure a 2.25
16 million dollars small business assistance... [cross-
17 talk]

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

19 COUNCIL MEMBER KOO: ...program for local
20 small business, surrounding EDC's Flushing Commons
21 Project... [cross-talk]

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

23 COUNCIL MEMBER KOO: ...that funding is
24 coming to an end, Flushing Commons is still only
25 maybe half finished, not even half finished I mean,

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2 yeah and local businesses mom and pop stores and they
3 need the support so is there a way to extend the
4 program?

5 JAMES PATCHETT: Yes. So, yes, so the...
6 you're talking about the Union Street Market...
7 Merchants?

8 COUNCIL MEMBER KOO: Yeah.

9 JAMES PATCHETT: Yes, absolutely so as,
10 as, as I know you're well aware we had worked in
11 partnership with the... with you and the Asian American
12 Foundation... [cross-talk]

13 COUNCIL MEMBER KOO: Yeah and... [cross-
14 talk]

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

16 COUNCIL MEMBER KOO: ...it's Federation,
17 yeah...

18 JAMES PATCHETT: Federation, sorry to
19 JoAnn and... to, to... as, as a means of distributing
20 the, the funding most effectively to the businesses.
21 We would be very happy to sit down with you, there
22 are... we actually have funds that remain and that we
23 would be happy to work out an arrangement that is the
24 most effective way to ensure that the businesses are
25 being supported, we realize there's more work to be

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2 done in the development, we realize that the
3 Merchants need support and what really... we want the
4 money in the hands of the merchants so that they can
5 be successful and we're prepared to continue to
6 commit resources to that and in, in... through whatever
7 mechanism, you know obviously meeting... standing,
8 standing by the rules and obligations of procurement
9 but through whatever mechanism is most effective to
10 support those merchants so that they can respond
11 effectively to the ongoing development.

12 COUNCIL MEMBER KOO: Okay, yeah. So, can
13 you tell me like on the outer part of the project,
14 how soon they will start, I mean they have... I, I
15 don't see that they do anything?

16 JAMES PATCHETT: Uh-huh, so they've... they
17 have exercised the option which gives them 12 months
18 to start construction so... [cross-talk]

19 COUNCIL MEMBER KOO: 12 months from now?

20 JAMES PATCHETT: They, they recently
21 exercised that option so we're hopeful that they'll
22 start construction within the next year. Ultimately
23 and it, it isn't... it is at their option but if they
24 don't... if, if... within a certain period of time if
25 they fail to start construction then we can take...

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2 potentially take the property back and consider
3 reissuing an RFP to a new developer.

4 COUNCIL MEMBER KOO: Okay, so you give
5 them 12 more months?

6 JAMES PATCHETT: Yes.

7 [off mic dialogue]

8 JAMES PATCHETT: Okay, there may be one
9 further extension beyond that but ultimately if they
10 don't start construction... they have to pay a fee...

11 [cross-talk]

12 COUNCIL MEMBER KOO: So, it's a long
13 time, 12 months and, and another extension is 24
14 months, two years.

15 JAMES PATCHETT: Right, well, I mean I, I
16 was not... definitely not EDC president in 2010 when
17 this was arranged, we just have to abide by the rules
18 of the contract but if... again why don't... I think it
19 would... maybe the thing... most sensible thing to do
20 would be for... if, if you would be open to it for you
21 and we and the developer to sit down and talk about
22 what their plans are and try to get some clarity from
23 them about when they're going to start construction
24 on the second phase.

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2 COUNCIL MEMBER KOO: Okay, yeah so please
3 give us an update on... [cross-talk]

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

5 COUNCIL MEMBER KOO: ...on the project,
6 yeah.

7 JAMES PATCHETT: Uh-huh.

8 COUNCIL MEMBER KOO: I have a second
9 question just on... you mentioned on testimony about
10 building a new tech training center in Union Square..
11 [cross-talk]

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

13 COUNCIL MEMBER KOO: ...to ensure that New
14 Yorkers of all backgrounds have a pathway to 21st
15 century jobs, can you give me any detail on this,
16 what, what kind of... is there a school or what?

17 JAMES PATCHETT: Uh-huh, so, so it's a..
18 this is a project we worked on in partnership with
19 Council Member Rivera, it was approved through the
20 City Council last year and is breaking ground... or, or
21 sorry, starting demolition within the next couple of
22 weeks so it'll be open in about two years. So, it is
23 a... it is a combination of office space, step out
24 space and training and classroom space in partnership
25 with not for profit community organizations. We

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2 expect through there to train almost 50,000 students
3 every year in tech training skills, so it is an
4 enormous opportunity to reach students all over the
5 city.. [cross-talk]

6 COUNCIL MEMBER KOO: Uh-huh... [cross-talk]

7 JAMES PATCHETT: ...and the, the objective
8 is of course to co-locate companies where there are
9 job opportunities as well so you can train people not
10 just for general tech skills but for specific skills
11 that are going to be hired for in the building.

12 COUNCIL MEMBER KOO: That's interesting
13 because I'm the Chair of the tech committee.. [cross-
14 talk]

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

17 COUNCIL MEMBER KOO: ...so, I hope you will
18 get me... get me more details about this though.

19 JAMES PATCHETT: Of course.

20 COUNCIL MEMBER KOO: Yeah.

21 JAMES PATCHETT: Yes.

22 COUNCIL MEMBER KOO: Thank you.

23 JAMES PATCHETT: Thank you.

24 CHAIRPERSON VALLONE: And next we have
25 Council Member Menchaca.

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COUNCIL MEMBER MENCHACA: Thank you Chair and welcome, welcome back President Patchett. I want to also just highlight that we continue to enjoy a really productive relationship with EDC in Sunset Park and Red Hook and it's just so important to highlight that and acknowledge your work on the ground with your team so thank you so much for, for that continued partnership. I think you use that word partnership and then you use that word partnership because it's, it's not only true but it's so important that, that that continues and so just thank you. I want to look at some of the work that you're doing in, in light of the ferry's and.. [cross-talk]

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

COUNCIL MEMBER MENCHACA: ...there's a lot of money and investment, I think we've seen some incredible response from the community. There's a hub concept that is still in process and so can you talk... [cross-talk]

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

COUNCIL MEMBER MENCHACA: ...a little bit about hub port two... [cross-talk]

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

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COUNCIL MEMBER MENCHACA: ...and the process that you're taking, there's multiple sites that you're looking at and, and it doesn't sound like you've made a decision and... but there's a number associated with the funding... [cross-talk]

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

COUNCIL MEMBER MENCHACA: ...so how does that... how do... how do you kind of balance both, we're planning, haven't figured a site and, and the money that you'll need is that enough?

JAMES PATCHETT: Yep, thank you for the question...

COUNCIL MEMBER MENCHACA: Yep... [cross-talk]

JAMES PATCHETT: So, when we... last year when we realized the dramatic level of demand for the ferry system so, we had originally anticipated 4.6 million riders a year, last year we realized that with the existing system we anticipated about nine million passengers a year so effectively double what we had originally projected and that was before the system expansion where we now expect close to 11 million passengers a year. So, when we realized the level of demand that we were experiencing we took a

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2 step back and we said we need to expand the fleet
3 because we need twice as many boats to handle twice
4 as many people so recognizing that we had more
5 vessels we also needed a place to, to have them dock
6 at night and also to undergo maintenance so the
7 current facility is at the Brooklyn Navy Yard but it
8 only has sufficient capacity to handle the first,
9 first set of vessels which is a little bit over 20
10 and we recognized that we needed an additional
11 facility for that. So, as a part of the decision to
12 expand the fleet we requested and received 65 million
13 dollars to build a second home port that was based on
14 an analysis that we've done based on waterfront work
15 that we do across the city of the rough cost per slip
16 of building an additional slip per vessel as well as
17 a corresponding maintenance facility to work on and
18 do maintenance for the... for the vessels. So, we... that
19 was their best estimate at the time, we're still
20 evaluating alternative across the city, you know
21 there... as there is one site in your district that
22 we've talked about that's a possibility, we want to
23 continue to talk about... [cross-talk]

24 COUNCIL MEMBER MENCHACA: And that's the
25 Atlantic Basin for people who are here... listening.

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JAMES PATCHETT: So, you know we look forward in continuing to discuss, discussing the possibilities there and other places and you know we'll be in conversations about it.

COUNCIL MEMBER MENCHACA: And the only thing that I want to... and I only have time for one more question so the only thing I want to say there is will it include master planning for whatever site, I'm assuming that this is... this is going to be a big operation and so if Red Hook gets chosen the, the Basin area is, is prime and ripe for master planning and there's a crew ship terminal, there's a great nonprofit portside there... [cross-talk]

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

COUNCIL MEMBER MENCHACA: So, there's a lot of work there that can help with master planning, will that include master planning as part of the, the kind of roll out and work?

JAMES PATCHETT: Uh-huh, I mean certainly we'd need at a minimum a comprehensive plan for the facility and happy, happy to talk to you about what other... you know... you know again it's... we haven't determined where exactly it would go and we want to continue to discuss it with you. I think the... ideally

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2 it will be co-located with the current Brooklyn Navy
3 Yard facility but you know there are other, other
4 possibility and there are constraints there so if
5 it's... if it ends up being in a different neighborhood
6 we would, you know want to work closely to ensure
7 that we're thinking comprehensively about how to do
8 it and plan effectively for it.

9 COUNCIL MEMBER MENCHACA: Awesome and I,
10 I think that's the only main point is that I think... I
11 think that's smart and I'm glad that, that you're
12 open to that and let's keep working on that. In my
13 last 30 seconds I'm actually wanting to kind of point
14 out to the, the preparation for, for assisting in the
15 budget, you're bringing dollars back into the budget...
16 [cross-talk]

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

18 COUNCIL MEMBER MENCHACA: ...and really the
19 recession conversation, how, how do you prepare as
20 EDC as a non-agency to prepare for a recession, what
21 happens to your budget, how do you... how, how do you
22 prepare what, what did you do... what did EDC do back
23 in 2007, just give us a sense about how you're
24 thinking about that?

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2 JAMES PATCHETT: Great, thank you. Yeah,
3 it's a good question. Well I think... what we've
4 experienced historically... so, we're not... EDC we don't
5 receive tax revenues in the way that the city does so
6 the way that we're impacted by a recession is vacancy
7 rates on our properties, you know right now our... you
8 know we... I think our vacancy rate citywide is below...
9 I mean it's very small, it's less than five percent,
10 it might be less than two percent, so we are highly
11 occupied. Because our rental rates are intended to be
12 below market we don't generally have a lot of impact
13 on vacancy or revenues as a result of a recession
14 because, you know as you know if you're paying ten or
15 15 dollars per square foot in rent at the Brooklyn
16 Army Terminal it's still by far the cheapest rent
17 that you can get anywhere so companies... ideally our
18 goal is to ensure that we have affordable rents that
19 will allow companies to sustain themselves even in a
20 recession and the result of that is we don't see
21 enormous impacts on vacancy but we do... when we're
22 anticipating a recession make more conservative
23 assumptions about vacancy rates and therefore,
24 therefore spending and that's what we did in the last
25 recession.

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CHAIRPERSON VALLONE: Thank you Council Member Menchaca. You brought up though the ferry service and I'm just going to add maybe two questions so we can have a... maybe finish off that... [cross-talk]

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

CHAIRPERSON VALLONE: ...that section of what EDC is doing there. I have yet to run into anybody who said I don't want a ferry and maybe the location may be questioned and maybe where they should go. In light of both the administration and the Speaker looking for greener alternatives and trying to give different transportation alternatives I am in that group of people as a fan of this program, in fact I think both Council Member Rose and I have separate bills calling on a ferry wide city wide agency to alleviate you of all that amazing work that you're doing but to have a full focus on a ferry agency. Neighborhoods still aren't in this plan... [cross-talk]

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

CHAIRPERSON VALLONE: Obviously mine is one of those but there are... and we're... we like the Rockaways in Staten Island can't get any further

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2 away, but we don't have a train and we're forced to
3 drive... [cross-talk]

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

5 CHAIRPERSON VALLONE: ...or take a bus that
6 takes forever. This, this expansion is calling for
7 five additional routes by... in the summers of 2017/18
8 which will connect 21 landings and by year 2021 there
9 will be a total of eight routes, now how many of them
10 are new and how many of those didn't make the cut
11 that may be looked at for the next round?

12 JAMES PATCHETT: Right, of course, okay.
13 So, we... so, the system currently has 20 stops on it,
14 we're going to be adding one additional stop at the
15 Brooklyn Navy Yard this summer which has been planned
16 for some time and then recently we announced the
17 addition of stops at Throggs Neck, Coney Island,
18 Staten Island and two on the west side of Manhattan.
19 So, technically that adds five additional stops to
20 our system so it would take it to 26 stops overall.
21 We're add... it's really only two new routes, it's
22 going to add Coney... the Coney Island route which will
23 be a new, new route as well as the Staten Island
24 route, which is new, the Throggs Neck extension is,

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2 is on to our existing Soundview route. So,
3 comprehensively... [cross-talk]

4 CHAIRPERSON VALLONE: So, if a route just
5 expanded... extended it's not a new route it's just
6 getting a new spot further out versus a brand-new
7 route.

