

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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City Hall

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2 CHAIRPERSON RECCHIA: Good morning.
3 Welcome to today's Finance Committee hearing. My
4 name is Domenic M. Recchia, Jr., and I'm the chair
5 of the Finance Committee. I welcome everyone to
6 City Hall this morning and the City Council
7 Chamber.

8 Before we get started, I'd like to
9 introduce those members that are here: Melissa
10 Mark-Viverito, who is the prime sponsor of today's
11 bill and the reason for the hearing we're going to
12 be having today; Oliver Koppell has joined us and
13 many other Council members will be coming in.
14 There are many other hearings that are taking
15 place this morning.

16 COUNCIL MEMBER KOPPELL: Mr.
17 Chairman, just to say that I'll be in and out
18 because I have another hearing.

19 CHAIRPERSON RECCHIA: Yes. Council
20 Members will be going in and out. There are
21 hearings across the street, so we have to
22 accommodate all of the Council Members.

23 Today, the Committee on Finance
24 will hold a hearing on Proposed Intro 18-A,
25 otherwise known as the prevailing wage bill,

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2 sponsored by my colleague, Council Member Melissa
3 Mark-Viverito. The intent of this bill is to
4 impose a prevailing wage requirement for building
5 service employees who work in the buildings owned
6 or managed, in whole or in part by persons
7 receiving financial assistance or rent derived in
8 whole or in part from the city treasury.

9 This requirement is intended to
10 ensure that family sustaining jobs are created at
11 developments supported by our tax dollars. The
12 committee, through this hearing, will hear
13 testimony from various witnesses to determine the
14 bill is drafted to accomplish these goals.

15 We have a number of witnesses who
16 will testify today, including the Building
17 Services Employees Union 32BJ, representatives
18 from the administration and housing advocates.

19 This bill is one that has been
20 introduced many times. This is the first time it
21 is getting a hearing under the leadership of
22 Speaker Quinn.

23 Before I turn the microphone over
24 to my colleague, Melissa Mark-Viverito, I also
25 want to remind Finance Committee members that we

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2 will meet tomorrow at 10 a.m. to consider six land
3 use items and we will be voting on these items, so
4 please make sure you have it on your schedule and
5 you arrive on time. We have just been joined by
6 Joel Rivera from the Bronx and Jimmy Van Bramer
7 from Queens.

8 At this time, it gives me great
9 pleasure to turn the microphone over to my
10 colleague and prime sponsor of this bill, Melissa
11 Mark-Viverito.

12 COUNCIL MEMBER MARK-VIVERITO:

13 Thank you, Chairman Recchia. Good morning, my
14 name is Council Member Melissa Mark-Viverito. I'm
15 sponsor of Intro 18, which is the subject of
16 today's hearing.

17 I want to thank my colleague, chair
18 of the Finance Committee, Domenic Recchia, for
19 holding today's hearing on this important piece of
20 legislation. I really want to thank the Finance
21 staff for their work on this bill and all the
22 members of the public that are here today.
23 Particularly, we have a council member from
24 Pittsburgh, as well as some representatives from
25 different organizations and research agencies in

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2 other cities that will share testimony today. So
3 I want to thank them for taking time to be here
4 with us today.

5 It is my belief, and I am sure that
6 it is the belief of many in this city that an
7 essential part of our responsibility as elected
8 officials is ensuring that our taxpayer dollars
9 are being invested wisely. What exactly is a wise
10 investment depends on who you ask.

11 Utilizing our hard earned tax
12 dollars to subsidize economy development projects
13 that create poverty wage jobs, to me is not a wise
14 investment. When we subsidize development
15 projects and in terms of this legislation we're
16 talking about the rental of space by entities that
17 receive above a specified amount from the city on
18 a yearly basis, the city government acts as a
19 powerful economic engine throughout the five
20 boroughs.

21 This legislation challenges the
22 city to harness that power to ensure that quality
23 jobs, not just any jobs are created. And again,
24 for the purpose of this legislation, we're
25 specifically talking about building service

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2 industry jobs.

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Prevailing wages have historically been a gateway for New Yorkers to enter the middle class, something that benefits all residents of our city. When workers get paid an adequate wage, they reinvest that money directly into our local economy and are far less likely to need government funded services.

New York should join cities like Pittsburgh and Los Angeles who have already implemented policies along these lines in an effort to tie public subsidies to good job standards. I am thrilled that we will be hearing from Pittsburgh Council Member Bruce Kraus on his efforts to pass similar legislation in his city.

This hearing is a critical starting point for what I hope will be a productive debate over this legislation. Clearly there will be amendments made to the legislation as it stands today, some of which have already been agreed to, but due to time constraints were not able to be incorporated before today's hearing.

In particular, I am aware that some concerns have been raised about the implications

1
2 of a prevailing wage requirement on city-
3 subsidized affordable housing. As many of you
4 know, expanding and preserving affordable housing
5 has been among my top agenda items since taking
6 office.

7 In pushing this legislation
8 forward, the last thing I'm intending to do is
9 undermine efforts to build and maintain income
10 targeted affordable housing in the city. I'm
11 currently working with community-based developers
12 of affordable housing on some amendments that I'm
13 hopeful will address their concerns.

14 Thanks again to everyone for being
15 here and most importantly to all the staff that
16 facilitated today's hearing. We're on the eve of
17 our budget hearings and getting this hearing on
18 today's calendar took a lot of commitment and hard
19 work. So thanks again, and I look forward to
20 hearing today's testimony.

21 CHAIRPERSON RECCHIA: Thank you.
22 Before we get started, we've been joined by some
23 other Council Members. I'd like to recognize
24 Fernando Cabrera from the Bronx and Lew Fidler
25 from Brooklyn. At this time, we call on Tokumbo

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Shobowale from the administration.

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TOKUMBO SHOBOWALE: Good morning, Chairperson Recchia and members of the Finance Committee. Thank you for the opportunity to speak with you today. I am Tokumbo Shobowale, Chief of Staff to Deputy Mayor Bob Lieber, who is the Deputy Mayor for Economic Development.

On behalf of the Deputy Mayor, I would like to thank you for the opportunity to testify before you on Introductory Measure 18-A, a bill that would amend the Administrative Code in relation to prevailing wages.

As a threshold matter, the creation of good jobs for the residents of New York City is a critical component of this Administration's economic development strategy. While perhaps well intentioned, Introductory Number 18-A would make it more difficult for small businesses and industrial firms to open and locate in the City.

It would also reduce the City's ability to create and incent the development of affordable housing, make it more difficult to support cultural institutions, and would make it more difficult and more expensive to find and

1
2 lease space to expand support services provided at
3 day care and senior centers for the most
4 vulnerable New Yorkers.

5 Now, more than ever, we need to
6 support both the creation of new businesses and
7 jobs and the strengthening of our city's social
8 safety net. This bill would add additional
9 challenges to already overburdened entities and as
10 such, the Administration does not support Intro
11 18-A.

12 There are two general areas of
13 concern for the Administration that I will discuss
14 today. First, this bill would make the City a
15 less desirable tenant, hampering our ability to
16 negotiate leases, driving up costs for small and
17 medium-sized property owners at a time when they
18 are least able to handle it and, in turn, driving
19 up costs for the taxpayers who ultimately pay for
20 City leases. In addition, this bill would also
21 hamper the City's ability to use a City tenancy as
22 an economic development tool.

23 Second, the bill would raise costs
24 significantly for the beneficiaries of City
25 financial aid. These third parties seek support

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2 from the City because they are already
3 overburdened and overstretched. Additional costly
4 requirements would either result in fewer dollars
5 going towards services and thus fewer New Yorkers
6 supported through these institutions, or the City
7 would be required to provide a larger subsidy to
8 cover the additional costs created by this bill.

9 Both areas are critical concerns
10 for the City, and I will expand upon each of them.
11 First, in terms of tenancy issues, the Department
12 of Citywide Administrative Services, DCAS,
13 contracts for over 23 million square feet of
14 office and non-office space. Non-office space
15 includes over 100 day care centers and senior
16 citizens centers. If passed, this bill would
17 impact on leases affecting over 22.5 million
18 square feet. I note that more than two-thirds of
19 these are located outside of Manhattan.

20 The bill would make City tenancy a
21 much more expensive prospect, and while certainly
22 some of the buildings in which the City already
23 holds existing leases may already employ workers
24 at the contemplated wage rate, for those buildings
25 that do not, City tenancy would drive operation

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2 costs much higher. Those costs would, in turn, be
3 passed to the City taxpayers who ultimately fund
4 the City's lease costs.

5 In addition, because the bill
6 applies to the entire building, even where the
7 City occupies only a portion of the property,
8 landlords will pass along the total cost of these
9 expenses to the City, making the City's rental
10 cost disproportionately higher than other rentals.

11 By driving up building expenses and
12 adding an additional administrative reporting
13 burden, the bill would create a significant
14 disincentive for private sector landlords to enter
15 into leases with the City. Even if the City were
16 able to somehow require landlords to pay direct
17 hires a prevailing wage, there are many services
18 for which owners enter into contracts. Extending
19 this requirement to contractors and making the
20 landlord responsible for the compliance of its
21 contractors makes City tenancy even less
22 attractive.

23 The bill also would create a far
24 greater possibility that the landlord may have
25 difficulty getting or extending a mortgage, not

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2 only because of the extensive additional costs and
3 reporting that would be built into a City lease,
4 but also because of the specter raised by the
5 possibility of a landlord or one of its
6 contractors not complying with the bill.

7 Moreover, higher building expenses
8 translate into lower property tax revenues for the
9 City. The Department of Finance collects more
10 than \$14 billion dollars annually through property
11 taxes. Under State law, the majority of buildings
12 covered by Intro 18-A are valued using the income
13 approach which considers the building's operating
14 expenses in reaching a calculation of value.

15 Because this bill would drive
16 expenses higher, the overall value of the building
17 will be lower and thus the assessed property taxes
18 assessed to the property will be lower as well,
19 resulting in significantly lower revenues to the
20 City. Not only are costs driven up significantly,
21 but the bill's additional reporting requirement
22 would be onerous and difficult for property owners
23 who are already overburdened.

24 In addition to leasing private
25 sector space to house essential services, the City

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2 uses tenancy as an economic development tool. The
3 City serves as a catalyst for private investment
4 in areas that need an anchor tenant, that is, the
5 first pioneering tenant to move to an area in
6 order to attract additional tenants.

7 For example, since the City has
8 announced the Department of Health & Mental
9 Hygiene would move to Long Island City as part of
10 Gotham Center, there has been additional
11 investment in the retail, residential and office
12 sectors in that neighborhood.

13 Moreover, in many locations, City
14 tenancy is a critical anchor in order to help
15 building owners access financing to support an
16 entire development project. By creating a
17 disincentive for landlords to house City entities,
18 this bill would render one of the City's most
19 powerful economic development tools far more
20 difficult to use.

21 The second area I'd like to address
22 is the impact on beneficiaries of City financial
23 assistance. The City uses financial assistance in
24 the form of subsidies and incentives to support
25 small businesses and not-for profit entities, to

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2 create affordable housing and supportive housing,
3 and to fund child care centers and senior citizen
4 facilities. These third parties are already
5 overburdened and overstretched when they seek
6 support from the City.

7 Additional costly requirements
8 would result in either fewer dollars going towards
9 these supports and therefore fewer New Yorkers
10 benefiting from these services, or increased
11 subsidies from the city in order to cover the
12 additional costs established by this bill.

13 The New York City Economic
14 Development Corporation, or EDC, provides direct
15 assistance to local employers through different
16 types of assistance such as tax abatements, energy
17 savings credits and other financing tools.

18 The New York City Industrial
19 Development Authority, or IDA, is the entity that
20 extends tax exemptions and abatement programs to
21 support the City's industrial and light
22 manufacturing sector. Without a doubt, small
23 businesses and industrial firms are the
24 beneficiaries of economic development benefits
25 most likely to feel the impact of this

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legislation.

Businesses that approach the IDA for financing assistance are often those least likely to access support through other more traditional lenders. Moreover, they tend to be small in size and thus least likely to be able to absorb the additional costs associated with compliance.

Since 2002, the IDA has closed 329 transactions with a total private investment of \$11.8 billion. More than half of these deals were closed with businesses with fewer than 20 employees. I'll repeat that. More than half of these deals were closed with businesses with fewer than 20 employees.

Because the requirements of Intro. 18-A would drive up building operating costs, there would be a smaller pool of landlords willing to house these firms. Furthermore, those landlords willing and able to do business with City-funded groups will charge a higher rent. In order to meet these higher rent requirements, the entity requiring help from the City would actually need even more support.

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2 Additionally, Intro 18-A would
3 create an onerous reporting mandate that would
4 require recipients of financial assistance to have
5 access to their landlord's detailed and sensitive
6 employee records. This requirement makes it even
7 less likely that property owners would be willing
8 to lease space to small companies receiving City
9 assistance.

10 It is critical to remember that the
11 firms that turn to the City are those that require
12 support in order to grow and create jobs. This
13 legislation would make it much more difficult for
14 the small manufacturing and industrial businesses
15 that are so important to the City's economy to
16 access the City's business assistance programs in
17 order to grow and create jobs.

18 If the bill were adopted, the City
19 would also need to significantly increase its
20 subsidy for the creation of affordable housing
21 without increasing the number of affordable units
22 produced. Again, we'd have increased subsidy
23 without increasing the number of units produced.

24 The New York City Department of
25 Housing, Preservation, and Development, or HPD,

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underwrites developments to control maintenance and operating debt, so that tenants are able to keep affordable properties appropriately maintained. To do so, HPD has a portfolio of programs that utilize a combination of owner equity, government subsidy and tenant rental payments. If operating costs rise, building upkeep becomes more expensive, it may lead to property deterioration, higher rents or less affordability, or a need for greater government subsidy.

In fact, one of the City's loan programs, Article 8A, specifically does not include bank financing. Thus the only way to underwrite these projects would be to increase rents, sometimes to unaffordable levels. Given the economic climate, this would occur exactly when owners, tenants, and the City are least able to absorb higher costs.

Because the bill is written to be applied broadly, all City tax incentive and loan programs would be subject to its requirements. One such loan program is the Article XI tax incentives, a complete or partial real property

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2 tax exemption that may be extended for up to forty
3 years. Since January 2009, the City Council has
4 approved 24 Article XI tax exemptions for a total
5 of 2,876 units of affordable housing.

6 Intro 18-A would also apply to HPD-
7 controlled Section 8 vouchers. HPD administers
8 more than 33,000 housing choice vouchers allocated
9 by the Federal Government. We are currently at
10 over 99% capacity. Buildings with tenants that
11 receive Section 8 vouchers would see an increase
12 in operating costs as a direct result of this bill

13 Moreover, Intro 18-A would
14 adversely affect Reso A funds which many Council
15 Members and borough presidents provide to agencies
16 in order to augment funds to assist in the
17 creation or renovation of affordable housing units
18 in their districts. Currently, there are nearly
19 230 projects receiving \$130 million in HPD's
20 capital budget. Projects across the City that are
21 funded through Reso A would be subject to
22 significantly higher building expenses, resulting
23 either in a higher required subsidy or higher
24 costs for tenants.

25 Facilities managed by the City's

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social service agencies support our most vulnerable populations. This bill would make it even more difficult to site shelters and other support facilities, by driving up costs and creating an even more onerous reporting structure than that which already exists. These facilities are already extremely difficult to site, and adding challenges would only make it more difficult for the City to provide critical services at a time when we need them most.

Finally, there are over 214 cultural not-for-profit organizations, 110 day care facilities and dozens of senior facilities receiving financial support that would be impacted by the requirements of this bill. These facilities are often co-located with non-City entities. The additional requirements outlined in the bill would drive costs higher, requiring either a cut in services or an increased subsidy from the City.

In addition to the specific problems I have identified, I would like to highlight several legal issues that are raised by the bill.

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2 A major concern is that the bill
3 would interfere with powers vested in the Mayor
4 under the New York City Charter. As a general
5 matter, the Mayor determines the terms and
6 conditions underlying the acquisition of real
7 property. The City Charter establishes a process
8 that addresses the City's leasing of real
9 property, including the acquisition of office
10 space. While land use decisions are subject to
11 ULURP and, for office space, Section 195 of the
12 Charter, the business terms and the parties with
13 whom the City enters into leases are left to the
14 Mayor.

15 This bill seeks to limit both the
16 parties with whom the City will do business and
17 the terms under which such business is done, and
18 as such infringes on the powers allocated to the
19 Mayor's Office through the Charter.

20 Similarly, the bill would
21 improperly expand the role specified for the
22 Comptroller through the Charter by providing the
23 Comptroller enforcement rights that infringe on
24 the Mayor's ability to administer agreements and
25 to determine with which parties to enter into

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2 agreements. The Charter designates the Mayor, not
3 the Comptroller, as the virtually exclusive
4 authority for making such decisions. A deviation
5 from the roles outlined in the Charter for the
6 Mayor and Comptroller cannot be accomplished
7 simply through a local law. It requires a
8 referendum by the voters.

9 Key provisions of the bill would
10 also apply to organizations in a manner in which
11 the City is preempted by State law from regulating
12 through legislation. For example, the bill covers
13 a number of public authorities, public development
14 corporations and numerous not-for-profit entities
15 which are subject to State but not City
16 legislation.

17 Moreover, many of the financial
18 assistance programs the City relies upon, such as
19 tax incentives that are granted as-of-right to
20 eligible taxpayers, are enabled by state or
21 federal legislation. The City cannot condition
22 the receipt of the benefits through additional
23 conditions not authorized by the State or by
24 federal enabling law.

25 Of further concern is that the

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2 prevailing wage requirement that this bill would
3 impose could have such a wide application that the
4 requirement essentially amounts to a minimum wage,
5 a subject matter reserved to the state. Attempts
6 by the City to impose minimum wage requirements
7 have been proscribed by the State's highest court.
8 The bill also seeks to cover all recipients of
9 "financial assistance from the City for economic,
10 community development, job growth, or other
11 purposes."

12 It is not clear whether "other
13 purposes" means every time the City makes a cash
14 payment to anyone, such as a public assistance
15 recipient, or whether it is limited to some
16 concrete set of circumstances. In addition, the
17 bill attempts under certain circumstances to cover
18 all buildings in which a recipient of financial
19 assistance operates even where the City is
20 providing a very limited amount of financial
21 assistance over \$10,000.

22 There is no question that issues of
23 prevailing wage, job creation and strengthening
24 the social safety net are critical to the fabric
25 of this city. In fact, on April 16th of this

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2 year, the EDC announced the commencement of a wage
3 study that will examine the impact and
4 implications of wage mandates on the city's
5 economy.

6 We expect this study to be
7 completed in early 2011. We owe the city's
8 working women and men the benefit of a careful and
9 comprehensive review of these issues that will be
10 accomplished by this study before we rush to adopt
11 solutions that in fact, would do unintended
12 damage.

13 Thank you for the opportunity to
14 discuss this important topic with you today. I
15 will be happy to answer any questions that you
16 have.

17 CHAIRPERSON RECCHIA: Thank you. I
18 appreciate your comments. Before we start asking
19 questions, I'd just like to recognize that we've
20 been joined by other Council Members: Brad Lander,
21 Council Jackson, Council Member Al Vann, Council
22 Member Jimmy Oddo, Vinny Ignizio, Jumaane
23 Williams, Council Member Julissa Ferreras, and I
24 think I have everybody. To start off the
25 questions, we'll call on Melissa Mark-Viverito.

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COUNCIL MEMBER MARK-VIVERITO: I will defer for five minutes. I have to run across the street and vote. Thank you.

CHAIRPERSON RECCHIA: No problem. Council Member Jumaane Williams has questions.

COUNCIL MEMBER WILLIAMS: Good to see you again.

TOKUMBO SHOBOWALE: Good morning.

