

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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October 17, 2017
Start: 11:20 a.m.
Recess: 11:52 a.m.

HELD AT: Committee Room - City Hall

B E F O R E: JULISSA FERRERAS-COPELAND
Chairperson

COUNCIL MEMBERS: Ydanis A. Rodriguez
James G. Van Bramer
Vanessa L. Gibson
Robert E. Cornegy, Jr.
Laurie A. Cumbo
Corey D. Johnson
Mark Levine
I. Daneek Miller
Helen K. Rosenthal
Steven Matteo

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

Michael Blaise Backer, Deputy Commissioner
Department of Small Business Services
City Neighborhood Development

2 [sound check, pause] [gavel]

3 CHAIRPERSON FERRERAS-COPELAND: Good

4 morning and welcome to today's Finance Committee
5 meeting. My name is Julissa Ferreras-Copeland. I'm
6 the Chair of the Committee. We've been joined by our
7 colleagues Council Members Corngegy, Rodriguez,
8 Minority Leader Matteo, Levine, Van Bramer, Majority
9 Leader Van Bramer, Council Members Johnson, Gibson
10 and Miller. Today, the committee will be voting on
11 four items including three Land Use items and a BID
12 resolution. Additionally, we will be considering a
13 local law regarding the authorization of the BID
14 assessment increases. I'll start with the LU items.
15 The first is the Seagrit Apartments in Council Member
16 Richards' district in Queens, which would provide a
17 partial 36-year Article 11 Exemption to preserve 917
18 units of low-income rental housing. The second item
19 is a Wyatt Tee Walker in Council Member Perkins'
20 district in Manhattan, which will provide a partial
21 35-year-35-year Article 11 tax exemption to preserve
22 79 units of low-income senior housing. Finally, a
23 third LU item is Lefferts Heights in Council Member
24 Cornegy's district in Brooklyn, which will provide a
25 partial 40-year Article 11 Tax Exemption to preserve

2 86 units of low-income housing. Each council member
3 is supportive of the land use items in their
4 district. Representatives from HPD are here to
5 answer any questions we may have on the LU items.
6 Additionally, the committee will be voting on a
7 preconsidered resolution that sets forth October 31'
8 2017 at 10:00 a.m. in this room as the date, time and
9 place to hold a public hearing considering the local
10 law that would establish the Morris Park BID in
11 Council Member Vacca's district in the Bronx.
12 Council Member Vacca is supportive of this BID. More
13 information regarding the Morris Park BID can be
14 found in the Committee Report prepared by the Finance
15 Division as well as the BID District Plan, which has
16 been posted to the Council's website. Lastly, the
17 committee will be holding a public hearing on
18 Introduction 1698, which will authorize 11 existing
19 BIDs throughout the city to increase the amount they
20 expend annually. The Council previously approved
21 Resolution 1639 of September 27, setting today as the
22 date for a public hearing on this legislation. As the
23 Committee considers its round of assessment increases
24 we look forward to hearing more from BIDs about the
25 issues underlying their requests for increases in

2 their budgets as well as from SDS on how it ensures
3 that the BIDs are operating in the best interest of
4 both the public and property owners within the
5 business district. Representatives from the
6 Department of Small Business Services and several of
7 the BIDs are here to discuss the legislation and
8 answer any questions. Following SBS' testimony, and
9 member-and member questions, I will ask Billy Martin,
10 Committee Clerk to call the roll. Finally, as a
11 reminder, the committee will be meeting again
12 tomorrow at 10:00 a.m. in this room to discuss a bill
13 and resolution concerning the prevention of deed
14 fraud. I know that you all have been a very important
15 part of preserving and ensuring that there isn't deed
16 fraud in our city. So, we will be hearing that
17 committee sharply at 10:00 a.m. I will be here on
18 time. We will now hear from SBS after my counsel
19 swears you in. SBS, do you want to-- [pause]

20 LEGAL COUNSEL: Do you affirm to tell the
21 truth, the whole truth, and nothing but the truth in
22 your testimony before the committee today, and to
23 respond honestly to Council Member questions? Dep