8 JAMES PATCHETT: Correct. Another... which
9 is to say, you know it's like... I mean it's like the
10 2nd Avenue subway it was an extension of the Q train,
11 there's... it's still a Q train. The... so, what we did
12 was we... this, this was a... for Throggs Neck as an
13 example, it stops at pier 11, 34th Street, the... and,
14 and then in Soundview in the Bronx... or sorry, then on
15 the Upper East Side and then Soundview in the Bronx
16 and had four stops on it and we're adding a fifth
17 stop in Throggs Neck which will be the first and last
18 stop on the Northeast end of the route.

19 CHAIRPERSON VALLONE: See when we saw our
20 Throggs Neck we got very excited because we're on the
21 other side...

22 JAMES PATCHETT: I know... [cross-talk]

23 CHAIRPERSON VALLONE: ...of Throggs Neck, I
24 was like great, we're getting a Throgs Neck, I said
25

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2 no, that's the Bronx Throgs Neck so we want the..

3 [cross-talk]

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

5 CHAIRPERSON VALLONE: ...Queens Throgs
6 Neck... [cross-talk]

7 JAMES PATCHETT: Right, I understand.

8 CHAIRPERSON VALLONE: At some point
9 you're going to have to figure that one out.

10 JAMES PATCHETT: Absolutely, we did... you
11 know as, as we discussed we did a, a comprehensive
12 analysis of every, every viable site across the city,
13 we did extensive community engagement as a part of
14 that, we met comprehensively in each borough and did
15 a number of site visits. Ultimately we... what we did
16 was we extended routes to the most viable next set of
17 routes but as the Mayor said and as we've said once
18 we complete the expansion, this level of expansion,
19 we're going to look at it trying to take the next
20 step, the goal is to continue to have this serve as
21 many people as possible and you know the Mayor has
22 also said as the system grows and is of more interest
23 to people more and more sites become viable because
24 of the level of demand for the system... [cross-talk]

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CHAIRPERSON VALLONE: Well to your credit we did exactly that, you sponsored with the Queens delegation at the borough president's office for an option for every community board and the Council Members to look at the coastal areas of Queens... [cross-talk]

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

CHAIRPERSON VALLONE: ...and talk about future stops and that was exactly what this committee's been calling for that type of approach, unfortunately though the stops that were brought up at that didn't make the cut but those were the type of interaction that I think from when we took the spot on is what we wanted to see and I want to thank you for that but really and the last thing I'll ask on the ferry's, to... you mentioned a parks project that is unable to work through the city field marina, to me I think... again it's not my district and it will benefit all of Queens that spot, how do we work through or with that project so we don't lose the opportunity of the greatest park and ride spot next to the seven train with a huge parking lot on the water with an existing ferry dock slip that's already ready to go with a LaGuardia expansion that's

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2 bursting at the seams, to me this spot is screaming
3 for Queens north relief and we're still not getting
4 it.

5 JAMES PATCHETT: Well the, the... I, I'm...
6 you know the site that you're referring to, the
7 marina, right?

8 CHAIRPERSON VALLONE: Uh-huh, the city
9 field marina...

10 JAMES PATCHETT: City field marina,
11 right, so it's, it's not an EDC project or property,
12 it's a Parks Department property as you alluded to,
13 they are in construction somewhat, you know a several
14 year construction project or they're envisioning for
15 that site is my understanding and I think from our
16 perspective I'd be happy to... you know to get together
17 with them and talk about what the possibilities are,
18 I'm not familiar with the absolute is on that because
19 it's not an EDC property but I agree it has a lot of
20 potential, it's right by LaGuardia, it's well served
21 obviously by the Grand Central Parkway and it's a...
22 it's a place, a thing that we should look at.

23 CHAIRPERSON VALLONE: Thank you and now
24 Council Member Adams and then Council Member Lander.

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COUNCIL MEMBER ADAMS: Thank you Mr.
Chair, good morning...

JAMES PATCHETT: Good morning...

COUNCIL MEMBER ADAMS: ...President
Patchett, good to see you.

JAMES PATCHETT: Oh, always a pleasure to
be here.

COUNCIL MEMBER ADAMS: Thank you. I too
want to echo the sentiments of my colleague Council
Member Menchaca, partnership with EDC specifically
for myself and, and my constituents in, in southeast
Queens particularly on the Jamaica Now... [cross-talk]

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

COUNCIL MEMBER ADAMS: ...effort have been
very successful and thank you again for your
partnership, continued partnership with us on that
great effort for the downtown Jamaica Core. I just
have a couple of questions that revolve around job
growth because we are looking at revitalization in
our area, how does EDC specifically see its role in
generating stronger job growth?

JAMES PATCHETT: That's a... it's a great
question. So, I think we look at it from two
perspectives. The first is a neighborhood perspective

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2 which is where, where there are opportunities as
3 we've talked about for neighborhood planning that
4 lead to job opportunities in local areas. We want to
5 partner, partner with the local communities, the
6 community boards, the elected officials, Council
7 Members in particular to identify what those
8 opportunities are, I mean I think the Jamaica feast
9 program is a great example of that in your district,
10 I hope that you share that, it's been very
11 successful, we have our fourth cohort now that's
12 going through the program which is... has... is going to
13 have 67 graduates and we are looking to from my
14 perspective continue and expand the program so that's
15 an example of a real... a neighborhood based community
16 development, economic development opportunity where
17 we see a real opportunity... real possibility to do
18 something in a community that's job focused.

19 Similarly, citywide we look at places where there are
20 industries that we see an opportunity for the city to
21 play a role at a particular moment to change the
22 trajectory of the city's participation in that
23 industry, you know one example I gave that I really
24 believe in is our cyber security efforts. Cyber
25 security is a growing industry, has widely accessible

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2 jobs to people of a variety of education and skill
3 levels and they're good paying jobs. So, what we
4 sought to do as a part of that effort is both make
5 investments that are more likely to bring the
6 industry here but also investments in workforce
7 development initiatives to go alongside of it to
8 ensure that we're not just creating jobs but we're
9 also creating pathways to those jobs for New Yorkers.

10 COUNCIL MEMBER ADAMS: That's great,
11 thank you.

12 JAMES PATCHETT: Uh-huh.

13 COUNCIL MEMBER ADAMS: And looking at
14 MWBEs... [cross-talk]

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

16 COUNCIL MEMBER ADAMS: ...do you by any
17 chance have a gender breakdown of jobs that EDC has
18 created?

19 JAMES PATCHETT: I, I don't have a gender
20 breakdown in front of me but happy to follow up with
21 the best information we have on that. I can tell you
22 EDC staff is very well represented in that regard so...
23 and also at the senior management levels.

24 COUNCIL MEMBER ADAMS: Okay, thanks very
25 much.

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JAMES PATCHETT: Uh-huh, thank you.

CHAIRPERSON VALLONE: Thank you Council Member and now we'll hear from Council Member Lander.

COUNCIL MEMBER LANDER: Thank you Mr. Chair, it's good to see you here and, and I'll begin also with some words of gratitude for our partnership as this is the first time we've had the opportunity for a public exchange since Amazon and, and I just want to say that despite the challenges and tensions that that presented I appreciated your coming here from the very beginning, I think I asked you my first questions about those... that deal... [cross-talk]

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

COUNCIL MEMBER LANDER: ...years ago, probably at one of these budget hearings... [cross-talk]

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

COUNCIL MEMBER LANDER: ...and you consistently gave us straightforward and honest answers when we like them and when we didn't like them, you know and it matters to have somebody who's, who's word we trust and who we can be in dialogue with when we agree and, and when we strongly disagree

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2 so I want to say thank you for that and not like just
3 pretend like it never happened... [cross-talk]

4 JAMES PATCHETT: Thanks, we can... we can
5 hug it out later.

6 COUNCIL MEMBER LANDER: But to the
7 matters at hand today... [cross-talk]

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

9 COUNCIL MEMBER LANDER: ...a few budget
10 questions... [cross-talk]

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

12 COUNCIL MEMBER LANDER: ...you know I think
13 one thing that you and I have talked about before and
14 it just seems to me even more true today than ever
15 and especially given yesterday's announcement, I mean
16 you're really running two separate agencies with two
17 different missions like you run our economic
18 development agency that helps bring economic vitality
19 and jobs and all the things you would think of as
20 economic development and then you run a capital
21 projects management agency which has got a thousand
22 capital projects some yours and some that other
23 agencies choose you for instead of DDC or get chosen
24 for instead of DDC including some of the biggest ones
25 like yesterday's announcement of climate protection

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2 and those, those are two pretty different missions,
3 yes?

4 JAMES PATCHETT: I think they are... I
5 think infrastructure has long been understood to be
6 the underpinning of economic development so... [cross-
7 talk]

8 COUNCIL MEMBER LANDER: They're not
9 contradictory for sure... [cross-talk]

10 JAMES PATCHETT: I think they're... I would
11 say they're essential, I mean I think you would
12 agree, I mean you're well versed in these matters,
13 transportation infrastructure are at the core of
14 economic development so that doesn't mean that we
15 should be a transportation agency, it doesn't mean
16 that we should be the, the infrastructure agency but
17 it... to me it does mean that we have to have those
18 tools in our tool belt where essential and where it's
19 complimentary to economic development to be able to
20 play those cards because it's... making a lot of
21 analogies here but it's, it's really important for...
22 you know to... for... if... for example, again we're
23 talking about Sunset Park we have, you know over four
24 million square feet of industrial assets there, we
25 need to have the capacity to be able to build out the

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2 roads there to make sure that they can serve the
3 trucks that are coming in to serve those businesses
4 that's the capital component of our agency.

5 COUNCIL MEMBER LANDER: And I should be...
6 I'm not trying to break EDC... [cross-talk]

7 JAMES PATCHETT: No, I know... [cross-talk]

8 COUNCIL MEMBER LANDER: ...up because this
9 is not about your monopoly power or something that we
10 got to be split into two parts, I just... and I... you're
11 of course right that we have to have strong
12 infrastructure to have a strong economy. I don't
13 think that's really the rationale for which
14 infrastructure projects as far as I can tell wind up
15 at EDC, some of them are directly related to economic
16 development, some of them like the Lower Manhattan
17 climate protection, I mean you, you can... you're right
18 Lower Manhattan is a critical economic piece of our
19 infrastructure but that's like fundamental to the
20 future of our city, it's not narrowly economic
21 development and I love the rink in Prospect Park its
22 magnificent and your agency did a great job but that
23 was not economic development so my point here is not
24 that there's a contradiction I think you actually do
25 both those things well I'm trying to pay a little...

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2 and I'm today going to focus a little less on your
3 economic development mission which broadly I actually
4 think we share values on and you do in ways that I
5 think are appropriate and, and help the city a lot.

6 On the capital projects management and infrastructure
7 management side we have a disconnected set of systems
8 that are not serving us as well as they need to and
9 you guys actually delivered more on time and on
10 budget than DDC does or some of the other agencies so
11 I'm... there's no criticisms... [cross-talk]

12 JAMES PATCHETT: Thank you... [cross-talk]

13 COUNCIL MEMBER LANDER: ...that you guys
14 are good at capital projects management but as you
15 know I want a more comprehensive and clear and
16 coherent system where all the capital projects are
17 tracked transparently, it can... we can compare them
18 with each other, we understand what's working and
19 what's not working when some contractor over here
20 isn't doing another job, we know it over there and we
21 don't have that today and the, the administration has
22 agreed to work with us more strongly on it but I
23 think it's going to involve more coordination than we
24 yet have so let me just start with a tracking
25 question. Your large projects over 25 million dollars

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2 are in the city's capital projects tracker but I
3 presume a lot of those thousand capital projects you
4 are managing are under 25 million dollars so how do
5 you track those internally and what do you tell us
6 about them publicly?

7 JAMES PATCHETT: Right, so, so the way
8 that we... that we think about them is on a
9 comprehensive basis, you're right the larger scale
10 projects obviously show up in the... in the large-scale
11 tracker and then we do it really on a... I'd say
12 neighborhood by neighborhood basis because frequently
13 the projects are working together. So, for example,
14 we have a number of projects in Inwood that we're
15 pursuing now coming out of the rezoning effort there
16 and we have a comprehensive, you know tracker that
17 says where are we on each of... each of those projects,
18 similarly we have a, a concept in the... in the Sunset
19 Park area which shows how we're progressing on each
20 of those projects and then you know the ferry is
21 another example where it's dozens of capital projects
22 all over the city at any given time and it's really
23 reflected in our weekly meetings about the ferry
24 system and we go through a... what we think of it as a
25 sort of red, yellow, green approach which is, is it

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2 green, great, we don't need to talk about it, is it
3 yellow, then we... you know need to pause on it and if
4 it's red we need to spend some serious time
5 troubleshooting.

6 COUNCIL MEMBER LANDER: Mr. Chair can I
7 ask another question or two?

8 CHAIRPERSON VALLONE: Always Council
9 Member Lander.

10 COUNCIL MEMBER LANDER: Thank you very
11 much. So, on the cap... do you have for capital
12 projects in particular and I... you know some project
13 management software that the agency uses?

14 JAMES PATCHETT: Yeah, absolutely.

15 COUNCIL MEMBER LANDER: And have you been
16 in any dialogue with DDC as they're looking at
17 developing new capital projects management software
18 about what they might learn from you or you from
19 them?