COUNCIL MEMBER WILLIAMS: Thank you for the testimony, appreciate it. My problem is it always seems that the administration comes from the opposite side of the issue. To me it seems that the administration should be working on how to make sure that if we're subsidizing a project that people do have a living wage.

I didn't hear all of your testimony, but it seemed to be why it's going to be bad and that people won't develop. I feel like that's just not true. Everything that we've put out that should be better, even from the no-smoking ban and everything like there, there's always hoopla of people are going to leave and all things are going to happen. To me it's just about change. People don't want to accept change.

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2 It seems that the fundament thing
3 of this one is money. People will make less
4 money. But there will be other people who will be
5 able to live better lives in New York City. Do
6 you have an estimate of perhaps how much money the
7 developers make now on a basic project and how
8 much money they would make if this was enacted?

9 It seems to me that the developers aren't starving
10 for money, but there are people who will benefit
11 from this bill who are starving for money.

12 TOKUMBO SHOBOWALE: I think we
13 agree that the issue of wages and having higher
14 wages for the city residents as a whole is quite
15 important. That's why it's something we've been
16 working on. We actually have quite extensive
17 efforts around workforce development. Obviously,
18 the best way to increase wages for folks is to
19 increase the skills and the education they have so
20 they're better able to access a variety of jobs
21 throughout the city's economy.

22 In this case it's really not about
23 developer profits. The requirements here are for
24 businesses or organizations that receive city aid,
25 so that's not generally developers; it's often

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2 service providers for day care centers, for senior
3 centers, for affordable housing, or cultural
4 institutions. It really casts a very broad net.
5 So it's not about greater profits; it's really
6 about the ability of these organizations to
7 provide the services that they provide or provide
8 the cultural services they provide.

9 Many of these costs would fall
10 directly on those organizations. So either they
11 would be less able to provide the services that
12 they currently provide, which are very valuable,
13 or the city would have to provide them with
14 greater subsidies to provide the same services
15 they currently provide. So it's not really about
16 one of developers, this is really about leasing.

17 COUNCIL MEMBER WILLIAMS: Let me
18 just be clear. You say it's not about profits.
19 It's about, for instance, day care and senior
20 centers that will not be able to provide the
21 services if this law was enacted?

22 TOKUMBO SHOBOWALE: Right. This
23 applies to every organization that provides
24 services in city-leased space or receives money
25 from the city to provide services.

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COUNCIL MEMBER WILLIAMS: Do we have some day care centers and senior centers that are going to testimony today that will say they would not be able to provide the services?

TOKUMBO SHOBOWALE: I don't know actually who all is testifying today.

COUNCIL MEMBER WILLIAMS: But as the administration, have you heard that from the day care centers and the senior centers, that they would not be able to provide the services that they would need to?

TOKUMBO SHOBOWALE: We certainly have heard from some of the folks who leave to day care centers, et cetera, that they would have to charge higher rents to cover the costs that would be imposed by this. The question is then, if the day care center had to pay higher rents would they be able to provide the same services they provide today. We haven't had a chance yet to do an extensive set of interviews with all of the organizations that would be affected.

COUNCIL MEMBER WILLIAMS: I'd be interested to hear that because you made a claim. So I'd be interested to see if that's actually the

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2 case after you've done some analysis. Also, it
3 would to me behoove the administration, if that's
4 what's needed, to put some additional funds in
5 there so that people can live a normal that they
6 need to live. Again, we shouldn't be subsidizing
7 programs where people work in the city and they
8 can't live a normal life. I think I'm finished
9 with my question. Thank you.

10 TOKUMBO SHOBOWALE: Thank you.

11 CHAIRPERSON RECCHIA: Thank you.

12 Brad Lander is next.

13 COUNCIL MEMBER LANDER: Thanks very
14 much, Mr. Chairman. Thanks, Mr. Shobowale for
15 your testimony. As you referred to at the end,
16 you've got an RFP out for an additional study
17 here. But it seems from your testimony that
18 you've run some numbers because you make a series
19 of assumptions about significantly higher
20 operating costs. So I guess I want to first ask
21 about that. Have you modeled what the impact of
22 this would be in terms of wages and lease costs?

23 TOKUMBO SHOBOWALE: We have not had
24 a chance to do a comprehensive analysis. Again,
25 because the legislation as proposed is extremely

1
2 broad, it would basically impact all of our
3 leases. Jeff can provide the detail, but we're
4 talking about millions of square feet of leases,
5 hundreds of leases. It's not been possible in
6 this timeframe to do the analysis of all of the
7 leases that would be affected. That's why I think
8 we would like to do a broader study because it a
9 quite large exercise to do that analysis.

10 COUNCIL MEMBER LANDER: So what's
11 the basis for arguing that city tenancy would
12 drive operation costs much higher and that
13 property taxes would be significantly lower if you
14 haven't done that?

15 TOKUMBO SHOBOWALE: The property
16 tax analysis, we don't have detailed analysis, but
17 obviously the costs have to go somewhere.

18 COUNCIL MEMBER LANDER: We looked
19 at this back in 2005 when the Williamsburg
20 rezoning was taking place and the consideration of
21 the property tax and prevailing wage for building
22 services workers was taking place.

23 We took a look, in my time then at
24 the Pratt Center, and the study that we did
25 suggested that while the wage package that workers

1
2 would receive might go up by as much as 30%, the
3 impact on building owners when spread over full
4 operating costs was really almost insignificant.
5 I think in some ways that's been born out to be
6 true. You've got development going up on the
7 Greenpoint-Williamsburg waterfront.

8 I think you're probably familiar
9 with the series of studies that have been done
10 around the country on living and prevailing wage
11 laws which suggests that it hasn't actually
12 resulted in significantly higher contracting
13 costs, lower than expected and quite small.

14 I'll buy we don't know the answer
15 yet and that's why we're doing a study. But I'm
16 troubled by you're saying simultaneously we
17 haven't done a study, we don't know the answer
18 yet, and yet we're sure the costs are
19 significantly higher and would have negative
20 impact on the city's property tax base.

21 TOKUMBO SHOBOWALE: I have a
22 colleague from HPD who will respond.

23 JOSEPH ROSENBERG: Good morning.
24 I'm Joseph Rosenberg, Deputy Commissioner of
25 Intergovernmental at HPD. Just in response to

1
2 what you said about the Greenpoint-Williamsburg
3 study, I think the point that the administration
4 and certainly HPD is concerned about here is the
5 broadness of this legislation, which I think
6 covers every facet of everything we do, not only
7 through our loan tax abatement, tax incentive
8 programs but also through the Reso A programs that
9 we do with you. As you know, the threshold for
10 Reso A is \$35,000.

11 We're in the situation where a lot
12 of the not-for-profits that you're assisting
13 through Reso A capital funds to HPD would be
14 affected this legislation. It's the broadness of
15 this that we find daunting and the fact that we
16 would either have to less housing or raise our
17 rents to make them less affordable, something that
18 we don't want to do. So this is really an example
19 of a mandate that hits everything that we touch
20 and everything that we pretty much touch in your
21 communities.

22 COUNCIL MEMBER LANDER: I
23 appreciate the point that the bill is broad and
24 that one would need to look by segment at what
25 different areas were covered. I'm just responding

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to Mr. Shobowale's comments that while we haven't yet modeled, we are certain of a disastrously negative impact on city leasing in particular, which I just question. I don't think there's actually any data yet that suggests the city would have to pay significantly more in rent. It seems to me like a hypothesis. So I guess I don't accept that piece of the testimony. The bill is broad, to be sure, and one would want to now analyze piece by piece.

Let me ask one question. You speak specifically to the IDA investments of the 11.8 billion, talk about the fact that half those deals were for small business. Can you talk like dollar volume about where that investment has gone?

TOKUMBO SHOLOWALE: I don't have the dollar value information in front of me. It's obviously a somewhat different picture because there are several large deals which disproportionately affect.

COUNCIL MEMBER LANDER: So President Pinsky told us at the preliminary budget oversight hearing that more than \$8 billion, or more than 75% of the IDA's bonds had gone to

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essentially about 30 large real estate transactions.

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TOKUMBO SHOBOWALE: Again, I'll defer to President Pinsky. But yes, there are several very large transactions, but obviously the legislation affects all of them. There's a difference between number of deals and the dollar volume.

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COUNCIL MEMBER LANDER: Agreed. I just think, again, from our point of view, if the goal is to use our subsidy dollars in ways that create good jobs, if the lion's share of it is going for these very large real estate transactions where I'm confident, as Council Member Williams said, that those owners can afford this increase, which is quite small from their point of view increase, in order to make a 30% difference in the lives of families. That seems to me the place where we should put 75% or 80% of our attention, analysis and scrutiny rather than on the small businesses which may be larger by number but are quite small by dollar value.

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TOKUMBO SHOBOWALE: I'm just responding to the legislation as proposed. So

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2 it's quite broad. And as my colleague said, it
3 basically affects virtually everything the city
4 does. So I think it's important in addressing
5 that that we be aware of the breadth of the
6 legislation.

7 COUNCIL MEMBER LANDER: My last
8 small question is just in the modeling, I guess
9 what you've done in the past or what you'll do in
10 the future, when you talk about the impact on the
11 tax base, have you looked at what the increase
12 would be as a result of the fact that workers in
13 our city would be making more money in addition to
14 some imputed impact on property tax value?

15 TOKUMBO SHOBOWALE: Right. We have
16 not done the analysis yet, which again, because of
17 the scope of what's been contemplated, again this
18 is a very important issue which affects many, many
19 people in the city. I think it does merit, as
20 you're suggesting, extensive study which is
21 something we had begun a couple of months ago.

22 COUNCIL MEMBER LANDER: If you were
23 here saying simply we're beginning a study and we
24 haven't done it yet. That would be one thing.
25 But for you to come and say we need a study but at

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2 the same time our assumptions are that this bill
3 would have deleterious affects on city operating
4 costs, on lease costs and on property taxes with
5 words like much and significantly suggests a bias
6 against the goal of achieving these higher wages
7 even in advance of really doing a study that's
8 supposed to objectively bring us that information.

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TOKUMBO SHOBOWALE: I think that
10 our feeling is that we have an objection to
11 proceeding with legislation which would have
12 potentially very negative impacts and we have not
13 yet studied it yet.

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I think it's fair to say that the
15 Council has not yet really presented the analysis
16 of the impact that the legislation would have
17 either. So I think rather than do harm when we
18 don't fully understand the consequences, we would
19 prefer to have a more deliberate approach.

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COUNCIL MEMBER LANDER: Thank you.
21 Thank you, Mr. Chairman.

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CHAIRPERSON RECCHIA: Thank you.
23 We've also been joined by Tish James from
24 Brooklyn, Gale Brewer from Manhattan and Darlene
25 Mealy from Brooklyn. One thing I would just like

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2 to say, this is a fairly new bill. One other city
3 passed a similar bill and that was in Pittsburgh.
4 It was just recently passed in February. We will
5 be hearing from a Council Member from Pittsburgh
6 in one of our panels. At this time, I'd like to
7 call on Melissa Mark-Viverito.

8 COUNCIL MEMBER MARK-VIVERITO:

9 Thank you, Mr. Chair. I just want to jump on
10 something that my colleague Jumaane Williams had
11 mentioned earlier. This is the frustrating part
12 of these hearings when the administration comes
13 forth and presents its testimony. You're not
14 coming in any sort of spirit of cooperation, so to
15 speak. You come with this being something that
16 will not be supported in any way I think it
17 basically the message of the testimony.

18 We are not and should not be in the
19 business of adding poverty wage jobs. That's what
20 a lot of these large development projects are
21 doing. Understanding that this bill specifically
22 speaks to subsidies and direct economic aid that
23 is going to organizations, but in essence what we
24 are trying to do with this legislation, and it's
25 imperative that we do as a city, is change the

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paradigm in which we operate.

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This is about right now

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conversations and a lot of negotiations happen

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piecemeal, but I think we want to send a strong

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message about what is and what is not acceptable

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in the City of New York. We need to be in the

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business of creating jobs that are going to allow

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our families to live in this city, that are going

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to provide a quality of life, that are going to

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have families directly invest in the city in which

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they live in, that is going to assist them in not

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having to have government support, which in the

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end is beneficial to us as a city. So that's the

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essence of this bill. To be opposed to that, I

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don't understand it. I really don't understand

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it.

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This mayor, to be commended, did

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talk about the poverty measure. There's a

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recalculation of the poverty measure in the City

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of New York, which has demonstrated that we

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actually have a greater percentage of poverty in

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our population than using the standard federal

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model. It's unfortunate that some of the jobs

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that are being created through these major

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economic development projects that we're
subsidizing contribute to that poverty rate.

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That's really problematic for me.

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So I think what we are attempting
to do, and we will do, I believe, because we are
here to hear concerns. We are willing to make
reasonable amendments. But there has been nothing
in the testimony to say these are the

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recommendations. We believe in the spirit of what
you're attempting to do and these are specific
recommendations that we would make to improve the
legislation. There's nothing in the testimony
that has indicated that. It's all been the
reverse.

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So my question, and I think you
kind of answered it when you were talking and
responding to Council Member Brad Lander, but
there have been other cities that have done some
level of similar measures. I know Maryland has
some sort of legislation or law, and there is
something in Los Angeles. There have been studies
and we're going to hear from some people that have
also provided analysis.

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Have you looked at other cities?

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Have you looked at research that has been done about the detrimental impacts of these laws in the economic development of the city? A lot of this research is demonstrating that that's not the case. So what additional studies or what review have you done of what's being proposed in this measure?

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TOKUMBO SHOBOWALE: Thank you for your questions. As you have pointed, there are a number of other jurisdictions which have passed legislation over the past months and a few have been a couple of years in the past. We recognize there is a lot that's going on. There's been a lot of experimentation. It's obviously an issue which is of great importance.

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The one thing I would disagree with is I do think the administration views this as a very significant matter and we are looking to better understand what the best public policy is with regard to this. Please do not take my comments in the spirit of not wishing to address the issue. We very much do want to address the issue.

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I think obviously in this economy

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2 having good employment is critical for the city
3 and for the residents of the city. It's simply
4 that the legislation as proposed has wide reaching
5 impacts, and so I think until we have had a better
6 understanding of the impacts of any proposed
7 legislation we wouldn't want to support it because
8 there is always the possibility of doing
9 significant harm.

10 With regard to your question about
11 what we have studied about what's been done
12 elsewhere, one of the critical aspects of the
13 study that we're commencing, and again, we issued
14 request for proposals about six weeks ago now, is
15 precisely that. Studying and understanding what a
16 variety of other jurisdictions have done with
17 regard to this kind of legislation and what the
18 impact has been.

19 I think one of the difficult things
20 is much of this legislation is relatively new.

21 COUNCIL MEMBER MARK-VIVERITO: I'm
22 sorry, sir, but we're in the ninth year of this
23 third term mayor. We're in the ninth year. And
24 you're talking about doing an RFP and possibly
25 waiting for two or three more years for results

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and studies. Something has to be done now.

TOKUMBO SHOBOWALE: Again, we expect to have the results back in early 2011. So, again, the danger of doing something now without understanding the impacts can be quite deleterious. Again, I would say that I think higher wages are a good thing, but I would disagree that getting someone a job contributes to poverty. I think getting a job is almost always a positive contribution for someone to be a wage earner and to have income. So everything we can do to create more jobs in the city's economy I think is beneficial. As you know, we have an unemployment rate of 10%.

COUNCIL MEMBER MARK-VIVERITO: I believe the quality of the job is of importance as well. When we talk about the Wal-Mart philosophy, right? What was Wal-Mart known for? They were paid poverty wage jobs. Then what was their health insurance plan? Go sign up for public assistance.

That's not what we want to be supporting in this city. That's not what we want to be promoting. When we talk about a quality

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job, it's a job where people have the ability to not have to work two, possibly three jobs. That maybe they can come home at the end of the day and spend quality time with their child, be able to help them do well in school, be able to survive without having to resort to government subsidies or government assistance. That is the kind of job that we need to be promoting. And to the extent that our public dollars can go to that end I think is what we're discussing.

Again, we've been having a lot of conversations and there has been some movement already on this legislation and some amendments that are going to be made based on conversations. It's not that we're not open to it. But I'm not hearing very positive recommendations. I'm just hearing kind of barriers being set up along the way.

So to the extent that we can have a productive conversation, then we welcome that for sure.

TOKUMBO SHOBOWALE: We would definitely like to engage in conversations that would be productive.

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COUNCIL MEMBER MARK-VIVERITO: Mr.

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Chair, I'll leave it there for now. I'll come

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back in a minute.

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CHAIRPERSON RECCHIA: All right.

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This is a very sensitive issue to Melissa Mark-

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Viverito. We just have to recognize how involved

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she is and how much this means to her. Tish James

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is next.

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COUNCIL MEMBER JAMES: Good

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morning. Low wage workers all throughout the City

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of New York and their families struggle in

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poverty. They face constant economic insecurity.

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The strength of their situation, as you know, is

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inextricably linked to the strength of local

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communities. So there are a significant number of

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communities all throughout the City of New York

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which are suffering as a result of low wage

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workers who unfortunately are living in poverty.

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I came in a little late but I did

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hear the argument that the administration would

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like to do a survey. I happened to come across a

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survey this morning. In fact, it was a survey

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that was conducted by the National Employment Law

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Project. Let me just tell you a little bit.

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2 It's a landmark survey of the low
3 wage labor market in New York City. It was a
4 survey that was conducted from January through
5 August 2008. It's hot off the presses and it
6 arrived in my mail this morning. That's why I was
7 late, because I wanted to review it.

8 It said that we studied a total of
9 1,432 workers in New York City. Workers had to be
10 18 years or older. They had to be front line
11 workers, working in a low wage industry as their
12 primary job. It measured workplace violations and
13 it talked about the characteristics of workers,
14 the scope and scale of the survey.

15 It covered occupations such as
16 cooks and retail salespersons and home healthcare
17 workers and janitors and stock clerks and
18 childcare workers and cashiers and waiters and
19 maids and laundry workers and hairdressers and
20 security guards and residential construction
21 workers and factory workers and sewing and garment
22 workers and delivery drivers and parking lot
23 attendants and teachers' assistants and couriers
24 and messengers. I would argue that it is pretty
25 comprehensive.

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2 Let me get to its conclusion and
3 its recommendations.

4 CHAIRPERSON RECCHIA: Do you have a
5 question?

6 COUNCIL MEMBER JAMES: Yes, as soon
7 as I get to the recommendations.

8 CHAIRPERSON RECCHIA: Do you have
9 additional copies of those?

10 COUNCIL MEMBER JAMES: It's in
11 everyone's mail. If you opened your mail, you
12 should have received it. Hopefully they sent a
13 copy to the administration. It's telling and it's
14 on point. So Mr. Chairman, if you would give me
15 some indulgence.

16 It says, one, to raise the city's
17 living wage rate. Two, to extend living wage or
18 prevailing rate requirements and to raise it. It
19 talks about the living wage rate has not been
20 increased since 2006, threatening to return
21 thousands of families to poverty.

22 It talks about how the city should
23 raise the living standards for workers covered by
24 this law. In addition, it talks about prevailing
25 wage requirements and how it too contributes to

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2 poverty. It goes on to say how the city should
3 use its leverage on major projects to ensure
4 developers enter into community benefits
5 agreements that create good jobs. It talks about
6 minimum wage and other issues.

7 My question is simply, when you get
8 an opportunity to review this survey, again,
9 sponsored by the National Employment Law Project,
10 I would like to hear back as to whether or not you
11 support this legislation. And after reviewing
12 this survey, which is rather extensive and
13 independent, whether or not you could adopt the
14 findings in this survey as your own and come to
15 the conclusion that this legislation is timely and
16 is worthy of the support of this administration.
17 Those are my comments, Mr. Chair, and I'll move
18 on. Thank you.