24 DEPUTY COMMISSIONER BACKER: Yes, I do.
25 Good morning Chair Ferreras-Copeland and members of

2 the Finance Committee. I'm Michael Blaise Backer,
3 Deputy Commissioner for the Department of Small
4 Business Services for the City Neighborhood
5 Development. I wish to express our support for the
6 law providing an increase in the amount to be
7 expended in the eleven Business Improvement
8 Districts. In order to prepare an assessment
9 increases, BIDs must complete a multi-step review
10 process overseen by SBS. The BID Board of Directors,
11 which includes local property owners, merchants and
12 residents as well as representatives from the City
13 Comptroller, Borough President, City Council and SBS,
14 must review and approve the proposed assessment
15 increase. Additionally, SBS requires all BIDs to
16 submit a four-part justification outlining how the
17 increase will be allocated, minutes from the board
18 meeting when the increase was approved, and letters
19 of support by all City Council Members represented in
20 the BID boundaries. SBS then reviews these proposals
21 and determines whether they are sufficient to bring
22 to the City Council. Additionally, as required by
23 law, each of the eleven BIDs published a notice of
24 the public hearing at least once in the local
25 newspaper having general circulation in the district

2 specifying the time and place of today's hearing, and
3 stating—and stating the proposed amount to be
4 expended annually. Each district has also certified
5 that they have mailed a letter to property owners
6 informing them about the proposed assessment increase
7 and the time and place of this public meeting. It is
8 the priority of the agency that assessment increased
9 proposals focus on enhancing programs and services
10 provided to the district. The eleven districts
11 proposing assessment increases are doing so to
12 address the vital needs in changing conditions.
13 These increases will further expand, reinforce and
14 strengthen existing core services currently provided
15 in the business districts, and include funds for
16 capital improvements, plaza activation and added
17 staff capacity. Additionally, portions of these
18 increases will be used to sustain current levels of
19 sanitation and public safety programs and services
20 impacted by rising contract costs related to the
21 increased in the minimum wage. The proposed
22 increases for FY18 range from a 100—from \$14,500 to
23 \$4.5 million. They are arranged according to budget
24 size, district size, and proposed changes in programs
25 and services. I'm happy to restate the specific

2 amounts if necessary. The city's 74 BIDs invest over
3 \$134 million into local economies in the form
4 supplemental services and programs that serve more
5 than 85,000 businesses across the city. BIDs have
6 been valuable and proven partners in ongoing
7 initiatives in neighborhood revitalization and
8 economic development across the five boroughs making
9 New York neighborhoods cleaner, safer and more
10 vibrant. BIDs are also advocates for small
11 businesses and their districts helping them to
12 navigate government, facilitating networking among
13 fellow business owners, providing business retention
14 support, and attracting shoppers to the area. In
15 partnership with city government, BIDs help create
16 jobs, improve the quality of life for New Yorkers and
17 visitors and enhance the city's tax base,
18 strengthening local economies. Representatives from
19 each BID requesting an assessment increase are
20 present to answer any questions pertaining to their
21 specific request. However, I'm happy to answer any
22 questions you may have. Thank you.

23 CHAIRPERSON FERRERAS-COPELAND: Thank you
24 very much. As you know, I was just trying to get
25 our—our official number. We've worked really closely

2 and I think that 74 BIDs and probably more in the
3 queue. It is something this Council has been in
4 partnership looking over SBS because we want to
5 ensure that there are more corridors that have the
6 support that a lot of our BIDs provide in many of our
7 areas and many of our neighborhoods. I just want to
8 acknowledge that we have--with us is also our former
9 Council Member Jessica Lappin who is the Director
10 over at the Downtown--the Downtown Lower Manhattan
11 BID. So, welcome home, Jessica. So, I just have very
12 few oversight questions when it comes to some of our--
13 our--the BIDs, and does SBS have a standard criteria
14 or indicator to evaluate whether BIDs are managing
15 their finances, and what does that look like?

16 DEPUTY COMMISSIONER BACKER: Sure. I'm
17 happy to answer that. So we do conduct an annual
18 benchmarking assessment focused on three priorities
19 including good governments and management, contract
20 adherence, and transparent operations, and if you're
21 sitting on the BIDs' boards, including sitting on
22 their both Audit and Finance Committees for each BID,
23 conducting an annual performance review, requiring a
24 certified independent audit and collecting other
25 contract compliance related information, we are able

2 to monitor—monitor the BIDs and assess their fiscal
3 and organization policies and their qualitative and
4 quantitative indicators, and for any BIDs that do not
5 meet certain indicators in—in areas that we're
6 measuring, we look to build their capacity for both
7 the traditional services that SBS offers, but also
8 intervening on an individual basis with those BIDs
9 that need help, and ensuring we have an action plan
10 in place to help them.

11 CHAIRPERSON FERRERAS-COPELAND: And if
12 those BID would have expressed issues or that they're
13 not able to keep up the pace with the demand
14 necessarily, what kind of technical support does SBS
15 provide to the BIDs, if any?

