

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ECONOMIC DEVELOPMENT

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December 12, 2008

Start: 1:32 pm

Recess: 2:24 pm

HELD AT: Council Chambers
City Hall

B E F O R E: THOMAS WHITE, JR.
Chairperson

COUNCIL MEMBERS:
Diana Reyna
Alan J. Gerson
David Yassky
Letitia James

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

Larry Scott Blackmon
Chief of Staff and Deputy Commissioner for
Intergovernmental Affairs
New York City Department of Small Business Services

Caitlin Dourmashkin
Empire Zone Coordinator
East Williamsburg Valley Industrial Development
Corporation

David Calligeros
President
Remains Lighting

Nino DePaola
Senior Policy Advisor
Mayor's Office of Industrial and Manufacturing

Bettina Damiani
Position
Good Jobs New York

CHAIRPERSON WHITE: Good afternoon everyone or good morning. I'm Councilman Thomas White, Jr., Chair of the Economic Committee. Today's hearing will focus on Intro 848, a Local Law to amend the Administrative Code of the City of New York in relation to regional significant projects in Empire Zones. Under Section 95 (d)(i) of the General Municipal Law, certain businesses enterprises located outside the boundaries of an enterprise zone may still be eligible for Empire Zone benefits as a regional significant project because the economic activity of such enterprise is of a nature that is encouraged by the state and the administrative board, such Empire Zone authorities the designation of such businesses as a regional significant project. The New York State Department of Economic Development and the Brooklyn Navy Yard/North Brooklyn Empire Zone Administrative Board have determined that the operation of Aesthetonic, Incorporated, a/b/a, doing business as Remaining Lighting manufacturing facility located in Brooklyn projected to create 60 new jobs and has been previously approved for Empire benefits as a regional significant project

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2 under section 95 7(d)(i) of the municipal law.
3 Today's committee shall consider Intro 948. I
4 would like to call on Council Member Reyna, the
5 bill's sponsor for her remarks. Council Member
6 Reyna?

7 COUNCIL MEMBER REYNA: Thank you,
8 Mr. Chair White. I wanted to just take this
9 opportunity to thank Chairman White and John Smyth
10 for scheduling this hearing very quickly before
11 the end of the year. Remains Lighting is a new
12 corporation moving downstate from upstate, we're
13 looking forward to their business as a good
14 neighbor into the community of Bushwick and we are
15 looking forward to assisting them, despite
16 economic slumps, to expand and have growth, which
17 will obviously benefit all around the community of
18 Bushwick. We have great interest in working with
19 partnership with local business and local hiring
20 and we expect that this partnership will be
21 fruitful mutually. The Remains Lighting has been
22 employing [pause] 12 full-time staff members
23 devoted to making the line increasing to 18 one
24 year ago and 26 today. I'm reverting back to some
25 of the comments put together here by staff as far

1
2 as explanations as to the viability. The company
3 is expected to benefit from the Empire Zone
4 designation which will improve their productivity,
5 their capacity, their sustainability so I look
6 forward to being certain that this company will be
7 a good neighbor in the community of Bushwick.

8 Thank you.

9 CHAIRPERSON WHITE: Okay. I would
10 like to ask Mr. Blackmon from the Department of
11 Small Business Services to kindly have a seat and
12 Carlyn--

13 CAITLIN DOURMASHKIN: Caitlin.

14 CHAIRPERSON WHITE: Dourmashka?

15 CAITLIN DOURMASHKIN: Dourmashkin.

16 CHAIRPERSON WHITE: Dourmashkin.

17 CAITLIN DOURMASHKIN: Yeah.

18 CHAIRPERSON WHITE: Have a seat, who
19 is the other gentlemen?

20 [Off mic]

21 [Pause]

22 MALE VOICE: The Mayor's office--

23 [pause]

24 CHAIRPERSON WHITE: Mr. Nino DePaola
25 from the Mayor's Office of--

1
2 NINO DEPAOLA: Industrial and
3 Manufacturing.

4 CHAIRPERSON WHITE: Industrial and
5 Manufacturing.

6 NINO DEPAOLA: [Off mic]

7 CHAIRPERSON WHITE: I would also
8 like to say that during this hearing because there
9 is a conflict in adhering to the request of my
10 colleague on the committee, I have a conflict
11 because I'm also a sponsor and Chairing the Urban
12 Initiative over at City Hall, so I will be turning
13 this part of the hearing over to my colleague
14 Reyna, Council Member Reyna, and [pause] I will
15 proceed back over to City Hall. Okay? So thank
16 you very much.

