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COMMITTEE ON ECONOMIC DEVELOPMENT

Hon. Paul Vallone, Chair

June 24, 2020

Oversight: NYCEDC's Relief Efforts During the COVID-19 Crisis

I. INTRODUCTION

On June 24, 2020, the Committee on Economic Development, chaired by Council Member Paul Vallone, will hold an oversight hearing entitled *Oversight: NYCEDC's Relief Efforts During the COVID-19 Crisis*. Those expected to testify include representatives of the New York City Economic Development Corporation (“NYCEDC”) and interested members of the public.

II. BACKGROUND – THE COVID-19 CRISIS IN NEW YORK CITY

The rapid transmission of the novel coronavirus (SARS-CoV-2) and the resulting infectious disease, COVID-19, first identified in late 2019, led the World Health Organization to declare a pandemic on March 11, 2020.¹ As of June 15, 2020, there had been 7,966,770 confirmed COVID-19 cases worldwide, and the disease had claimed the lives of 434,432 people.² In the United States, there were 2,103,750 confirmed COVID-19 cases and 115,896 deaths as of June 15, 2020.³ By March 22, 2020, New York City was designated the epicenter of the pandemic, with approximately five percent of confirmed COVID-19 cases worldwide.⁴ As of June 15, 2020, New York State had confirmed 383,944 positive COVID-19 cases, and 24,579 related deaths.⁵ Of those, New York City had reported 207,049 positive COVID-19 cases, and 17,433 confirmed deaths.⁶

¹ See WORLD HEALTH ORGANIZATION, WHO DIRECTOR-GENERAL'S OPENING REMARKS AT THE MEDIA BRIEFING ON COVID-19 (2020) available at <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

² See JOHNS HOPKINS UNIVERSITY, COVID-19 MAP, <https://coronavirus.jhu.edu/map.html> (last visited June 15, 2020).

³ See *id.*

⁴ Jesse McKinley, *New York City Region Is Now an Epicenter of the Coronavirus Pandemic*, N.Y. TIMES (Mar. 22, 2020) available at <https://www.nytimes.com/2020/03/22/nyregion/Coronavirus-new-York-epicenter.html>.

⁵ See NEW YORK STATE DEPARTMENT OF HEALTH, COVID-19 TRACKER, <https://covid19tracker.health.ny.gov/views/NYS-COVID19-Tracker/NYSDOHCOVID-19Tracker-Map?%3Aembed=yes&%3Atoolbar=no&%3Atabs=n> (last visited June 15, 2020).

⁶ In addition to confirmed deaths, the City tracks “probable” COVID-19 deaths. As of June 15, 2020, there were 4,691 probable COVID-19 deaths reported. See NYC DOHMH, COVID-19: DATA, <https://www1.nyc.gov/site/doh/covid/covid-19-data.page> (last visited June 15, 2020).

On March 7, 2020, Governor Cuomo issued an Executive Order declaring a disaster emergency for the State of New York.⁷ This declaration was followed by a series of Executive Orders,⁸ referred to collectively as “New York On PAUSE,” which “closed or otherwise restricted public or private businesses or places of public accommodation” in order to slow the spread of COVID-19 throughout the state.⁹ Meanwhile, Mayor de Blasio issued a number of Executive Orders suspending, postponing, and modifying City government operations to promote social distancing in the City.¹⁰ Among other things, these State and local orders closed schools and businesses and required government agencies to drastically reduce the number of staff working in offices.

III. NYCEDC’S RELIEF EFFORTS

Manufacturing and Sourcing Medical Supplies

As the COVID-19 pandemic swept the globe in March, New York City had an urgent need to secure adequate hospital space and medical supplies to handle the expected surge of virus cases. In March, health care professionals were sounding the alarm that the City faced a dire shortage of personal protective equipment (“PPE”) for its medical professionals, things like isolation gowns, face shields, and masks.¹¹ To meet this need, NYCEDC set up a citywide portal to collect and vet the surge of offers to sell or donate medical supplies to the City that were coming in from across the country and the globe.¹² In coordination with City Hall and various City agencies working on

⁷ See N.Y. Gov. Exec. Order No. 202.

⁸ See N.Y. Gov. Exec. Order No. 202.3, 202.4, 202.5, 202.6, 202.7, 202.8, 202.10, 202.11, 202.13, 202.14, 202.28, and 202.31.