19 CHAIRPERSON RECCHIA: Would you
20 like to respond?

21 TOKUMBO SHOBOWALE: Sorry, if the
22 question is whether we will review it, we'll
23 certainly review it. It's hard to know without
24 having read it whether we'll support the findings.
25 But any well performed research that we can use to

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2 better inform public policy, we would be delighted
3 to do so.

4 CHAIRPERSON RECCHIA: Thank you.

5 Any further questions? Julissa Ferreras is next.

6 COUNCIL MEMBER FERRERAS: Good
7 morning.

8 TOKUMBO SHOBOWALE: Good morning.

9 COUNCIL MEMBER FERRERAS: Actually,
10 I have two questions. Can you tell me the
11 response if the RFQ that was put out for Willets
12 Point?

13 TOKUMBO SHOBOWALE: I don't know.

14 COUNCIL MEMBER FERRERAS: I think
15 it was between 10 and 15 responses. Now, in your
16 testimony you state that this is going to
17 discourage people from coming in and it's going to
18 discourage tenants and it's going to discourage
19 development. In particular, this project seems to
20 be moving full steam ahead and it had prevailing
21 wage. It has 30% affordable housing. It has the
22 perfect situation. It has exactly what we're
23 fighting for here.

24 I worked very closely on the
25 negotiations with the administration for Willets

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2 Point. I'm sure many of my colleagues would
3 remember that it took a lot of time and a lot of
4 energy from both sides. So it seems to me that if
5 there's no signs of discouragement in something
6 that's already moving forward, the city is buying
7 property and everything is full steam ahead, how
8 do you explain to me that this won't work?

9 TOKUMBO SHOBOWALE: I certainly
10 hope that everything proceeds at full speed head
11 as you describe with Willets Point, and things
12 seem to be going well. Having been through a
13 number of negotiations on our development
14 projects, until the dust is settled it's hard to
15 say what the final result has been. So a response
16 to an RFP does not necessarily lead to the
17 conclusion that we might wish.

18 I think it's encouraging if there
19 have been 15 responses, as you said. Until we
20 have actually completed the deal and have the
21 terms of the deal and there's a signed contract,
22 there's been many cases in which even at the point
23 of having a handshake deal the deal will change
24 many times over.

25 So I certainly hope that that

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2 project continues full speed ahead and that the
3 early indication of support of the large number of
4 respondents means that it ends well. But until
5 we've actually completed the transaction I'm
6 hesitant to say what the result will be.

7 COUNCIL MEMBER FERRERAS: Have any
8 of those respondents raised questions about the
9 prevailing wage component? Have they raised
10 questions about having the labor agreements? Have
11 they raised questions about the affordable
12 housing? Have you heard any of that feedback?

13 TOKUMBO SHOBOWALE: I'm not
14 directly involved in reviewing respondents for
15 that. So I'm sorry, I can't answer that question.
16 I just don't know.

17 COUNCIL MEMBER FERRERAS: Well
18 maybe you can't answer at this time, but you can
19 get that back to me.

20 TOKUMBO SHOBOWALE: Most certainly,
21 we can get back to you on that.

22 COUNCIL MEMBER FERRERAS: Thank
23 you.

24 CHAIRPERSON RECCHIA: Next is
25 Council Member Jimmy Van Bramer.

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2 COUNCIL MEMBER VAN BRAMER: Thank
3 you very much, Mr. Chair. I just wanted to
4 slightly take exception to one of your comments
5 earlier where I kind of felt that you said any job
6 is a good job and there's no such thing as a bad
7 job. I suppose that might be so if you have
8 nothing, but I'm sure you wouldn't agree that \$2
9 an hour is a good job or \$4 an hour is a good job.
10 We're talking about good jobs and good wages.

11 One of the job titles that's
12 affected by this proposed legislation are
13 janitors. I was raised by a janitor. My
14 stepfather was a janitor for 35 years cleaning
15 Junior High School 10 in Astoria, Queens. That
16 was a good job because he was in a union, because
17 he had benefits, because he was able to make
18 enough money to pay the rent.

19 But it's not true that any job is a
20 good job and we should be so desperate in this
21 city to ask people who have so little that you
22 should be grateful for whatever it is that you
23 get. That is not the kind of jobs that this city
24 should be producing for people in the City of New
25 York.

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2 One of the things that you talked
3 about, in terms of opposition, are the cultural
4 nonprofit organization senior centers that would
5 be affected. You say that the additional
6 requirements would drive costs higher, requiring
7 either a cut in services or an increased subsidy
8 from the city.

9 So I think if we're going to raise
10 in opposition the specter of cutting these
11 institutions which so many of us here care so
12 deeply about, I'd be interested to know from you
13 how much this would affect these institutions.
14 What kind of costs are we talking about? What
15 kind of cuts in services are we talking about? Do
16 you have those numbers?

17 TOKUMBO SHOBOWALE: Thank you for
18 your questions. I think this is somewhat of a
19 response to Council Member Lander. We have not
20 completed full analysis, again because of the
21 breadth of the bill and the number of
22 organizations it would affect across the entire
23 spectrum of city services.

24 We have not had time to do a
25 complete analysis. Which is, again, part of the

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2 reason why we recognize that this is a broad issue
3 and commenced a study a couple of months ago
4 because we recognize that there is actually quite
5 a lot of work to be done here in fully
6 understanding the implications of these kind of
7 requirements.

8 COUNCIL MEMBER VAN BRAMER: So
9 before we say in opposition to this very worthy
10 legislation, in my opinion, that supporting so
11 would hurt our cultural institutions, would hurt
12 our daycare centers, it seems to me that we would
13 want to have some sense of what that means in
14 terms of dollars and cents.

15 Also, I'd be interested to know
16 what percentage of all of those affected by this
17 are in that category. So the 214 culturals, 110
18 day care, what is that as a percentage of those
19 who might be affected?

20 TOKUMBO SHOBOWALE: The category of
21 those receiving assistance?

22 COUNCIL MEMBER VAN BRAMER:
23 Correct, citywide.

24 TOKUMBO SHOBOWALE: You're saying
25 of the total dollars being spent by the city, what

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2 percentage of the dollars is spent for the 214
3 cultural institutions? That answer I don't have,
4 but we can certainly get back to you with that.
5 So just to make sure I understand the question
6 properly, it's the percentage of the total budget
7 that would be affected that goes to those 214
8 cultural institutions?

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COUNCIL MEMBER VAN BRAMER: Right.
10 So you're going to continue to measure the impact
11 of this bill on our cultural institutions and our
12 daycare facilities.

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TOKUMBO SHOBOWALE: We can't
14 measure it. I mean, essentially it would be an
15 estimation. But if I understand your question
16 properly, you want to know the percentage of funds
17 that will be affected by this legislation that go
18 to that set of institutions.

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COUNCIL MEMBER VAN BRAMER: Yes.
20 But I'm also just expressing some concern that
21 when we raise the specter of cutting cultural
22 institutions, that's a very serious thing. No one
23 here wants to do that.

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TOKUMBO SHOBOWALE: Agreed.

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COUNCIL MEMBER VAN BRAMER: But if

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we're going to say if you do A then B will happen, then we should know for sure that B will happen and to what extent B will happen. Because this is sort of what we're here discussing today.

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So I just think that that's important that we know what we're talking about and that we're not just guessing or not just sort of saying if you do this, then we're going to hurt our cultural institutions and our daycare facilities. We kind of want to know exactly what that means.

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Then before DCA chimes in on that, I guess what I'd also like to know, and this goes to sort of what Councilwoman Mark-Viverito and Council Member Brad Lander were talking about. More broadly, I'd be interested to know under what circumstances you could support this bill. Instead of just why you don't support it, what could we do to get to a place where you could support it?

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TOKUMBO SHOBOWALE: I will in a moment just hand the microphone over to my colleague Margaret Morton from DCA. In response to your second question, and this I think is the

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2 broader spirit of your question, we do want to
3 understand what the implications of these kind of
4 requirements would be.

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6 Because this is a very important
7 matter and because this would have broad reaching
8 impacts, we want to make sure we go in with our
9 eyes open fully understanding what would happen,
10 which is precisely why, independent of this bill,
11 we began this process.

12

13 Again, because of our desire to
14 make sure we did it aboveboard completely in the
15 public light and had a very competitive process,
16 the process of contracting a consultant and doing
17 the study is a not insignificant task. But it's
18 precisely through that process that we want to get
19 a better understanding.

20

21 COUNCIL MEMBER VAN BRAMER: So
22 you've hired consultants to do a study.

23

24 TOKUMBO SHOBOWALE: The responses
25 are due back I think next week. We allow a number
26 of weeks, I think in this case it's six to eight
27 weeks for a response because we wanted the
28 respondents to have a thoughtful response and not
29 just a throw something together, slap dash but to

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really think about the questions we're asking

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because they are quite broad questions. That way

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we can have a set of proposals that really address

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a study that would actually study these in a

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thorough way.

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I think once we have some more

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information on the table and we've reached out to

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the Speaker's Office about this and we've also

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reached out to a number of stakeholders, including

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32BJ to be participants as stakeholders in this

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process. We want to have an open process and

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really get input from a broad spectrum of people

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who would be impacted by any kind of requirements

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to make sure that we really understand the

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implications.

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Not only across the country and

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what's been done elsewhere but also how that would

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apply in New York City. As we all know, New York

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City is a very different place than Pittsburgh or

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Cleveland or Los Angeles. So we want to make sure

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that whatever policy solutions that we propose are

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appropriate for the five boroughs of New York.

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I'll hand it over to Margaret to address the

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cultural issue.

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2 MARGARET MORTON: Good morning,
3 Councilman.

4 CHAIRPERSON RECCHIA: Just Deputy
5 Commissioner, just state your name for the record.

6 MARGARET MORTON: I'm Margaret
7 Morton. I'm Deputy Commissioner of the Department
8 of Cultural Affairs.

9 CHAIRPERSON RECCHIA: Thank you.

10 MARGARET MORTON: I can say that
11 what we've done very quickly in really a very
12 basic study of who of our culturals would this be
13 applicable. So those 214 of that Tokumbo
14 referenced are those that basically our reading of
15 the bill we can tell you that approximately 31 are
16 the CIG organizations by virtue of their operating
17 support.

18 Of those organizations there are
19 about 17 that are now subject to the municipal
20 unions, DC 37 for the most part. One is UAW.
21 Again, this is a very, very quick study that we've
22 done. Of the remaining CIGs there are some that
23 are subject to non-municipal unions and several
24 that have no unions at all. So that just gives
25 you a sense for the CIGs who do use building

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2 service and maintenance workers, obviously
3 different titles. I think you know that with the
4 exception of three or four of them, they don't
5 have a large representation of the service workers
6 that we're talking about.

7 Of the remaining 183, about 50 of
8 those organizations, and again we need to analyze
9 it, but about 50 are actually in city space or
10 city buildings. They do get financial assistance
11 of greater than 10,000 and with salaries of at
12 least 100 for at least one individual.

13 I mean, we're concerned about the
14 impact for all of the field. Obviously without
15 doing the economic impact, but we're concerned
16 about the field because this field is dealing
17 already with reduced private money, with
18 reductions in public money. They are also, as you
19 all know in your districts, really struggling to
20 operate to preserve the staff that they have.

21 COUNCIL MEMBER VAN BRAMER: I
22 understand. This is my last question, Chairman.
23 The question though is what do you believe will be
24 the financial impact on those 214, 31, all those
25 breakdowns that you gave of the organizations. It

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2 sounds like to me we don't know that number yet.

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MARGARET MORTON: We're not in a position to say what the financial impact will be. These are just organizations that I think we all know well and we all support.

COUNCIL MEMBER VAN BRAMER: Right, and we support them too.

MARGARET MORTON: We know what their current--

CHAIRPERSON RECCHIA: [interposing] Council Member, I hate to interrupt, but we have a lot of other Council Members that have questions. Thank you very much, Deputy Commissioner. Robert Jackson is next.

COUNCIL MEMBER JACKSON: Thank you, Mr. Chair. Good morning, how are you sir?

TOKUMBO SHOBOWALE: Good morning. I'm well, thank you.

COUNCIL MEMBER JACKSON: Thank you. I was consulting with the primary sponsor of Intro 18-A, Council Member Melissa Mark-Viverito, and I had asked her whether or not she had, as a primary sponsor, had reached out to the Mayor's Office in order to sit down to discuss this particular bill.

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2 She said she had, but that she had not received a
3 positive response for a sit down to even discuss
4 the bill from the Mayor's Office or from HPD. Is
5 that true? If so, why not? That's my first
6 question.

7 TOKUMBO SHOBOWALE: I'm not sure
8 directly with whom she approached. I can say that
9 we would be happy to sit down with her to discuss
10 this at greater length.

11 COUNCIL MEMBER JACKSON: I would
12 assume that that would be soon after this meeting,
13 within the next week or two at the most.

14 TOKUMBO SHOBOWALE: Definitely.

15 COUNCIL MEMBER JACKSON: Will that
16 include representatives from HPD also?

17 TOKUMBO SHOBOWALE: Yes.

18 COUNCIL MEMBER JACKSON: That's
19 good. I'm glad to hear that because that's a step
20 forward considering the fact that she said that
21 HPD and the Mayor's Office was not willing at all
22 to sit down to discuss this. So based on your
23 willingness to sit down, I would assume then that
24 positive discussions could possibly bring about a
25 consensus bill that the City of New York may be

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willing to agree with, is that correct?

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TOKUMBO SHOBOWALE: It's possible.

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I mean obviously we would look at any new

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legislation with new eyes and evaluate it on its

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merits.

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COUNCIL MEMBER JACKSON: I know

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that you believe in employees being paid a wage in

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order to support their family, right? As an

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individual or even as the Chief of Staff for the

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Deputy Mayor for Economic Development.

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TOKUMBO SHOBOWALE: Do I believe

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in?

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COUNCIL MEMBER JACKSON: People

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being paid.

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TOKUMBO SHOBOWALE: I believe in

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good jobs.

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COUNCIL MEMBER JACKSON: Good jobs.

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Good jobs meaning that the quality of work that's

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being done, the environment that they work in is

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good quality and also the amount of pay is a good

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quality pay, right?

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TOKUMBO SHOBOWALE: Obviously good

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is good.

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COUNCIL MEMBER JACKSON: What's

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2 your interpretation of good?

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TOKUMBO SHOBOWALE: That's what I'm saying is that it's very subjective.

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COUNCIL MEMBER JACKSON: Okay. But do you believe then that the workers currently now being represented by 32BJ earn good pay?

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TOKUMBO SHOBOWALE: I think 32BJ is a great organization and they do very well by their workers.

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COUNCIL MEMBER JACKSON: You didn't answer my question. My question to you is very simple. You said good jobs, good pay and I was going to ask you what your interpretation of good pay is. How much do you earn a year?

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TOKUMBO SHOBOWALE: I don't know if that's--

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CHAIRPERSON RECCHIA: [interposing] Council Member, let's not make this personal.

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COUNCIL MEMBER JACKSON: No, no, no.

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CHAIRPERSON RECCHIA: Let's not make this personal.

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COUNCIL MEMBER JACKSON: I'm not making it personal. Because, as you know, Mr.

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Chair, all city employees' salaries are public information. I earn \$112,500 a year as a member of the City Council. I chair the Education Committee. That's \$122,500 a year. That's my salary and that's public. Are you a public employee?

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TOKUMBO SHOBOWALE: I am.

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COUNCIL MEMBER JACKSON: Don't answer that question. But I truly believe that you earn more than the average New Yorker. I'm just only bringing that as a point. These workers that work hard in New York City to ensure that the buildings are cleaned and that all of the things that are being done to keep our city like it's supposed to be, a good quality place to live and to raise our children. They deserve a living wage also, a good wage.

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So I just leave that with saying that one, that the Mayor's Office is willing to sit down, and number two, that hopefully you'll be able to reach a consensus with the primary sponsor in order to move forward on this particular bill.

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TOKUMBO SHOBOWALE: We would be delighted to sit down with her. Again, we support

1
2 the goal of creating better jobs for New Yorkers.
3 I wouldn't be doing what I'm doing, because my job
4 is the economic development portfolio, if I didn't
5 believe in making the city a better place. I
6 think I can speak for all of my colleagues.

7 It's simply a question of what is
8 the best way in which to do that.

9 COUNCIL MEMBER JACKSON: Thank you
10 very much.

11 TOKUMBO SHOBOWALE: Thank you.

12 CHAIRPERSON RECCHIA: Thank you,
13 Council Member Jackson. Gale Brewer is next.

14 COUNCIL MEMBER BREWER: Just very
15 quickly, the survey that you're talking about, is
16 that something that's being written, or are you
17 working on it? In other words, I know that it
18 will go out.

19 CHAIRPERSON RECCHIA: Could I just
20 interrupt you for one minute. I'd like to
21 recognize Leroy Comrie and Dan Halloran. Go
22 ahead, Council Member Brewer.

23 TOKUMBO SHOBOWALE: So we released
24 a scope of services for a study that we'd like to
25 conduct. We will receive the responses from a

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2 variety of consulting firms to conduct that scope
3 of work. So we have outlined the list of
4 questions that we would like to answer and we have
5 collected some supporting data that we would like
6 the consultants to analyze. We have not yet
7 selected the consultant and they obviously have
8 not yet begun the work of the analysis.

9 COUNCIL MEMBER BREWER: It might
10 make sense to talk to people here to get some
11 questions that you and they would like answered.
12 Then we don't have a back and forth. Just a
13 suggestion.

14 TOKUMBO SHOBOWALE: Thank you.

15 COUNCIL MEMBER BREWER: Secondly,
16 the living wage, I was here when it passed. Just
17 to help me understand, that applies to those city
18 services where we are contracting but not where we
19 give a direct payment. Is that correct?

20 TOKUMBO SHOBOWALE: That is
21 correct.

22 COUNCIL MEMBER BREWER: Is that
23 something that we did a survey on? You may not
24 have been here at the time.

25 TOKUMBO SHOBOWALE: I was not

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directly involved. I'm sure we could get back to you on that.

COUNCIL MEMBER BREWER: Do we know if that has been a challenge? In other words, has that come up as something of a challenge in terms of doing business?

TOKUMBO SHOBOWALE: It's not a challenge because essentially we require those contractors to pay more and then we simply pay them the cost that they pay their workers. So it's a challenge only so far as the city then pays more for those services. So the budget that we have to allocate for those same services is increased. There is no contracting challenge because we say you have to pay higher and we're going to pay you higher to cover all of those costs.

COUNCIL MEMBER BREWER: I just bring it up because at the time you weren't here but I was. It was a big issue. So these issues we shall get through. Thank you.

TOKUMBO SHOBOWALE: Thank you.

CHAIRPERSON RECCHIA: Before we begin a second round of questions by my

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2 colleagues, I just want to clarify. Tell me if I
3 understand correctly, your position is that you
4 feel this bill is overly broad, it affects the
5 Reso A money that we would give. It would affect
6 housing and HPD. It would affect the not-for-
7 profits. It would affect senior centers and many
8 other issues. It's my understanding that you
9 would be willing to sit down with members of this
10 committee and with the City Council and see how we
11 could move forward and discuss this. Is that
12 correct?

13 TOKUMBO SHOBOWALE: We would be
14 delighted to sit down and discuss this.

15 CHAIRPERSON RECCHIA: You're doing
16 an impact study?

17 TOKUMBO SHOBOWALE: Exactly.

18 CHAIRPERSON RECCHIA: So you know
19 exactly the impact it will have on the City of New
20 York.

21 TOKUMBO SHOBOWALE: Precisely.

22 CHAIRPERSON RECCHIA: I just want
23 members of the committee and of the public to know
24 that there will be changes that sponsors of this
25 bill would be willing to make to move forward and

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2 keeping an open mind. So we will have these
3 discussions and we will be having many more
4 hearings in moving forward. Now we're going to
5 move to a second round of questions. I would ask
6 my colleagues to ask one question because we do
7 have to be out of here by 1:00 and I really want
8 to hear from 32BJ, because we have another very
9 important bill, right Gale? So first, we'll start
10 off with Melissa Mark-Viverito.