17 COUNCIL MEMBER REYNA: Thanks, Tom.

18 [Pause]

19 LARRY SCOTT BLACKMON: Ready? Good
20 afternoon, Chairman White, Council Member Reyna,
21 and members of the Committee on Economic
22 Development. I am Larry Scott Blackmon, Chief of
23 Staff and Deputy Commissioner for
24 Intergovernmental Affairs at the Department--the
25 New York City Department of Small Business

1
2 Services. I am pleased to testify before you
3 today on Intro 848, which would authorize the
4 designation of Aesthetonics, Inc., doing business
5 as Remains Lighting, as a regionally significant
6 project. And I'm joined here today, as I said, by
7 Nino DePaola of the Mayor's Office of Industrial
8 Manufacturing Businesses and Caitlin Dourmashkin
9 of EWIDCO. The Empire Zone program was created
10 by the New York State Legislature in 1986 to
11 stimulate private investment and job creation in
12 disadvantaged communities. Through a variety of
13 state tax incentives, including wage tax credits,
14 investment tax credits, and real property tax
15 credits, the program allows municipalities to
16 retain, attract, and grow businesses that create
17 jobs and sustain the local economy. The New York
18 City Empire Zone program is facilitated by the
19 Mayor's Office of Industrial and Manufacturing
20 Businesses. In April of 2005, the state
21 legislature adopted legislation extending the
22 Empire Zone's program until June 30th, 2011, and,
23 among other changes, created a provision allowing
24 for regionally significant project designation.
25 This designation allows local businesses outside

1
2 of the distinct geographic boundaries of an Empire
3 Zone to tap into valuable state tax credits.

4 Often, manufacturing companies have facilities
5 needs that cannot be met by the existing building
6 stock within an existing zone boundaries. The

7 regionally significant project designation gives
8 us the ability to attract or retain businesses

9 that otherwise would locate outside of New York

10 City. To ensure that the regionally significant

11 project designation is used prudently, the state

12 legislature has created an authorization process

13 that involves the state, the local legislature,

14 Zone Administrative Boards, and an environmental

15 review process. Moreover, to qualify for this

16 designation, the business must be either a

17 manufacturer creating 50 or more full-time jobs;

18 an agribusiness, high-tech, or biotech company

19 creating 20 jobs and making an investment of \$10

20 million; a financial, insurance, or distribution

21 entity creating 300 or more jobs; or a clean

22 energy research and development enterprise.

23 Remains Lighting will create 67 net new jobs in

24 New York state and invest approximately \$4 million

25 in capital improvements to the existing facility.

1
2 In addition to the 67 new jobs, it will relocate
3 26 existing jobs from Rockland County for a total
4 of 93 new jobs to the city. The staff will
5 include designers, sheet metal workers, platters--
6 platers, and engineers. These new jobs will range
7 from \$10-\$27 per hour with full benefits. The
8 company will be partnering with local religious
9 institutions, workforce development organizations,
10 local development corporations, and city agencies
11 to identify workers from surrounding communities.
12 The company, which manufactures and distributes
13 high-end lighting fixtures, is just the type of
14 business that we want to attract and retain. It
15 will create new manufacturing jobs while tapping
16 into the city's creative community, provide job
17 opportunities for both skilled and unskilled
18 workers, and export its products outside of New
19 York City, promoting New York City as a
20 manufacturing and business-friendly community.
21 More importantly, it will help fill a void, as
22 Remains Lighting will move into a facility
23 formerly occupied by a manufacturing company that
24 moved out of New York City seeking lower rents and
25 operating costs. The expansion of Remains

1
2 Lighting is a rare opportunity for New York City
3 to increase its manufacturing job base while
4 supporting a homegrown company. Remains Lighting
5 originally opened in a Chelsea loft in April of
6 1996 as a company that sold architectural salvage.
7 Its rapid growth and future relocation of its
8 manufacturing arm to the city is a testament to
9 the founders' commitment to the company and to our
10 city. This afternoon you will hear from Mr. David
11 Calligeros, who's the President of Remains
12 Lighting. He will describe what businesses like
13 Remains Lighting mean to our economy and how the
14 regionally significant project designation can
15 help them operate competitively and grow. Thank
16 you for the opportunity to appear before you
17 today. I am happy to address any questions that
18 you may have and I'd also like to add that Leslie
19 Ramos, who's the Executive Director of the Mayor's
20 Office of Industrial and Manufacturing Businesses,
21 was unable to join us today, but, obviously, is in
22 full support of the regionally significant project
23 designation. Thank you.

24 COUNCIL MEMBER REYNA: Thank you,
25 Larry. I just wanted to allow Caitlin to mention

2 --

3 CAITLIN DOURMASHKIN: Okay.

4 COUNCIL MEMBER REYNA: -- her
5 statement.

6 CAITLIN DOURMASHKIN: I'm going to
7 read from my prepared testimony. Good afternoon,
8 my name is Caitlin Dourmashkin, and I'm the Empire
9 Zone Coordinator for the North Brooklyn, Brooklyn
10 Navy Yard Empire Zone, the Zone sponsoring this
11 regionally significant project, and on behalf of
12 the East Williamsburg Valley Industrial
13 Development Corporation, I am here to strongly
14 support Remains Lighting's application. EWVIDCO
15 provides technical assistance to the over 1,000
16 industrial firms in the Greenpoint Williamsburg
17 and North Brooklyn industrial business zones
18 through a contract with the New York City
19 Department of Small Business Services. EWVIDCO
20 also contracts with New York State to administer
21 the North Brooklyn, Brooklyn Navy Yard Empire
22 zone. The businesses in our service area employ
23 over 15,000 individuals, many of whom reside in
24 the local neighborhood. North Brooklyn relies on
25 industrial and manufacturing jobs to support