16 DEPUTY COMMISSIONER BACKER: The demand
17 for our services you mean?

18 CHAIRPERSON FERRERAS-COPELAND: Demand
19 for—let's say that, you know, fiscally right, because
20 this is about increases, if they—if there's a BID
21 that sees themselves in a challenge fiscally, that
22 they're not able to, you know, the cost of
23 maintenance of has increased like especially when it
24 comes— A lot of this is about cleaning up the
25 streets and garbage and we have to pay minimum wage,

2 and minimum wage increases happen, and if the BIDs
3 aren't in-in the proper timeline for an assessment
4 increase, that can be a challenge that's often
5 burdensome to overcome. So does SBS provide
6 technical support or any type of support for BIDs
7 that may be struggling financially?

8 DEPUTY COMMISSIONER BACKER: Yes,
9 certainly. So, there's a number of areas where we
10 can help them, and again as I-as I touched on this,
11 there's a lot of best-best practice sharing. So,
12 since we oversee the entire network, we're aware of,
13 you know, what all the BIDs are doing. So, there's
14 an opportunity to help them certainly when it comes
15 to general-general and administrative costs to look
16 for efficiencies in over--I think about 20 of BIDs
17 actually share administrative costs with another non-
18 profit organization. So, there's a lot of
19 efficiencies there. When it comes to program
20 services that are being offered, we can help when-if
21 a BID is looking to issue a new RFP in order to, you
22 know, competitively bid their services. We can work
23 with them to provide templates or, you know, provide
24 assistance where they might need to issue those types
25 of RFPs. There's probably a number of others, but to

2 the general we're always available essentially to,
3 yeah, look at—I mean we're looking at their finances
4 all the time. We're looking at their budgets, and
5 really seeing. When we do our annual—our annual
6 report where we collected all the data, we can see,
7 you know, if there are any outliers where they might
8 be spending more than might be typical for sort of
9 the—the size of their district and so they can advise
10 them where they might be able to find cost savings.

11 CHAIRPERSON FERRERAS-COPELAND: Right.

12 You know, I think I probably have one of the shortest
13 BIDs. So, my BID is about two blocks. Well, I want
14 it to be a little longer, but that's a whole other
15 story. [laughter] But the reality is that I—you also
16 have a portfolio of very varied BIDs. So, I—I think
17 the—the process of sharing good ideas or—or best
18 practices. A lot of the conversations that we have
19 also as Council Members and I wanted to take this
20 opportunity for you to very briefly explain. You
21 know, a Council Member or a community leader or a
22 business wants to start a BID. What should be the
23 first steps that they should take?

24

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2 DEPUTY COMMISSIONER BACKER: So, there's
3 not a short answer to that really, but I mean that,
4 but I think--

5 CHAIRPERSON FERRERAS-COPELAND:
6 [interposing] Do the shortest one you've got.

7 DEPUTY COMMISSIONER BACKER: It--so it
8 really does depend on who was doing the approaching.
9 I think to be frank, we often would see, you know,
10 existing non-profit organization or a merchant
11 association or another organized entity, maybe a
12 borough wide entity or chamber of commerce that might
13 come to us and sort of serve as that backbone
14 organization that could help do the BID formation
15 where perhaps a Council Member could put resources or
16 we could put resources, and that really ensures that
17 they're--you know, that there is staff in place to
18 actually carry this work out. I--I don't--we would
19 typically advise that if it's just as a business
20 owner or, you know, a group of merchants that perhaps
21 are not yet organized, it's really we would--we would
22 typically lead them away from some jumping into BID
23 formation and any time soon and really ensure they
24 get organized and do a little bit more work to--to
25 really see if there's, you know, a need for a

2 Business Improvement District in that area or if it's
3 even viable to form one, but then in—in the cases
4 where there is an organized group, certainly council
5 members and groups do come to us and we can have
6 early meetings to really walk them through what the
7 process looks like, make sure we're managing
8 expectations regarding to how long it does take. Not
9 only the, you know, sort of the legislative process,
10 of course, but—but also prior to that. Really all
11 the organizing work that's required for the
12 feasibility assessment so that we can ensure that
13 the, you know, the district could actually, you know,
14 pay into an assessment that would—would generate
15 sufficient revenue to provide the services. Then
16 really the—the process that is required to generate
17 broad based support among merchants, property owners
18 and residents is—is often quite time consuming
19 because we ensure that it is very transparent and—and
20 a grassroots process. So, all that we would walk
21 anyone through, a Council Member, organization,
22 whomever else and—and then I should also note that we
23 are—we have been working on a new BID formation guide
24 as well as a merchant organizing guide. So ,there
25 are two separate guides that we hope to have early

2 next that will be sort of a right touch for us to be
3 able to provide to whomever needs it that can walk
4 them through the process.