⁹ See N.Y. Gov. Exec. Order No. 202.31.

¹⁰ See, e.g., N.Y.C Mayor Exec. Order No. 99 and 100.

¹¹ See Amanda Eisenberg, *As supplies grow scarce in New York City, medical workers fear becoming patients themselves*, POLITICO, (Mar. 23, 2020) available at <https://www.politico.com/states/new-york/albany/story/2020/03/23/as-supplies-grow-scarce-in-new-york-city-medical-workers-fear-becoming-patients-themselves-1268743>.

¹² NYCEDC, “COVID-19 Emergency Supply Sourcing & Manufacturing” <https://edc.nyc/covid-19-emergency-supply-sourcing-manufacturing> (last visited June 18, 2020).

COVID-19 response, including the Department of Health and Mental Hygiene, NYCEDC vetted offers using criteria including demand, medical-grade certifications, product specifications, access to raw material for production, price and ability to produce at scale, delivery time, validity of the offer, and payment upon delivery.¹³

NYCEDC also partnered with local businesses to manufacture PPE locally and supply it to hospitals and medical sites around the City.¹⁴ In March, NYCEDC put out a call for local businesses to manufacture PPE and reported that it received over 2,900 responses.¹⁵ At its Board of Directors' Executive Committee meeting on June 2, 2020, NYCEDC reported that it is partnering with approximately 140 local businesses in the City that are producing approximately 600,000 face shields and 548,000 surgical gowns per week.¹⁶ As of last week, NYCEDC said more than 4 million EDC-sourced face shields have been delivered to the City, including approximately 2.8 million that were manufactured in the five boroughs.¹⁷ This face shield manufacturing supports 505 local jobs through five manufacturers.¹⁸ In addition, NYCEDC said that it has produced 3.2 million gowns from local manufacturers, an effort that has retained or created 2,181 jobs for local garment manufacturers, almost 60 percent of whom are qualified to register as M/WBEs.¹⁹ Among the organizations NYCEDC is partnering with is the Broadway Relief Project, a coalition of over 700 Broadway costume designers and sewers who have teamed up to produce gowns and masks

¹³ See NYCEDC April 16, 2020 webinar (*on file with committee staff*).

¹⁴ See NYCEDC *Five Ways NYCEDC is Supporting New York City's COVID-19 Response*, (May 4, 2020) available at <https://edc.nyc/article/five-ways-nycedc-is-supporting-new-york-city-covid-19-response>.

¹⁵ See *Id.*

¹⁶ June 2, 2020 NYCEDC Executive Committee meeting notes and minutes: *available at* https://edc.nyc/sites/default/files/2020-06/EDC%20Executive%20Committee%20Minutes%206-2-2020%20-%20DRAFT_0.pdf

¹⁷ NYCEDC 6/19 email

¹⁸ *Id.*

¹⁹ *Id.*

for public hospitals in the City.²⁰ It also partnered with garment manufacturing businesses at manufacturing hubs across the City, including the Brooklyn Navy Yard, Manhattan’s Meatpacking and Garment Districts, and the Brooklyn Army Terminal.²¹

In addition to a shortage of PPE, City hospitals also anticipated a severe shortage of ventilators, which are vital to treat severe cases of a respiratory disease like COVID-19.²² To meet this need, NYCEDC facilitated a public-private partnership that developed a low-cost “bridge” ventilator, a machine meant to help less critically ill patients breathe, in about a month – a process that normally could take a year or more.²³ Upon recognizing the urgent need for ventilators, the City invested \$100,000 for a research grant and nearly \$10 million for an agreement to buy 3,000 bridge ventilators.²⁴ Then a team of scientists, engineers, entrepreneurs, physicians and regulatory experts, led by New Lab, the technology center for researchers and startups based at the Brooklyn Navy Yard, went to work developing an affordable product that could get to market quickly.²⁵ The FDA approved the new machine, called the Spiro Wave, in mid-April.²⁶ While the City did not end up experiencing the severe ventilator shortage it had anticipated, the Spiro Wave is still a valuable tool to have on hand, and could expand access to treatment to other parts of the country as the pandemic spreads, and to developing countries in need of low-cost equipment.²⁷

²⁰ See Christian Allaire, *Broadway Costume Designers Are Making PPE for Healthcare Workers*, VOGUE, (May 13, 2020) available at <https://www.vogue.com/article/broadway-costume-designers-ppe-healthcare-workers>

²¹ See NYCEDC *supra* note 14.