1
2 nearly 40% of community residents who work in the
3 industrial sector. These jobs on average pay a
4 resident 73% more than local retail
5 establishments, which works out to about 52,000 a
6 year versus \$30,000 a year annually.
7 Additionally, over 60% of manufacturing jobs offer
8 benefits compared with 30,000--30% of service
9 jobs, these jobs frequently do not require English
10 proficiency or advanced education. Considering
11 that 20% of our local residents do not speak
12 English and 31% live at or below the poverty line
13 and nearly 37% are on some form of public
14 assistance, these jobs offer the best path to
15 self-sufficiency and economic security for our
16 residents. Giving Remains Lighting regionally
17 significant project status will significantly
18 increase economic opportunity for North Brooklyn
19 residents. Over the next five years, the company
20 projects to create or retain 103 jobs and invest
21 over 4 million into the property. Currently
22 Remains Lighting occupies three locations in New
23 York state, one in Rockland County, which is their
24 manufacturing facility and two showrooms in
25 Manhattan. Additionally, Remains recently opened

1
2 a company showrooms in Los Angeles, Chicago, and
3 Greenwich, Connecticut. By consolidating
4 operations in Brooklyn, Remains will retain 26
5 employees currently working in their Rockland
6 facility and transfer 10 manufacturing employees
7 from the current Manhattan locations. This move
8 will also enable Remains to expand their work,
9 which is projected to add 67 net new jobs over a
10 five-year period. And as Larry said, these jobs
11 will be--these positions will range from \$10-\$27
12 per hour with full benefits. By designating
13 Remains as a regionally significant project, the
14 Council will help to stem the loss of
15 manufacturing jobs in North Brooklyn. Remains is
16 proposing to take over the building recently
17 vacated by Nan's Hardware, a high-end decorative
18 and functional metal hardware manufacturer. This
19 summer, Nan's moved operations to Long Island,
20 taking approximately 70 manufacturing jobs along
21 with it. While the company still employs the vast
22 majority of its Brooklyn workforce, the
23 neighborhood is losing a vital source of high-
24 paying manufacturing jobs. However, Remains
25 intends to fill this gap by bringing new jobs to

1
2 the neighborhood and by establishing close ties
3 with the local workforce organizations to ensure
4 community residents are in line to fill these new
5 positions. It's also important that Remains is
6 designated regionally significant project because
7 otherwise New York City and New York State are in
8 danger of losing this fast-growing business.

9 Remains is an exporter with over 80% of sales
10 outside of New York state. This means that
11 Remains is bringing new resources into our
12 community, which help contribute to the local
13 economy. Remains' average payroll over the next
14 five years will exceed \$3 million, wages that will
15 be reinvested into the community and local shops,
16 restaurants and real estate. Prior to selecting
17 North Brooklyn, Remains considered a few other
18 industrial properties, both in New York City and
19 nearby New Jersey, but settled on the Nan's site
20 for two reasons. First, the potential access to
21 Empire Zone benefits and, second, the building is
22 already built out to function as a metalworking
23 factory. Both Remains and Nan's manufacture of
24 high-end metal products and Nan's has already
25 installed many technical operating systems

1 required to produce these types of products.
2 Remains estimates the cost of installing these
3 systems today would range between 350 and
4 \$500,000. If Remains was not able to access
5 Empire Zone benefits and if it had not inherited
6 these in-place systems, the cost of installation
7 would have made the relocation to Brooklyn
8 economically unfeasible, the company would most
9 likely move out of state. As you can see, Remains
10 is committed to growing jobs and investment in our
11 community, providing new opportunity in a time
12 when many businesses are closing shop and laying
13 off employees. Given this, I urge you to approve
14 their application for regionally significant
15 project status. Thank you for your consideration
16 and I'm available to answer any questions.

18 COUNCIL MEMBER REYNA: We have been
19 joined by Council Member Letitia James from
20 Brooklyn. I wanted to take an opportunity to ask
21 Nino DePaola if you have any comments to share
22 with us--

23 NINO DEPAOLA: No, I don't.

24 COUNCIL MEMBER REYNA: Okay. But
25 the Mayor's Office of Industrial and Manufacturing

1
2 Business Zone is in favor of.

3 NINO DEPAOLA: Absolutely, yes,
4 100%.

5 COUNCIL MEMBER REYNA: And so I
6 don't know if there's any questions on behalf of
7 Council Member James, I just wanted to ask for the
8 record, is Remains Lighting already or anticipates
9 to be part of the EWVIDCO network of businesses in
10 North Brooklyn?

11 CAITLIN DOURMASHKIN: Yes, Remains
12 actually has already become a full partner with
13 EWVIDCO and they've met with all of our members
14 and staff, including our local employment
15 coordinator to ensure that the new jobs that
16 they're creating are neighborhood jobs. So
17 they've been working with EWVIDCO actually for the
18 past year and we look forward to continuing that
19 relationship.

20 COUNCIL MEMBER REYNA: Thank you
21 very much, Caitlin, and I think that's all for
22 this panel. We're going to hear from the next
23 panel, the corporation themselves, David
24 Calligeros from Remains Lighting. Did I pronounce
25 your name correctly?