11

COUNCIL MEMBER MARK-VIVERITO:

12 Thank you, Mr. Chairman. I will try to be brief
13 because I think we've gotten as much out of the
14 administration as we're going to get. The issue
15 of parading the cultural institutions and talking
16 about how they would be impacted, just one of the
17 conversations that is being had is the threshold
18 of 10,000 being changed and being raised.

19

20 I just heard the deputy
21 commissioner, I don't know if she's going to come
22 back up, but with regard to the 31 CIGs that there
23 are already a number of them that do have
24 contracts with 32BJ or other municipal unions and
25 talking about also being in city-owned space. In
that city-owned space, for instance I have one CIG

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2 in my district, those are usually managed by EDC,
3 no?

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TOKUMBO SHOBOWALE: City-owned
5 space is typically not managed by EDC. There are
6 some cases in which that's the case, but that's
7 not the norm.

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COUNCIL MEMBER MARK-VIVERITO: The
9 service employees at those spaces are employees of
10 the cultural institution. In some cases, it is a
11 direct employee of EDC or the managing agency, no?

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TOKUMBO SHOBOWALE: Again, if it's
13 space that is city-owned, it can be administered
14 by DCAS, by EDC or by other entities. So it
15 depends upon which entity is managing the
16 particular city-owned space.

17

COUNCIL MEMBER MARK-VIVERITO:
18 Right. But what I'm saying is it directly an
19 employee of the CIG or an employee of the city?

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MARGARET MORTON: Yes,
21 Councilwoman, with respect to El Museo, for
22 example, I believe that those employees would be
23 paid for by El Museo. In the case of Julia de
24 Burgos, that's a very special arrangement. That
25 is an unusual arrangement where EDC and DCAS sort

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of jointly help manage that building. I think that the services employees there are on contract I believe with EDC, but I could be corrected on that.

COUNCIL MEMBER MARK-VIVERITO: So it's typically that they're employees of the cultural institution. That's what I'm just trying to get clarification on.

MARGARET MORTON: Yes.

COUNCIL MEMBER MARK-VIVERITO: Now, if the threshold is raised to \$100,000, how many of the cultural institutions that you kind of alluded to in your presentation here would be exempt from that situation?

MARGARET MORTON: I couldn't begin to make an estimate.

COUNCIL MEMBER MARK-VIVERITO: But many would be exempt. The CIGs are in a whole different category.

MARGARET MORTON: Certainly the number would change. It's really hard for me to make a judgment. If I could also say that again of the 214, there are really about 183 that receive greater than 10,000 and would have a

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2 salary of greater than 100,000. Throughout the
3 five boroughs, obviously 183 organizations.

4 TOKUMBO SHOBOWALE: Generally
5 speaking, I think this gets to the chair's point.
6 We would be happy to engage in further
7 conversations about this. Obviously you're
8 considering various permutations and changes, and
9 so I think each of those, we're not going to have
10 the numbers obviously to different potential
11 changes, but I think if we have a discussion about
12 this and you're talking about different thresholds
13 or other things that we might consider in the
14 bill, we can obviously have a better understanding
15 of what the impacts might be.

16 COUNCIL MEMBER MARK-VIVERITO: Just
17 so it's on the record, I did make a request of HPD
18 to meet and they directed me to the Mayor's
19 Office. I did make a request to the Mayor's
20 Intergovernmental Office quite a few weeks ago and
21 I never got a response. So there have been
22 attempts made to sit and really have these
23 substantive conversations. So thank you. I'll
24 leave it there, Mr. Chair.

25 TOKUMBO SHOBOWALE: Thank you.

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2 CHAIRPERSON RECCHIA: In moving
3 forward, we're all going to sit down and work this
4 out and see how we can move forward. Brad Lander
5 is next. Have to think positive, right?

6 COUNCIL MEMBER LANDER: I'll start
7 positive. In the case of the Greenpoint-
8 Williamsburg rezoning, the 421-A reform
9 legislation, Willets Point, Coney Island, in all
10 those cases the administration ultimately
11 supported a prevailing wage for building service
12 workers. I think suggesting that the chance of
13 lifting people out of poverty and paying what in
14 those cases was determined to be the good wage as
15 the prevailing wage made sense. That it wasn't
16 going to have a negative impact on the projects
17 and that it achieved the goals.

18 So I guess I'd like to understand
19 what led to that set of decisions. It means we
20 have a broader base of understanding specifically
21 around building service work than many other kinds
22 of jobs in the city. And suggests that we could
23 build on that experience, as the Chair suggests
24 and as the sponsor suggests, to sort of building
25 off of that and figure out how many other places

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we can make that logic work. That giving people a really good job is worth the challenge.

I'd love to hear, to whatever extent you're able to say, what the thinking that guided that set of decisions was and how it will inform us moving forward together.

TOKUMBO SHOBOWALE: I think in each of those cases it was a little easier to do an analysis because we had a specific project where we could look at the economics in each of those cases and run a pro forma, for example, of Willets Point development and look at what the revenues are expected to be, what the costs are expected to be and what the impact would be of a given change or a given requirement. It's obviously much easier to do that in the specifics of a given project.

We essentially know many of the details. Again, there are many things that are yet to be determined. In Willets Point there are remediation and other costs which are not yet fully illuminated. Greenpoint-Williamsburg is a broader set of projects but at least we were dealing with a specific geography, a better sense

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of what the rents would be in a given, what the cost would be, et cetera. So that was possible to do the analysis.

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Again, in many of those cases we didn't have as much time to do the analysis as we might have like, but we at least had a back of the envelope understanding of what the impacts would be.

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In this case, the legislation is quite broad and affects many, many things. As per our other discussion, we have not yet had a chance to do the comprehensive analysis. Which is again why sort of independent of this we recognize that this is an important issue to be addressed and have commenced this much broader effort, because this essentially is something which affects much of the city's economy. We really want to understand that impact so we can make sure we're doing the right thing and not having negative impacts that we might not anticipate.

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COUNCIL MEMBER LANDER: All I would ask, as you move forward in those conversations with the sponsor, that we don't necessarily need to wait a year for the results of the

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2 comprehensive study. That's four different
3 situations that cover a pretty wide range of some
4 of the kinds of things we're talking about, that
5 we have some real time data and experience that
6 you could bring to those conversations and help us
7 move forward instead of just necessarily saying
8 let's push this out a year.

9 TOKUMBO SHOBOWALE: Right. Though
10 I would say that I think in Greenpoint-
11 Williamsburg we have more data because some of
12 those projects have actually commenced, though
13 unfortunately many of them have not, or have
14 stopped. This is per the earlier conversation I
15 had with your colleague, in Willets things are
16 proceeding well at this point, but we don't know
17 exactly where things are going to land.

18 So I think your point is well taken
19 that this is an interim process and as we collect
20 data we want to analyze that and act upon that
21 where possible. But I think the larger the steps
22 we anticipate taking, the less data we have to
23 inform it.

24 COUNCIL MEMBER LANDER: Thank you.

25 CHAIRPERSON RECCHIA: I'm glad to

1
2 hear that Willets Point is moving forward. You
3 don't know where you're going to land. Coney
4 Island is doing well. Our new amusement park is
5 being built. Julissa has one correction and then
6 Tish James will be next. And then Jumaane
7 Williams will be the last.

8 COUNCIL MEMBER FERRERAS: I just
9 wanted to correct that the response to the RFQ was
10 actually 29, not 15. So it's a little higher and
11 I think people were very excited about paying a
12 prevailing wage and putting in their 30%
13 affordable housing. It was for 29.

14 TOKUMBO SHOBOWALE: Thank you for
15 the clarification.

16 CHAIRPERSON RECCHIA: Thank you.
17 Tish James is next.

18 COUNCIL MEMBER JAMES: So on page
19 7.

20 CHAIRPERSON RECCHIA: Here she goes
21 back to her report.

22 COUNCIL MEMBER JAMES: No, they're
23 going to review the survey at some point in time.

24 CHAIRPERSON RECCHIA: I just want
25 to note, it wasn't in my mail. We checked.

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2 COUNCIL MEMBER JAMES: But on page
3 7 it says that you argue that the bill improperly
4 expands upon the role of the mayor by infringing
5 on the mayor's ability to administer agreements
6 and that we expand the role of the comptroller and
7 therefore it would be in violation of the Charter.
8 Is this something that the Charter revision should
9 visit?

10 TOKUMBO SHOBOWALE: I'll defer to
11 my colleague in the Law Department. Obviously the
12 Charter Commission is somewhat independent.

13 CHAIRPERSON RECCHIA: I think
14 someone has to make that recommendation in order
15 for the Charter Commission to look at it. So I
16 think somebody would have to make that
17 recommendation. If no one makes the
18 recommendation or brings it up, there is no reason
19 for the Charter Commission to look at it.

20 COUNCIL MEMBER JAMES: I'll speak
21 to the sponsor about making that recommendation.
22 On page 8, I join with you in arguing that the
23 prevailing wage and job creation strengthens the
24 social safety net which is critical to the City of
25 New York. So in regards to the RFQ or RFP that

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2 was issued on April 16th, is there a time certain
3 on the survey, when it should be completed?

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TOKUMBO SHOBOWALE: No, because we
5 have not yet received the responses. They're due
6 back next week. We have an idea of what we think
7 it should take. We're estimating end of this year
8 or early next year. But obviously, we're looking
9 for outside consultants to do the analysis,
10 economists, et cetera, to do the analysis. So
11 until we receive the responses, one of the things
12 they're going to include in the response is their
13 scopes and the estimate to the amount of time it
14 will take to conduct those scopes.

15

COUNCIL MEMBER JAMES: Since the
16 chairman intimated about the project in my
17 district which I oppose, and according to the
18 proposed budget it's my understanding that the
19 city is giving that project an additional \$16-\$20
20 million of subsidies for just a basketball arena,
21 I believe that we should provide subsidies to
22 increase the cost of wages for low income workers
23 in the City of New York. If you can provide it to
24 the New Jersey Nets, you should provide it to low
25 wage workers.

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2 CHAIRPERSON RECCHIA: I just want
3 to correct you; it's going to be the Brooklyn
4 Nets.

5 COUNCIL MEMBER JAMES: They're
6 still the worst team in the NBA.

7 CHAIRPERSON RECCHIA: That's why.
8 When they come to Brooklyn, they're going to draft
9 some of those wonderful college students from
10 Lincoln High School. Jumaane Williams is next.

11 COUNCIL MEMBER WILLIAMS: They
12 could have picked a better team.

13 COUNCIL MEMBER JAMES: Thank you.

14 COUNCIL MEMBER WILLIAMS: I have a
15 question for my clarification, and I hope you
16 weren't speaking on behalf of what the
17 administration believes. But if I was hungry, you
18 could give me a dirty piece of bread and it might
19 provide some sustenance, but I would hope you
20 would give me a nice piece of bread and maybe with
21 some butter on it. I think it might be a better
22 way to do it. That's to address the comment that
23 you may have not meant the way it sounded, about
24 any job is a good job. I think we need to try to
25 give some people some nice bread with some butter

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2 on it and maybe a little jelly if it's at all
3 possible.

4 Also, I have a direct question, but
5 I just wanted to clarify because it sounded like,
6 just summing up, that there was no analysis done.
7 The administration didn't speak to any other
8 cities that had instituted this. They hadn't
9 spoken to anyone who was experts on it. But the
10 administration came to the conclusion that it will
11 be deleterious if we put this into law. That
12 leads me to believe that the administration
13 doesn't believe in the spirit of what we're trying
14 to do.

15 So my question is does the
16 administration believe that we shouldn't be
17 subsidizing jobs that do not pay prevailing wage?

18 TOKUMBO SHOBOWALE: I would say
19 that the administration believes in economic
20 development and having the biggest beneficial
21 impact possible for the growth of the city's
22 economy and for employment broadly in the city.
23 But I think what we don't fully understand, and
24 which is why we want to do the study, is the best
25 way to bring that about.

1
2 COUNCIL MEMBER WILLIAMS: Before
3 you continue with your explanation, is it yes, no,
4 or you don't know?

5 TOKUMBO SHOBOWALE: I would say the
6 way in which it's phrased, I can't answer it as
7 phrased.

8 COUNCIL MEMBER WILLIAMS: Thank
9 you.

10 TOKUMBO SHOBOWALE: Thank you.

11 CHAIRPERSON RECCHIA: With no
12 further questions, I want to thank you for coming
13 today. We look forward to working with you. We
14 spoke about the different issues. I'm glad we've
15 started to narrow down what your concerns are. I
16 personally never realized it would affect the Reso
17 A program and that stream of funding, which is
18 something I'm personally going to look into.
19 We'll keep an open door and look forward to
20 working in the future. Without any further
21 questions, thank you very much.

22 TOKUMBO SHOBOWALE: Thank you very
23 much.

24 CHAIRPERSON RECCHIA: We'll call
25 the next panel, which will be 32BJ.

1

2 TOKUMBO SHOBOWALE: Thank you.

2

3

CHAIRPERSON RECCHIA: Excuse me,

4

Tokumbo, could you just leave somebody behind so

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they could hear what 32BJ has to say? Leave some

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staff members. You might want to leave more than

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one person. Thank you.

8

[Pause]

9

CHAIRPERSON RECCHIA: Please state

10

your name for the record and your position.

11

KEVIN J. DOYLE: Kevin Doyle. Good

12

morning, Chairman Recchia and members of the

13

committee. My name is, as I said, Kevin Doyle.

14

I'm the Executive Vice President of 32BJ.

15

Thank you for the opportunity to

16

testify in support of Intro 18 today. 32BJ has

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over 65,000 members in New York City who as

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doormen, superintendents, office cleaners,

19

handypersons, and security officers perform vital

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roles in maintaining the homes and workplaces of

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New Yorkers.

22

Members of the City Council, our

23

City government should not be in the business of

24

subsidizing jobs that keep families poor. But

25

that is exactly what happens when taxpayer-funded

1
2 subsidies are given to businesses that create
3 poverty-level jobs. The Good Jobs Bill before you
4 today enacts enforceable job standards so that
5 employers benefiting from economic development
6 incentives are required to pay their building
7 service workers the prevailing industry wage.

8 It also makes certain that when the
9 City leases space that building service workers
10 are paid the prevailing wage. This bill will
11 ensure that hard working people like Alba Vasquez
12 and Elpidio Sanchez, who you will testify later
13 today, are able to earn incomes on which they can
14 truly support their families. The Good Jobs Bill
15 is also important public policy to avoid a
16 piecemeal project-by-project approach to enacting
17 job standards on city development.

18 As you know, New Yorkers are
19 struggling. Seizing opportunities to pay workers
20 decent wages is especially critical in these
21 strained financial times. Housing prices, rent,
22 and the overall cost of living continue to rise,
23 while over the past twenty years, wages in New
24 York have stagnate and household resources have
25 grown leaner and leaner.

1
2 To support their families, many
3 hard-working New Yorkers are forced to depend on
4 public programs for food, housing and health care.
5 A fulltime worker who spends their day cleaning up
6 after tenants, maintaining a safe environment for
7 staff, and performing activities central to the
8 upkeep of a building should go home with a
9 paycheck which will enable them to pay rent, buy
10 groceries, and take care of basic necessities.
11 Unfortunately, the benefits of taxpayer-funded
12 economic incentives are still solely going to
13 employers, and the City's taxpayers are picking up
14 the slack.

15 As communities struggle through
16 this difficult economy, businesses are getting
17 millions of dollars in subsidies to create jobs,
18 without a promise in return that the jobs created
19 will be good jobs. A business model that allows
20 employers to attain city subsidies while
21 undercutting prevailing wage rates for building
22 service workers is a flawed model. It fails to
23 align economic development goals with successful
24 outcomes for both businesses and communities.

25 The notion of tying economic

1
2 development incentives to good jobs is not a new
3 one. Over the past few years, 32BJ has fought for
4 and won wage standards for building service
5 workers on a number of New York City developments.
6 Hundreds of workers at developments from Coney
7 Island to Willets Point to Greenpoint-Williamsburg
8 will benefit from good jobs with benefits that
9 will allow them to raise families and live in our
10 city.

11 In each of these instances, the
12 role of government in the development process
13 created tremendous leverage to ensure the creation
14 of good jobs. This bill will go further by
15 creating a consistent citywide standard.

16 In considering the benefits of the
17 Good Jobs Bill, it is important to look at
18 examples outside of New York City. Evidence from
19 cities such as Los Angeles, Detroit, Baltimore,
20 and Santa Fe, to name a few, shows that where
21 governments have attached wage standards to
22 subsidies, it has rarely been at the expense of
23 local development.

24 Officials from cities that enacted
25 wage standards on economic development have

1
2 reported that this tool has allowed them to target
3 their investments in such as way as to avoid
4 hidden public costs, while raising workers out of
5 poverty and investing in jobs.

6 Recently, Pittsburgh passed the
7 country's most comprehensive citywide policy
8 mandating that building service, hotel, food
9 service, and grocery workers at City subsidized
10 economic developments earn the prevailing wage.
11 What happened in Pittsburgh is notable in its
12 scope and should be an example for the City of New
13 York.

14 Not only is New York behind other
15 municipalities in enacting policy to apply job
16 standards to economic development incentives, but
17 data from the Institute of Real Estate Management
18 shows that New York City lags behind the nation in
19 the proportion of building service worker salaries
20 to total building operating costs.

21 When you look at the commercial
22 real estate market across the country, the costs
23 of building service workers is approximately 8%
24 higher than it is in New York. For many companies
25 that receive City funding, the additional wage and

1
2 benefits paid to building service workers under
3 the Good Jobs Bill will amount to less than 1% of
4 operating expense. For pennies on the rental
5 dollar, building owners can make a real
6 improvement in their worker's standard of living,
7 at almost no cost to themselves.

8 Paying workers a wage consistent
9 with the industry standard clearly benefits
10 workers, but is also often in the best interest of
11 employers. Since the prevailing wage is the
12 industry standard, it ensures a baseline for
13 building service worker compensation.

14 Similarly, since employers will no
15 longer be able to undercut the prevailing wage
16 rate, workers will have less of an incentive to
17 pursue positions with higher paying employers,
18 reducing turnover and the costs associated with
19 new employee recruitment and training.

20 In closing, I ask the Council to
21 stand behind the principal that government should
22 never be in the business of subsidizing poverty
23 level jobs. Upholding this principal means
24 advancing the Good Jobs Bill so that economic
25 development projects and city leases create the

1
2 types of jobs that can truly sustain New York
3 City's families.

4 32BJ appreciates the Council's
5 leadership on this issue, and urges you to pass
6 this legislation through committee and through the
7 full Council as soon as possible.

8 I would also add, I was here during
9 the testimony of representatives of the Mayor's
10 Office, the administration and EDC. I'd like to
11 say, first of all, that we have a great deal of
12 respect for the administration and EDC and we've
13 worked closely with them in the past to help
14 create projects that did provide for good wages.
15 I know, Chairman Recchia, we've been involved with
16 you and a number of other members of the Council.
17 We've all worked together.

18 But with respect to the issue of
19 the study, which it seemed like EDC was putting a
20 great deal of weight into the fact that this issue
21 needs to be thoroughly studied. The issue of
22 doing a study, that discussion has been going on
23 for over five years. I would say to you that if
24 EDC and the Mayor's Office were serious about the
25 need and importance of a study, it would have been

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2 done by now.

3

4 As Councilwoman Viverito pointed
5 out, we're in the ninth year, the third term of
6 this mayor. I think the fact that there hasn't
7 been a study when we've been talking about these
8 issues for a long period of time indicates we need
9 to look at the effect of this legislation, but the
10 time to do a study and to use that as a way to
11 defer action has passed. We need to act on this
12 now and make sure that we create jobs are
13 sustainable for New Yorkers and their families.
14 Thank you.

