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COMMITTEE ON SMALL BUSINESS

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS

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August 27, 2020
Start: 11:29 a.m.
Recess: 11:45 a.m.

HELD AT: REMOTE HEARING

B E F O R E: Mark Gjonaj,
Chairperson

COUNCIL MEMBERS:

Stephen T. Levin
Bill Perkins
Ydanis A. Rodriguez
Helen K. Rosenthal

1 COMMITTEE ON SMALL BUSINESS

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2 SERGEANT AT ARMS: Recording PC all set.

3 SERGEANT AT ARMS: Our recording is good.

4 SERGEANT AT ARMS: And then once we wait on the
5 live stream, Sergeant Polite, you may start your
6 opening.

7 SERGEANT POLITE: Copy.

8 SERGEANT AT ARMS: Sergeant Polite, you can go.

9 SERGEANT AT ARMS: Good morning. Welcome to the
10 Committee on Small Businesses. Will Council Members
11 and staff please turn on your videos at this time.
12 To minimize disruptions, place all cellphones and
13 electronic devices on vibrate. We are ready to
14 begin.

15 SERGEANT AT ARMS: Chair Gjonaj, you can begin.

16 CHAIRPERSON GJONAJ: Thank you Carl. Good
17 morning. I'm Council Member Mark Gjonaj, Chair of
18 the Committee on Small Business and I'd like to
19 welcome you to our remote vote today on Intro.'s 1958
20 and 1470 as well as two Preconsidered Intro.'s.

21 The COVID-19 crisis presents perhaps the greatest
22 threat to the restaurant industry in modern history.
23 A recent report by the partnership New York City
24 estimates a close to 700,000 accommodation and food
25 service jobs of all that's a loss over half of which

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2 come from small businesses that employ fewer than 100
3 employees.

4 Over 1,200 restaurants have closed since March
5 10th and restaurants will continue to close over the
6 coming months, especially if indoor dining is not
7 permitted as the warmer summer months come to an end.

8 While restaurants are struggling to keep their
9 doors open and continue paying their staff, third-
10 party delivery platforms have experienced a surge in
11 use. Their business model continues to thrive on the
12 COVID, while restaurants continue to need our help
13 and basically just try to survive.

14 I am proud of this Committee's work in the
15 passing of Local Law 51 and 52 which went into effect
16 this past June. These bills are set to expire in
17 September. However, and thereafter must be extended
18 to Preconsidered Intro.'s will extend the cap on
19 third-party delivery fees charged to our vulnerable
20 restaurants and prohibit platforms from charging
21 restaurants for telephone orders that did not result
22 in an actual purchase or sale.

23 These regulations will continue until restaurants
24 can reopen to indoor dining at 100 percent capacity
25 and 90 days thereafter. I am proud of my bills and

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2 the work of this Committee and I look forward to
3 passing these Preconsidered Intro.'s today.

4 In response to this Committee's effort to save
5 the restaurant industry, Grub Hub has taken up
6 digital ads in the districts of Council Members who
7 support these legislative efforts including myself,
8 Council Member Moya, and Speaker Johnson.

9 While Grub Hub has experienced a surge in revenue
10 in active diners since the pandemic began,
11 restaurants across the city are shutting their doors
12 for good. I believe that the people reveal their
13 true colors in times of crisis and it should anger
14 all Council Members. Restaurant owners, small
15 business owners and New Yorkers that Grub Hub would
16 use their resources to fund digital ads to try and
17 kill this legislation rather than use those same
18 resources to further support our restaurants.

19 Every dollar spent in digital ads to try and kill
20 legislation and go after individual Council Members,
21 rather than use those same resources to further
22 support our restaurants. Every dollar spent on the
23 digital ads is a dollar that could have gone to a
24 restaurant owners, hostess, waiter, or waitress.
25 That would in turn boost this city's economy.