1
2 DAVID CALLIGEROS: Yes.

3 COUNCIL MEMBER REYNA: Thank you.

4 So if you'd like to join us and...

5 [Pause]

6 DAVID CALLIGEROS: It's on? [Pause]

7 Thank you.

8 COUNCIL MEMBER REYNA: You can lift

9 it. So that way you don't have to hunch over.

10 Perfect. Thank you, Caitlin.

11 DAVID CALLIGEROS: Thank you,

12 Council Member Reyna and assembled attendees. I
13 don't have any prepared remarks, I would just like
14 to say thanks to everyone who's spoken so far. I
15 have, if you're interested, some samples of our
16 products on that cart by the door. Like you've
17 heard before, we are a company that started in
18 1996 and we have been manufacturing for a large
19 portion of that time, we were previously antique
20 dealers and we're now at a position to move into
21 this site in Brooklyn and we're very excited about
22 it and the potential for us to manufacture local
23 to where a lot of our employees live in Brooklyn
24 as well as to access the labor market in Brooklyn
25 is important to us. The ability to manufacture

1
2 our products in an urban environment and the
3 environmental benefits of that as well are
4 important to us--that is lower transportation
5 costs, lower associated pollution costs with the
6 transportation. [Pause] And we are also
7 investing a lot of capital into restoring the
8 building and adding environmentally sustainable
9 systems to the buildings, such as a [off mic] take
10 a rate to produce electric power, a storm water
11 retention system to water a garden, which we're
12 creating a green roof to minimize the storm water
13 runoff in the first place, as well as process
14 improvements that reduce the amount of pollution
15 in the metal manufacturing process. And [pause],
16 you know, which would have a net benefit to the
17 neighborhood as well as to all of the employees.
18 [Pause] It's okay. The RSP designation is
19 important to us because, as we all know, the
20 expenses of locating a business especially a
21 manufacturing business in the inner city are high,
22 the real estate costs are high, the labor costs
23 are high, you know, higher than, say upstate or in
24 New Jersey, but for the reasons I mentioned
25 before, we are in, you know, in favor of local

1
2 manufacturing, urban manufacturing. And so the
3 RSP process--the RSP designation is important to
4 us to access the [pause] tax benefits.

5 [Pause]

6 COUNCIL MEMBER JAMES: Yes, vote
7 yes.

8 DAVID CALLIGEROS: Thank you. I
9 appreciate your vote.

10 COUNCIL MEMBER REYNA: Well,
11 unfortunately, we don't have a vote scheduled for
12 today. This is the first and only hearing that
13 has been scheduled and it took some time to just
14 get us here.

15 UNKNOWN VOICE: We could move it
16 along.

17 COUNCIL MEMBER REYNA: I have a huge
18 interest and I'm sorry to cut you off--

19 DAVID CALLIGEROS: That's perfectly
20 okay.

21 COUNCIL MEMBER REYNA: --Mr.
22 Calligeros, I just wanted to take an opportunity
23 to ask you a few questions. One of which is, in
24 your search for property as far as suitable space
25 was concerned for your operation within the

1
2 boundaries of the Brooklyn Navy Yard and North
3 Brooklyn Empire Zone or any other Empire Zone
4 within the city, was there any space available
5 that would suit your needs?

6 DAVID CALLIGEROS: We did look at
7 several spaces within the North Brooklyn Empire
8 Zone, as well as, I don't know if it's in an
9 Empire Zone, but something out in Canarsie, which
10 I think is a [pause] and IBZ perhaps, and the most
11 suitable place we found was 21 Belvedere Street in
12 Bushwick, for the reasons that you've heard
13 before, the fact that it is well connected to a
14 network of labor, that it was proven as a locale
15 where we could access, you know, skilled and
16 trainable labor, as well as the infrastructure of
17 the building, that was a huge time and cost
18 savings, the fact that it had been established as
19 a building that is suitable for this--

20 COUNCIL MEMBER REYNA:

21 Manufacturing.

22 DAVID CALLIGEROS: -- manufacturing
23 process, as well as the equipment that was built
24 into it. The potential for us to access the
25 actual employees of the previous occupant who

1
2 moved, who would now be looking for a job, who
3 have the skills we're looking for was really
4 important to us as well. That's, you know, win
5 for them, a win for us. The--I remember one
6 particular property in on the Newtown Creek, which
7 was--which has--but, you know, there's potential
8 flooding problem there and then another particular
9 property which was more expensive and had a, you
10 know, quite a big build-out cost associated with
11 it. This was really the best move for us.

12 COUNCIL MEMBER REYNA: And this is a
13 property owned business operated corporation so
14 that you own your own property, it's not just you-
15 -

16 DAVID CALLIGEROS: That's correct.

17 COUNCIL MEMBER REYNA: --coming in
18 as a new business and leasing property. So you
19 have more sustainability long-term operating your
20 business and its future.

21 DAVID CALLIGEROS: Sustainability in
22 all senses of it, we're making big capital
23 investments in, you know, environmental
24 sustainability, as well as our--we're camping out
25 in this building for the foreseeable future.