15

16 CHAIRPERSON RECCHIA: I just have
17 some questions and I know other colleagues have
18 questions. You said you were here earlier when
19 the administration testified. They brought up
20 several issues about the effects it would have on
21 rent. They would pass it on to tenants. That it
22 would affect the Reso A program, the way city
23 capital money that we give them in the City
24 Council, how it would affect nonprofits. Are you
25 in a position now to discuss or address some of
those issues? The Reso A part, I never realized
that it would affect that program.

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KEVIN J. DOYLE: Frankly,

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Councilman, that's the first time I'm hearing

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about that issue. So I'd like the opportunity to

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look at that before I respond. I want to say on

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the issue of rents, we I think have dealt

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successfully on the question of affordable housing

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and the 421-A developments as a way to segment off

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developments that are for the most part affordable

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and not to put undue burdens on them. I think

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that it would be quite reasonable as the Council

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considers this legislation to review those things

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to make sure there's not a detrimental effect.

14

Also, with respect to the cultural

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institutions and agencies, I believe that the

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legislation was drafted with the intent of

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relieving burdens from agencies that would suffer

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as a result of the legislation. To the extent

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that there are cultural agencies that are actually

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affected and not just assuming that they would be

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affected or summarily saying we think they would

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be affected so the legislation shouldn't go

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forward. I think that's faulty.

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CHAIRPERSON RECCHIA: My colleagues

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have question, but I'm glad to see we will follow

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2 up. Some good did come out of the administration
3 testifying today. At least we know some of the
4 issues that are affecting them, what their
5 concerns are and so we can start focusing on those
6 and moving forward. Robert Jackson has questions.

7 COUNCIL MEMBER JACKSON: Thank you,
8 Mr. Chair. My colleague Jumaane Williams, as he
9 was leaving, he wanted to let us know that he was
10 happy that our colleague from Pittsburgh is here
11 in order to give testimony on this very important
12 issue.

13 You had indicated that the City of
14 New York has basically had nine years to study
15 this and has not done the study as of yet. Do you
16 truly believe that they are willing to sit down
17 and to negotiate a consensus agreement on this
18 particular bill?

19 As you know, I had asked a question
20 based on my conversation with the primary sponsor,
21 Melissa Mark-Viverito, on whether or not the
22 Mayor's Office and HPD had sat down with her. She
23 had indicated to me that they were not willing to
24 sit down with her. We have the commitment today
25 that they're willing to do that.

1
2 My question to is do you truly
3 believe that they're going to make a good faith
4 effort to move forward on this bill?

5 KEVIN J. DOYLE: I would say that
6 first of all I think it's unfortunate that they
7 did not take advantage of the Councilwoman's offer
8 to sit down prior to this to go over the bill. I
9 think if they had, many of the objections that
10 they raised could have been addressed through that
11 process. I would just say that if they represent
12 they're prepared to sit down and negotiate it in
13 good faith, we take them at their word and assume
14 that they'll do so.

15 COUNCIL MEMBER JACKSON: For the
16 members that you represent in 32BJ, what does this
17 bill mean for them from a financial point of view?
18 What will be the average salary and/or would there
19 be an increase in their annual salary? How does
20 that compare to, for example, the minimum wage set
21 by the State of New York?

22 KEVIN J. DOYLE: For our members,
23 the prevailing wage in both residential and
24 commercial offices is the rate that is contained
25 in our agreement, which covers a vast majority of

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2 the commercial and residential properties in the
3 city. The effect of this bill for them is
4 minimal. They make the prevailing rate.

5

6 I think that the importance for
7 them is that the city through economic incentives,
8 not undermine the standards that they have
9 achieved in their contract and their bargaining by
10 subsidizing entities, residential or commercial,
11 to pay less than that prevailing rate.

12

13 So the economic impact on our
14 members is minimal except that it protects their
15 standard. But the economic impact for those
16 workers who would be affected by this who are
17 currently not being paid the prevailing wage is
18 significant. There are people doing building
19 service work in New York City who are receiving
20 the minimum wage, if they're lucky, with no
21 benefits. For them, it's the difference between
22 living in poverty and having a job that you can
23 sustain yourself and your family.

24

25 COUNCIL MEMBER JACKSON: The
26 minimum wage is about what?

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28 CHAIRPERSON RECCHIA: \$7.15.

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30 COUNCIL MEMBER JACKSON: \$7.15 or

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2 \$7.25?

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CHAIRPERSON RECCHIA: \$7.15.

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KEVIN J. DOYLE: \$7.15.

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6 COUNCIL MEMBER JACKSON: So some of
7 them may be receiving \$7, \$8, \$9 an hour. If you
8 say \$10 an hour and if they work 8 hours a day,
9 that's \$80 a day. At five days a week, that's
\$400 a week.

10

11 KEVIN J. DOYLE: I'm glad you
12 didn't ask me to do the math.

12

13 COUNCIL MEMBER JACKSON: I mean
14 that's not a whole lot of money.

14

15 KEVIN J. DOYLE: It absolutely is
16 not.

16

17 COUNCIL MEMBER JACKSON: So in
18 essence, this would basically ensure that
19 standards for prevailing wage would be upheld in
20 New York City that will uplift all people that are
21 working in the various positions where the city
22 may be subsidizing buildings or other individuals
23 in order to help them. So this would help all
workers in essence.

24

25 KEVIN J. DOYLE: It would. The
city has limited opportunities to aid workers in

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2 the private sector. By using its resources and
3 economic incentives to do so, I think is
4 absolutely sound public policy and very important.

5 COUNCIL MEMBER JACKSON: Would this
6 also increase the number of workers that are
7 employed overall in the City of New York, in
8 general? And number two; specifically would it
9 increase the number of members of 32BJ?

10 KEVIN J. DOYLE: I think that
11 economic development with these attached standards
12 to it will certainly help increase employment.
13 With respect to the membership of our union,
14 that's up to the workers to decide. We're not
15 asking the City Council to help us get members.
16 What we're saying is that workers in our industry
17 deserve a standard and we hope that they're
18 members of 32BJ.

19 COUNCIL MEMBER JACKSON: Do you
20 know what the average salary is for an employee of
21 the City of New York? I believe it's around
22 \$51,000 or something like that. Do you know?

23 KEVIN J. DOYLE: For an employee of
24 the city, no, I don't.

25 COUNCIL MEMBER JACKSON: Not city

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2 employee, but overall the average salary in the
3 City of New York? Thank you.

4 CHAIRPERSON RECCHIA: Thank you
5 very much. Council Member Tish James is next.

6 COUNCIL MEMBER JAMES: First let me
7 welcome the young people who are coming into the
8 balcony. Welcome to City Hall. What school are
9 they from?

10 CHAIRPERSON RECCHIA: They're going
11 to bring us the paper.

12 COUNCIL MEMBER JAMES: Fifth
13 graders in Brooklyn? I need to know.

14 CHAIRPERSON RECCHIA: They're not
15 from your district.

16 COUNCIL MEMBER JAMES: Yes, they
17 could be.

18 CHAIRPERSON RECCHIA: All right, we
19 have to move the hearing. Ask your questions.

20 COUNCIL MEMBER JAMES: Mr. Doyle,
21 first let me congratulate you on your recent
22 contract. I'm glad to have been a part of it.
23 Congratulations on behalf of all of the
24 constituents in my district who are members of
25 32BJ. You did an excellent job and it was great

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to walk with you down Fifth Avenue.

Congratulations.

KEVIN J. DOYLE: Thank you very much.

COUNCIL MEMBER JAMES: A delay in this case is a denial. A delay in this case is a denial. And as Council Member Viverito mentioned, it sounds like a baseball game. The ninth inning, a third batter up, the game is basically over. So I agree with you that I don't think it's necessary to conduct a survey.

Again, this survey that was in our mail today, the National Employment Law Project, is pretty thorough, pretty extensive and confirms the fact that workers are living in poverty and we as a city and as a society should do something about it and pass the bill. Negotiate those provisions where we all have concerns such as Reso A and cultural and nonprofits, the leasing space, but obviously we should move the bill. I thank you for all of your efforts, and I thank you on behalf of my constituents who as a result of what you did can now stay in my district. Thank you.

KEVIN J. DOYLE: Thank you.

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2 CHAIRPERSON RECCHIA: Thank you
3 very much, Council Member. We've been joined
4 today by P.S. 25, from Brooklyn in Councilman Al
5 Vann's district. Welcome students.

6 COUNCIL MEMBER JAMES: But I know
7 the school.

8 CHAIRPERSON RECCHIA: This is
9 Councilwoman Tish James. We are having a hearing
10 today on prevailing wage. Council Member Brad
11 Lander is next.

12 COUNCIL MEMBER LANDER: Thank you,
13 Mr. Chairman. Thank you to 32BJ for pushing us to
14 make sure that when we use city resources we're
15 doing it in a way that creates living wage jobs
16 and helps us live up to the goals that we really
17 should be setting for the city.

18 Thank you also for the flexibility
19 that you've expressed in trying to work to figure
20 out how this can be made to work and for all the
21 experience that you've given us in doing that so
22 far in several of the developments that we've
23 already been talking about. I think you're right
24 that the next step is to make it a citywide policy
25 and not simply the deal-by-deal arrangements that

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2 we've reached.

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What I wanted to ask is perhaps a little more a request than a question. I was looking back at some of the information that was based on a 32BJ survey at the time that we were considering the 421-A changes. This gets to Council Member Jackson's questions about what difference it makes in someone's lives.

At that time you did a survey of some of the buildings that were getting the benefit. I think you surveyed in this case about five buildings. One of them was paying prevailing wage and so the workers there were getting at the time about \$34,000 a year with health and dental benefits, therefore not relying on city services. And in the other cases, folks were making in that case an average of about \$23,000 a year with no health benefits, and so they were relying on city services.

I think one thing that would be helpful, and I agree that I don't want to wait a year for a study that may already have been conducted and that I'm concerned starts from a bias against achieving some of these policies

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2 anyway. But if we did have a little more
3 information on city lease buildings that were not
4 complying with this policy and could really
5 understand the difference of what those workers
6 are getting paid, whether they have health
7 benefits and if not, does that mean that they're
8 relying on public benefits so that we're paying
9 the costs anyway.

10 And is the case, as it was in 421-
11 A, really the difference between a poverty job at
12 23 grand with substantial cost to the city for not
13 having health benefits and a \$35,000 a year job
14 which is not somebody getting rich to be sure,
15 it's still below the median income for the city
16 and certainly still below the salaries of Council
17 Members, as Council Member Jackson talked about,
18 but with benefits that are provided is enough to
19 make somebody working middle class. So it would
20 be great to have that information.

21 It sounds like we don't necessarily
22 have it today and obviously it's a big city. But
23 if we could get a little bit of that information
24 and understand those places where the city is
25 putting our lease dollars, putting our economic

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2 development subsidies and not guaranteeing that
3 we're getting that prevailing wage, it would be
4 great to help us understand the situation in more
5 detail, both from the point of view of the
6 families and what they're going through and from
7 the point of view of cost to the city anyway of
8 what's being paid out.

9 KEVIN J. DOYLE: We would certainly
10 be happy to cooperate in any way we can in helping
11 get the information the Council will find useful
12 in considering this.

13 CHAIRPERSON RECCHIA: Thank you
14 very much. Now we have a Council Member from
15 Pittsburgh. Welcome to New York City. Welcome to
16 the City Council Chamber, Council Member Bruce
17 Kraus from Pittsburgh.

18 BRUCE A. KRAUS: Thank you.

19 CHAIRPERSON RECCHIA: What part of
20 Pittsburgh?

21 BRUCE A. KRAUS: I live in a
22 neighborhood called the south side, which is
23 probably the most eclectic and New Yorkesque
24 neighborhood in the city.

25 CHAIRPERSON RECCHIA: I'm familiar

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with it. I've spent a lot of time in Pittsburgh.

BRUCE A. KRAUS: Thank you.

CHAIRPERSON RECCHIA: Please state your name for the record.

BRUCE A. KRAUS: My name is Bruce Kraus. As was said, I am a City Councilman in Pittsburgh. I am one of a nine-member body. I represent the 3rd district and I am in the beginning of my third year on the council.

I would like to start by saying that I would like to recognize the efforts of Melissa Mark-Viverito in having the courage and the care for the common everyday working man and woman to bring such an important and timely piece of legislation up for discussion.

I was very active in the crafting and passage of this legislation, which was brought to our council by 32BJ SEIU about a year or so ago. I was not surprised to hear this morning resistance from your administration, cautious resistance from your administration. We met with very much the very same cautious resistance when we passed this bill the first time around in December of 2009. That bill was ultimately vetoed

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2 at the 11th hour by our mayor at 4:55 on New
3 Year's Eve.

4 We were not able to assemble our
5 council to override the veto. So with the help of
6 the council and the assistance of 32BJ SEIU, we
7 reintroduced in January and within weeks re-passed
8 it with a unanimous vote of council. It is now
9 law in the city of Pittsburgh.

10 I'd like to start by saying that my
11 research shows that over one in working families,
12 with children, in New York City, lives in poverty.
13 One in three workers in New York City makes less
14 than \$24,000. At the same time, New York City,
15 like Pittsburgh and many other municipalities,
16 spends hundreds of millions of dollars each year
17 on subsidies for economic development projects
18 that create poverty-level jobs that ultimately
19 serve to rob service workers of the basic human
20 dignity of providing for their loved ones.

21 That being simple things like
22 owning your own home, sending your kids to
23 college, feeling secure about their retirement
24 after a lifetime of hard work, and having
25 appropriate healthcare. This is what I was raised

1
2 to believe is the American dream. But, for the
3 vast majority, the American dream I learned of as
4 a young boy, now in my adult years, is slipping
5 away at an alarming rate.

6 One major reason for this decline
7 is the continuing use of tax dollars that should
8 be used to generate economic development that
9 creates family-sustaining jobs, pays a prevailing
10 wage, offers affordable healthcare, strengthens
11 the middle class and enables low income families
12 to advance. Instead, these funds are being used
13 to create poverty level jobs that perpetuate the
14 erosion of living standards and perpetuate a
15 downward social spiral. Yes people want jobs,
16 indeed need jobs, but they want jobs that will
17 uplift them, and their loved ones, to their
18 highest and best purpose.

19 So for some time now there has been
20 a growing national movement by city councils like
21 yourself and like Pittsburgh to adopt good job
22 standards for their economic development programs,
23 ensuring that when cities invest taxpayer funds,
24 they do not promote poverty and further government
25 subsidy.

1
2 Pittsburgh City Council recently
3 took such action to ensure that our workers, who
4 are employed by publicly subsidized development,
5 are not forced to live in subsidized housing, feed
6 their families with subsidized food, or insure
7 their children with subsidized healthcare. We
8 intended to send the message that if you work hard
9 and play by the rules, you won't end up poor.

10 Pittsburgh's new ordinance is the
11 first multi-industry law in the nation and amends
12 our city code to require recipients of subsidies,
13 of over \$100,000, to pay grocery store workers,
14 hotel workers and building service workers, in
15 large developments, the market rate for their
16 work.

17 It guarantees these workers a
18 prevailing wage and the prevailing wage is defined
19 as "the average earned by people doing the same
20 job, elsewhere, if their employers receive tax
21 subsidies." Pittsburgh's ordinance also in the
22 city, service contracts, such as security guards
23 who work within our City-County building, and, in
24 that regard, is very similar to the legislation
25 under discussion here.

1
2 Just a few days ago, Allegheny
3 County, which is the second largest county in
4 Pennsylvania, passed prevailing wage by a vote of
5 10-4. Our county executive and Pennsylvania
6 gubernatorial candidate, Dan Onorato, has promised
7 to sign it into law. What this gives me is great
8 hope that providing for the least among us could
9 one day be the standard, statewide in
10 Pennsylvania, because of our simple initiatives.

11 Initial opposition to this
12 ordinance argued that it would drive development
13 outside the city. Seeing it passed on a county-
14 wide level proves it did anything but. That has
15 not been the case. Instead we expect that
16 mandating a prevailing will now allow high-road
17 employers already paying the market rate to become
18 even more competitive.

19 Pittsburgh's efforts to bring job
20 equity to our working class was focused not only
21 on protecting struggling families, in a less than
22 favorable economy, but also in protecting
23 developers and employers who understand their
24 responsibilities, and are committed to creating
25 family sustaining jobs and from being unfairly

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2 undercut by those who do not have the best
3 interests of workers and their families at heart.

4 Though some would argue otherwise,
5 recent studies have shown that when employment
6 levels and perceptions of the business climate in
7 cities that have adopted wage standards for
8 economic development programs with those that have
9 not are compared, no evidence existed that these
10 policies led to job loss, slowed business growth
11 or otherwise harmed perceptions of the business
12 climate in the cities that adopted them.

13 So the question really is how do we
14 as government, how do we as legislators justify
15 giving tax breaks to developers who don't pay
16 workers the going rate and only contribute to the
17 downward spiral of poverty?

18 Sound economic development policy
19 benefits everyone, when it is geared toward
20 building the middle class, by ensuring that newly
21 created jobs do not undercut the private-sector
22 prevailing wage. For years now, Pittsburgh has
23 required developers, who receive public subsidies,
24 to pay going-rate wages to the construction
25 workers that build those developments.

1
2 Contrary to what naysayers would
3 have you believe, this requirement has not
4 deterred development. What it has deterred is the
5 poverty and serial hopelessness that ensues when
6 cities allow newly created jobs, provided by
7 developers using public funding, to pay barely
8 more than the minimum wage.

9 Gabe Morgan, Western Pennsylvania
10 Director of 32BJ SEIU, and Tony Helfer, president
11 of United Food and Commercial Workers Local 23 in
12 a Post-Gazette op-ed piece summarized the gains we
13 made for service workers in Pittsburgh.

14 And I quote, "No one is getting
15 rich off of these wages, but with steady
16 paychecks, workers can feed their families, they
17 can pay their rent without depending on public
18 programs, as low-wage workers and their families
19 often do. Working people in Pittsburgh are not
20 looking for a handout. They want a decent wage
21 for their hard work and fair use of their tax
22 dollars. If the city continues to allow
23 developers who receive handouts to undermine the
24 business standards that have already been set, we
25 all lose out on what could be a great resurgence

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of the middle class."

And so, today, I came to New York to speak to you directly, the Council of City of New York and ask you to join our ever growing coalition of government, labor and faith leaders, working to end the downward spiral of poverty and dependence, by sowing the seeds of self-sufficiency, independence and self respect.

We are seeing the fruits of our labor in Pittsburgh, and what you will produce here, can and will have a deep and profound effect on the quality of life of the everyday working men and women and their families throughout all of New York City.

I would like to close with a quote from Benjamin Franklin. And it simply says, "Poverty deprives a man of all spirit and virtue; it is hard for an empty bag to stand upright." Thank you for your time.

[Applause]

CHAIRPERSON RECCHIA: Thank you very much. Now I recognize Council Member Mark-Viverito.

COUNCIL MEMBER MARK-VIVERITO:

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2 Council Member Kraus, I really want to thank you
3 for coming. I think that your testimony has
4 really eloquently said and spoken is really what
5 the essence of what we're trying to do here today
6 as well. It's about what we stand for and what we
7 represent as a city.

8 This constant discussion that I
9 think that we have with this administration, and I
10 know it happens across the country and I'm sure it
11 happened in your city as well, that somehow
12 certain individuals deserve less while others
13 deserve more is just not acceptable to me.
14 Everyone deserves a living wage, a quality job and
15 we should be setting those standards when we're
16 utilizing our hard earned tax dollars.

17 It is our money that's being
18 invested in these projects. It is our money that
19 is subsidizing and providing this financial
20 assistance. Therefore, there should be
21 expectations of what is provided. So I think that
22 your testimony, and the experience of your city,
23 is very important as we move forth in this debate.
24 I believe we will prevail. I believe that this is
25 opening the door here in New York on really

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2 shifting this paradigm of what tone we want to set
3 and how business is to be operated in New York
4 City.