20 JAMES PATCHETT: We've been in
21 discussions with them but I think to your point we
22 could I think more discussion are probably helpful,
23 I'd be happy to, to do that, I mean obviously
24 Commissioner Grillo is, is, is very effective and you
25 know Jamie Torres Springer is a great addition to the

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2 team so we're excited to work with, with them. I know
3 they recently put out a new blueprint for their
4 approach and I'm excited that they're thinking in new
5 ways and I think to the extent... I mean you know
6 they're uniquely familiar with EDC's history and
7 experience and we'd be happy to work with them and in
8 fact frequently, frequently do work with them but in
9 terms of the strategic planning if, if, if they'd be
10 interested in talking to us we'd be happy to do it.

11 COUNCIL MEMBER LANDER: So, I just want
12 to maybe push you to do that and... [cross-talk]

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

14 COUNCIL MEMBER LANDER: ...ask that it be...
15 we have a commitment from the administration on
16 getting to a capital projects tracking system...
17 [cross-talk]

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

19 COUNCIL MEMBER LANDER: ...but I don't
20 think what we want is kind of something like set on
21 top of everybody's different systems... [cross-talk]

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

23 COUNCIL MEMBER LANDER: ...one, it's like
24 very labor intensive because someone has to like pull
25 it out of each system and two that's not really... it

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2 might help get the public some basic transparency but
3 it won't help us learn sea patterns, learn lessons
4 and do projects better and what I'm pushing for is
5 not only to get a... kind of tracking system but
6 somewhat better coordination, you're right the work
7 they're doing at DDC that Lorraine and Jamie are
8 leading is great but... and they're putting a whole new
9 system in place but like if their system is good but
10 over here and your system is over there and SCA's
11 system is over here... [cross-talk]

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

13 COUNCIL MEMBER LANDER: ...that's less good
14 than one that really is in dialogue with each other
15 so I just... I'm going to take you... [cross-talk]

16 JAMES PATCHETT: Of course... [cross-talk]

17 COUNCIL MEMBER LANDER: ...I'm going...
18 appreciate you're saying yes and just ask you let's...
19 we'll keep working with the Mayor's Office of
20 Operations on the sort formal tracker but having
21 these things start to get a little looking down the
22 road to where we actually could have a more coherent
23 and integrated system... [cross-talk]

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

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COUNCIL MEMBER LANDER: ...would be of great value so thank you for, for agreeing to work with them on that and then my last question which is, is narrowly a budget question goes to yesterday's announcement as well... [cross-talk]

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

COUNCIL MEMBER LANDER: ...which I, you know that is absolutely critical work, I'm glad you guys are at, at the center of it, you know one of the things that, that got noted yesterday is the amount of money that we're putting in right now is far, far, far short of what will... [cross-talk]

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

COUNCIL MEMBER LANDER: ...be needed over time even within the terms of the ten year capital strategy that was underway to build that project out and on the one hand I understand we'll need federal funds and more partners and hopefully a green new deal but on the other hand it is a... we need to build that project whether there's a green new deal or not whoever is the president of the United States like whether we get federal and state funding so how... I, I was... you know the Mayor sort of gave a forward looking answer in some ways but I guess I want to

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2 push a little more like how do we balance between,
3 yes, the reality that you have to put some money in
4 the budget next year and it wouldn't be realistic for
5 us to say the city is going to pay every penny of
6 that with the fact that we need to build these
7 projects and we have to figure out... [cross-talk]

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

9 COUNCIL MEMBER LANDER: ...where those
10 revenues are coming from and how we're going to do it
11 and... [cross-talk]

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

13 COUNCIL MEMBER LANDER: ...and be moving
14 forward in a way that is not kind of if we get the
15 money, we'll finish them but we're going to do these
16 projects and we're going to figure out how.

17 JAMES PATCHETT: Yeah, absolutely I think
18 you're, you're completely right, I guess I would say,
19 you know I want to just step back for a second and
20 look at all of Lower Manhattan. So, the Eastside
21 Coastal Resiliency which covers the area east of Stuy
22 Town down to the Manhattan Bridge, that's a 1.4-
23 billion-dollar project from which the city received
24 335 million dollars from the federal government, the
25 remainder of that is in the city's capital budget.

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2 Going further south the two bridges project which
3 will cover the area between the Manhattan and the
4 Brooklyn Bridges that area we have the full funding
5 for, it's over 200... about 200 million dollars
6 including a mix of federal funds and likely some city
7 funds that's... moving forward we're designing it and
8 we're going to start construction within two years.
9 Battery Park, the city allocated 108 million dollars
10 for that project, we have some additional funds for
11 it, comprehensively, we're designing that project,
12 we're going to build it, we have the funding we need,
13 we're moving ahead. We authorized approximately 168..
14 over 150 million dollars for Battery Park City
15 Authority so that they have the funds that they need
16 to construct the waterfront improvements.
17 Collectively, what that means is that we'll be
18 protecting the entire Lower East side and 70 percent
19 of Lower Manhattan with projects that are fully
20 funded and will be in construction within the next
21 two years. So, to step back that's actually a pretty
22 comprehensive strategy, we have the most challenging
23 part which is that remaining 30 percent of Lower
24 Manhattan for which it's a particularly big and
25 complicated challenge. I think... you know there's,

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2 there's always this push and pull of, you know you
3 did all the planning in a back room and you presented
4 a fully... big plan to us where's that from or you
5 don't really have a plan, I mean what our goal is to
6 say we're showing our work, we've done all of the
7 analysis, we've concluded very clearly that the only
8 opportunity... the only option is to build something in
9 the water. To, to have an overly specific project in
10 this stage I think would be in contrast to the... what
11 we're always hearing from the City Council which is
12 we want to work together on this so we're showing our
13 work saying we know what we need to do, let's sit
14 down, let's master plan it together about how
15 specifically we're going to go about that, that could
16 be anywhere between 50 feet wide and 500 feet wide
17 that's what we know at this stage. We know some of
18 the engineering that's involved, we know that we have
19 a huge sewer investment we need to make in Lower
20 Manhattan but the specifics of what it's going to
21 look like and budgeting beyond that at this point I
22 think... beyond the projects where we know specifics I
23 think would be guessing.

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2 COUNCIL MEMBER LANDER: So, just to
3 conclude and this really takes me back to where the
4 Chair began... [cross-talk]

5 CHAIRPERSON VALLONE: Now you're really...
6 now you're really on your last question...

7 COUNCIL MEMBER LANDER: And I'm not even
8 asking a question I'm just kind of praising your work
9 here. I think this goes back to what the Chair was
10 saying about the ten-year capital strategy that's
11 different from a budget... [cross-talk]

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

13 COUNCIL MEMBER LANDER: ...and I do think
14 it would be appropriate, I, I like your approach, we
15 do want to have a dialogue, we don't want you to
16 bring us a fully baked project... [cross-talk]

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

18 COUNCIL MEMBER LANDER: ...but it does
19 seem to me we are saying in the timeline of the ten-
20 year capital strategy this is going to cost us on the
21 order of another billion dollars... [cross-talk]

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

23 COUNCIL MEMBER LANDER: ...that should be
24 in year four or year five, you can put a big asterisk
25 by it that says obviously this is an estimate price

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2 but we need the... like if we're... that's what we want
3 is something that helps us look at the magnitude of
4 the projects we're going to have to do even where
5 you're right, we have a lot more work to do together...

6 [cross-talk]

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

8 COUNCIL MEMBER LANDER: ...to figure out
9 what they look like and... [cross-talk]

10 CHAIRPERSON VALLONE: Yeah and following
11 up on that...

12 COUNCIL MEMBER LANDER: Thank you Mr.
13 Chair.

14 CHAIRPERSON VALLONE: ...that, that program
15 that we're just discussing, you know where are the
16 other waterfront borough committees, where is Queens
17 in that, where is Staten in that, where's Bronx in
18 that, you know on, on that since we brought it up, is
19 there coordination there with the Army Corps of
20 Engineers and their vision for the waterfront because
21 our frustration as Council Members is any time we
22 have to deal with the federal or even state
23 communication process things fall off the rails so we
24 are so dependent obviously on you and EDC on being
25

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2 our voice for that, is there coordination for the
3 future projects with Army Corps on the waterfront?

4 JAMES PATCHETT: Yes, absolutely. EDC is
5 not the primary agency dealing with them it's the
6 Office of Recovery and Resiliency who deals with the
7 Army Corps on a comprehensive strategy to Manhattan...
8 or to... sorry, to the city, certainly, you know there
9 are some very large projects being looked at like out
10 in the harbor that could provide protection from
11 storm surge, you... the Army Corps we have to work
12 closely with them in terms of rebuilding our beaches
13 even the projects that, that we talked about the
14 other day or yesterday those projects require, you
15 know Army Corps approval so we're going to be having
16 to work very closely with them as we do on all of our
17 waterfront projects across the... [cross-talk]

18 CHAIRPERSON VALLONE: Well that might be
19 a great topic for a future joint hearing just to hear
20 that vision and how that... [cross-talk]

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

22 CHAIRPERSON VALLONE: ...coordination goes
23 so we can have that dialogue that would be great.

24 Thank you, Council Member Lander. Now we have Council
25 Member Levine and then Council Member Powers.

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2 COUNCIL MEMBER LEVINE: Thank you so much
3 Chair Vallone and Mr. President, good morning. I want
4 to follow up on, on one point that emerged in your
5 questioning with Council Member Lander, you can leave
6 its okay if you're in a hurry, I'll, I'll brief you.
7 We had a hearing a few weeks ago in which the Chair
8 of DDC Lorraine Grillo testified about the budget for
9 the Eastside Coastal Resiliency plan in which if I'm
10 not mistaken she conceded that there were still
11 several hundred million of the total budget that are
12 not yet funded but you just said that it's totally
13 funded I just want to clarify?

14 JAMES PATCHETT: Okay, it... I, I'd leave
15 it to her expertise, I know that they, they clarified
16 the final budget with... recently and so it may not be
17 in this current budget but I, I'm certain the city's
18 committed to funding it.

19 COUNCIL MEMBER LEVINE: A major... a
20 recurring theme in that hearing where we had a lot of
21 community people present... [cross-talk]

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

23 COUNCIL MEMBER LEVINE: ...was the fear
24 that this would... the work would begin and many of the
25 amenities which the community is going to lose there

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2 in the construction process will be removed and then
3 the project would stall while we're waiting for
4 funding.. [cross-talk]

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

6 COUNCIL MEMBER LEVINE: ...so if indeed the
7 funding is in place that would be a relief, there are
8 still many other concerns... [cross-talk]

9 JAMES PATCHETT: Of course... [cross-talk]

10 COUNCIL MEMBER LEVINE: ...but if, if you
11 can clarify that or, or have DDC clarify that that
12 would be great... [cross-talk]

13 JAMES PATCHETT: Absolutely, may.. what I
14 can say definitively as the projects that we're
15 specifically involved in which are the two bridges
16 project and the Battery Park project those projects
17 we have the funding for and are moving ahead.

18 COUNCIL MEMBER LEVINE: Okay, great.
19 Moving on to another topic I'm a major fan of the
20 ferry program... [cross-talk]

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

22 COUNCIL MEMBER LEVINE: ...and I love it so
23 much that I want it to come to the west side of
24 Manhattan... [cross-talk]

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

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2 COUNCIL MEMBER LEVINE: ...as you're well
3 aware and I'm pleased that you've taken a step in
4 that direction by announcing that by 2021 there will
5 be a line that goes from essentially Hudson Yards to
6 Battery Park to Staten Island. I wonder if you could
7 explain the logic behind that configuration, talking
8 to folks in the... in the west side... in the vicinity of
9 the Hudson Yards stop I think there'd be greater
10 interest to go around to Wall Street where you can
11 connect to the broader ferry network... [cross-talk]

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

13 COUNCIL MEMBER LEVINE: ...and of course
14 I'll follow up with questions about other stops along
15 the west side of Manhattan where I think there's a, a
16 real pressing need for services as well but if you
17 could just clarify how you decided on that
18 configuration for this first step?

19 JAMES PATCHETT: Absolutely, so we looked
20 comprehensively at locations all over the city and
21 what we focused on was fundamental technical
22 feasibility and ridership and cost those were the
23 metrics that we used to evaluate alternatives. The,
24 the, the site... the route up the west side driven by
25 Staten Island ridership primarily is... performed

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2 extremely well because there are a number of folks in
3 Staten Island who's only transportation alternative
4 is to take the existing ferry to Lower Manhattan but
5 there are a lot of those folks who work in Midtown
6 and so having a direct link to Midtown and as you
7 said the growing jobs on the west side of Manhattan
8 demonstrates... shows up in our modeling to be very
9 effective and drive a lot of ridership and of course
10 there are a lot of folks in the west side who want to
11 commute from the far west side of Manhattan which,
12 you know in many places is more of the transit desert
13 and get to the jobs that are available in Battery
14 Park City and vice versa.