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2 The Council will not be bullied by well-funded
3 companies seeking to take advantage of a city in
4 crisis. This Committee will legislate and protect
5 the small businesses that make this city great. The
6 Committee will be voting on two other Intro.'s, two
7 other pieces of legislation today as well as Intro.
8 1958 and Intro. 1470.

9 Intro. 1958 would further investigate which
10 businesses were able to access money from Department
11 of Small Business Services loan and grant program.
12 The importance of this issue came to light at our
13 small business hearing in April where the
14 Administration revealed to me that only 1 percent of
15 their loans went to the Bronx.

16 Intro. 1470 will codify the commercial lease
17 assistance program, which has been vital during the
18 pandemic and providing our mom and pop shops with
19 free legal services to help businesses sign a new
20 lease will address a commercial lease related issue.

21 With that said, I'd like to thank my Chief of
22 Staff Reggie Johnson, our Legislative Counsel
23 Stephanie Jones, and our Policy Analyst Noah
24 Missler[SP?] and Financial Analyst Aliya Ali for all
25 their hard work in preparing for this hearing.

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2 I would like to turn it over to Council Member
3 Moya who would like to give a statement about
4 Preconsidered Intro. Council Member Moya?

5 COUNCIL MEMBER MOYA: Thank you Chair Gjonaj.
6 Thank you Chair Gjonaj for your support of Small
7 Businesses and our local restaurants and for co-
8 sponsoring a legislation to cap the fees third-party
9 food delivery apps can charge restaurants during the
10 pandemic.

11 The City Council voted overwhelmingly to pass
12 that bill in May and we're here today to vote out
13 another bill that we've co-sponsored together to
14 clarify the timeframe those fee caps will be in place
15 for. In short, this bill will keep those small
16 business protections in for as long as restaurants
17 are hamstrung by the pandemic.

18 The fee caps will remain in place until
19 restaurants can resume indoor dining at a maximum
20 capacity. As someone who lives and represents the
21 epicenter of the COVID-19 outbreak in the United
22 States, I've witnessed the phases of this pandemic
23 first hand and I've seen the crippling effects its
24 had on our local mom and pop restaurants.

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2 I've watched them have to shutter their shops and
3 rely entirely on apps like Grub Hub. Some of these
4 apps were only too eager to profit off of the
5 pandemic. And then I watched them begin outdoor
6 dining at a dramatically reduced capacity as the city
7 slowly reopened for business.

8 Every restaurant I spoke to or heard about has
9 said how critical our original fee cap laws was to
10 their business. If not for enacting that law,
11 countless businesses would have failed and many more
12 New Yorkers might be out of work now.

13 Now, these small businesses are asking, what
14 happens when these cap fees expire? They are asking
15 because they know that no matter what the infection
16 rate is now, they will be grappling with the
17 consequences of this disease for some time.

18 They know that we're still very much in the
19 middle of the pandemic and one of the things that
20 they know is to make sure that we can and must do is
21 to ensure that these exorbitant fees from these
22 third-party food apps do not hinder them and keep
23 them struggling and their shops to be on life
24 support.

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2 And that's what this bill does. This will offer
3 our local restaurants temporary protection from the
4 billion dollar tech companies, leaching off of them
5 for as long as COVID forces patrons onto these apps
6 and away from their tables. It's simple, logical,
7 and necessary and I want to speak about this mere
8 campaign that Grub Hub has launched targeting Chair
9 Gjonaj, Speaker Johnson, and myself over this bill.
10 It's an absurd strategy by a \$7 billion tech company
11 out of Chicago, that's painting New York City's mom
12 and pop restaurants and their efforts to protect them
13 during the worst crisis in our lifetime as the bad
14 guys.

15 If that's how they want to spend their money on
16 digital advertising, villainizing us, be my guest.
17 But New Yorkers see through it and New Yorkers have
18 each other's back. And I want to take this
19 opportunity to thank the New York City Hospitality
20 Alliance, all the restaurants that have testified
21 before this Committee, Chair Gjonaj, Speaker Johnson
22 and my colleagues for their support on this effort
23 and I urge them to pass this Preconsidered Intro.