5 So I want to thank you for taking
6 the time. Was it the same arguments that you
7 heard here today in terms of the resistance that
8 you got in Pittsburgh when you were trying to get
9 this law passed?

10 BRUCE A. KRAUS: The arguments are
11 always the same any time we tried to help and
12 support or uplift what I like to call the least
13 among us. The sky will fall. The world will end
14 as we know it. Development and businesses will
15 pack up and run. Time and time and time and time
16 again, anything but that is proven. That just
17 simply doesn't happen. This argument comes up
18 every time the minimum wage is discussed as well.

19 We did meet the resistance from our
20 mayor's office. He wanted to say that he felt it
21 would not be an effective piece of legislation if
22 it was not passed county-wide and that he wanted
23 to hold out until it would be passed county-wide.

24 We said no, we won't do that.
25 Somebody has to stand up and stand for something

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2 and this council chose to stand up and stand for
3 something. Because we did that, the county came
4 onboard, and literally within weeks of our passage
5 had crafted and passed a bill almost identical to
6 ours, which became law on June the 21st.

7 Now that county executive who is a
8 gubernatorial candidate for governor in the State
9 of Pennsylvania has promised to sign it. That
10 does give me great hope that perhaps the small
11 efforts that we made, and because we did take a
12 stand and were not deterred by the opposition, we
13 may very well one day see this as a statewide law.

14 COUNCIL MEMBER MARK-VIVERITO:

15 Thank you very much.

16 CHAIRPERSON RECCHIA: Gale Brewer

17 is next.

18 COUNCIL MEMBER BREWER:

19 Congratulations, Council Member Kraus. Exactly
20 how long has it been in effect? The other
21 question is do you have the same breadth of
22 nonprofits as well as profits that would be
23 impacted just like we do? Is it the same kind of
24 situation?

25 BRUCE A. KRAUS: It was passed very

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2 early in the early in the year, I would say
3 somewhere in late February we passed it. It has
4 only been a matter of law for a few months now.

5 Actually, Pittsburgh has completely
6 turned its economy around. When we were once a
7 manufacturing and steel based town, we are now all
8 eds and meds. I would argue about 35% of our land
9 use is taken up by nonprofit. But this bill does
10 not affect nonprofit.

11 COUNCIL MEMBER BREWER: This is
12 focused on the for-profit is what you're saying?

13 BRUCE A. KRAUS: Yes, it is.

14 COUNCIL MEMBER BREWER: Do you know
15 how many workers would hopefully benefit from your
16 legislation? Is there any guesstimate?

17 BRUCE A. KRAUS: Off the top of my
18 head, I could not say. Please keep in mind that
19 we have not actually had a development come under
20 this as of yet because it is such a new piece of
21 legislation.

22 COUNCIL MEMBER BREWER: Thank you
23 very much. Congratulations.

24 BRUCE A. KRAUS: Thank you.

25 CHAIRPERSON RECCHIA: We've also

1
2 been joined by Councilwoman Diana Reyna. Next is
3 Robert Jackson from Brooklyn. From Manhattan,
4 I'm sorry.

5 COUNCIL MEMBER JACKSON: Thank you.
6 You made me a member of the Brooklyn delegation.
7 City Council Member, welcome.

8 BRUCE A. KRAUS: Thank you.

9 COUNCIL MEMBER JACKSON: How long
10 did it take from the introduction of this
11 particular bill until it became a law? Was it six
12 months, a year, two years, or what?

13 BRUCE A. KRAUS: Closer to about
14 six months. Although the discussion had been
15 taking place for a number of years. We recently
16 added some new members to our council that had a
17 more forward thinking and a more progressive
18 mindset. It made it easier to introduce the piece
19 of legislation at that time and assure its
20 passage. Where we really met our resistance, one
21 or two council members in the beginning, but we
22 really met our resistance through the
23 administration. But we prevailed and ultimately
24 when we did bring it up for discussion the second
25 time, it passed with a unanimous vote. So it took

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approximately six months to complete.

COUNCIL MEMBER JACKSON: Here in the City of New York when we pass laws, there is always a statement of what the financial impact, if any, it will have on the City of New York. Do you do that there? If so, what were the financial costs for this, if it has been evaluated?

BRUCE A. KRAUS: To my knowledge there were no extensive studies that had been done outside of SEIU. I could get that kind of information for you through SEIU. I suppose it would be very helpful to you in your deliberations. But none that I know of that the council or the city of Pittsburgh did.

COUNCIL MEMBER JACKSON: As far as overall, you said that about 35% of the city of Pittsburgh are nonprofits.

BRUCE A. KRAUS: Yes.

COUNCIL MEMBER JACKSON: Your law does not apply to nonprofits.

BRUCE A. KRAUS: It does not.

COUNCIL MEMBER JACKSON: Well let me thank you for coming in. Clearly, your testimony today is very important as a legislator

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from a city that has gone through this particular matter and, as you indicated, there are the fears that this is going to destroy the city. In reality, it had not destroyed the city. The city of Pittsburgh is still standing tall, is that correct?

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BRUCE A. KRAUS: Last time I

looked, when I left yesterday, it was.

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COUNCIL MEMBER JACKSON: Thank you

very much for coming in.

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BRUCE A. KRAUS: Thank you. If I may, also, I'd like to add that I understand this issue from firsthand knowledge. My mother is a member of SEIU BJ32. She is a shop steward. For the better part of 16 or 17 years my mother has always been a service worker. I was raised in a union household that was supported by service workers. My mother is now 77-years-old. She works five days a week. She has had two operations recently which sort of were a bit of a setback to her, but she was able to rebound because she had SEIU behind her, because she had made a good wage, because she has health benefits. That's why she's doing as well as what she is

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2 today. So I understand this issue firsthand and
3 that has a lot to do with why I have the heart to
4 support it.

5 COUNCIL MEMBER JACKSON: Just for
6 an explanation.

7 CHAIRPERSON RECCHIA: You said one
8 question.

9 COUNCIL MEMBER JACKSON: I thank
10 you for saying that your mom is an SEIU member.
11 For disclosure purposes, I'm an SEIU retiree
12 myself. I worked for 22 years for a labor union,
13 SEIU Local 4053.

14 BRUCE A. KRAUS: You have a
15 completely different outlook on what people truly
16 are required to do to support their families when
17 you come from that background.

18 CHAIRPERSON RECCHIA: Thank you
19 very much, Councilman Jackson. We learn something
20 new about you every day. Council Member Tish
21 James from Brooklyn has one short question.

22 COUNCIL MEMBER JAMES: Council
23 Member Kraus, the fact that you mentioned your
24 mother says a lot about you and explains your
25 gentle soul and I appreciate that. I want to ask

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2 you this question. First, let me apologize for my
3 colleagues who are leaving. There is an emergency
4 meeting and I'm going to be leaving soon. The
5 administration would like to close 16 daycare
6 centers, so we have an emergency meeting.

7 My question to you is did the
8 administration of Pittsburgh require a study
9 before they passed this law?

10 BRUCE A. KRAUS: Did not.

11 COUNCIL MEMBER JAMES: Thank you.

12 BRUCE A. KRAUS: Thank you. And I
13 too would like to apologize. I was sort of back
14 and forth all morning. We were in our legislative
15 session this morning and I was voting by phone and
16 we had some very important pieces before us that I
17 wanted to make sure my name was on. Thank you.

18 CHAIRPERSON RECCHIA: We want to
19 thank you for coming.

20 BRUCE A. KRAUS: Thank you. Truly
21 an honor to be here and I appreciate it. Thank
22 you.

23 CHAIRPERSON RECCHIA: Thank you
24 very much. Next we have from the IBO George
25 Sweeting. Welcome.

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2 GEORGE SWEETING: Thank you. Good
3 morning Chairman Recchia and members of the
4 Finance Committee. I am George Sweeting, Deputy
5 Director of the New York City Independent Budget
6 Office. Thank you for the opportunity to offer
7 this testimony regarding Intro 18.

8 This legislation would require
9 companies and organizations receiving financial
10 assistance from the city or leasing space to the
11 city to ensure that building service workers in
12 the affected buildings are paid the prevailing
13 wage. I will leave discussion of the prevailing
14 wage requirement to others.

15 We were also unable to get
16 information from Department of Citywide
17 Administrative Services in time for this hearing
18 about the size and cost of spaces leased by the
19 city and when current those leases are up for
20 renewal.

21 Therefore, my remarks will focus on
22 the financial assistance aspects of Intro 18.
23 Since the requirement would only apply to new
24 financial assistance, IBO has attempted to
25 estimate the number of new beneficiaries of

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2 economic development or property tax benefits that
3 would be expected to be subject to the provisions
4 of the law each year. In short, we estimate that
5 there are about 2,400 new instances of financial
6 assistance each year that could, and I stress
7 could, be subject to the prevailing wage
8 requirement.

9 The bulk of the buildings that
10 would be covered by Intro 18 would be those owned
11 by or landlords of firms receiving financial
12 assistance from the city. As defined in the Intro
13 this includes cases where firms receive tax
14 exemptions or abatements, and other forms of cash
15 payments or reduced fees. I will briefly discuss
16 these broad categories,

17 Companies or organizations
18 receiving an array of property tax exemptions
19 would be subject to the prevailing wage
20 requirements for the building service workers in
21 the buildings they operate in, effective with
22 their first new or renewed lease after enactment
23 of the law. IBO found that there were about 2,300
24 new property tax exemptions that would potentially
25 make developers subject to the new requirement

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2 granted, on average, each year under these
3 programs from 2005 to 2009.

4 Housing development exemptions
5 account for 72%, or about 1,600, of such property
6 tax exemptions each year, and that's counting
7 exemptions for condos as a building rather than
8 the individual units in the building. New
9 exemptions for housing have grown during the
10 recent boom, at an average of 9% a year, from
11 1,400 exemptions in 2005 to about 2,000 in 2009.
12 Given that the city was in a housing boom during
13 much of this time, this number probably overstates
14 the number of new exemptions likely to be
15 experienced in a calmer real estate market.

16 The largest program is 421-A, with
17 an average of 920 new exemptions a year. Some
18 421-A recipients are already required to pay
19 prevailing wages under the revisions to the 421-A
20 program enacted in 2007. However, based on quick
21 analysis of new buildings receiving 421-A, from
22 2005 to 2007, roughly 90% were exempt from the
23 prevailing wage requirements in the 2007
24 legislation because the projects had fewer than 50
25 units. Intro 18 would extend the requirement to

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2 the developments that had been exempted under the
3 421-A legislation because of building size or
4 affordability rules.

5 About 200 new exemptions are
6 granted each year through affordable housing
7 programs and other initiatives managed by the
8 city's Department of Housing Preservation and
9 Development. In many cases the developers
10 involved with these programs are not-for-profits.
11 Although included in our total number of
12 exemptions, we could not estimate how many might
13 be exempt from the new prevailing wage
14 requirement.

15 The city grants an average of about
16 640 new as-of-right commercial development
17 property tax benefits annually through the
18 Industrial and Commercial Abatement Program which
19 is replacing the older Industrial and Commercial
20 Incentive Program. It is likely that most such
21 beneficiaries would be subject to the new
22 prevailing wage requirement.

23 There are also non-property tax
24 economic development benefits. The city offers a
25 number of smaller programs that provide benefits,

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2 often against business income taxes, commercial
3 rent tax, or utility payments, for companies
4 relocating to or staying within the city. One
5 such program, the Relocation and Employment
6 Assistance Program, offers a \$3,000 refundable
7 credit against business income taxes per employee
8 relocated. IBO estimates that the city grants
9 REAP to about 20 new companies each year.

10 Many of the benefits enumerated in
11 the bill are often part of deals negotiated
12 between the Economic Development Corporation, the
13 Industrial Development Agency, and the Capital
14 Resource Corporation. IBO drew on the Local Law
15 48 reports of economic development benefits to
16 estimate how many new benefit deals are granted
17 yearly. From 2001 to 2008, there was an average
18 of 60 deals a year. For the same period, IBO
19 found that there were, on average, 61 new property
20 tax exemptions granted by EDC or IDA.

21 Overall, excluding the programs
22 likely to have many beneficiaries that are not
23 subject to the prevailing wage requirement, IBO
24 found that on average about 2,400 new financial
25 assistance benefits are granted each year. This

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2 is an outside estimate of the number of cases
3 where a building's service workers would become
4 newly subject to the prevailing wage requirement.
5 A company or a building can receive more than one
6 property tax exemption making some double-counting
7 likely. In addition, some of the buildings almost
8 certainly already have unionized building service
9 workers, something we could not measure.

10 The geographic distribution of the
11 recipients of these exemptions granted each year
12 is helpful when considering the possible effects
13 of Intro 18. The rate of unionization among
14 building workers in the city is not consistent
15 across the boroughs and the costs of requiring
16 prevailing wages in buildings in neighborhoods
17 outside Manhattan, where many of these incentives
18 are targeted, may differ from the effects of
19 requiring prevailing wages in a Manhattan office
20 building.

21 Looking at all new exemptions from
22 2005 to 2009, IBO found that 49% of housing
23 exemptions are in Brooklyn, 20% in Queens, about
24 18% are in Manhattan and 13% in the Bronx and
25 there were almost none in Staten Island.

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2 As with housing, about 40% of new
3 EDC/IDA tax expenditures are for buildings in
4 Brooklyn. About 22% are for buildings in
5 Manhattan. The remaining is split between the
6 boroughs, with about 15% in Queens, 14% in the
7 Bronx and 8% in Staten Island. Economic
8 development property tax benefits are distributed
9 somewhat differently; a function of the exclusion
10 of most of Manhattan from ICAP, that's the
11 Industrial Commercial Abatement Program. About
12 one-third of the exemptions are in Brooklyn and
13 another third are in Queens, followed by 12% in
14 the Bronx, 11% in Manhattan, and 10% in Staten
15 Island.

16 Thank you for the opportunity to
17 testify this morning. We also have a few
18 suggestions for clarifying certain provisions in
19 the Intro that we would be happy to discuss with
20 the committee staff. I would be glad to answer
21 any questions you may have.

22 CHAIRPERSON RECCHIA: You say you
23 have written suggestions. Do you have a few
24 suggestions on clarifying this bill?

25 GEORGE SWEETING: Yes.

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2 CHAIRPERSON RECCHIA: I won't go
3 into all of them right now, but could you send
4 them to us?

5 GEORGE SWEETING: We'd be happy to.

6 CHAIRPERSON RECCHIA: We'd love to
7 have that. Are there any questions from any of my
8 colleagues? Yes, Darlene Mealy.

9 COUNCIL MEMBER MEALY: You said in
10 addition some of the buildings almost certainly
11 already have unionized building services workers,
12 something we could not measure. There is no
13 entity that is really monitoring how many union
14 people are getting this tax benefit as of yet?

15 GEORGE SWEETING: There may be, but
16 I'm not aware of a way to readily get that and to
17 link it up with the types of exemptions and other
18 assistance that's granted in these individual
19 deals, deal by deal. There has been talk about
20 whether there should be a study or whether a study
21 should have been started already by now.
22 Certainly that's the kind of thing that could be
23 studied. You would need the lists of the
24 buildings that are covered by various agreements
25 and you could match that up with the benefits that

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2 all the buildings in the city are receiving. We
3 didn't have access to that information.

4 COUNCIL MEMBER MEALY: Because it
5 looks like we do need a study. Thank you,
6 Chairman.

7 CHAIRPERSON RECCHIA: Thank you.
8 There are no further questions. We want to thank
9 you very much. Call the next panel please.

10 FEMALE VOICE: Harold Shultz, John
11 Doyle, Carl Hum and Alison Badgett are next.

12 CHAIRPERSON RECCHIA: Just state
13 your name for the record and please begin.

14 HAROLD SHULTZ: Good morning, I'd
15 like to thank Chairman Recchia and members of the
16 committee for this opportunity to testify on Intro
17 18-A. My name is Harold Shultz. I am Senior
18 Fellow at the Citizens Housing and Planning
19 Council of New York.

20 Intro 18-A, as you know, mandates
21 buildings that receive financial assistance pay
22 building service workers prevailing wage. I will
23 confine my remarks this morning to the effects on
24 affordable housing.

25 CHAIRPERSON RECCHIA: Thank you.

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HAROLD SHULTZ: The first and most important point to make is that the effect of this bill will be to undercut many of the efforts that the City makes to encourage owners to build and upgrade affordable housing. It also piles additional costs on affordable building owners and community groups struggling to keep operating costs, rents and carrying charges affordable to tenants and cooperators. Further, it encourages discrimination against tenants who are recipients of Section 8 vouchers.

Why we'd want to do this is not clear to me. Contrary to what you may think, and I think Chairman Recchia has actually already noted this, nonprofit exemption of this bill does not exempt low income co-ops, such as TIL co-ops and buildings owned and rehabbed by community organizations. Such buildings do not meet the definition of exempted nonprofit organizations set out in the bill. Depending on where they are they will be subject to labor cost increases that for much of the City will be approximately 40%.

The effects of this law are also troubling in regard to Mitchell Lamas. In the

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last several years we have seen tens of thousands of units of Mitchell Lama housing become market rate housing. Both HPD and the Housing Development Corporation have embarked on programs designed to entice owners to preserve those affordable units and to stay in Mitchell Lama by offering low cost loans and tax abatements. Intro 18-A will now take back some of the benefit of those programs and serve to weaken the incentives being offered to stay in Mitchell Lama.

Intro 18-A also affects buildings that accept Section 8 tenants. As few as two new voucher tenants accepted into a Section 8 recipient building will likely trigger coverage under Intro 18-A. This will create an incentive to avoid taking Section 8 tenants. While it's clear that this will affect Section 8 vouchers issued by HPD, it might also affect vouchers issued by NYCHA.

The list goes on. Buildings with tenants that receive Senior Citizens Rent Increase Exemptions are also potentially covered under this bill. Since owners receive a tax abatement to protect low income senior citizens from rent

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2 increases, this bill will have the effect of
3 forcing substantial cost increases on building
4 owners that happen to have senior citizens
5 eligible for SCRIE.

6 Over the last 50 years, the City
7 has built programs designed to encourage the
8 upgrading, rehabilitation and preservation of
9 affordable housing. Starting with the J-51
10 program in the 1950s, proceeding on to loan
11 programs developed in the 1970s, rehab programs
12 designed to rebuild the City in the 80s and 90s
13 and programs in the current decade to build
14 housing for persons with special needs and to
15 preserve affordable housing.

16 The City has carefully designed its
17 loan, tax abatement and grant programs to provide
18 the subsidies necessary to keep housing
19 affordable. It also provides loans and tax
20 abatement to low income co-ops that come through
21 the Tenant Interim Lease program, as well as loans
22 and tax abatements for buildings that are
23 redeveloped by local community groups and for-
24 profit developers. In each of these cases
25 financial assistance is provided by the City

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2 specifically to keep rents affordable. Intro 18-A
3 captures all of these programs and weakens or
4 neutralizes them.

5 This Intro 18-A is not just about
6 big developments in Williamsburg or on 125th
7 Street or in other places. This is about all
8 those small programs that HPD runs, TIL co-ops, et
9 cetera. We think that is not a policy the City
10 should adopt. For these reasons we are opposed to
11 the enactment of Intro 18-A.

12 CARL HUM: Good afternoon, Chairman
13 Recchia and members of the Finance Committee.

14 CHAIRPERSON RECCHIA: Before you
15 start, you can just summarize your whole
16 testimony. You don't have to read it if you don't
17 want to. You can summarize it.

18 CARL HUM: I'm going to do selected
19 excerpts. How's that?

20 CHAIRPERSON RECCHIA: That's even
21 better.

22 CARL HUM: My name is Carl Hum. I
23 am the President and CEO of the Brooklyn Chamber
24 of Commerce. We want to thank the Council for
25 this opportunity to testify on Intro 18-A.