15 COUNCIL MEMBER LEVINE: I'm glad to hear
16 that this would be an important commuter route for
17 Staten Islanders. From the perspective of, of
18 Manhattan of the west side sorry to say there's not a
19 lot of demand to commute to Staten Island in the
20 morning and there's a far more demand to go to Wall
21 Street then there is to Battery Park but what I
22 really want to push you on is the other potential
23 locations along the west side... [cross-talk]

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

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COUNCIL MEMBER LEVINE: ...as for feasibility, you know I focused a lot on 125th Street where we already spent 30 plus million on a fabulous pier that's gone almost totally unused... [cross-talk]

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

COUNCIL MEMBER LEVINE: I understand that you have done feasibility work looking at ridership demand but there is... there is intense growth in that area with an entire new campus emerging... [cross-talk]

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

COUNCIL MEMBER LEVINE: ...right next to that which will have thousands of students and staff and really the, the, the train that would be the alternative north south route for most of these neighborhoods, the one line is intensely crowded, anyone who commutes on that line as I do a lot of days has had the experience of having to let more than one train go by... [cross-talk]

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

COUNCIL MEMBER LEVINE: ...because you just can't get on and... my time is, is up but I do want to point out that there are other obvious stops along the west side like I guess it would be pier 79 or... sorry, the one that's 57th Street which is a

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2 commercial pier not part of Hudson River Park, huge
3 transit desert in an area where development has been...
4 [cross-talk]

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

6 COUNCIL MEMBER LEVINE: ...pretty
7 significant... [cross-talk]

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

9 COUNCIL MEMBER LEVINE: ...for the last
10 five years, thousands of new housing units and there
11 are some smaller stops like around Houston and 14th
12 Street maybe the west... 79th Street Boat Basin, there
13 are limitations in Hudson River Park and some of
14 those smaller stops you could only do a, a water taxi
15 which would be 99 seats or less but you could have a
16 wonderful system with an express line maybe from
17 125th even starting at Dyckeman, 125th Hudson Yards
18 and then local stops where you would have to use a
19 smaller boat that to me would be just a fabulous new
20 transportation network where we're adding housing,
21 we're adding employment, we have an over, overcrowded
22 train line, there's a very compelling case for that
23 kind of arrangement.

24 JAMES PATCHETT: Yeah, I appreciate that,
25 you're... it's, it's, it is compelling, you know we...

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2 and you're right there's going to be a huge amount of
3 growth in that area so I think what we've tried to do
4 is, you know focus the, the current lines on what we
5 know is the immediate demand and what's expected in
6 the very near future but the opportunity is as you
7 say as these areas grow we need to continue to
8 evaluate them and it's our commitment that the route
9 you're referring to actually the west side route will
10 be open next year 2020 not 2021 and so then we'll
11 need to continue to evaluate what are ways that we
12 continue to expand the system and we'll work very
13 closely with you on that.

14 COUNCIL MEMBER LEVINE: And, and very
15 quickly then I'm done, is there money in the budget
16 now then for the 2020 opening in this fiscal year?

17 JAMES PATCHETT: Yeah...

18 COUNCIL MEMBER LEVINE: Do you know how
19 much is devoted to the west side project?

20 JAMES PATCHETT: Well from a capital
21 perspective there's not... those piers are already in
22 place so we need... we have... we have funding for, for
23 Staten Island, the Staten Island pier that we're... or
24 the slip that we're going to need to build out in
25

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2 Staten Island and then for the... obviously for the
3 vessels.

4 COUNCIL MEMBER LEVINE: Okay, thank you
5 Mr. President, thank you Mr. Chair.

6 JAMES PATCHETT: Thank you.

7 CHAIRPERSON VALLONE: I like when you get
8 excited and toss around words like fabulous new
9 projects Council Member, that gets, gets us all
10 excited when you're like fabulous projects, we like
11 that. So, now we have Council Member Powers then
12 Barron and I believe we have four panels so hang in
13 there. Once the Council Members are done then each of
14 the panels will come up and speak and then we'll
15 conclude. Council Member Powers.

16 COUNCIL MEMBER POWERS: Alright, thank
17 you, good afternoon, thanks for being here. I'm sorry
18 I missed your testimony; I was just running around in
19 my district but nice to see you guys. I wanted to ask
20 a few different topics, I wanted to start with the
21 east Midtown and the Greenway. In 2017 the Mayor
22 announced 100 million dollars in funding for the east
23 Midtown Greenway and I think in the budget this year
24 it's roughly around 123 million dollars. As you know
25 many of the constituents in my district and in

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2 Council Member Kallos' district have been frustrated
3 with the design process and the... going into the
4 siting process of, of, of the project and I wanted to
5 just get a quick understanding of what accounts for
6 the increase of the 23 million dollars on the
7 project?

8 JAMES PATCHETT: We... the... so, we put in
9 100 million dollars, I mean it was... at that point we
10 didn't have a specific design so to the point of the
11 conversation we were having earlier we did our best
12 to come up with a rough estimate, it was a round
13 number of what we thought that it would cost and then
14 we went and comprehensively bid out the project,
15 designed it in consultation with the community and
16 ultimately the cost was... of 123 million was, was what
17 we came up with.

18 COUNCIL MEMBER POWERS: Okay, so reality
19 of spending of the money versus the budgeting for it
20 would be the... [cross-talk]

21 JAMES PATCHETT: Yeah, I mean I'd just
22 say... where... a rough estimate versus an actual
23 contract for construction.

24 COUNCIL MEMBER POWERS: Okay, thanks. The
25 Greenway is intended to extend the East River

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2 esplanade from 61st in this, this portion 61st to 53rd
3 Street and there's a plan here to complete the entire
4 loop so that all of Manhattan has waterfront parkland
5 and the UN esplanade obviously has not been funded in
6 this budget and I... as I believe doesn't have a, a...
7 anticipated funding, there was a source of it that's
8 essentially I think we can agree has fallen, fallen
9 short of... [cross-talk]

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

11 COUNCIL MEMBER POWERS: ...becoming a
12 reality so it... whet, what is the plan to create the
13 full esplanade to complete the UN esplanade and I...
14 and I... and I ask this in context of so I think some
15 folks believes that the bridge at 54th Street is, is
16 really intended to be the, the last spot to get off
17 because there's no further avidly to get... to build an
18 exit further down so I'm wondering of what's the
19 entirety... the entirety of the plan and is there a
20 plan to fund the rest of the esplanade down to the
21 UN?

22 JAMES PATCHETT: Well you're, you're
23 correct, the... there was a source that was envisioned
24 which involved a UN project which at this stage does
25 not appear to be moving forward but you never know

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2 and so that would certainly be... the, the ideal
3 identified source of funding, in the absence of that
4 it's... it has to compete with other city capital
5 priorities and you know that's a conversation process
6 between the, the Mayor and the Council and... I mean
7 certainly I'm a believer in that project, I would
8 love to see that project get funded, I want to see
9 the, the Greenway get extended and be continuous so
10 you don't have to exit the Greenway and go along 1st
11 Avenue and then get back on the Greenway at 63rd or
12 50... even 54th, I think it will be a great amenity for
13 the whole city, it'll be a great attraction for
14 people from around the world, it's a long term
15 capital project, it's a very expensive capital
16 project...

17 COUNCIL MEMBER POWERS: Do you have the
18 cost for, for what it would cost for the... I mean I
19 think the original... [cross-talk]

20 JAMES PATCHETT: I don't have... I don't
21 have it in front of me, my recollection is three or
22 400 million dollars.

23 COUNCIL MEMBER POWERS: Got it. I, I... and
24 I, I just want to be on the record I fully, fully
25 support getting the, the waterfront access, I think

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2 the... A, the one question is about having an actual
3 completed... [cross-talk]

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

5 COUNCIL MEMBER POWERS: ...down to the UN
6 and two is then the logistically challenges created
7 when you don't have it going all the way but I think
8 that on a... in a borough of water, of... surrounded by
9 water access to it is, is important and, and, and
10 really recognizably missing. The... I wanted to move to
11 a different topic, both the Chair Vallone and I have
12 been talking, we did the hearing around tourism and...
13 [cross-talk]

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

15 COUNCIL MEMBER POWERS: ...and job growth
16 created by tourism and spending, I as you know have a
17 number of revenue generating cultural institutions, I
18 have Times Square, Bryant Park, a number of other
19 institutions and, and places, destinations in my
20 district and you know I think we, we often lose track
21 of exactly how important that is to our economy in
22 New York City to have and in, in many cases other
23 people come to spend their money here to support jobs
24 but can you give us... one of the things we've been
25 talking about is both to have better tracking of

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2 information exactly so we can then also have a better
3 understanding of how like events or institutions
4 drive those tourism dollars to have better data and
5 second to look... think of other ways that the Council
6 can be supportive of the city's efforts to continue
7 to make that number grow. Certainly things like a...
8 you know a strong dollar and, and a safe city are
9 part of it but other... do you... do you guys... has, has
10 the ES... EDC come up with any, any other
11 recommendations that you think the city or the
12 Council could be looking at to help enhance the
13 tourism industry in New York City?

14 JAMES PATCHETT: I think it's a... I think
15 it's a great question, tourism is very important to
16 our economy, I think you're right and sometimes
17 underappreciated, you know clearly... the... you know the
18 primary organization responsible for tourism in the
19 city is New York City and Company, we work in close
20 partnership with them, they're... they're a great
21 organization. I think one of the things that's most
22 exciting maybe not for you but for the city is what
23 we've been focusing on in this administration which
24 is to expand the reach of tourism beyond Manhattan
25 because in many cases as you say you're right, many

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2 of the cultural institutions in your neighborhood are
3 full, you know they're teeming with people... [cross-
4 talk]

5 COUNCIL MEMBER POWERS: We can handle a
6 little bit more... [cross-talk]

7 JAMES PATCHETT: Yeah, you can handle a
8 little bit more... [cross-talk]

9 COUNCIL MEMBER POWERS: That's good...
10 [cross-talk]

11 JAMES PATCHETT: ...but there are other
12 great places, you know there's the Botanical Gardens
13 in the Bronx and Brooklyn, there's the fabulous BAM
14 in downtown Brooklyn, I think what we have to do and
15 what EDC is focused on is trying to create and expand
16 more cultural hubs across the city so that people
17 can... will draw more overall visitors, more visitors
18 to Midtown and Central Manhattan as well but also
19 there are more things to see because you, you know
20 you can only go to see the statue of liberty so many
21 times so what you want to have the... you know Brooklyn
22 Bridge Park, you need to continue to add iconic, new
23 tourism destinations for people across the city to
24 keep drawing people year after year.

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COUNCIL MEMBER POWERS: Got it, well if there's... if there's specific recommendations that the council can, can be a partner on around... [cross-talk]

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

COUNCIL MEMBER POWERS: ...improving that we... and, and highlighting for what it's worth... [cross-talk]

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

COUNCIL MEMBER POWERS: ...too we'd, we'd love to be part of that conversation. Just one last if, if, if it's okay, the... I want to talk about East Midtown rezoning... [cross-talk]

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

COUNCIL MEMBER POWERS: ...and your office I think a bit but also the, the Deputy Mayor's Office and, and City Planning and others were... have been and were involved in many of the projects or, or in the initial rezoning and then sort of the project tracks that are coming forward, J P Morgan has come forward to put their headquarters and I think 15,000 jobs staying in Midtown, we've seen I think three or four other buildings be announced as part of this, can you talk to us about just EDC's viewpoint in terms of the, the importance and then the... sort of the... so

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2 the, the... I guess the initial results of the East
3 Midtown rezoning and, and, and secondly whether it's
4 replicable anywhere else in the city?

5 JAMES PATCHETT: I think it's fantastic,
6 I think the... I think the East Midtown rezoning,
7 greater, greater East Midtown rezoning is one of the
8 smartest economic development things that, that we've
9 undertaken together, I think as to your point we've
10 actually seen more quick success than I think even we
11 could have anticipated. I think the expectation was
12 that... you know we all knew that the East Midtown
13 needed a refresh, that the buildings... many of the
14 buildings were not modern office buildings, that we
15 needed to update them so that it could, could
16 continue to be competitive as a global commercial
17 center and what we've seen is that people have taken
18 us up in that regard, we have one Vanderbilt
19 obviously well under construction, the recent
20 announcement of the possibility of an additional
21 office tower and hotel on the, the Grand Hyatt site
22 which, you know I think is an interesting
23 opportunity. As you mentioned J P Morgan and then the
24 fact that those, those projects come with critical
25 transportation investments for the community it's

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2 really a fantastic win, win. I'm excited to see how
3 it plays out, love to be able to replicate it in
4 other parts of the city, I'm not sure if the... if that
5 precise set of ingredients is, is necessarily
6 available elsewhere but obviously happy to talk about
7 it.

8 COUNCIL MEMBER POWERS: Yeah, appreciate
9 that, I, I think it's... I think it's working so far,
10 it, it stimulated activity in a way that none of us
11 could anticipate... the... all... J P Morgan wasn't an
12 anticipated site in that project and I do encourage
13 because we have a, a... we've had and are having a
14 conversation about job creation and large shop
15 creation in the city in the last few months and
16 moving forward, that part of this is about also
17 zoning and then also addressing public infrastructure
18 and one of the ways we can do that is through looking
19 at, you know opening up opportunities that would let
20 people monetize proactively in addition to all the
21 other things we do in the city so thanks, thanks for
22 the questions.

23 JAMES PATCHETT: Thank you.

24 CHAIRPERSON VALLONE: So, thank you
25 Council Member Powers and I also thank you for your

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2 leadership on the tourism and... in fact we had our
3 very first hearing at the TW Hotel... TWA Hotel lounge
4 at One World Trade Center just folks I have to tell
5 you ever since we've joined forces and focused on
6 that the attention bringing to the economic generated
7 through tourism industry has skyrocketed and we've
8 been continuing those conversations to see how we can
9 we support and grow that on the five borough
10 approach, it's something we're always saying it's
11 beyond that and how we can help and I thank the EDC
12 for that also. We also have final questions from
13 Council Member Barron and then we'll... I'm just going
14 to sum up and then get to our panels.