5 CHAIRPERSON FERRERAS-COPELAND: Great
6 and that will be in multiple languages?

7 DEPUTY COMMISSIONER BACKER: Yes.

8 CHAIRPERSON FERRERAS-COPELAND: Yes.

9 DEPUTY COMMISSIONER BACKER: Eventually.

10 CHAIRPERSON FERRERAS-COPELAND: Great. I
11 heard the eventually, but you know.

12 DEPUTY COMMISSIONER BACKER: Yes, we'll
13 definitely have it in Spanish quickly-

14 CHAIRPERSON FERRERAS-COPELAND:
15 [interposing] I think that you-I would say.

16 DEPUTY COMMISSIONER BACKER: Then other
17 then it takes us a little while to do.

18 CHAIRPERSON FERRERAS-COPELAND: Okay,
19 alright, and my final question is what is the
20 relationship with-from-from this perspective to DOF
21 and your agency. If you can just clarify that if
22 there's BIDs that are either in trouble or do you
23 check in to make sure that everything is kind
24 appropriate in being funded to the BIDs? So what's
25 the relationship?

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2 DEPUTY COMMISSIONER BACKER: Sure. Well,
3 one thing that is worth clarifying is that, you know,
4 the assessments for BIDs go to a property owner on
5 their property tax bill. So, we work with the
6 Department of Finance every year as well as the BIDs
7 themselves to ensure that, you know, the formulas for
8 each BID, which were each unique, and-and the
9 assessment rolls are correct, and then Department of
10 Finance once that-that information is given to them,
11 they really take it from there, and so they are in
12 charge of assessing the properties, and should a
13 property not pay, it is handled just like real estate
14 tax where the Department of Finance will pursue those
15 charges until they are paid.

16 CHAIRPERSON FERRERAS-COPELAND:

17 Excellent, and how we'll hear from Council Member
18 Chin. I don't know if any of the other Council
19 Members have any questions. Do you have questions?

20 COUNCIL MEMBER CHIN: [off mic] No. [on
21 mic] No, I'm just here to speak in support because
22 two out of the eleven are in district. So, I'm here
23 to speak in support of the SoHo Broadway Initiative,
24 and also the Alliance of Downtown. We do-they do
25 wonderful work in my district, and my office works

2 with them on many of the issues, and—and they have
3 made a commitment in terms of the support and
4 implementation of the minimum wage. I think that's
5 important for their workers, and that's really
6 justified the increase of the assessment especially
7 in the area where there's a mixed use area we have
8 residents and small businesses. So, we also have a
9 lot of visitors. So, the amount of work that they do
10 it's just tremendous and I'm just here to support
11 them. Thank you.

12 CHAIRPERSON FERRERAS-COPELAND: Well, now
13 we're all going to have to sing praises of our BIDs.
14 [laughter] Council Member Miller.

15 COUNCIL MEMBER MILLER: Thank you, Madam
16 Chair. [laughter] So, my—my question is simply
17 about the oversight of these BIDs, and ensuring that
18 services are being delivered, and—and what we vote on
19 here today and have on in the past is being delivered
20 in a way that— Who is responsible for that
21 oversight?

22 DEPUTY COMMISSIONER BACKER: So, again,
23 you're asking about the oversight of what services
24 that are being delivered. So at SBS, we are--

25 COUNCIL MEMBER MILLER: Yep.

2 DEPUTY COMMISSIONER BACKER: Okay, yeah,
3 SBS, we—again, are—are responsible for overseeing all
4 of the BIDs. Essentially, our methodology for doing
5 so has to do with what I touched on earlier really
6 around looking at good governance and management, the
7 contracted hearings with each of them that have a
8 contract with SBS, as well as transparent operations.
9 So, the way we see it is SBS as an agency does not
10 really have the sort of people power to be out, you
11 know, in 74 BIDs actually monitoring services in that
12 way, but the boards of directors as well as the
13 stakeholders of each and members of each BID
14 themselves we feel like if those, you know, that
15 governance is in place and the contract adherence and
16 the running of transparent operation, But those
17 things tend to go hand in hand in what services are
18 being delivered adequately. That would be
19 communicated up through proper channels. Since these
20 are, you know, essentially independent organizations
21 and they are, you know, they're very mindful of—of
22 how they deliver services in order to, you know,
23 really, you know, fulfill their missions and provide
24 a service to their stakeholders.

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2 COUNCIL MEMBER MILLER: You—you—it sound
3 like you are essentially saying that we have an honor
4 system going here.