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2 In short, the Chamber of Commerce
3 in Brooklyn is opposed to Intro 18-A. The cost of
4 doing business, as you know, in New York City is
5 already high enough. In a recent report by the
6 Public Policy Institute of New York State, our
7 state ranks almost dead last 49 out of 50 states
8 for business friendly climate.

9 And according to a report by the
10 Citizens Budget Commission, local taxes make New
11 York City a particularly high tax liability
12 locality, more than twice as high as Westchester
13 County. Intro No 18-A is just another job-killing
14 piece of legislation that will burnish the
15 region's image as unfriendly if not hostile to
16 business.

17 In recognition of these high
18 costs, the City and State created numerous
19 incentive programs over the past several years
20 including the Industrial and Commercial Abatement
21 Program, the Commercial Expansion Program and the
22 Energy Cost Savings Program, to name but a few, to
23 specifically ease the financial burdens of doing
24 business in our region.

25 In fact, many of these incentive

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2 programs already incorporate public benefit
3 requirements from program participants ranging
4 from capital investment, job creation and
5 location. Intro 18-A would only add another
6 onerous, non-negotiated quid-pro-quo that neither
7 the State or City legislatures demanded when the
8 individual incentive programs were first created.

9 Moreover, with its broad-based, low
10 financial assistance threshold of \$10,000, Intro
11 18-A will affect many small business recipients
12 who sorely need these incentives to survive during
13 tough economic times.

14 For example, under Intro 18-A, many
15 industrial and manufacturing businesses, a sector
16 that should be pointed out, that the Council and
17 Administration has taken great pains in assuring
18 its future in New York City, would be adversely
19 affected as financial assistance programs such as
20 the Energy Cost Savings Program or the Industrial
21 Business Zone Relocation Tax Credit exclusively
22 serves this population.

23 The legislation before us is indeed
24 the legislative embodiment of giving with one hand
25 while taking with the other.

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2 In conclusion, the Brooklyn Chamber
3 of Commerce respectfully asks this Committee to
4 reject the false promises that this bill conveys
5 of equality for building service workers because
6 it will adversely impact struggling small
7 businesses, its employees and clients. Thank you.

8 CHAIRPERSON RECCHIA: Thank you.
9 Mr. Doyle?

10 JOHN DOYLE: Good afternoon and
11 thank you for the opportunity to testify. A
12 special thanks for sticking around to hear the
13 testimony. I will make it short. I have a number
14 of points to make. Some of them have been made
15 before and some of them would benefit the full
16 committee, so maybe I'll save it for another
17 hearing.

18 CHAIRPERSON RECCHIA: Do you have
19 written testimony?

20 JOHN DOYLE: Just handwritten
21 notes.

22 CHAIRPERSON RECCHIA: That's fine.
23 Go ahead.

24 JOHN DOYLE: I guess what I'd like
25 to focus on is to explain exactly what this bill

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2 does. It's not a living wage bill; it's a
3 prevailing wage bill. What's the difference
4 between the two? A living wage bill is where the
5 Council sets a wage, \$10 an hour, \$12 an hour, \$15
6 an hour; whatever it is that they decide is a
7 living wage for that particular job.

8 A prevailing wage law is governed
9 by state labor law. The way it works is that the
10 comptroller of the City of New York has to look at
11 the industry and find out what the unionization
12 is. If a majority of the positions are unionized
13 positions, then the union contract amount is what
14 the prevailing wage amount is. In this case, as
15 was testified by, not my brother, Kevin Doyle,
16 32BJ has an overwhelming majority of the building
17 service jobs.

18 So what does that mean in terms of
19 what the rate of pay will be? I took a look at
20 the rate sheet before I came down here. For a
21 handyman in a commercial office building, the
22 salary is \$51,000 a year plus \$20,000 in benefits.
23 Now, who has to pay that? It gets paid by every
24 tenant in a commercial office building where the
25 city of New York is a tenant. If the Empire State

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2 Building did not pay prevailing wages, it does by
3 the way, and it had a city agency in there that
4 occupied more than 10,000 square feet, every
5 tenant in the entire Empire State Building would
6 have to pay prevailing wages to have their offices
7 cleaned and to have the building maintained.

8 Who pays that? Not the landlord.
9 You look at any standard commercial lease; it's a
10 direct pass along. It's called a building service
11 escalation. Every year it gets recalculated.
12 Whatever the union contract goes up by, that's
13 what the tenants have to pay and they pay their
14 pro-rated share based on the square footage that
15 they occupy. So this is not hurting developers
16 directly, it is hurting the tenants who are there.
17 What benefit are they receiving from all these
18 programs that people keep casting about? Not a
19 one. They're just occupying a building.

20 Where are these buildings located
21 that will be affected by this? Most of them are
22 not in Manhattan. Virtually all class A office
23 buildings in Manhattan pay prevailing wage. They
24 signed a union contract. Most of these entities
25 are in the outer boroughs. This Council has

1
2 created numerous programs to promote the
3 relocation of commercial tenants to the outer
4 boroughs and now you're turning around possibly,
5 if you pass this, and saying to those same
6 businesses we're going to raise your cost of
7 occupancy. It doesn't seem to me to be a good
8 idea.

9 I have many more points to make,
10 but I'll save it. It's getting late and I know
11 you want to move along.

12 CHAIRPERSON RECCHIA: You made some
13 very interesting comments. If you could get a
14 written comment to us, it would be very important
15 to have in the record and for us to look at
16 thoroughly.

17 JOHN DOYLE: Sure.

18 CHAIRPERSON RECCHIA: Thank you.

19 ALISON BADGETT: Thank you,
20 Chairman Recchia and committee members for the
21 opportunity to testify today. My name is Alison
22 Badgett. I'm the Executive Director of the New
23 York State Association for Affordable Housing.

24 We are the trade association for
25 the affordable housing industry in New York. Our

1

2 300 members include for-profit and nonprofit
3 developers, lenders, architects and others
4 involved in the construction, and operation of
5 affordable housing.

6

7 The New York State Association for
8 Affordable Housing opposes Intro 18-A, as it would
9 have a very negative effect on the ability to
10 operate and manage affordable housing. By its
11 nature, affordable housing operates on low rents
12 with little discretionary funds. Most of the
13 income generated goes to operating expenses that
14 are critical to the maintenance of the building.

15

16 This bill could make financially
17 untenable the adequate maintenance and operation
18 of property. It could also impose a new
19 burdensome compliance bureaucracy. NYSAFAH
20 members provide high quality housing throughout
21 New York City for working families. The high
22 costs and administrative burden imposed by this
23 bill on affordable housing could threaten the
24 ability to maintain safe, decent housing options
25 for New Yorkers who need them the most.

26

27 We recognize that members of this
28 committee have been strong supporters of

1
2 affordable housing and therefore, NYSAFAH asks
3 that you consider the consequences of this bill on
4 affordable housing.

5 At a time when resources are
6 constrained, yet the need for affordable housing
7 greater than ever, the NYSAFAH respectfully
8 requests that you oppose Intro 18-A.

9 Thank you for the opportunity to
10 testify. We would be happy to discuss the impact
11 of this bill on affordable housing in greater
12 detail.

13 CHAIRPERSON RECCHIA: Thank you
14 very much. Do any of my colleagues have any
15 questions? Yes, Council Member Jackson.

16 COUNCIL MEMBER JACKSON: Thank you.
17 First, let me thank all of you for coming in.
18 Clearly, this City Council wants to take into
19 consideration everything with respects to this
20 particular bill. I speak for myself and I'm sure
21 I speak for many of my colleagues that we do not
22 want to do anything that negatively impacts
23 affordable housing in New York City.

24 Especially knowing the constituents
25 that I represent based on the 2000 census, where

1
2 the average family of four only earned about
3 \$34,000 a year. We need all of the affordable
4 housing that the City of New York can build, quite
5 frankly. So if you were sitting here earlier, I'm
6 hoping that the primary sponsor of the bill, along
7 with the sponsors will be able to sit down with
8 the Mayor's Office and all those interested
9 parties to see whether or not we can reach an
10 agreement on something where we can reach a
11 consensus. Obviously, I've listened to what you
12 have to say. As you can see, I'm here and I'm
13 listening. I have the documentation. So I will
14 take it all into consideration. I want to thank
15 you for coming in and staying the course.

16 CHAIRPERSON RECCHIA: Thank you
17 very much. We'll be in touch with you to follow
18 up on this very important issue. Call the next
19 panel, 32BJ.

20 FEMALE VOICE: Gerald Smith, Alba
21 Vasquez, Elpidio Sanchez and Robert Alexander.

22 CHAIRPERSON RECCHIA: You can
23 begin. Just state your name for the record.

24 GERALD SMITH: My name is Gerald
25 Smith. Thank you very much for the opportunity to

1

2 be here this morning.

3

4

COUNCIL MEMBER JACKSON: Mr. Smith,
bring your mike up close so it's loud and clear.

5

6

GERALD SMITH: Are you hearing me
clearly now?

7

CHAIRPERSON RECCHIA: Yes.

8

GERALD SMITH: Sounds good.

9

CHAIRPERSON RECCHIA: Okay.

10

GERALD SMITH: Thank you, Mr.

11

Chairman and the City Council Finance Committee

12

for hearing my testimony. My name is Gerald

13

Smith, and I am here today to support the Good

14

Jobs Bill.

15

I am 61 going on 62. I live in

16

Jamaica, Queens. Not Jamaica, West Indies, but

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Jamaica, Queens. I am a security officer from

18

2005 to January of 2010, I worked for Jet Blue. I

19

made \$9 or \$10 an hour and had no healthcare.

20

I tried to build a future for

21

myself and my family, but because my wages were so

22

low I did not have the chance to plan for the

23

future. Instead I barely had enough to cover my

24

immediate needs.

25

A few years back, I had a fire in

1

2 my apartment. I was completely burned out. With
3 no savings and a low wage job, I was forced to
4 live in a YMCA shelter for two and a half years.

5

6 At the same time, Jet Blue was
7 building a brand new terminal at JFK, terminal 5,
8 with the support of \$865 million in tax-free bonds
9 through the New York City Economic Development
10 Corporation. Is that fair? No.

11

12 My coworkers and I worked hard to
13 keep passengers in the new terminal safe and
14 secure. But we were also making the same bad
15 wages. Unable to find an apartment I could afford
16 in one of the most expensive cities in the world,
17 I was living in section 8 housing without health
18 benefits, I was on Medicaid.

19

20 Now I hear that Jet Blue is
21 applying for \$30 million in subsidies, including
22 \$3 million for the terminal at JFK where I used to
23 work. I've read in the paper that New York City
24 wants to give them these incentives so they can
25 create jobs. Our tax dollars should not go to
companies like Jet Blue that keep workers like
myself in poverty and force us to rely on public
services to get by. It isn't right, and it isn't

1
2 fair. Most of all it's not good enough for the
3 city of New York.

4 Now I am looking for a new job, and
5 hope that I will be able to find one that will
6 provide the wages and benefits I need to live in
7 New York City without relying on public subsidies
8 to access housing and medical care.

9 I am here today to ask the New York
10 City Council to pass the Good Jobs Bill to make
11 sure we stop giving our taxpayer dollars to
12 companies that create low wage jobs, and we create
13 more of the good jobs that hard working New
14 Yorkers like me badly need. Thank you very much.

15 CHAIRPERSON RECCHIA: Thank you
16 very much. Thank you for coming down today. It
17 means a lot from us to here from you.

18 GERALD SMITH: It's my pleasure,
19 sir. Thank you.

20 CHAIRPERSON RECCHIA: Alba? Put
21 the microphone close to you.

22 ALBA VASQUEZ: Yes, sir. Thank
23 you, Mr. Chairman, and the Council for hearing my
24 testimony. My name is Alba Vasquez, and I am here
25 today to support the Good Jobs Bill.

1
2 I am here today to tell the Council
3 why the Good Jobs Bill is important in the City of
4 New York. This bill is not about politics and
5 real estate, or the economy. This is about hard
6 working people like me who need a good job to
7 support our families, our communities, and the
8 city that we love.

9 My story is the story about many
10 immigrants and workers who struggle to live in one
11 of the most expensive cities in the world. I am
12 here today to say that not every job is a good
13 job. Not every job can pay your bills. Not every
14 job will let you work towards a future

15 I came to the United States from
16 Uruguay in 1977 as a 21 year old mother of three.
17 I had a simple dream. I wanted to create a better
18 life for my children. When we first settled in
19 the Bronx, my children and I lived in a small one-
20 bedroom apartment.

21 When my children were young, I
22 worked three jobs to support them. I worked 18
23 hour days, going from one job to the next to the
24 next. I was killing myself working for a better
25 life for my children, but I barely saw them.

1
2 At the end of every month, it would
3 always be a struggle. Sometimes I would need to
4 choose between paying my rent and putting food on
5 the table, or being able to buy the clothes for my
6 children.

7 Ten years ago, I got a job cleaning
8 at Madison Square Garden, and became a member of
9 SEIU 32BJ. Our lives changed completely. I work
10 now 40 hours a week. I own my home with my
11 daughter. Mother's Day was our first year in our
12 new home. I'm able now to spend time with my
13 children and to watch them grow, go to school, and
14 to start their careers. I've very proud of the
15 achievements that they have in their lives.

16 I feel fortunate to have a good job
17 because the struggle I felt earning minimum wage
18 is not so far from my mind and my life. When I
19 look around me, I see many New Yorkers unable to
20 make ends meet even though they work so hard. It
21 is not easy to get by in New York City. It's very
22 hard. Rents are getting higher and the cost of
23 everything from transportation to groceries is
24 rising.

25 I am supporting the Good Jobs Bill

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2 because as a city we need to do everything we can
3 to create more good jobs and real opportunities
4 for New York City workers. When we invest our
5 taxpayer dollars in new development, we are only
6 asking to be invested in us, in the workers of New
7 York that they can have the same opportunity that
8 I have to achieve the American dream for myself
9 and my family. Thank you.

10 CHAIRPERSON RECCHIA: Thank you.

11 Mr. Sanchez?

12 ELPIDIO SANCHEZ: Thank you, Chair
13 Recchia, and to the City Council Finance committee
14 for hearing my testimony. My name is Elpidio
15 Sanchez, and I am here to support the Good Jobs
16 Bill.

17 I came to New York City from the
18 Dominican Republic on December 21, 1989. I came
19 here with the same dreams we all have, to create
20 opportunities for my children. I am proud to be
21 here today to say that I have. My oldest daughter
22 just graduated from Hamilton College, and my
23 second daughter, Angela, is in Hamilton College
24 too. My little son is 10-years-old. He's in the
25 fifth grade. He's doing good in the school and

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wants to graduate from Hamilton too.

But we went through many hard times to get where we are today. That is why I am here to tell the New York City Council that not every job is a good job.

Before I was a member of SEIU 32BJ, I worked for years in restaurants and side jobs. The pay was inconsistent and the hours weren't regular. I was working so hard, usually working two jobs, just to make ends meet for my family. When the economy was slow, my family even had to apply for food stamps and Medicaid. I have always said I don't want anyone to do anything for me that I can do for myself, so being forced to rely on public assistance was embarrassing.

Eight years ago, I finally got a better job as an office cleaner at 123 Williams Street. But even there, things were insecure. One day a new contractor came in. In one day they cut our pay from \$20 per hour to \$7.50 per hour and took away our health benefits and sick days and I had no security for my family and for the future.

As a member of SEIU 32BJ, I

1

2 understand how important it is to have a good job,
3 and how important it is to have a stable job.

4 Since I became a member, eight years ago, things
5 have really changed for me and my family. I am
6 putting food on the table. I am able to take my
7 kids to the doctor. I was even able to save money
8 so that I could help put my kids through college.

9 It's very important for us to have
10 a good job. Not every job is a good job. I love
11 New York. It's the city of opportunity, one where
12 I raised a family and sent my kids to college.
13 But it is also a city where working people
14 struggle to get by. We need to use the power of
15 our government, of the people, by the people, for
16 the people, and our tax dollars we pay to support
17 and create more good jobs and stable jobs for New
18 Yorkers so that everyone can have the chances I
19 have. It is the fair thing to do, and the right
20 thing to do for New York. Thank you very much.
21 God bless America. Thank you.

22 CHAIRPERSON RECCHIA: Thank you
23 very much. I want to thank all three of you for
24 coming here to testify today. It means a lot to
25 us. It looks like you're all doing really, really

1
2 well and I just want to congratulate you all. The
3 next panel please.

4 FEMALE VOICE: Joel Copperman, Al
5 Voci, Sarah Hovde and Danielle Kline.

6 CHAIRPERSON RECCHIA: Just state
7 your name for the record.

8 ALBERT VOCI: Good afternoon, Al
9 Voci, Newmark Knight Frank. I represent the
10 Building Owners and Management Association of New
11 York.

12 Good afternoon Chairman Recchia and
13 members of the City Council. I am testifying
14 today on behalf of the Building Owners and
15 Managers Association of Greater New York, Inc., a
16 nonprofit trade organization where I serve as the
17 Chair of the Labor Relations Subcommittee on their
18 Codes and Regulations/Government Affairs
19 Committee. Our Committee monitors all local,
20 state and federal codes and regulations and
21 legislative issues affecting the real estate
22 community.

23 As the Association representing the
24 property management professionals responsible for
25 the safety and security of 3 million tenants, the

1
2 Building Owners and Managers Association of
3 Greater New York opposes the proposed legislation.

4 The commercial real estate industry
5 is a significant contributor to the nation's and
6 in particular the city's economic engine. Our
7 industry employs over 76,000 New Yorkers right
8 here at home, and contributes over \$10 billion to
9 the gross state product.

10 This bill would require building
11 owners who lease space out to city agencies or any
12 other organization receiving public assistance to
13 pay the prevailing wage to building workers is
14 costly and unfair.

15 First, we perceive this Bill as
16 anti-worker. Commercial real estate companies
17 will be less inclined to lease office space to
18 City agencies, thus driving down the need to hire
19 more building personnel. Alternatively, landlords
20 who maintain public agency tenants may be forced
21 to cut jobs, absorb work, and reduce their
22 building workforce in order to cover the
23 substantially higher operating costs associated
24 with prevailing wages and benefits.

25 Second, the law amounts to yet

1
2 another government imposed surcharge on landlords.
3 It is not feasible to pass along such a cost
4 increase to the private company tenants. A
5 prospective tenant, when faced with these
6 increases, because we will have to pass them
7 along, will simply go to another building with no
8 government agency tenancies before paying a
9 substantially higher rent.

10 Third, the law will result in a
11 greatly reduced supply of rentable space for City
12 agencies. Fewer owners and managers will chose to
13 rent to public sector agencies, thereby creating a
14 scarcity of space at a potentially higher cost per
15 square foot. In these very difficult economic
16 times, it would be counterproductive to expose the
17 market to higher occupancy costs that would result
18 from increased operating expenses.

19 Finally, our members are proud to
20 employ union workers through collective bargaining
21 agreements in their buildings. However, BOMA NY
22 believes that those who have chosen to operate
23 buildings with non-union personnel, which are
24 mostly much smaller commercial buildings, leasing
25 to City agency tenants, have the right to set the

1
2 appropriate rate of pay. If enacted into law,
3 this legislation is a dangerous precedent which
4 will give government more power to interfere with
5 the operation of private businesses.

6 As a side note, we have over 1,000
7 office buildings in the City of New York with
8 unionized labor, predominately 32BJ. At the best
9 pay rates in the country, a typical office porter
10 with ten years or more longevity between salaries
11 and benefits is costing a building owner \$70,000 a
12 year to keep on the force, not to mention five
13 weeks of vacation, which is more than I even get.

14 CHAIRPERSON RECCHIA: Thank you.

15 ALBERT VOCI: So for these reasons,
16 in conclusion, thank you for giving us the concern
17 and the opportunity to address these comments
18 before the Council. We ask that the committee
19 reject Intro 18-A. Thank you.