15 COUNCIL MEMBER BARRON: Thank you Mr.
16 Chair and thank you to the panel for coming.
17 According to the land sale list that you published
18 EDC sold three plots of city land and I don't know if
19 this question was already asked but we wanted to find
20 out... I wanted to know particularly about the project
21 called JEMB Albee Square in Brooklyn... [cross-talk]

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

23 COUNCIL MEMBER BARRON: I believe it's in
24 Brooklyn, if you could tell me a little bit about
25 that project and how it's moving forward?

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JAMES PATCHETT: Uh-huh, so that, that was a project we worked on partnership with the City Council on, Council Member Levin, that was a... that, that was a, a...

[off mic dialogue]

JAMES PATCHETT: Yeah, yeah. Yeah, that was... that was a partnership with Council Member Levin, it's a... it's, it's... what, what we have seen in downtown Brooklyn historically was that originally the... there was a... from the... going back in the rezoning from early 2000 the expectations was that there would be a mix of residential and commercial office development that would happen but unfortunately the residential of the development happened and commercial development really didn't take place.

COUNCIL MEMBER BARRON: Right... [cross-talk]

JAMES PATCHETT: So, what we were able to do is having this... EDC having air right available we were able to encourage people to build office space as opposed to residential space so that was what that opportunity was about and what we've really seen as a result of a number of these opportunities is that we

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have been able to finally see real commercial office,
new commercial office happening in... [cross-talk]

COUNCIL MEMBER BARRON: Okay... [cross-talk]

JAMES PATCHETT: ...in downtown Brooklyn.

COUNCIL MEMBER BARRON: So, when EDC...
when EDC decides to sell city owned land what is the
basis for that, who does the appraisal of the land
and if you could refer particularly to the pricing
for the land at gateway which somehow drops
drastically from what it had initially been appraised
at... [cross-talk]

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

COUNCIL MEMBER BARRON: ...so, who does the
appraisal, who impacts that appraisal, how
independent are they of the developer that's coming
in and of course would let... love to get it at a lower
rate, how is that done?

JAMES PATCHETT: Sure, just... absolutely
so just to talk specifically for a moment about the
Albee and then I'll talk about the other project you
mentioned Gateway.

COUNCIL MEMBER BARRON: Right... [cross-talk]

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2 JAMES PATCHETT: So, so, the... again in
3 the case of the, the, the Albee Square project that
4 was an, an air right sales, it was 100 percent
5 commercial project, it was a ULURP and we were also
6 able to deliver a school as a part of it so it's a...
7 you know from, from our perspective it was a great
8 outcome and we worked in partnership with the Council
9 Member through that. The... we always do a third party
10 appraisal as a part of our disposition but before
11 that and I think frankly more importantly we do a
12 competitive procurement process where developers
13 respond and we, we then have an opportunity to
14 negotiate with them and we negotiate for the highest
15 possible price and also the most community benefits
16 so that's our objective. In many cases when we're
17 asking... you know we're in partnership with the
18 elected officials we want... we want particular things,
19 we want a community center, we want a school, we want
20 other important community elements and so that can
21 reduce the price but you know if that's... if that's in
22 the interest of the community and the city then
23 that's often investment we're collectively willing to
24 make.

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2 COUNCIL MEMBER BARRON: So, what type of
3 vetting goes on to assure that there's not a conflict
4 of interest with the third party appraisal that you
5 get because my understanding is that the same person
6 that was used for the Gateway final appraisal was in
7 fact employed by the developer and I, I think that
8 would be a conflict of interest?

9 JAMES PATCHETT: We, we always... we
10 always... so, there, there are a certain number of
11 appraisal firms in the city that are high quality
12 appraisal firms like CBRE is one of them, one of the
13 well... best known commercial brokerages in the world,
14 they're an excellent appraisal firm, they certainly
15 get used by real estate companies they also get used
16 by the city, they have a, a... an ethical duty and
17 they're obliged to provide an independent appraisal
18 each and every time even if they've worked for a
19 developer in the past, EDC is a regular client of
20 appraisers, you know we don't believe that we have
21 the ability to, you know influence to... them to do
22 things that they're not comfortable with and I
23 believe the appraisers we work with... work with are
24 ethical but again I really believe the more important
25 thing is the fact that we're competitively

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2 negotiating these then is necessarily the appraisal
3 that's determining the price.

4 COUNCIL MEMBER BARRON: Thank you and
5 finally in terms of the... Mr. Chair if I may? And in
6 terms of the preliminary ten-year capital strategy
7 there's a category for waterfront development...
8 [cross-talk]

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

10 COUNCIL MEMBER BARRON: ...and the Governor
11 has indicated that he wants to develop the waterfront
12 between Pennsylvania and Fountain Avenue in East New
13 York section, he wants to put a park in there, he's
14 going to call it the Shirley Chisholm Park and it is
15 on the waterfront, I believe the application requires
16 the city to give certain types of approvals for that
17 park to go forward... [cross-talk]

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

19 COUNCIL MEMBER BARRON: ...it's not... it's
20 going to be trails and hiking and there will be a
21 kayak port... a Kayak station there where people should
22 be able to take Kayaks, what type of involvement will
23 the city have as this plan goes forward knowing that
24 this is still a state project... [cross-talk]

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

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COUNCIL MEMBER BARRON: ...and it's on that Jamaica Bay as well but what kind of involvement can we expect the city will have in the development of this park?

JAMES PATCHETT: Yeah, so I'm not familiar with that particular project... [cross-talk]

COUNCIL MEMBER BARRON: Okay... [cross-talk]

JAMES PATCHETT: ...and it's unlikely that EDC would have particular involvement but you know certainly city parks department possibly Department, Department of Transportation, the Department of Environmental Protection, you know all could have a role in that and we'd be happy to try to facilitate a conversation, it sounds like you... this is a project you're potentially supportive of to ensure that it moves forward as quickly as possible.

COUNCIL MEMBER BARRON: Thank you, thank you Mr. Chair.

CHAIRPERSON VALLONE: Thank you Council Member Barron. What I'd like to... if we could Mr. President if we can go back to how we broke down the capital... the budget and the explanation of it... [cross-talk]

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

CHAIRPERSON VALLONE: ...there... actually when you look at each one of the categories that you and I tackle every one of these can be a hearing, for the next ten months there's so much information in there and when we break down the preliminary ten year capital strategy it goes from neighborhood revitalization to industrial development, waterfront development, commercial development, market development, community development, port development, fiscal 2020 preliminary capital budget but we won't tackle each of those but what I'd like to maybe just clear up there's a section there called miscellaneous where the preliminary ten year capital strategy includes 785.6 million to miscellaneous funding, that's not a small number so if you could help clarify what that category is and how it's determined?

JAMES PATCHETT: Okay, I don't... no, do you... oh, okay, here we go... okay, okay and also the funding... are you sure... okay, okay. So, I don't have the document in front of me that you have in front of you so let me try to do that. So, it includes a couple of things that... to the best of my knowledge.

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2 One is the neighborhood development fund, that is a,
3 a set of funding that was set aside at the outset of
4 this administration in partnership with the Council
5 to ensure that there were resources available for
6 infrastructure investments as we went forward with
7 individual rezoning actions... [cross-talk]

8 CHAIRPERSON VALLONE: So, that's
9 existing, so there would be an extra capital set
10 aside for existing projects or ones that have yet to
11 be started?

12 JAMES PATCHETT: Okay. Okay. Alright,
13 sorry. The... those are... those are... it's a combination,
14 it is... [cross-talk]

15 CHAIRPERSON VALLONE: Combination...
16 [cross-talk]

17 JAMES PATCHETT: It's funding that has
18 been identified through the ULURP process for
19 specific projects in partnership with the Council
20 Members in those districts and then there's
21 additional funding remaining, you know we're
22 currently undergoing a rezoning effort in Bay Street
23 in Manhattan and so we would dedicate funding from
24 that fund for that as well and there are other areas
25 of the city that we're in conversation with different

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2 Council Members about and that, that funding would
3 also be used for that. I believe it also includes...
4 oh, oh, I'm sorry, it also includes funding for, for...
5 trust for Governor's Island which is not an EDC...
6 there's... yes, so... it's not an EDC agency it's a
7 separate organization just to make sure you're aware
8 our budget includes money for both the Brooklyn Navy
9 Yard and the Trust for Governors Island and they may
10 appear all together but they're... we have no... they're,
11 they're all in the economic development budget but we
12 don't have any authority over them, they don't
13 actually run through EDC's budget in any way.

14 CHAIRPERSON VALLONE: Is that reflected
15 in, in this pot of money or is that a separate...
16 [cross-talk]

17 JAMES PATCHETT: Yes, the Governor's
18 Island money as I understand it is also in that fund...
19 in that pot of money that you're referring to. So,
20 so, those are some of the funds that are available
21 there, happy to provide you with more details...
22 [cross-talk]

23 CHAIRPERSON VALLONE: So, maybe we can
24 break that down then going forward... [cross-talk]

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KIM VACCARI: Yeah, we can... those are the categories that OMB categorizes our capital projects in, we can definitely get you a breakdown of what falls into that miscellaneous category.

CHAIRPERSON VALLONE: Much appreciated because it's a large number.

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

CHAIRPERSON VALLONE: I'm just say... when you see numbers like that I, I want to make sure we can flush... and compare it year to year as to where it's going and how we can categorize... [cross-talk]

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

CHAIRPERSON VALLONE: ...it from agency to community so we can reflect.

JAMES PATCHETT: Absolutely.

CHAIRPERSON VALLONE: And the last thing I'd, I'd like to talk about since, since we are talking about generating projects and whether... generating revenue and the different types of approaches that EDC will take sometimes they don't work and sometimes we don't make money on a project or there will be some, something that happened that we're, we're not getting what we expected and that's... never... we want... sometimes that happens so one of the

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2 projects I guess we could use is like the BioBAT
3 technology center where we voted to take back 60
4 percent of the floor space and a program to attract
5 biotech companies maybe you could just use that as an
6 example of maybe what type of provisions EDC has in
7 its... in its toolbox as a claw back or protection if,
8 if a project doesn't meet its goals?

9 JAMES PATCHETT: Right, so I think that
10 was a... that was a vision from some time ago, the,
11 the... for... to develop biotech space at the Brooklyn
12 Army Terminal that was in an area of the Brooklyn
13 Army Terminal that we refer to as phase six which is
14 the last phase of the Brooklyn Army Terminal, the
15 furthest... the, the, the phase that's had the least
16 infrastructure investment in it. We have
17 comprehensively over time done full refurbishments of
18 each of the first five phases of the development. The
19 reality is these spaces set aside for industrial
20 companies, they don't have the resources to fit out
21 the space from what it's in... with the shape it's in
22 which is completely dilapidated, unready to be
23 occupied so what we have done is allocated city
24 capital, renovated the space and turned around and,
25 and rented them to companies. That space though we,

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2 we took back some of the space, never had funding
3 associated with it to actually do the necessary
4 infrastructure work to bring companies in, you know
5 we, we believe that this is a good opportunity now
6 that EDC has full control of it back that, that 60
7 percent of space, we believe we could create close to
8 600 jobs in that space with a little over 60 million
9 dollars in funding from the city so we're going to be
10 seeking that funding now that we have control of the
11 space, we actually view it as an opportunity to
12 further expand the success of the Brooklyn Army
13 Terminal.

14 CHAIRPERSON VALLONE: Well that's, that's
15 a... like I said an example of how we can re-use and
16 re-shape and go forward so are there other tools or
17 is there anything else the Council can do to help
18 enhance those protections going forward in the
19 contractual obligations that we, we go forward with
20 and ways that we can provide some type of... level of
21 guarantee of success and if that's not met that we
22 are able to... [cross-talk]

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

24 CHAIRPERSON VALLONE: ...reshape that
25 project, go back, have whether it's penalties,

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2 provisions, support, what... however we can tackle that
3 project to relook at it, is there anything else we
4 can do with EDC on that?

5 JAMES PATCHETT: No, I think we should
6 continue to discuss it, you know we always have ways
7 we can do things better, you know we, we take... we
8 take compliance very seriously, we tend to have
9 extremely rigorous contracts that require people to
10 meet performance milestones over time and we have the
11 authority.. ultimate ability to, to revert back the,
12 the... revert back those properties if they're
13 unsuccessful, you know over 96 percent of our
14 properties are compliant and succeeding that means we
15 have, you know a little over three percent that are..
16 that are not successful in those cases we're prepared
17 to take back the property if we have to, levy
18 financial penalties if we have to that's what we do
19 because, you know it's the city's property and it's
20 our obligation to ensure that we're getting the
21 public benefit out of it that the city deserves.

22 CHAIRPERSON VALLONE: With that I'd like
23 to say we've had one heck of a year together, I'm
24 very proud to Chair this Committee and I know that we
25 have tackled probably more than just about the

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2 history of, of EDC prior of what's happened in this
3 last year so I thank you and your team that's around
4 you to make this day happen and for me I'm surrounded
5 by... I didn't sound this good without having the
6 support of the... [cross-talk]

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

8 CHAIRPERSON VALLONE: ...crew that's next
9 to me so thank you to Alex Paulenoff and happy
10 birthday by the way, Aliya, Kira, I know Emily just
11 stepped out and my staff I have Jonathan, Michael my
12 leg staff and my, my Deputy Chief so while you're
13 still here I wanted to acknowledge them because these
14 committee hearings all the hard work they do behind
15 the scenes to prepare for these tremendous volumes
16 that's in these hearings, I mean this, this hearing
17 alone... like yesterday we did the Veterans budget of
18 5.7 million dollars and then the first category in
19 here, you know sometimes it's night and day so I just
20 wanted to thank you and the staff for that, thank
21 you.