1
2 COUNCIL MEMBER REYNA: And as far as
3 the environmental and sustainability efforts, you
4 had mentioned you're going after your Lead
5 Certification.

6 DAVID CALLIGEROS: Yes, the building
7 is--we're going for Lead Certification. We--it
8 was a happy outgrowth of the program that I
9 created for the business and it turned out that
10 what we were doing was, you know, already up at
11 the level where it would be Lead Certified so the
12 things I mentioned briefly, the power production
13 with the solar panels, the green roof, the process
14 efficiencies, the garden, the rainwater recycling,
15 the lessening of storm water runoff from the site,
16 etc.

17 COUNCIL MEMBER REYNA: And--

18 DAVID CALLIGEROS: We also, just to--
19 --we buy all our power from wind energy, which is a
20 significant cost increase, but it's something we
21 believe strongly in.

22 COUNCIL MEMBER REYNA: Fantastic.
23 And I understand, you know, you have your--a few
24 samples of your work and I noticed photographs
25 that have been blown up for us to see. The show

1
2 room case is this going to be part of this
3 particular property or is this going to be sourced
4 outside of the area?

5 DAVID CALLIGEROS: The--our
6 showrooms--we have two showrooms in Manhattan, and
7 we don't have a plan to currently, to expand our
8 showroom, our showrooms, the [pause]--

9 COUNCIL MEMBER REYNA: The Belvedere
10 site is--

11 DAVID CALLIGEROS: --the Belvedere -
12 -

13 COUNCIL MEMBER REYNA: --strictly
14 manufacturing.

15 DAVID CALLIGEROS: It's
16 manufacturing and the attendant positions, like
17 one of the efficiencies we're hoping to get as a
18 business is to locate all of our engineering
19 staff, the people who have mechanical engineering
20 degrees or industrial design degrees in the plant,
21 so there's great communication between the
22 producers, the physical producers of the stuff and
23 the designers of this stuff. Also the
24 registration and documentation of the antiques and
25 me trafficking [phonetic] of the antiques, which we

1
2 still do sell and restore antique lighting
3 fixtures, that would be located there as well.
4 There is a--as well as the graphic design, press
5 production and Web design will be locating--you
6 know, everything except the sales organization is
7 going to go to Brooklyn.

8 COUNCIL MEMBER REYNA: Fantastic.

9 And, you know, we mentioned the local hiring and
10 local contracting with the neighborhood, one in
11 particular interest I know that the City Council
12 has been forthcoming with in producing perhaps
13 what we would want to say are successes, we've yet
14 to reach our goals, but we're hoping that, you
15 know, this will be a company in Brooklyn,
16 manufacturing in Brooklyn, that will partner with
17 our efforts to, wherever there is an opportunity
18 for MWBE local contracting. I understand
19 everything is in-house I wanted to just mention
20 that there is opportunities to be able to partner
21 with registered MWBE subcontracting opportunities
22 that perhaps you may already know of, already
23 being a member of EWVIDCO and throughout that
24 network of whom they are the ones who certify
25 MWBEs, would already connect you with some of

1
2 those businesses. So I wanted to just explore
3 those comments with you, so that in a future, if
4 there was a need for you to outsource, because
5 your growth is going to be enormous in the next
6 few years, that we would be hoping to assist you
7 with that growth.

8 DAVID CALLIGEROS: Well, we'd be
9 thrilled to be working with minority and women-
10 owned businesses, absolutely.

11 COUNCIL MEMBER REYNA: Thank you.

12 DAVID CALLIGEROS: And we'll be
13 working with Caitlin and your office to access
14 those contacts.

15 COUNCIL MEMBER REYNA: Fantastic. I
16 know that Council Member James has a question.

17 COUNCIL MEMBER JAMES: Yes. Thank
18 you, Chair Reyna. And let me just say that, first
19 of all, these are absolutely beautiful. Let me
20 introduce myself, I'm Letitia James, I represent
21 Fort Greene, Clinton Hill, Prospect Heights, Crown
22 Heights, and parts of Bedford Stuyvesant, and also
23 proudly represent part of the Navy Yard and I'm
24 not sure where you will be located, but obviously
25 I support your product and prepared to vote yes on

1
2 your application today and or to advance it or
3 expedite it because these are absolutely
4 wonderful. And would love for you to come out to
5 my district and to host you at some of our civic
6 associations where we have beautiful brownstones
7 and I am--and some of these would look wonderful
8 in our brownstones and our civic associations that
9 I usually host, we attract 3 to 500 people on a
10 monthly basis. We're primarily focused on
11 preservation and would urge you to come out and to
12 attend. Let me also ask you the following
13 question, we are having a summit across the street
14 focusing on urban agenda. One of the issues that
15 has come up time and time again is, those who are
16 transitioning back to society from the prison
17 system, offering people a second chance,
18 individuals who are looking for employment as a
19 way--as an effort to stabilize them so that they
20 would not engage in--or would not be recidivists.
21 What is your policy with respect to hiring
22 formerly incarcerated individuals?