5 DEPUTY COMMISSIONER BACKER: [laughs] I
6 wouldn't say it's an honor system. Again, we are
7 looking at, I mean we're looking—you know, we
8 obviously again we see they each get independently
9 audited every year. We get those financial reports.
10 We, you know, we are essentially looking at contracts
11 and procurements, RFPs that they, you know, that they
12 engage in. So, we're providing oversight to ensure t
13 that they are doing what, you know, over—you know,
14 following the budget that their boards of directors
15 approve, that they're carrying out the services as
16 requested. In terms, you know, in terms of the—I
17 guess when you're saying that in terms of the quality
18 of like a particular sanitation provider that they've
19 independently contracted, we really are looking for
20 the BID. It's Board and the stakeholders within
21 that—that BID to tell the BID if something is not
22 being delivered adequately.

23 COUNCIL MEMBER MILLER: You know, what,
24 we should probably talk off line.

25 DEPUTY COMMISSIONER BACKER: Okay.

2 COUNCIL MEMBER MILLER: Thank you.

3 DEPUTY COMMISSIONER BACKER: Happy to do
4 so.

5 CHAIRPERSON FERRERAS-COPELAND: Thank
6 you. Any additional questions? Seeing none, thank
7 you very much for coming to testify.

8 DEPUTY COMMISSIONER BACKER: Oh, thank
9 you. [pause] Okay. I don't know—thank you. [pause]
10 Are there any other BIDs that would like to testify?
11 I know that we're running behind. We don't have to
12 if we don't. I encourage, but you don't have to.
13 No, okay, great. So, seeing no additional questions,
14 and again you—many of the BIDs in this room, if not
15 all, provide an incredible service to our city. They
16 were small and we are just very proud to partner with
17 you, the City Council Members and every step of the
18 way because I know the intention of every BID is to
19 make our city safer and cleaner and more friendly to
20 small business and medium business, medium sized
21 businesses. So, thank you for your work We will now
22 ask Billy Martin to call the roll.

23 CLERK: William Martin, Committee Clerk.
24 Roll call vote Committee on Finance, Chair Ferreras-
25 Copeland.

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2 CHAIRPERSON FERRERAS-COPELAND: I vote
3 aye.

4 CLERK: Rodriguez.

5 COUNCIL MEMBER RODRIGUEZ: Aye.

6 CLERK: Gibson

7 COUNCIL MEMBER GIBSON: Aye.

8 CLERK: Cornegy.

9 COUNCIL MEMBER CORNEGY: Aye.

10 CLERK: Johnson.

11 COUNCIL MEMBER JOHNSON: Madam Chair, I
12 want to recognize that Dan Biederman for the 34th
13 Street Partnership is here, which is located in my
14 district, and I don't see the Time Square Alliance.
15 Oh, there they are, and it's listed in the briefing
16 document as in Council Member Garodnick's district
17 and I take exception with that. It is in both of our
18 districts. So, I'm really glad to have those two
19 BIDs here, and I want to recognize my good friend a
20 great leader Jessica Lappin for the work she's doing
21 for the entire downtown community and for the city,
22 and with that I proudly vote aye on all. Thank you.

23 CLERK: Miller.

24 COUNCIL MEMBER MILLER: I vote aye.

25 CLERK: Rosenthal.

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2 COUNCIL MEMBER ROSENTHAL: Aye.

3 CLERK: Matteo.

4 COUNCIL MEMBER MATTEO: Aye.

5 CLERK: By a vote of 8 in the
6 affirmative, 0 in the negative and no abstentions,
7 all items have been adopted by the Committee.

8 CHAIRPERSON FERRERAS-COPELAND: We will
9 keep the vote open for an additional ten minutes.
10 So, staff, please make sure your members come into
11 this room (sic) to cast their votes. Thank you al
12 for coming to testify as they're being here today.
13 [pause]

14 CLERK: Continuation roll call, Committee
15 on Finance, Council Member Van Bramer.

16 COUNCIL MEMBER VAN BRAMER: I vote aye.

17 CLERK: The vote now currently stands at
18 9 in the affirmative [pause] By a vote of 9-[pause]
19 The final vote Committee on Finance. All items on
20 today's agenda have been adopted by a vote of 9 in
21 the affirmative, 0 in the negative and non
22 abstentions. [pause] [background comment]

23 CLERK: Council Member Cornegy.

24 COUNCIL MEMBER CORNEGY:

25 CLERK: Council Member Cornegy.

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2 COUNCIL MEMBER CORNEGY: This hearing on
3 the Committee on Finance is adjourned. [gavel]

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C E R T I F I C A T E

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



Date October 27, 2017