22 JAMES PATCHETT: Well thank you to you
23 and your team and I have to say thank you to my team
24 for all of the tremendous amount of work that also

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went into working with you on this and preparing for this hearing. So, thank you all.

CHAIRPERSON VALLONE: Alright, so we'll start with our first panel just to give some time for James and his crew. So, once they're able to, to take that we're going to call up Marisol Linda Diaz from Brooklyn Stone and Tile; Saduf Syal from NYC Now; Julian Hill, the Urban Justice Center; Aileen Fuchs from Snug Harbor Cultural Center, welcome back and that was it. So, we have Marisol, Saduf, Julian, and Aileen will be our first panel. If you have testimony just give it to our correct security, thank you. If not, we're going have... this room is in use not too long from now so we can't go too much longer. Yep.

COMMITTEE CLERK: You want to do two minutes, three minutes?

[off mic dialogue]

CHAIRPERSON VALLONE: Well we're still in good morning so good morning everyone, why don't we start from left to right and go... whoever would like to start, I'll give that to you. Just make sure your mic is on, I don't know if the red light... is the red light on in front of you? Just push that button.

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2 MARISOL LINDA DIAZ: This is my first
3 rodeo...

4 CHAIRPERSON VALLONE: There you go.

5 MARISOL LINDA DIAZ: Yeah, would you
6 break the ice for me... [cross-talk]

7 SADUF SYAL: Yeah, okay... [cross-talk]

8 MARISOL LINDA DIAZ: ...please, thank you.

9 SADUF SYAL: I'm going break the ice.

10 CHAIRPERSON VALLONE: Perfect, thank you.

11 SADUF SYAL: So, thank you so much
12 Chairperson Vallone and members of the City Council
13 Committee of... on Economic Development. My name is
14 Saduf Syal, I am the Coordinating Director at the New
15 York City Network of Worker Cooperatives. We are a
16 local trade association of worker cooperative
17 businesses across the five boroughs of New York City
18 in a variety of different industries. I'm also here
19 today on behalf of 14 nonprofit organizations that
20 make up the Worker Cooperative Business Development
21 Initiative, WCBDI and that's... [cross-talk]

22 CHAIRPERSON VALLONE: I always wanted to
23 have a hearing with you on that, I think we're going
24 to have to get that scheduled, there's so much going
25 on there.

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2 SADUF SYAL: That, that would be
3 excellent and great but we're... I'm here to talk a
4 little bit... share a little bit now and, and would
5 love for the opportunity to discuss even more. It is
6 an exciting initiative that works to create, sustain
7 and grow worker cooperative businesses across the
8 city and these are businesses that are owned and
9 controlled by overwhelming majority people of color,
10 immigrants and women of color in this city and so we
11 want to urge the City Council to continue its support
12 of worker cooperatives that create dignified jobs
13 with living wages for communities and workers across
14 the city and by enhancing the initiative of WCBDI
15 from 3.6 million this past fiscal year to 4.85 in FY
16 20. I just want to say that in... when the City Council
17 decided to support WCBDI that first year in, in
18 fiscal year 15, it was the first city in the country
19 to support the development of worker cooperatives and
20 since then it has inspired other cities around the
21 nation to do the same from Madison, Wisconsin to just
22 a few weeks ago in Berkeley, California and so we
23 hope that the city continues to provide leadership in
24 this area and support worker owned businesses as a...
25 as a model for economic development and job creation

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and job retention. I also want to say on a federal level we saw also this past year the first support for worker cooperatives through the passage of the Main Street Employee Ownership Act and so we're seeing a recognition both nationally and locally, that's growing and an interest across communities.

CHAIRPERSON VALLONE: Clearly it was all us that started this.

SADUF SYAL: Great. So, I mean I, I, I don't know how much I should explain about Worker Coops. Not to go too much into it but to say that it is a model that allows for workers to come together and pool their resources and form democratically owned businesses where they make decisions about their wages, their working conditions and... [cross-talk]

CHAIRPERSON VALLONE: So, with the little... [cross-talk]

SADUF SYAL: ...where they... [cross-talk]

CHAIRPERSON VALLONE: ...time... what would you like to see as the next step?

SADUF SYAL: As the next step we would... we would love to request that the city continue to support worker cooperative businesses and, and WCBDI,

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2 we are seeking enhancement in FY 20 to 4.85 million
3 and in addition I think that beyond WCBDI there's a
4 lot... much, much more that the city can do to support
5 worker co-ops, worker co-ops have needs well beyond
6 the education and technical assistance that happens
7 under WCBDI but there's a need for space for
8 procurement, for... and contracting with worker co-ops,
9 access to the MWBE certification. We have a whole
10 list of issues working with worker co-ops that we've
11 identified and actually this past year we had... this
12 last year I believe we were able to sit down with Mr.
13 Patchett and NYC EDC to talk about worker
14 cooperatives, we'd love to see a follow up or a
15 continuation to that conversation because we also
16 think perhaps the EDC there's resources there that
17 can support... [cross-talk]

18 CHAIRPERSON VALLONE: Done... [cross-talk]

19 SADUF SYAL: ...worker cooperative... [cross-
20 talk]

21 CHAIRPERSON VALLONE: Done... [cross-talk]

22 SADUF SYAL: ...growth.

23 CHAIRPERSON VALLONE: We'll make that
24 happen because every time you come... [cross-talk]

25 SADUF SYAL: Okay, thank... [cross-talk]

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CHAIRPERSON VALLONE: ...and every time you testify, we always looked at each other and say we need to expand, enhance and promote so whether scheduling a hearing to talk about it having James' team... [cross-talk]

SADUF SYAL: Wonderful... [cross-talk]

CHAIRPERSON VALLONE: ...this, this is exactly what everyone needs, every city needs, and we'll help and, and you're already doing it so thank you...

SADUF SYAL: Thank you so much.

CHAIRPERSON VALLONE: No, I'm always... we learn when you come so we always appreciate that you stay for the whole hearing, hang in there, there's like 13 Council Members on this particular hearing and each one speaks and the testimony, you see the size of EDC's budget so we have to tackle and we appreciate that you stay and we thank you for that so yeah...

MARISOL LINDA DIAZ: Well it's definitely a new platform for me, the last time I was I think in the building was for Menudo boy group band that I was coming to see when my mother worked for the Mayor's

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2 Office, so this is a completely different platform...

3 [cross-talk]

4 CHAIRPERSON VALLONE: A little different...

5 [cross-talk]

6 MARISOL LINDA DIAZ: Absolutely, I'm, I'm
7 here and proud to give a testimony to the
8 accomplishment that Brooklyn Stone and Tile which is
9 employee worker owned business and Brooklyn Navy
10 Yard, sorry, I'll get the nerves out in about 30
11 seconds.

12 CHAIRPERSON VALLONE: You're doing fine.

13 MARISOL LINDA DIAZ: We came from... back
14 in 2017 we found ourselves with the previous company
15 baby boomer decided to retire and we found ourselves,
16 20 employees all minor... about 80 percent of them were
17 minorities representing 12 different countries, I
18 would say about 80 percent of them also were not of
19 college background, they basically had a skilled
20 trade that they, they were able to fulfil with a... 20
21 to 25 years of experience. We... through the depart...
22 through the connection that the baby boomer had made
23 with the worker... or nonprofit organization called the
24 working world they tried to convert the business to
25 the workers at that time, for legal reasons that

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2 didn't happen but through the due diligence process
3 of spending the time with the, the working world they
4 realized that they, they had skill sets, they had
5 workers that had passion, drive and were committed to
6 continue in this business given the chance. They sat
7 me down January of 2018 and basically, I felt like I
8 hit lotto because they sat me down, down and said we
9 have funding and we believe in your team and we
10 believe that you're... you can be successful. It was
11 music to my ears because I always had the passion and
12 the drive for it and for my employees to give them a
13 better working environment, to give them better
14 benefits but to do something for, for our own,
15 something that we could stand for, not a dollar came
16 out of my pocket, I didn't have to give up my first
17 borne which allowed an empowerment for, for us to
18 truly take ownership of what we were doing. We knew
19 what we had to do it was just a matter of being..
20 given the opportunity to give a platform to, to go
21 ahead and, and do that. So, as aggressive as I was to
22 save as many jobs as possible we... Brooklyn Stone and
23 Tile was born April 2018 so from January to April we
24 came up with a business model, we had several
25 meetings, it was three of us driving this, this force

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2 to try to make it happen as quick as possible so that
3 we wouldn't have too many employees unemployed for a
4 long period of time. I'm proud to say that we have
5 nine on board right... at this moment with seven more
6 that call me constantly, are you ready for me. So, to
7 be able to provide that culture and give back to the
8 employees and, and give them a platform to do that,
9 to set up a, a retirement fund which is something
10 that they didn't have in the previous company, to be
11 able to do something like that and work towards
12 something like that makes us proud every day, we love
13 coming to work and we wouldn't have been able to do
14 that without that financial support that we received
15 from the working world along with technical support
16 because they gave me tools to... in the areas that I
17 was not strong at which is financial management and
18 the tools I needed to do that to make sure that...
19 [cross-talk]

20 CHAIRPERSON VALLONE: So, what would you
21 like to see as the next step?

22 MARISOL LINDA DIAZ: I would love to see
23 an awareness and, and, and I didn't even know this
24 existed prior to 2017, the fact that there was a
25 cooperative where, you know we could potentially

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2 become owners and, and have the funding to do so but
3 an awareness for the resources that come along
4 through... that I've been able to capture through the
5 small business services through other organizations
6 that support small business... [cross-talk]

7 CHAIRPERSON VALLONE: I agree, I think
8 that's the future of small business... [cross-talk]

9 MARISOL LINDA DIAZ: But... [cross-talk]

10 CHAIRPERSON VALLONE: ...the cost of doing...
11 [cross-talk]

12 MARISOL LINDA DIAZ: Absolutely, there's
13 a lot... I can mention a dozen of businesses in my own
14 industry that have baby boomers and the children
15 don't want to take over the business so what happens
16 to the employees, you know they're, they're out and a
17 lot of them have to go back to their country because
18 there's no jobs here... [cross-talk]

19 CHAIRPERSON VALLONE: Well, well with
20 that said small business is the backbone of almost
21 any city... [cross-talk]

22 MARISOL LINDA DIAZ: Absolutely... [cross-
23 talk]

24 CHAIRPERSON VALLONE: ...and I don't think
25 we've done enough on this front, if you look at like

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2 you said either finding out the information on your
3 own, the financial opportunities that exist whether
4 it's WMBEs or just new businesses or the existing
5 businesses... [cross-talk]

6 MARISOL LINDA DIAZ: Absolutely... [cross-
7 talk]

8 CHAIRPERSON VALLONE: ...as they're trying
9 to stay alive for the next generation or just grow
10 into the 21st century model it's a whole new world, I
11 mean this... these are the kids coming out from high
12 school and college, they're not doing what we did..
13 [cross-talk]

14 MARISOL LINDA DIAZ: Exactly... [cross-
15 talk]

16 CHAIRPERSON VALLONE: ...so it's, it's...
17 that's why it's so important we have you, so we'll
18 continue on, thank you.