23 [Pause]

24 DAVID CALLIGEROS: We have no
25 official policy, which is to say that we haven't,

1
2 unfortunately, made any outreach efforts towards
3 it, but there's, you know, the door is open to all
4 comers and one of the plus things about being a
5 manufacturer and industrial business is that the
6 bar for success is a strong work ethic and a
7 willing to learn and a willing to learn attitude
8 and we do train on the job, so certainly, you
9 know, former prisoners or other disadvantaged
10 groups are more than welcome.

11 COUNCIL MEMBER JAMES: As a--it's a
12 priority of mine, I've held a number of forums
13 throughout central Brooklyn with a number of my
14 colleagues because I recognize that some of these
15 young men and women are returning to our
16 communities and the best way to keep them from,
17 you know, returning to the criminal justice
18 complex is to employ them. And so as we provide
19 public benefits to businesses, I am trying to use
20 moral suasion because, unfortunately, we do not
21 have a policy in the city which would mandate you
22 to hire formerly incarcerated individuals, but at
23 a time when all of us need to give back and at a
24 time when we all voted, most of us, voted for
25 change, we've got to all be change agents and the

1
2 best way to do that is to provide opportunities
3 for those who are less fortunate than us and then
4 we can make a more perfect world. So I look
5 forward to working with you in an effort to hire
6 those who have been historically--not
7 historically, but who have been unemployed and
8 those who are returning to our communities and
9 would hope that you would engage, also offer
10 opportunities to women-owned businesses, my
11 district proudly holds the title of having more
12 women businesses than any other district in the
13 city of New York. It's been an effort of mine and
14 businesses of color. So, again, I look forward
15 to, not only endorsing your product, if that's--if
16 I can do that without getting into trouble, but
17 endorsing your product, but also look to buy some
18 of your products and look--also look forward to
19 working with you to address high rates of
20 unemployment in communities of need. Thank you.

21 DAVID CALLIGEROS: You're welcome.

22 COUNCIL MEMBER REYNA: Mr.

23 Calligeros, I think you see the passion and
24 urgency in extending our support to your business,
25 it's of quality and we expect to schedule a vote

1
2 prior to the end of this year, if all goes well,
3 this is part of the process as far as making sure
4 that we're able to ask all the appropriate
5 questions, to creating a certainty--a level of
6 certainty that this business merits a designation
7 and your--the target employee category that
8 Council Member James had specifically mentioned is
9 one of other targeted population areas that in the
10 Council we've been committed to striving to reduce
11 unemployment rates. So there's always an
12 opportunity that we try to seize and refer to and,
13 I know that we've been joined by Good Jobs New
14 York who has reservations of the regionally
15 significant projects where there--

16 [Off mic]

17 COUNCIL MEMBER REYNA: I'm sorry?

18 [Off mic]

19 COUNCIL MEMBER REYNA: I'm sorry?

20 [Off mic]

21 COUNCIL MEMBER REYNA: In the Empire
22 Zones that generally receive these types of
23 designations and then there's very little that is,
24 or close to none, of employment growth or
25 assisting in unemployment--reducing unemployment

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2 rates. So, you know, these are valid concerns and
3 valid comments and only through partnership can I
4 think--do I think that we can reach levels of
5 improving those statistics. Thank you.

6 DAVID CALLIGEROS: You're welcome.

7 COUNCIL MEMBER REYNA: So if there's
8 no other questions, I know we've been joined by
9 Council Member Alan Gerson. Thank you so much
10 [Pause] We are--I'd like to thank you, Mr.
11 Calligeros, you don't have to stay there any
12 longer.

13 DAVID CALLIGEROS: Thank you for
14 your time.

15 COUNCIL MEMBER REYNA: We will call
16 Ms. Bettina Damiani from Good Jobs New York.

17 [Pause]

18 COUNCIL MEMBER REYNA: I'm sorry,
19 Mr. Calligeros, can we--

20 MALE VOICE: I don't need these I
21 don't need them.

22 COUNCIL MEMBER REYNA: -- keep
23 these? No? Okay.

24 [Off mic]

25 DAVID CALLIGEROS: Everything except

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2 the lighting--

3 [Pause]

4 BETTINA DAMIANI: Good afternoon,
5 I'm Bettina Damiani, and I direct Good Jobs New
6 York, we're a project of the Fiscal Policy
7 Institute based here in New York and Good Jobs
8 First based in Washington, DC. First of all, I
9 want to congratulate--these are exactly the type
10 of businesses and jobs we want in New York City.
11 It's true, manufacturing jobs are better jobs for
12 low income people, helping them move up the
13 ladder, and any opportunities to expand the
14 opportunities for these businesses to come to the
15 city and, in particular, own their buildings, this
16 is a key piece of this puzzle because we're seeing
17 a lot of manufacturers pushed out of communities
18 because they don't own the space and then zoning
19 regulations come in and, you know, for example
20 the, you know, Brooklyn Brewery is concerned that
21 they can't expand, it's not because of taxes, it's
22 not because of real estate, it's because of zoning
23 policies. So I think we need to acknowledge,
24 there's a larger picture here and I congratulate
25 businesses on owning a property, it's a key piece