²² See Kevin McCoy & Dennis Wagner, *Which coronavirus patients will get life-saving ventilators? Guidelines show how hospitals in NYC, US will decide*, USA TODAY, (Apr. 4, 2020) available at <https://www.usatoday.com/story/news/2020/04/04/coronavirus-ventilator-shortages-may-force-tough-ethical-questions-nyc-hospitals/5108498002/>

²³ See Steve Lohr, *New York Needed Ventilators. So They Developed One in a Month*, N.Y. TIMES (Apr. 20, 2020) available at <https://www.nytimes.com/2020/04/20/technology/new-york-ventilators-coronavirus.html>

²⁴ See *id.*

²⁵ See *id.*

²⁶ See *id.*

²⁷ See *id.*

Finally, NYCEDC developed a supply chain with local biotech companies and small manufacturers to produce COVID-19 testing kits, another in-demand medical supply in the City.²⁸ The City sought to significantly ramp up COVID-19 testing, declaring on May 14 that the City aimed to test 20,000 New Yorkers per day by the week of May 25.²⁹ It met this goal, testing 34,651 people on May 26, and continues to conduct a high volume of testing.³⁰ At the June 2, 2020 Executive Committee meeting, NYCEDC reported that local manufacturers were producing over 50,000 test kits per week, had delivered a total of 87,000 testing kits to date, and had a target of producing 100,000 units per week, and up to two million kits in the coming months.³¹ NYCEDC said that as of June 19, 2020, over 150,000 test kits have been delivered to clinics, nursing homes, community testing sites, and the City's public hospital network.³²

At the June 2, 2020 Executive Committee meeting, the Committee approved an additional \$75 million for NYCEDC to continue purchasing and supporting the development of these medical supplies, bringing the total funding for this effort to \$175 million.³³ NYCEDC anticipates these expenses will ultimately be reimbursed by the City and/or federal funds, and by the proceeds of resales to private hospitals.³⁴

Ensuring City had adequate emergency space

²⁸ See NYCEDC *supra* note 14.

²⁹ See N.Y.C. Mayor Press Release, *Test and Trace: City Expands Testing Criteria to Test More New Yorkers* (May 14, 2020) available at <https://www1.nyc.gov/office-of-the-mayor/news/347-20/test-trace-city-expands-testing-criteria-test-more-new-yorkers>

³⁰ See *id.*

³¹ June 2, 2020 NYCEDC Executive Committee meeting notes, and minutes available at https://edc.nyc/sites/default/files/2020-06/EDC%20Executive%20Committee%20Minutes%206-2-2020%20-%20DRAFT_0.pdf

³² NYCEDC 6/19 email

³³ June 2, 2020 NYCEDC Executive Committee *supra* note 29.

³⁴ See *id.*

At the start of the COVID-19 crisis, anticipating a surge of patients that would quickly overwhelm area hospitals, the City had an urgent need to temporarily expand its hospital capacity.³⁵ NYCEDC coordinated with local and federal partners including Ports America, the Army Corps of Engineers, the City’s office of Emergency Management (“OEM”) and local businesses to quickly dredge 92,000 cubic yards of material in the Hudson River to accommodate the 1,000-bed Hospital Ship *USNS Comfort* at Pier 90 in Manhattan.³⁶ The herculean task, which normally would have taken two weeks, was completed in just eight days to make way for the *Comfort*, which arrived on March 31, 2020.³⁷ While the *Comfort* ultimately proved unnecessary for the anticipated apex of COVID-19 patients,³⁸ it provided a critical space when it appeared that the most of the City’s hospitals could be overrun with new cases.