19 MARISOL LINDA DIAZ: Thank you.

20 CHAIRPERSON VALLONE: Who's next?

21 JULIAN HILL: I can go next. Chairman
22 Vallone, members of the Committee on Economic
23 Development thanks for this opportunity to testify on
24 the social, political and moral benefits that
25 cooperatives provide to their worker, owners and

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2 their larger community as well as the critical nature
3 of legal services and technical assistance funded by
4 WCBDI for creating New York City... a New York City
5 that centers equity, increases a sense of belonging
6 and encourages democratic... democratically run
7 enterprises. My name is Julian Hill and I'm a staff
8 attorney at the Community Development Project at the
9 Urban Justice Center. Among other things, CDP
10 strengthens the impact of grassroots organizations in
11 New York City's low income and other marginalized
12 communities by providing legal support, we bring
13 cases, we publish community driven research reports
14 and we provide meaningful technical assistance in
15 support of racial, economic and social justice. For
16 almost 15 years CDP has collaborated with community
17 organizations to help low income New York City
18 residents form worker owned cooperative businesses. I
19 love my job, leaving a lucrative Wall Street law firm
20 job to do it, and WCBDI makes it possible for me to
21 be here today. I enjoy demystifying very complicated
22 legal concepts so that my mostly brilliant, mostly
23 black, mostly brown, mostly women, often immigrant,
24 worker owner clients can do what they do best, and
25 they trust me to ensure that the legal structures

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2 reflect their values of cooperation. I'm just going
3 to mention two quick examples; Woke Foods, a woman
4 owned Dominican and Afro-Caribbean food service
5 cooperative that we've been working with over the
6 past few years with respect to corporate structure
7 including their actual formation as well as ongoing
8 questions they've had around employment and the like.
9 Also High Mi Madre, a woman of color owned
10 cooperative that's relatively new in the legal
11 cannabis based oil space that's empowering women,
12 some of whom may be sisters, cousins, daughters and
13 friends of folks who have been incarcerated in this
14 and other city's jails and prisons as a result of the
15 war on drugs. Empowering them to be at the forefront
16 of a burgeoning industry but also doing so in a way
17 that honors their labor and thinks through how to
18 advocate for space and voices for the most
19 marginalized. Whether we're talking about language
20 justice, access to birth doulas, accessible housing
21 for young mothers or any number of issues affecting
22 among New York's historically most marginalized
23 communities, many of our clients are tackling
24 difficult social issues, difficult political issues
25 while at the same time strengthening New York City's

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2 communities and improving the lives and incomes of
3 community members. This year CDP, this year, has
4 already taken on over 15 new worker cooperative
5 clients, partnering with several cooperative
6 incubators and developers, including the Center for
7 Family Life, Green Worker Cooperatives and the ICA
8 Group. And I'll note that we're actually working on
9 our first conversion this year which is like the
10 project I was mentioning before. But as this
11 ecosystem grows, so too does the need for legal
12 support and technical assistance. Just to... just to
13 finish, I've seen my cooperative clients base since
14 the last year has increased, I have about... I have
15 over 20 worker cooperative clients right now, each
16 with at least a few distinct matters and as one of
17 primarily two organizations providing free legal
18 services to worker cooperatives and understanding
19 that private law firm attorneys are billed out at
20 hundreds of dollars an hour, we understand how
21 expensive and hard it can be to find other options
22 for legal services that are able to provide such
23 niche worker cooperative expertise. So, with that we
24 respectfully request that the Council continue to
25 support us and increase the funding that we have for

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2 WCBDI to 4.85 million, happy to answer any other
3 questions around legal services or technical
4 assistance.

5 CHAIRPERSON VALLONE: Well Julian thank
6 you for making that decision to leave Wall Street and
7 take on these great clients, as a lawyer myself of
8 almost 30 years the, the greatest work is the work
9 you can do to help those who really truly need the
10 work and the help. This is perfect timing when you
11 present the testimony and talk about enhancing of
12 initiatives and budgetary items that's why we're here
13 so when you give this in this format we thank you
14 because this goes directly to staff, to the Speaker
15 who then fights and advocates on behalf of the
16 Council Members and then projects like each one of
17 yours will then when the executive budget comes out
18 that's where the changes are made. So, I just want to
19 let you know how important this is, this is never a
20 waste of time, this, this information really does
21 drive the battles like those on both sides of the
22 house and these stories are so critical for us to
23 understand that. My question for you Julian would be
24 what, what legal services are not being provided that
25

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2 you could see that could be invited, invite... included
3 if the initiative was enhanced?

4 JULIAN HILL: So, we also are doing some
5 work around... [cross-talk]

6 CHAIRPERSON VALLONE: Or maybe done more
7 extensively what's already being done?

8 JULIAN HILL: Yeah, so we are also a
9 member of the CLA program and so we're also one of
10 the legal services providing support for commercial
11 leases and so I think as Saduf mentioned before
12 helping to provide support around space it's a... its,
13 it, it's an issue that comes up commonly with my
14 worker cooperative clients, I think also helping them
15 negotiate financing is also a key area where there
16 isn't a lot of legal support and I think also with
17 respect to handling disputes. We are an organization
18 that only does transactional work for worker
19 cooperatives and so to the extent that there's
20 support with respect to funding to help them with,
21 with conflict resolution with clients, etcetera I
22 think that would... those would be three areas where...
23 [cross-talk]

24 CHAIRPERSON VALLONE: Well I'll just
25 conclude with, with that by saying I think the

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2 conversation with EDC on... and providing that
3 financial arm and assistance and the toolbox that
4 they have is something we need to explore because
5 even with this initiative it's really a small amount
6 of money, it's... their budget what we just heard is
7 completely different from what we're dealing with and
8 so much is depending on the Council initiative
9 funding which shouldn't be so... when we can get those
10 things baselined then you'll know you have that money
11 so, thank you and your turn.

12 AILEEN FUCHS: Hi...

13 JULIAN HILL: Thank you.

14 AILEEN FUCHS: Switching gears to culture
15 here, good afternoon Chair Vallone and members of the
16 Committee. My name is Aileen Fuchs and I am the
17 President and CEO of Snug Harbor Cultural Center and
18 Botanical... [cross-talk]

19 CHAIRPERSON VALLONE: Welcome back...

20 [cross-talk]

21 AILEEN FUCHS: ...Garden, thank you. I'm
22 located on the North Shore of Staten Island, Snug
23 Harbor is a proud member of the CIGs, a coalition of
24 33 cultural organizations that share a public-private
25 partnership with the city of New York and are located

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2 in all five boroughs. As the head of Snug Harbor and
3 on behalf of the CIGs, I'm here today to provide
4 testimony on the profound economic impact of cultural
5 institutions in New York City and we are so grateful
6 for your support and the continued support of the
7 Mayor and the whole Council. Snug Harbor is both a
8 cultural programmer and a property manager of an 83-
9 acre historic site that also houses two other CIGs
10 and multiple other organizations. In FY 18, Snug
11 Harbor and our constituents hosted over 400,000
12 visitors. Our education department served 22,000
13 students last year, 16,000 of them from low income
14 communities and Title 1 schools. Our partnership with
15 the New York City Department of Probation provides
16 workforce development opportunities to young adults
17 seeking to rebuild their lives. Partnerships with
18 CUNY, AmeriCorps and other... and others provide
19 internships, internships for summer youth employment
20 opportunities for youth in our communities and our
21 Heritage Farm gifts ten percent of its annual yield
22 to food insecure New Yorkers while simultaneously
23 sourcing to some of the city's best restaurants. Snug
24 Harbor is the cultural anchor of our borough. It is
25 where Staten Islanders experience their first museum

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2 or take in their first live performance. It is where
3 they take in classes in visual arts, dance, music,
4 theatre, horticulture, yoga. It is where they walk
5 their dogs, take their prom photos, that's where they
6 get married. The arts and cultural sector contribute
7 hundreds of billions of dollars annually to the
8 American economy. We know that the impact of the
9 cultural sector on New York City is considerable.
10 CIGs in each borough drive tourism and economic
11 investment. CIGs are job creators. In 2017, CIGs
12 employed 15,700 full and part time employees,
13 including 5,800 union members and spent upwards of
14 490 million on local vendors. In FY, FY 18 at Snug
15 Harbor we spent nearly two million on vendors. Fully
16 two thirds of our vendors are located in New York
17 City. Collectively, Snug Harbor and our constituent
18 organizations are the largest cultural employers in
19 Richmond County. We are the key.. we are key economic
20 drivers for the North Shore of Staten Island, a state
21 designated economic opportunity zone with a poverty
22 level of 23.7 percent. Snug Harbor raised the bar
23 this past year by hosting the first ever New York
24 City Winter Lantern Festival, which put our borough
25 on the map as a desirable holiday and tourist

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2 destination. More than 150,000 visitors attended this
3 six-week festival, which became a top photographed
4 location during the holiday season with over seven
5 million social media impressions. These visitors ate
6 in local restaurants, they drank in local bars, they
7 got gas at local gas stations and discovered the
8 unique character of our communities. With continued
9 and increased city support, Snug Harbor can host this
10 and more cultural events and attract new audiences to
11 a borough that has been traditionally cut out of the
12 tourism conversation though I, I was really
13 appreciative of Mr. Patchett's earlier comments about
14 spreading that tourism to other boroughs. So, CIG has
15 asked the City Council to increase funding in FY 20
16 to the Department of Cultural Affairs and while not
17 the purview of this committee, we ask your
18 consideration of these budget... requests in the budget
19 process. As we have seen the economic impact of our
20 city's cultural organizations is substantial. Thank
21 you.

22 CHAIRPERSON VALLONE: Alright, we just
23 want to thank you for that plus the combo with the
24 educational work and the students just things you may
25 not even be aware of so when I was able to bring my

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2 very first middle school to College Point, a
3 waterfront community, testimonies like yours, working
4 with the Harbor School of Manhattan, working with...
5 [cross-talk]

6 AILEEN FUCHS: Absolutely... [cross-talk]

7 CHAIRPERSON VALLONE: ...the Billion Oyster
8 Project... [cross-talk]

9 AILEEN FUCHS: Yep... [cross-talk]

10 CHAIRPERSON VALLONE: ...is... now exists in
11 that school because of... these type of testimonies
12 stayed with me, I brought it to that principal, she
13 had no idea, kids love it, the parents are through
14 the roof, it's a small school but it was created
15 through these meetings.

16 AILEEN FUCHS: That's right...

17 CHAIRPERSON VALLONE: So, just so you
18 know the good seeds that continue and we have to just
19 do that, for me the whole point is so how do we get
20 this to the students so that they can embody it,
21 learn from it, the jobs that are there... [cross-talk]

22 AILEEN FUCHS: That's right, that's with...
23 [cross-talk]

24 CHAIRPERSON VALLONE: ...for them are
25 tremendous... [cross-talk]

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2 AILEEN FUCHS: ...the pipeline, we are
3 contributing to that pipeline... [cross-talk]

4 CHAIRPERSON VALLONE: Tremendous amount
5 of jobs in these fields for them that are waiting so
6 yeah, so with this panel I say thank you and we look
7 forward to working with each one of you. Our next
8 panel... [cross-talk]

9 AILEEN FUCHS: Thank you... [cross-talk]

10 CHAIRPERSON VALLONE: ...we have again... oh,
11 Council Member Cornegy you came up my friend, I'm
12 sorry, did you want to maybe ask questions of this
13 panel before they go?

14 COUNCIL MEMBER CORNEGY: No, thank you...

15 CHAIRPERSON VALLONE: You're good,
16 alright, thank you. And Council Member Richards snuck
17 in, the two of you on my left now, see...

18 COUNCIL MEMBER RICHARDS: I have a
19 question...

20 CHAIRPERSON VALLONE: No, sorry you're
21 not allowed only, only, only Cornegy is allowed to
22 ask questions. Would you like to ask a question
23 Donovan before they go?

24 COUNCIL MEMBER RICHARDS: Oh, no I'm
25 messing with you...

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CHAIRPERSON VALLONE: No, alright. And so, the next crew that's coming up is Eve, Eve Moros Ortega; Katie Parks; Aline Biler, I think that's Biler, Workers, Workers Justice Project, that's the three, is that our last three or is that... [cross-talk]

COMMITTEE CLERK: No, there's three more.

CHAIRPERSON VALLONE: Yeah, maybe we can... I think... I'm seeing two so maybe we can combine, the last three I have is Tasfia Rahman; Eric Kim and Carlyn Cowen, are they here, maybe we... get everybody up. Is that okay? So, good we'll ask you all the questions then, if you're filling in, no problem. Alright, why don't we start with... make sure your mic is on, sorry.

EVE MOROS ORTEGA: Do this... is it on?

CHAIRPERSON VALLONE: Yes, it is.

EVE MOROS ORTEGA: Good morning Chairman Vallone... [cross-talk]

CHAIRPERSON VALLONE: I think we're officially good afternoon.

EVE MOROS ORTEGA: Good afternoon. My name is Eve Moros Ortega, I am a National Urban Fellow at CUNY, a trustee of New Yorkers for Culture

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2 and Arts and Board President for Arts Gowanus and I
3 want to first thank you all for this opportunity to
4 speak about arts and culture. It was great to follow
5 what Snug Harbor just said because I think... I agree
6 that this is really a necessity for our economic
7 development, it is not a luxury and there's a lot of
8 data to support that, that is in my printed remarks.
9 Just last week the U.S. government data was released
10 by the Bureau of Economic Analysis and the National
11 Endowment for the Arts which show that arts generated
12 4.2 percent of the overall U.S. GDP, employing
13 roughly 4.9 million Americans who collectively earned
14 over 370 billion dollars and in New York City our
15 Create NYC cultural plan city... cites studies showing
16 the creative and cultural sectors of New York City
17 provide over 400,000 jobs and that the nonprofit
18 cultural sector alone has generated over eight
19 billion dollars in a year. I fully agree with Snug
20 Harbor's comments about the importance of our marquee
21 institutions, our CIG groups and the other large
22 drivers of tourism to your point Council Member
23 Powers but I also want to speak to the importance of
24 supporting the many smaller organizations such as
25 arts Gowanus and I, as a Gowanus resident, I can

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2 really speak to those. Gowanus is... arts Gowanus's
3 mission is to support a thriving cultural community
4 for the rapidly changing and very diverse
5 neighborhood of Gowanus, Brooklyn. We have NYCHA...
6 everything from NYCHA residents to one of the largest
7 populations of artists in the whole city, it is a
8 very important driver for tourism actually in Gowanus
9 and I've seen that personally in the five years that
10 I have been on the board of arts Gowanus and there's
11 been a real change and I want to... I know that Council
12 Member Lander had to leave but I want to thank him
13 and Council Member Levin specifically because their
14 discretionary funds have been crucial to really
15 allowing arts Gowanus to survive...