20 CHAIRPERSON RECCHIA: Thank you
21 very much.

22 SARAH HOVDE: Hi, thanks for the
23 opportunity to testify. My name is Sarah Hovde
24 and I am the Director of Research and Policy for
25 the NYC Program of the Local Initiatives Support

1
2 Corporation. LISC is a national community
3 development intermediary organization that helps
4 community-based groups to transform distressed
5 communities and neighborhoods into healthy ones by
6 providing capital, technical expertise, training
7 and information. I'm going to limit my comments
8 to the impact that we believe Intro 18-A would
9 have on affordable housing.

10 For many affordable housing
11 projects that would be affected by the bill,
12 because they receive more than \$10,000 per year in
13 tax benefits, a prevailing wage mandate would
14 present an unsustainable financial and
15 administrative burden which could threaten their
16 very viability.

17 The majority of the affordable
18 housing that LISC and are affiliate, the New York
19 Equity Fund, have helped our community-based
20 partners to develop over the years has been
21 formerly city owned, tax foreclosed buildings that
22 have been redeveloped using a variety of financing
23 sources, including Low Income Housing Tax Credits
24 and City subsidy. These projects, located in
25 Brooklyn, the Bronx, and Manhattan, serve families

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2 with incomes below 60% of area median income, and
3 are key affordable housing assets in their
4 neighborhoods, in a city that has a chronic and
5 severe affordable housing shortage.

6 Since there is currently no
7 prevailing wage established in New York City for
8 building service workers, it is not possible to
9 know exactly what the prevailing wage level would
10 be; however we are working on the assumption that
11 it would approximate the contract compensation
12 levels of the major building service employees
13 unions.

14 While LISC New York City's
15 community-based partners that developed and run
16 the affordable housing I just described do offer
17 their supers, porters and handymen decent, living
18 wages and benefits, these housing projects were
19 not underwritten to support union-scale wage and
20 benefits packages.

21 The projects, whose rents are
22 restricted by regulatory agreements, are already
23 operating on extremely tight budgets, having in
24 recent years seen greater than anticipated
25 increases in a number of maintenance and operating

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2 costs, including insurance, heating fuel,
3 electricity, and water/sewer charges. Their
4 ability to continue to provide quality affordable
5 housing, while at the same time meeting financial
6 obligations, is being strained.

7 Placing an additional
8 administrative and financial burden on affordable
9 housing projects, which Intro 18-A would do,
10 threatens to undermine the viability of these
11 important housing resources at a time when New
12 York City's communities can least afford their
13 loss. While we are sympathetic to the intent of
14 the bill, ensuring decent wages for building
15 service workers, we must oppose the bill in its
16 current form because of the deleterious effect
17 that it would have upon crucial affordable housing
18 resources. Thank you.

19 CHAIRPERSON RECCHIA: Thank you
20 very much. Big Apple Circus, I just want to thank
21 you. You're the first nonprofit to testimony.
22 Thank you.

23 DANIELLE KLINE: Thank you. Thank
24 you for your time.

25 CHAIRPERSON RECCHIA: No, no, I

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2 mean cultural group.

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DANIELLE KLINE: Thank you for your time. My name is Danielle Kline and I am the Manager of Government Relations for the Big Apple Circus.

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The Big Apple Circus is a uniquely New York institution, embraced by generations since its first performances in the summer of 1977 on the landfill that is now Battery Park City. As you may know, its location in New York is precisely the reason the Circus has flourished for over three decades, nurturing an international art form and a commitment to community outreach at one of the world's key cultural crossroads.

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Today, we are a mid-sized arts organization with an annual operating budget of roughly \$21 million. We employ more than 195 full and part time staff, a figure that includes both our administrative staff and performers.

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In fiscal year 2010, we received approximately \$291,015 in general operating and programmatic support and \$1 million in capital funding from the City of New York. The Big Apple Circus is enormously grateful for this strong

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support for New York City's hometown circus.

I have come today to testify against Intro 18, the Prevailing Wage for Building Service Employees law. As currently written, its requirements would be enormously difficult for the Big Apple Circus to fulfill. Our primary administrative offices are located at 505 Eighth Avenue, occupying the entire 19th floor of a building from which we lease space. At this address, the Big Apple Circus is just one non-profit organization amongst more than one hundred other non-profit and for-profit tenants.

To provide the payroll records of all building service workers and to work to ensure that our landlord consistently meets these requirements would likely be a lengthy and tedious process. In our case, the Big Apple Circus would have to ask three different companies to surrender those records. Payroll records are confidential private property and the employer needs authorization from the employee to disclose them, except in the case of an audit or a court order.

It would be impossible for the Big Apple Circus to enforce three companies to pay the

1
2 prevailing wage since building employees are not
3 employed by the Circus. Furthermore, there is no
4 incentive for companies to comply with our wishes
5 because we are the entity receiving government
6 funding, not them.

7 I'd be happy to answer any
8 questions you may have.

9 CHAIRPERSON RECCHIA: Thank you
10 very much. With no further questions, I want to
11 thank all three of you for coming down today.
12 Call the next panel please.

13 FEMALE VOICE: James Parrott, Mark
14 Price, Paul Sonn, and John Petro.

15 CHAIRPERSON RECCHIA: You can
16 begin.

17 JAMES A. PARROTT: Good afternoon,
18 Mr. Chair. Thank you for staying. James Parrott
19 is my name. I'm the Deputy Director and Chief
20 Economist of the Fiscal Policy Institute. I will
21 try and be very brief.

22 With the city's poverty rate at
23 22%, this is according to the city's own
24 calculations, and 20% of families with one full
25 time, year round worker not able to rise out of

1
2 poverty, New York City clearly needs good paying
3 jobs that provide workers the opportunity to lift
4 their families into the middle class. As the
5 Mayor's Commission on Economic Opportunity, which
6 was also known as the Poverty Commission, found in
7 2006, there has been a tremendous rise since the
8 early 1990s in the number of people in New York
9 City who work yet remain in poverty.

10 The Mayor's Center for Economic
11 Opportunities estimates that the poverty threshold
12 for a family of four in 2008 was \$30,400. For a
13 full time year round worker, that means it takes
14 an hourly wage of about \$15 to reach the poverty
15 threshold.

16 For the fourth quarter of 2009, the
17 median hourly wage in New York City for non-
18 managers, non-professional workers, which is about
19 half of the workforce, was \$13.50 an hour. Thus,
20 about half of city workers who are not managers or
21 professionals are paid wages 10% or more below the
22 hourly equivalent of the four-person poverty level
23 as defined by the city.

24 The prevailing wage for officer
25 cleaners in class A office buildings is currently

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2 \$21.80. On an annual basis, this hourly wage
3 amounts to \$43,600. That's about 73% of the
4 average annual wage of \$60,000 in New York City
5 when you leave aside the finance sector. With the
6 finance sector, the average wage is about \$80,000.
7 This annual amount of \$43,600 is about 143% of the
8 four-person poverty level of \$30,400 as determined
9 by the city. So you can see that these are decent
10 wages but they're not exorbitant wages.

11 This Intro 18-A is good economic
12 and public policy. While data are not readily
13 available on the wages paid on projects benefiting
14 from public subsidy or in companies leasing office
15 space from the City, data from the current
16 population survey indicate that about a quarter of
17 the roughly 100,000 janitors and other building
18 service workers in New York City receive hourly
19 wages below \$9.39.

20 Other government data indicate that
21 several thousand New York City building service
22 workers likely are misclassified as independent
23 contractors. Employers who misclassify their
24 workers as independent contractors do that in
25 order to skirt employer obligations to pay payroll

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2 taxes and premiums for social insurance programs
3 such as unemployment insurance and workers
4 compensation.

5 Extending prevailing wages for more
6 building service workers will-help New York City
7 alleviate poverty and promote a sustainable
8 economy. The Mayor's Poverty Commission put it
9 best, "Playing by the rules and being rewarded for
10 hard work must be the ticket to financial security
11 for our city's families." Extending prevailing
12 wages should be part of those rules, for workers,
13 businesses and for the city. Thank you.

14 CHAIRPERSON RECCHIA: Thank you
15 very much. If you could just sum up your
16 testimony, because there's another hearing that
17 has to come in here and I would like to just hear
18 from everybody.

19 MARK A. PRICE: No problem. My
20 name is Mark Price. I'm a labor economist at the
21 Keystone Research Center based in Harrisburg. I'm
22 here partly because I'm an economist that studied
23 the prevailing wage and its impact on construction
24 labor markets and also because coming from
25 Pennsylvania where we have recently, as you've

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2 heard already, Pittsburgh has enacted a similar
3 prevailing wage ordinance covering not just
4 building service workers but other service
5 occupations. But also, in 2007, the city of
6 Philadelphia enacted a prevailing wage ordinance
7 covering building service workers that are covered
8 by firms that receive public assistance.

9 I just want to very briefly, to
10 save time for the other panelists, the primary
11 motivation behind prevailing wage standards is the
12 desire to prevent the buying power of the public
13 sector from being used to undercut the wage scale
14 established in the private sector of the local
15 economy.

16 In this respect these laws are very
17 different in intent from minimum wage laws which
18 seek to establish a wage floor for the most
19 vulnerable workers throughout the economy. A
20 prevailing wage seeks only to ensure that the
21 wages paid to perform public work, or publicly
22 subsidized work, reflect the local wage scale.
23 These laws are grounded in the idea that the
24 public sector should set a good example and
25 discourage low-wage, low-skill, low-productivity

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competition, not just when it employs workers directly but also when it contracts with firms in the private sector.

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The motivation for these laws in Pittsburgh and Philadelphia was, again, because we had instances where public developers were getting public assistance and then paying wages that fell well below the established standard of wages for the occupations that were affected.

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This ordinance is not going to deal with New York City's most severe problem, which is an acute shortage of good paying decent jobs. What this ordinance will do, however is make sure that the public sector plays no role in making that shortage worse. Thank you.

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CHAIRPERSON RECCHIA: Thank you very much.

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PAUL K. SONN: Thank you, Chairman Recchia. My name is Paul Sonn. I am legal co-director of the National Employment Law Project. We work with cities and states across the country on living wage and prevailing wage laws. We've worked with the Council in the past, including on the 2002 living wage law expansion.

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2 I will just hit the key points in
3 my testimony and rely on the printed testimony.
4 The key points are very simple. The Good Jobs
5 Bill before the Council today reflects a national
6 trend among cities toward establishing good job
7 standards for their city economic development
8 programs.

9 In fact, New York has itself
10 already been a leader in doing this. As we heard
11 discussion by Council Members this morning and
12 EDC, many of the city's major subsidized economic
13 development projects, including the Coney Island
14 project, the Willets Point project, and the
15 Greenpoint-Williamsburg project have in fact had
16 prevailing wage for building service worker
17 requirements negotiated as part of the project
18 requirement.

19 The experiences in New York and
20 nationally with these requirements are that they
21 have not inhibited development. Cities have still
22 been able to recruit developers for projects.
23 Developers have been able to successfully get
24 financing. And once projects have opened up,
25 they've been able to recruit tenants who are

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willing to operate under these circumstances.

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This approach has proven to be effective and smart

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economic development at creating good jobs and

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creating the type of growth communities need.

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What the Good Jobs Bill would do

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right now is it would institutionalize what has

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become the de facto practice here in New York to

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require prevailing wages for building service

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workers on large development projects. It would

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set that standard as a baseline expectation for

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all large subsidized projects.

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Much of the discussion today has

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focused on what I believe are truly tangential

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issues that really are not the focus of this bill.

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The discussion of affordable housing, cultural

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institutions, and social services institutions,

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those are not the focus of this bill. My

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understanding is there actually are a set of

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amendments aimed at addressing and excluding most

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of those categories of recipients from the bill.

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The key focus is the one that EDC

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conspicuously omitted to discuss, whether it's

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economically realistic and good policy to require

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prevailing wages for building service workers on

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2 large subsidized projects in New York. We believe
3 the experience of the city over the past few years
4 shows that it clearly is. It's good policy and
5 it's what New Yorkers need. Thank you.

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CHAIRPERSON RECCHIA: Thank you
very much.

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JOHN PETRO: Thank you, Chairman.
My name is John Petro and I am an urban policy
analyst at the Drum Major Institute for Public
Policy.

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CHAIRPERSON RECCHIA: If you could
just sum up.

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JOHN PETRO: I'll be glad to.

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CHAIRPERSON RECCHIA: I just want
you to know, we're going to read all of this
testimony. My staff and I are going to read this.

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JOHN PETRO: I just want to
introduce myself and put my name on the record.

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CHAIRPERSON RECCHIA: We are going
to sit down and read it. If you could, highlight
certain points, like the other gentlemen. They
did a very good job.

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JOHN PETRO: I just want to point
out that the goal of this bill, by setting wage

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2 standards, really what it does is it makes sure
3 that we maximize the impact of our economic
4 development tools by making sure that local
5 communities directly benefit from our economic
6 development activities.

7 I think in a lot of ways, economic
8 development is done for the sake of growth in
9 itself and we find that just growth alone does not
10 create benefits for local communities
11 automatically. We have to make sure that we bring
12 direct benefits to those communities. One way of
13 doing that is establishing wage standards and
14 creating good jobs that can support a family. I
15 think you've heard a lot of this already.

16 But I just want to make the
17 distinction that it's a different way of
18 approaching economic development and a way that
19 could be more effective for the city and really
20 approach some of the structural imbalances in the
21 city's economy related to the growth of low wage
22 jobs.

23 CHAIRPERSON RECCHIA: Thank you
24 very much. Call the next and final panel.

25 FEMALE VOICE: Ava Farkas, Claudio

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2 Idrovo, Andrew Friedman, Michael McKee, Elena
3 Conte and Benjamin Dulchin.

4 CHAIRPERSON RECCHIA: If there is
5 anyone whose name was not called and who wanted to
6 testify, you should see the sergeant-at-arms, if
7 you wanted to testify and your name wasn't called.
8 Why don't you just sit right up here and we'll
9 call you next? Who ever would like to go first,
10 just state your name for the record, and where
11 you're from.

12 AVA FARKAS: I'm Ava Farkas and I'm
13 representing Stuart Appelbaum and Retail,
14 Wholesale and Department Store Union.

15 CHAIRPERSON RECCHIA: If you could
16 just summarize your testimony.

17 AVA FARKAS: The summary is that we
18 support Intro 18-A. We feel that it's a vital
19 piece of legislation, along with other bills that
20 will be coming before the Council, including
21 living wage and paid sick days. It's an important
22 piece of legislation to guarantee that our public
23 money is being spent to create good jobs, not keep
24 people in poverty.

25 CHAIRPERSON RECCHIA: Paid sick

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leave is the next hearing in here.

AVA FARKAS: Yes, we know. So we just want to go on the record as supporting that. We represent 45,000 men and women who work in retail, grocery and drug stores in all five boroughs. And we think the bills are needed know because for too long the business community has dominated politics at the expense of the rest of us. I think most other things have been said.

CHAIRPERSON RECCHIA: Thank you very much.

ELENA CONTE: Thanks for the opportunity to testimony. I'm Elena Conte from the Pratt Center for Community Development.

CHAIRPERSON RECCHIA: Do you have written testimony?

ELENA CONTE: I do. I'll give it to the sergeant-at-arms. I'll be real quick. I just want to say that we're speaking in support of the bill because it moves the city towards a consistent and rational policy. It provides a certainty of enforcement that side letter agreements don't always accomplish. It creates additional space for stakeholders including

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2 Council Members and communities to focus on issues
3 that are germane to the particular development.

4 We think 421-A and the reforms and
5 the exceptions that were created there are a good
6 model because we've seen that from 2008 to 2010
7 there have been more than 1,400 buildings that
8 have been developed in the program. So it hasn't
9 been an undue burden on development.

10 But perhaps more importantly,
11 during 421-A, special efforts were taken in
12 crafting to ensure that the new requirements would
13 not adversely affect the creation of the most
14 affordable housing, which is subject to different
15 economic constraints than other types of
16 development and which serves a portion of New York
17 City's population that is the most vulnerable and
18 in need of housing and supportive services.

19 We think that the language included
20 in the 421-A reform with regard to protections for
21 specific types of affordable housing is a good
22 starting point for arriving at what's an
23 appropriate modification to the bill. But we
24 support the efforts of leaders in the nonprofit
25 affordable housing sector such ANHD to ensure that

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2 the final version accomplishes that. But other
3 than that, we're very supportive. Thank you.

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CHAIRPERSON RECCHIA: Thank you.

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6 CLAUDIO FELIPE IDROVO: My name is
7 Claudio Felipe Idrovo. I am a Board Member of
8 Make the Road New York, an organization with over
9 7,000 members.

9

10 Make the Road New York strongly
11 supports the proposed law, Intro 18-A. In
12 conclusion, for all of these reasons, Make the
13 Road New York urges the committee to approve the
14 proposed bill, and to support the bill for passage
15 in the City Council. We are hopeful that the
16 Council will share our commitment to support
17 better jobs for all New Yorkers. Thank you.

17

CHAIRPERSON RECCHIA: Thank you.

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19 I'll be very brief and summarize.
20 My name is Benjamin Dulchin and I'm representing
21 ANHD, Inc., which is a nonprofit social welfare
22 group that represents the interests of the not-
23 for-profit affordable housing developers and
24 managers across all five boroughs of the city.
25 Our members have built and currently manage over
100,000 units of affordable housing and as such,

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this issue is of great concern to us.

I want to state that we have many concerns with Intro 18-A as it is currently before the committee. As has been said before, the increase in wage rates would in many meaningful ways, undermine the affordable housing intent of a lot of the housing that our members manage. As not-for-profits, there is no profit margin to be taken out of and the underwriting is very, very tight.

That being said, we believe that the intent of Intro 18-A is a positive one, and since we are trying to do social justice work in these neighborhoods, we recognize that many of the service staff that we work with come from those neighborhoods and would benefit from a reasonable and fair increase.

We would like to mirror what has been said previously that the Council has already done a lot of work through the 421-A legislation to carefully describe how affordable housing could be defined. And if there were an affordable housing restriction as laid out in the 421-A bill that would significantly address any of the

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2 objections that my membership would have to this
3 bill and in fact we may, in that case, be able to
4 be supportive.

5 CHAIRPERSON RECCHIA: Thank you
6 very much. We have one more. You're the final
7 person. State your name for the record.

8 KRISTI BARNES: My name is Kristi
9 Barnes, and I'm from New York Jobs with Justice.
10 I'll try to keep it brief.

11 We're a nonprofit organization
12 that's located in lower Manhattan. We're actually
13 really proud that a portion of our rent goes to
14 pay a prevailing wage for the building service
15 workers in our building.

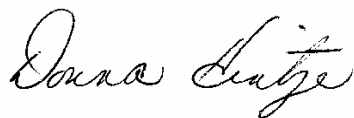
16 We believe that tax breaks and
17 public subsidies need to benefit the public. I
18 hope that the study that the New York City
19 government is conducting right now in 2011 will
20 actually examine some of the true costs of our
21 city creating poverty wage jobs where we're
22 subsidizing corporations and then also giving
23 government benefits and assistance to people that
24 are working in poverty that need those supports.
25 We think that that needs to end.

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2 Over 200 cities and counties around
3 the U.S. have tied their public subsidies to wage
4 standards. We think it's about time for New York
5 City to do that as well. Thank you.

6 CHAIRPERSON RECCHIA: Thank you
7 very much. Would anyone else like to say anything
8 else? With no other person wanting to testify, I
9 just want thank everyone for coming today. This
10 is closing the meeting for Intro 18. I have to
11 thank the staff of the Finance Committee who did a
12 wonderful job, also my chief of staff, Karen and
13 Tanisha Edwards, who stayed here the whole time.
14 Thank you.

C E R T I F I C A T E

I, Donna Hintze certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.



Signature _____

Date May 30, 2010 _____