NYCEDC also coordinated with OEM, the Army Corps of Engineers and the United States Tennis Association to convert the Billie Jean King National Tennis Center in Queens into a 350-bed medical facility for non-COVID patients, as well as a commissary providing 25,000 meals daily to COVID patients, healthcare workers and others in the community.³⁹

In April, NYCEDC worked with its State partners to convert several local facilities including the Brooklyn Cruise Terminal and the Kingsbridge Armory into makeshift hospitals,

³⁵ See Josefa Velasquez, Ann Choi, Yoav Gonen, *Hospitals Nearing ICU Bed Limits as COVID-19 Surges in NYC*, THE CITY (Mar. 28, 2020) available at <https://www.thecity.nyc/health/2020/3/28/21210412/hospitals-nearing-icu-bed-limits-as-covid-19-surges-in-nyc>

³⁶ See *Coronavirus News: USNS Comfort to treat COVID-19 patients from NY, NJ*, ABCNY (Apr. 7, 2020) available at <https://abc7ny.com/usns-comfort-covid-19-patients-coronavirus-nyc-navy/6083217/>

³⁷ See Dredging Contractors of America, *Praise for Dredging Industry, Navy, Army Corps, Military during Welcoming of USNS Comfort to NYC* (Mar. 28, 2020) available at <https://dredgingcontractors.org/nyc-mayor-praises-dredging-industry-navy-army-corps-military-during-welcoming-of-usns-comfort/>

³⁸ See J.D. Simkins, *Hospital ship Comfort departs NYC, having treated fewer than 200 patients*, NAVY TIMES, (Apr. 30, 2020) available at <https://www.navytimes.com/news/your-navy/2020/04/30/hospital-ship-comfort-departs-nyc-having-treated-fewer-than-200-patients/>

³⁹ See Julia Marsh and Tamar Lapin, *Parts of US Open stadium complex in Queens to be turned into hospital amid coronavirus* (Mar. 30, 2020) available at <https://nypost.com/2020/03/30/parts-of-us-open-stadium-complex-in-queens-to-be-turned-into-hospital-amid-coronavirus/>

food and supply distribution facilities, and storage centers as the pandemic continued to grow exponentially in the city.⁴⁰ Further, it converted the South Brooklyn Marine Terminal into a parking facility for ambulances.⁴¹

Ensuring Food Supply Chains Remained Intact

NYCEDC is the landlord for the Hunts Point Food Distribution Center (“FDC”), a cluster of over 155 food wholesalers, distributors and manufacturers situated on the Hunts Point peninsula in the Bronx, and a major component of the food supply chain in New York City.⁴² The FDC is the largest geographic food distribution hub in the City by volume, with over 4.5 billion pounds of food distributed through the FDC annually.⁴³ Of that amount, roughly 50 percent goes to New York City and 50 percent goes outside the City.⁴⁴ Twenty-five percent of produce, 35 percent of meat, and 45 percent of fish distributed to the City comes through the FDC,⁴⁵ and it generates over \$3 billion in annual sales.⁴⁶ It was vital that the food businesses at Hunts Point remain operational during the pandemic, so as not to jeopardize the City’s food supply. Recognizing that truckers delivering food were reluctant to enter the City for fear of contracting COVID-19 and/or having to quarantine themselves for two weeks, NYCEDC worked with Department of Sanitation Commissioner Kathryn Garcia, appointed as the City’s “COVID-19 food czar” to set up truck rest

⁴⁰ See Mary Frost, *Cuomo: 1,000-bed coronavirus hospital coming to Brooklyn Cruise Terminal*, (Mar 27, 2020) available at <https://brooklyneagle.com/articles/2020/03/27/cuomo-1000-bed-coronavirus-hospital-coming-to-brooklyn-cruise-terminal/>

⁴¹ See NYCEDC *supra* note 14.

⁴² See NYCEDC, *Hunts Point Peninsula*, <https://edc.nyc/project/hunts-point-peninsula> (last visited June 17, 2020).

⁴³ See NYCEDC, *Five Borough Food Flow: 2016 New York City Food Distribution & Resiliency Study Results* at 9, available at https://edc.nyc/sites/default/files/filemanager/Projects/Hunts_Point_Peninsula/Five_Borough_Food_Flow.pdf.