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2 there. I want to acknowledge also that I don't
3 know if they receive these benefits, but they've
4 been improved for benefits from the New York City
5 Industrial Development Agency. A \$135,000 in
6 mortgage recording [phonetic] taxes from the city
7 and state; \$78,000 in sales tax; and they got
8 triple-tax exempts bonds for \$4.8 million. So I
9 think it's clear when we look--this is the perfect
10 example I think of all that's wrong with economic
11 development in New York City, we have a very
12 viable business that will hire a diverse group of
13 people, but the City Council isn't talking to the
14 IDA, and the IDA's not talking to the SBS, and the
15 SBS isn't talking to EDC, so nobody knows what's
16 going on and, in the long run, we're here to
17 endorse and expand on a program that has been
18 uniformly panned across city and state elected
19 officials and advocates. Just last week, the
20 Citizens Budget Commission, which is by no means a
21 radical organization, put out a report saying end
22 the Empire Zone program. Patrick Foy said this is
23 a program that has grossly failed, so in a time
24 when we have an opportunity to reevaluate how we
25 use our tax dollars, right? And I don't need to

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2 go into the larger issue of our budget disasters
3 at the moment, I think we need to analyze which
4 programs work and which ones don't and the ones
5 that don't work, the city should not be expanding
6 on. The city should not be saying let's tweak a
7 program that has been uniformly disrespected. So
8 this is like my normal RSP spiel as John hears
9 every time we have a hearing. It is not about the
10 company. And that what we're really also
11 concerned about is that the way RSP legislation is
12 written now, any major financial firm can come in
13 and get these subsidies. We have learned for far
14 too long that subsidizing large firms doesn't work
15 and I can mention to you AIG, Bank of America,
16 Chase Manhattan Bank, Citibank. That's just a
17 short list of companies that have gotten extensive
18 subsidies from New York City residents and what
19 are we getting for it now? So we need to be very
20 careful with our pennies. Another piece of the
21 puzzle is we shouldn't be fighting or subsidizing
22 companies that take jobs within New York City to
23 different areas. It's just counterintuitive, we
24 need to look at ourselves more regionally, as a
25 more region-based. We fight with New Jersey all

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2 the time, which we would argue isn't beneficial to
3 anybody. We really shouldn't be subsidizing jobs
4 in New York City when they're being taken away
5 from some other regions in New York state. So
6 there's also a variety of benefits that this
7 company's--I'm thrilled to hear about the green
8 and the Lead Certification and I hope that you all
9 will apply for the subsidies that are available,
10 that were passed by the City Council this summer
11 and that should give you subsidies for your green
12 roof and for your solar panels. So there are a
13 variety of very legitimate programs out there that
14 I would encourage the Council and these businesses
15 to try and participate in and not to continue
16 pushing RSPs, it's counterproductive. [Pause]
17 Thank you.

18 COUNCIL MEMBER REYNA: Thank you,
19 Bettina. I appreciate the comments and the
20 honesty and I can understand the frustration
21 because not too long ago in my--in the beginning
22 of my tenure, we gave Empire Zone tax credits to
23 Ernest & Young and I followed up with them about
24 the expansion of their growth and local hiring and
25 those conversations went nowhere. They commented

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2 at the end of those, that long dialogue, that they
3 had misunderstood. So that I can merit--I can
4 certainly understand your frustration and I
5 actually empathize with that. In the case of the
6 Remains Lighting, I will certainly be a thorn in
7 their side to do the right thing because we don't
8 want to fail once again, and the difference here
9 is that it's not a major office commercial
10 corporation that was doing well, unfortunately, we
11 see where things ended up. But at the end of this
12 road, this regionally significant project, I think
13 we both agree, is on the right path. So I
14 appreciate your comments.

15 BETTINA DAMIANI: And in order for
16 them to get the accelerated benefits from Empire
17 Zones, they will have to be hiring the type of
18 people that we're talking about here--

19 COUNCIL MEMBER REYNA: Correct.

20 BETTINA DAMIANI: --the ones that
21 are eligible for a WOTC--

22 COUNCIL MEMBER REYNA: Correct.

23 BETTINA DAMIANI: --and that need
24 the entry-level. So when the Empire Zone was
25 created, that's how it was supposed to work and

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2 unfortunately it's fallen apart and there's no
3 [crosstalk]--

4 COUNCIL MEMBER REYNA: Absolutely.

5 BETTINA DAMIANI: And so--

6 COUNCIL MEMBER REYNA: There's no
7 accountability.

8 BETTINA DAMIANI: --if there's an
9 opportunity for you to make sure that those pieces
10 of the puzzle are somewhat glued together, even if
11 it's just in Bushwick, it would make a big
12 difference.

13 COUNCIL MEMBER REYNA: And it's in
14 the ZIP code that's targeted. So--

15 MALE VOICE: Councilman Yassky
16 coming in.

17 COUNCIL MEMBER REYNA: Councilman
18 Yassky has joined us, I just wanted to make sure
19 that we give him an opportunity if there was
20 something he'd like to share with us.