16 CHAIRPERSON VALLONE: We'll make he know...
17 they know that.

18 EVE MOROS ORTEGA: Yeah, it's... so, and,
19 and what I want to speak to is the impact of that
20 funding. So, in these five years our budget grew four
21 fold which, you know it's a small organization, it's
22 100... it's like about 100, 100,000 dollars a year
23 right now but it is having a massive multiplier
24 effect in the neighborhood and you can just see that
25 on the ground. If you come to the Gowanus open

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2 studios you'll see just the thousands of people who
3 fill the neighborhood during that weekend and we've
4 seen at arts Gowanus, you know it used to be it was
5 really hard to get small businesses, to your point
6 about small businesses being motor... the motor of the
7 city. When we were initially trying to get those
8 small businesses to advertise with us it was a real
9 struggle, you know they... 100 dollars for an ad is a
10 lot for them and now they call us and they want to,
11 you know can we get our 325 dollar ad, can we be a
12 sponsor for a few thousand dollars because they see
13 the impact that we bring to them. Just like Snug
14 Harbor was saying, you know people are eating in
15 their restaurants, buying in their shops, looking for
16 accommodations in their hotels. I would also say that
17 they are, you know more inclined to want to live in
18 that neighborhood and purchase or rent real estate as
19 a result. So, it's a... you know it's a really, really
20 vital part of our economy and I just can't stress
21 that enough. I also want... [cross-talk]

22 CHAIRPERSON VALLONE: Well thank you...

23 [cross-talk]

24 EVE MOROS ORTEGA: ...to say... [cross-talk]

25

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2 CHAIRPERSON VALLONE: ...we have your
3 testimony so... [cross-talk]

4 EVE MOROS ORTEGA: Oh, sorry... [cross-
5 talk]

6 CHAIRPERSON VALLONE: ...that's a good
7 thing.

8 EVE MOROS ORTEGA: So... yeah, there are
9 thousands of others who would probably want to be
10 here today if they weren't so busy just doing that
11 work and I just urge you to continue to support them
12 and increase the funding for arts and culture in the
13 city. Thank you so much.

14 CHAIRPERSON VALLONE: Probably of all the
15 groups they have the ones who can't take the day off
16 and come today so we, we get that, thank you.

17 KATIE PARKS: Testing, good... [cross-talk]

18 CHAIRPERSON VALLONE: Perfect... [cross-
19 talk]

20 KATIE PARKS: Okay. Great. Good
21 afternoon, my name is Katie Parks and I am here on
22 behalf of the Business Outreach Center Network and
23 our affiliate small business loan fund, BOC Capital
24 Corp. CIFI. BOC Network is a partner with New York
25 City to advance equitable economic development

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2 strategies. Our focus on business technical
3 assistance, customized small business training and
4 access to capital is designed to advance
5 entrepreneurship in largely immigrant and minority
6 communities throughout New York City. We serve two
7 industrial business areas and operate the first
8 business incubator in the Bronx. BOC Network is a
9 member of the New York City Worker Cooperative
10 Coalition, providing practical business development
11 assistance to the growing number of cooperative
12 businesses. BOC leads equity driven initiatives and
13 delivers affordable capital to minority and women
14 owned businesses. BOC Capital has loaned over 25
15 million dollars to date. We deliver New York City's
16 Contract Finance Loan Fund which has leveraged over
17 24 million dollars in contracts for small businesses
18 since March 2017 with close to six million in New
19 York City's Contract Financing loans. We see the
20 impact of the Mayor's MWBE strategies that focus on
21 MWBE participation combined with capital and TA
22 required to succeed. BOC is working to grow an
23 ecosystem of support for small and minority owned
24 businesses. We operate the first business incubator
25 in the Bronx where we run programs that promote

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2 quality jobs through small business development and
3 cooperative business ownership. As a result, BOC
4 Network is supporting highly impactful business
5 assistance programs that benefit minority and women
6 owned businesses and promote new and innovative
7 solutions including the Contract Finance Loan Fund.
8 The role of city agencies in aligning their practices
9 with the Contract Finance Loan Fund cannot be
10 overstated. Agencies that are reluctant to
11 accommodate lending to MWBEs with contracts are
12 creating barriers to their success. All agencies
13 should be required to adopt best practices that
14 enable MWBEs to utilize this unique capital resource
15 that New York City has created. Also, the Construct
16 NYC program of New York City EDC provides an
17 innovative model for creating a path to new
18 opportunities for MWBEs. BOC Capital is privileged to
19 partner with New York City EDC to deliver capacity
20 building training, TA to... and TA to contractors that
21 are pre-qualified for new contracts. The BOC Network
22 and its members serving all five boroughs of New York
23 City request the, the City Council to increase its
24 investment in the Chamber on the Go and Small
25 Business Initiative overall. We are requesting to

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2 increase the allocation to BOC from 113,000 to
3 190,000 which will increase our inclusive business
4 development services and will also leverage federal
5 dollars. And BOC joins the Worker Cooperative
6 Coalition to request the City Council to add
7 resources that will enable expansion of the
8 initiative from 3.6 million to 4.8 million. As this
9 initiative and ecosystem progresses, the worker
10 cooperative movement promises to broaden throughout
11 New York City through business ownership transitions
12 and social venture models. New York City Council has
13 played a strategic role in supporting initiatives to
14 save and create jobs, to encourage neighborhood
15 business development and to support strategies for
16 equitable local economies and MWBE access to
17 contracts. We look forward to our continued work
18 together towards these shared goals.

19 CHAIRPERSON VALLONE: Wow, perfect
20 timing.

21 KATIE PARKS: Yeah, wow.

22 CHAIRPERSON VALLONE: And a beautiful...
23 [cross-talk]

24 KATIE PARKS: I practiced... [cross-talk]
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CHAIRPERSON VALLONE: ...and a beautiful point to this, thank you, go ahead.

ALINE BILER: There it is... [cross-talk]

CHAIRPERSON VALLONE: Perfect... [cross-talk]

ALINE BILER: Good afternoon, how are you?

CHAIRPERSON VALLONE: Good.

ALINE BILER: I want to thank you Chairman Vallone for... and the distinguished members of the New York Council for this opportunity to testify. My name is Aline Biler I'm here representing Workers Justice Project. As an immigrant myself and staff member of Workers Justice Project I feel particularly honored to speak on behalf of our... of our organization that has been for more than ten years, supporting the creation of stronger, equal, and fair economy for our community; by engaging immigrant communities and working with day laborers in all five boroughs. In Workers Justice, we believe in fighting for the rights of immigrants to work in safe and protected environment, where, where they're not deprived of their human rights nor excluded from laws and regulations made for all individuals alike.

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2 We believe that through organizing, education, and
3 leadership development, a change can be created in
4 the relationship between workers and their employers,
5 therefore sustaining an economy... an economy that
6 grows and thrives with equality. Workers Justice
7 Project organizes day laborers who do not have
8 traditional employment relations and work in
9 unregulated, unregulated industries. Through its day
10 laborer center, WJP provides a way to fight, fight
11 wage, wage theft and health and safety violations
12 while also developing career pathways for
13 construction workers by enable, enabling them to
14 obtain critical occupations and leadership skills
15 through onsite training. For workers who, because of
16 their immigration status, do not have a clear pathway
17 and cannot access certain union trainings of New York
18 City's workforce service, the day labor center is hub
19 that provides training to build necessary skills. We
20 appreciate the New York City Council support to the
21 day labor workforce initiative in FY 19 which has
22 allowed WJP to connect day laborers to opportunities
23 for continuous training and skill building. At the
24 WJP day labor center, workers collectively set the
25 wage floor at 20 dollars per hour, but wage, wages

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2 can also go up to even 28 dollars an hour. through
3 our center, WJP is building partnerships with
4 businesses and contractors who want to be responsible
5 employers by one, hiring from within the community,
6 two, setting... signing an agreement to pay the
7 center's minimum wage, three, providing health and
8 safety equipment and four, allowing the center access
9 to the job site for inspection if necessary. Also,
10 employers are agreeing to an eight-hour day... work day
11 and with a 30 minute break for lunch and provide
12 water for workers. The center makes itself appealing
13 to responsible employers by connecting them with a
14 skilled and trained workforce that is often neglected
15 from New York City's traditional workforce
16 development services. Because employers know and
17 trust that workers can provide a skilled labor and
18 have been trained and assessed, they are willing to
19 pay the higher wages. The center also plays a role in
20 revitalizing the local economy, creating over a
21 million dollars in revenue every year through
22 increased wages. Through the day labor center,
23 workers have been able to increase their salaries by
24 30 to 40 percent. We're proud to be building a city
25 that values the contribution... the contribution of the

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2 day labor community, but most importantly that it is
3 investing in a meaningful workforce development
4 infrastructure through the day laborer workforce
5 initiative. New York City... [clears throat] excuse me,
6 New York City has been a model for other cities to
7 follow. We hope that you will continue to make a
8 commitment to, to lead the nation in the fight for
9 workers' rights and workforce development inclusion.
10 Again, thank you for your support in FY 19 and we
11 urge the Council to support the expansion and
12 development of these two key initiatives. First the
13 day labor workforce initiative with funding of 3.6
14 million and second the worker cooperative business,
15 business development initiative with funding of 4.8
16 million in FY 2020. It is through your enhanced
17 support that we can work on the development of new
18 and creative opportunities for immigrants in the
19 economy of our city. We will continue to expand our
20 services and reach to provide more construction
21 safety and skill building trainings, immigration and
22 know your rights workshops, wage theft case
23 managements, educational services and technical
24 assistance services to developing cooperatives, and
25 referrals to legal institutions. We are poised to

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2 take major steps in addressing the needs of our
3 worker immigrant community in FY 20 and we need the
4 continued support of the City Council to make these
5 plans a reality.

6 CHAIRPERSON VALLONE: Again, thank you
7 and we will always continue to advocate to either
8 keep the initiative or enhance the initiatives so
9 thank you.

10 ALINE BILER: We appreciate that.

11 CHAIRPERSON VALLONE: And our last
12 testifier today will be...

13 TASFIA RAHMAN: Wow, good afternoon. My
14 name is Tasfia Rahman and I... [cross-talk]

15 CHAIRPERSON VALLONE: Welcome...

16 TASFIA RAHMAN: Thank you. I am a Policy
17 Coordinator at the Coalition for Asian American
18 Children and Families, CACF. Thank you Chair and
19 Committee Council for giving me the opportunity to
20 testify. Since 1986, CACF is the nation's only pan-
21 Asian children and families advocacy organization and
22 leads the fight for improved and equitable policies,
23 systems, funding, and services to support those in
24 need. CACF also leads the 15 percent and growing
25 campaign, a group of over 45 Asian led and serving

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2 organizations that work together to ensure that New
3 York City's budget protects the most vulnerable Asian
4 Pacific American New Yorkers. So, the reason we're
5 testifying here today and I'm combining my testimony
6 with Carlyn at the Chinese Planning American... Chinese
7 Planning American Council, we are asking for
8 oversight and increase in funding for immigrant
9 specific workforce development on namely... back in
10 2014 the administration had promised to invest 60
11 million dollars in annual funding in career pathways
12 which is bridge, bridge programming for low, low
13 skilled workers and helping them build the skills
14 that they need to enter the workforce... [cross-talk]

15 CHAIRPERSON VALLONE: Well they should
16 since it went from 13 percent to 14 percent to 15
17 percent, I mean you got to increase as the numbers
18 keep going higher.

19 TASFIA RAHMAN: Right but I do want to
20 highlight that immigrants do comprise 47 percent of
21 the workforce and they do face unique challenges that
22 are often traditionally highlighted. For example, the
23 current bridge programming when we... the funding has
24 been delivered and peace... in a peace meal tradition
25 and it hasn't been consistent and also it's not only

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2 insufficient but it's also inaccessible to most
3 immigrant job seekers with limited or no English
4 proficiency who do not meet the requirements for
5 intermediate or advanced proficiency in English. So,
6 we especially, especially urge that the... a
7 significant portion of the funding were it to appear
8 to be used to fund an innovative pilot, immigrant
9 workforce development initiative with a focus on
10 integrating pre-literacy and basic ESL classes with
11 vocational ESL classes digital literacy, skills
12 training and student support services. And the second
13 request is also more investment in protecting, giving
14 legal protections to immigrants so this is... I'm
15 taking from CPCs testimony. The city must invest in
16 language accessible legal services through the
17 community-based organizations that have deep contact
18 with immigrants. Employment, housing and immigration
19 as you all know are the top three legal issues facing
20 immigrant New Yorkers, they are deeply
21 interconnected. Often employers will exploit their
22 workers because of immigration status for example and
23 immigrant workers are unfamiliar with the system and
24 do not even know that they have a potential legal
25 case until a CBO staff member identifies an issue.

1 COMMITTEE ON ECONOMIC DEVELOPMENT

2 So, yet despite this high need there's not a single
3 APAI legal service provider in New York City and
4 there are no funding streams for CBOs to provide know
5 your rights, consultation, case and take, etcetera.
6 So, we at 15 percent which makes a... in terms of the
7 organizations that have been helping us develop this
8 workforce request Asian Americans for equality,
9 COUNCIL MEMBERP, as well as CPC we look forward to
10 asking... answering any questions and working with you
11 to move this initiative forward.

12 CHAIRPERSON VALLONE: Well thank you to
13 the last panel for staying for the whole day, thank
14 you to everyone who testified, the vision of EDC is
15 formed through this testimony so we thank you very
16 much and with that I thank my fellow Council Members
17 for hanging in there for today and the staff as we
18 thank our hearing is concluded.

19 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date

April 15, 2019