24 Thank you.
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2 COMMITTEE COUNSEL: Thank you Council Member
3 Moya. Before we continue, I would like to
4 acknowledge the following Council Members who have
5 joined us, Council Member Levin, Council Member
6 Rosenthal, Council Member Perkins, Council Member
7 Rodriguez, and Council Member Richards.

8 I would now like to turn it over to Council
9 Member Richards to give a statement on Intro. 1958-A.
10 Council Member?

11 COUNCIL MEMBER RICHARDS: Thank you so much and
12 thank you to Chair Gjonaj. I am Council Member
13 Donovan Richards, representative of 31st District in
14 Queens and while some businesses have resumed
15 operations throughout our city, many of them face
16 growing debts due to the restrictions put in place to
17 prevent COVID-19. Intro. 1958, my bill, will force
18 small business services to disclose how their grants
19 and loans were distributed by zip code. The report
20 will identify businesses based on industry, the types
21 of goods and services offered and whether the
22 businesses occupy a storefront or a mobile business.
23 It would also identify the type of award each
24 business receive whether it was a grant or loan in
25 the amount each business received. Based on the

1 information we already have, it's obvious that
2 businesses in Manhattan were prioritized while our
3 outer borough small businesses were neglected. This
4 story continues to repeat itself and only
5 transparency will end this cycle.
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7 Queens in the second largest contributed to our
8 city's economy, the majority of the small businesses
9 in our borough were built by immigrants who put
10 everything into the promise of the American dream and
11 invest it in our city. We cannot turn our backs on
12 them now. This is why this bill is so critical.

13 I look forward to working to ensure that we
14 continue to bring equity through these specific
15 programs and continue to work with the Commissioner
16 of the Department of Small Business Services as we
17 move forward.

18 I want to thank once again, Council Member
19 Gjonaj, Speaker Johnson and all my colleagues for
20 their support. I urge you all to vote aye on this
21 bill.

22 Thank you.

23 COMMITTEE COUNSEL: Thank you Council Member. I
24 would now like to turn it over to William Martin, who
25 will hold a roll call on the bills.

1 COMMITTEE ON SMALL BUSINESS 11
2 COMMITTEE CLERK: Good morning everyone. William
3 Martin Committee Clerk roll call vote Committee on
4 Small Business. All items are coupled. Chair
5 Gjonaj?
6 CHAIRPERSON GJONAJ: I vote aye.
7 COMMITTEE CLERK: Council Member Levin?
8 COUNCIL MEMBER LEVIN: I vote aye.
9 COMMITTEE CLERK: Rodriguez?
10 COUNCIL MEMBER RODRIGUEZ: Aye.
11 COMMITTEE CLERK: Rosenthal?
12 COUNCIL MEMBER ROSENTHAL: I vote aye.
13 COMMITTEE CLERK: Perkins? Council Member
14 Perkins? Council Member, you are muted. Council
15 Member Perkins, how are you? Council Member Perkins,
16 your vote on Small Business? Council Member Perkins,
17 can you hear me? This is William Martin Legislative
18 Clerk.
19 SERGEANT AT ARMS: This is Chief Sergeant at
20 Arms. We're reaching out to Council Member Perkins.
21 It appears he is having some technical issues. We'll
22 get back to him.
23 COUNCIL MEMBER PERKINS: Aye on all.
24 COMMITTEE COUNSEL: Billy, your on mute.
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COMMITTEE CLERK: Thank you. Thank you Council Member. Final vote Committee on Small Business, all items have been adopted by the Committee. 5 in the affirmative, 0 in the negative and no abstentions.

Thank you.

COMMITTEE COUNSEL: Chair Gjonaj, you want to close out the vote?

CHAIRPERSON GJONAJ: This hereby closes out today's hearing. I want to thank everyone for voting aye on this and I hope Grub Hub got clear message today.

Thank you all.

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 AUGUST 30 , 2020