⁴⁴ See *id.*

⁴⁵ See *id.*

⁴⁶ See NYCEDC, *Hunts Point Peninsula*, <https://edc.nyc/project/hunts-point-peninsula> (last visited June 17, 2020).

stops outside the City where they could more safely off-load food.⁴⁷ It also worked with Commissioner Garcia to provide facilities the City could use to store and distribute emergency food to vulnerable populations.⁴⁸

In a webinar for elected officials on April 16, 2020, NYCEDC reported that it was working with many of the markets at Hunts Point on rent deferral agreements to ensure the markets were financial stable during the crisis and able to continue supplying food.⁴⁹

Supporting Small Businesses

NYCEDC partnered with the City’s Department of Small Business Services (“SBS”) to assist local businesses in accessing various federal, state and local economic relief efforts as they became available.⁵⁰ This includes a compilation of resources for funding opportunities for small businesses and non-profits;⁵¹ regular briefings by SBS on the range of assistance available to small businesses;⁵² and resource guides for funding opportunities from the U.S. Small Business Association, Empire State Development and other local and regional funding providers.⁵³

NYCEDC and SBS’s economic relief efforts offer guidance on eligibility and processing for funding sources ranging from the federal CARES Act Paycheck Protection Program, the Small

⁴⁷ See Lela Nargi, *NYC Food Czar Kathryn Garcia is Overseeing a Massive Supply Chain and Feeding the Hungry* (Apr. 7, 2020) available at <https://civileats.com/2020/04/07/nyc-food-czar-kathryn-garcia-is-overseeing-a-massive-supply-chain-and-feeding-the-hungry/>; See also NYCEDC April 16 webinar (*on file with committee staff*).

⁴⁸ See April 16 webinar, *id.*

⁴⁹ See *id.*

⁵⁰ See NYCEDC, “COVID-19 Business Relief Resources,” <https://edc.nyc/covid-19-business-relief-resources> (last visited June 18, 2020).

⁵¹ See *id.*

⁵² See N.Y.C. DEP’T OF SMALL BUSINESS SERVICES, “Assistance Overview for NYC Small Businesses Impacted by COVID-19” <https://www.eventbrite.com/e/assistance-overview-for-nyc-small-businesses-impacted-by-covid-19-tickets-108703304510> (last visited June 18, 2020).

⁵³ See NYCEDC *supra* note 48; see also Digital NYC, “COVID-19 Resources for You & Your Business” <http://digital.nyc/news/covid-19-resources-you-your-business> (last visited June 18, 2020).

Business Disaster Loan Assistance Fund, as well as several other funds available to specific business types such as restaurants, non-profits and construction.⁵⁴

Looking Ahead

In its June 2, 2020 Executive Committee meeting, NYCEDC noted several projects it was supporting to help the City move through the next phases of the COVID-19 pandemic and beyond. It approved investing up to \$450,000 to support the New York Blood Center perform antibody testing and subsequent research.⁵⁵ Pursuant to an agreement with NYCEDC, the New York Blood Center will perform antibody tests on individuals wishing to donate convalescent plasma, collect the plasma, and provide NYCEDC, the City and others engaged in the COVID-19 response, reports and outcomes of findings that can be used to inform testing and treatments for COVID-19 in the future.⁵⁶

It also approved investing up to \$180,000 to fund research to inform the design of a public marketing campaign to educate New Yorkers on best practices in the event they contract COVID-19 or come into contact with someone who does.⁵⁷ The public campaign will encourage New Yorkers to get tested and to self-isolate when they are sick.⁵⁸ The funded research will primarily focus on how to best message the second part of the education campaign – the importance of self-isolating.⁵⁹ NYCEDC said that it was engaging in this particular project, because of its involvement in developing testing kits, and its marketing team and its contracted marketing vendor are highly regarded in the City.⁶⁰

⁵⁴ See NYCEDC *supra* note 48.

⁵⁵ See June 2, 2020 NYCEDC Executive Committee minutes: https://edc.nyc/sites/default/files/2020-06/EDC%20Executive%20Committee%20Minutes%206-2-2020%20-%20DRAFT_0.pdf

⁵⁶ See *id.*

⁵⁷ See *id.*

⁵⁸ See *id.*

⁵⁹ See *id.*

⁶⁰ See *id.*

IV. CONCLUSION

As the City moves past the peak COVID-19 crisis point, this hearing will provide the Committee with a comprehensive overview of NYCEDC's relief efforts during an unprecedented and extremely challenging time for the City. It will provide Committee members an opportunity to learn about NYCEDC's accomplishments during the period and ways that its successful relief efforts could be replicated for similar situations in the future, as well as potential shortcomings that could be remedied going forward. It will also provide the Committee an opportunity to hear about how NYCEDC plans to help the City economically recover as it moves past the acute crisis point and into a recovery phase, including how it will support small businesses and workforce development initiatives.