21 [Off mic]

22 [Pause]

23 COUNCIL MEMBER YASSKY: Good to see
24 you.

25 BETTINA DAMIANI: Hi, how are you?

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2 COUNCIL MEMBER YASSKY: Now, you
3 know, now on this topic if I certainly would love
4 to pursue with this witness at some point how we
5 can do a better job of going after businesses that
6 have qualified for tax breaks and not lived up to
7 the commitments they have made on employment. I
8 think that in this era of budget scarcity that
9 really has got to be a priority for us. I support
10 this application before us today, I think it's
11 worthwhile and that's--I don't have any questions
12 on that specific topic.

13 COUNCIL MEMBER REYNA: Thank you
14 very much. I know that Council Member James--

15 COUNCIL MEMBER JAMES: No--

16 COUNCIL MEMBER REYNA: --James, had-

17 -

18 COUNCIL MEMBER JAMES: Yassky,
19 James, we're one, we're neighbors.

20 MALE VOICE: I'm getting jealous.

21 [Off mic]

22 COUNCIL MEMBER JAMES: No, I like
23 you too. I mean, anyway--

24 [Off mic]

25 MALE VOICE: So do I.

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2 COUNCIL MEMBER JAMES: But he is my
3 neighbor. But, Bettina, I share your concern and
4 feel your pain and the question that I have just
5 legislatively is I don't think the City Council
6 has the authority to legislate IDA and or EDC,
7 that's the problem because of the charter. And I
8 would love to coordinate these public benefit
9 programs because, you know, the project in Council
10 Member Yassky's district, which I always claim as
11 my own, MetroTech has been a complete failure and
12 it's resulted in not new jobs for the residents
13 across the street, residents of public housing,
14 but it was just a transfer of jobs and they got
15 all of these tax benefits and have basically built
16 a wall between the community.

17 BETTINA DAMIANI: Yes, Bear Stearns
18 actually got quite a large subsidy [crosstalk]--

19 COUNCIL MEMBER JAMES: Yes, they
20 did, yes, they did. Not to mention another
21 developer who we won't mention right now.

22 BETTINA DAMIANI: Yes. Different
23 topic for another day.

24 COUNCIL MEMBER JAMES: Different
25 topic.

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2 BETTINA DAMIANI: I don't want you
3 to underestimate your role in helping regulate the
4 IDA. Actually the annual report that comes out,
5 Local Law 48 was a dramatic improvement in 2005
6 precisely because, then Chairman Sanders, pushed
7 legislation forward to make sure we get a better
8 sense of how these jobs go through. If the
9 company does get IDA benefits, they will be in the
10 annual report. So there's examples here in New
11 York City where we will see how many jobs they
12 have, how much of their subsidy have they used.
13 If they haven't created the jobs, have they had
14 money taken back, which unfortunately happens much
15 too infrequently considering the job losses.

16 COUNCIL MEMBER JAMES: Is there a
17 penalty clause in Intro 48?

18 BETTINA DAMIANI: No, unfortunately,
19 because each deal is individual. This is exactly
20 the reason why I seriously doubt we'll see any
21 money coming back from any of the large firms,
22 including Bear Stearns, Pfizer. I guess the best
23 case example is most of the egregious deals were
24 done under Giuliani, less so under Bloomberg, but
25 Pfizer got [crosstalk]--

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COUNCIL MEMBER JAMES: [Interposing]

But nonetheless continued.

BETTINA DAMIANI: --46 million, I think it was \$46 million subsidy for Pfizer. As we know, they closed their Brooklyn plant.

COUNCIL MEMBER JAMES: Correct.

BETTINA DAMIANI: Instead of getting a penalty, the city said oh, you know what, you just won't get future benefits. MetLife, when it went from Manhattan to Long Island City back to Manhattan, I think could have been fined [pause] \$11 million, it was only fined four--don't quote me exactly on those numbers, but it was a large-- it was millions of dollars that could've come back to the city from MetLife. So it was a very inconsistent accountability record.

COUNCIL MEMBER JAMES: And I do know that there are certain categories that they have to hire and one is chronically unemployed, I believe formerly incarcerated individuals, and from a certain ZIP code, which would inure to the benefit of my colleague, Council Member Reyna, missed me by two zip codes. But anyway, we won't go there. But, am I correct?

2 BETTINA DAMIANI: So I don't want
3 you to underestimate your role. Local Law 48,
4 there's still holes in it and I'm happy to talk
5 with you--

6 COUNCIL MEMBER JAMES: Sure.

7 BETTINA DAMIANI: --more about that,
8 especially as we need more accountability
9 measures.

10 COUNCIL MEMBER JAMES: Definitely.

11 BETTINA DAMIANI: And we think there
12 should be more of a legislative role, particularly
13 for very large subsidy deals. We assume in the
14 next month or so there'll be a hearing on
15 additional subsidies for Yankee Stadium
16 [crosstalk]--

17 COUNCIL MEMBER JAMES: I heard about
18 that. Well, Bettina, let me just say that, though
19 you continue to come here and your--and talk about
20 the failures of some of these programs and
21 objectively criticize them, please know that you
22 are my shero and we need to be constantly
23 reminded. It continues to keep us on our feet and
24 keep us focused on the reason why we were elected
25 to office. Thank you.

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BETTINA DAMIANI: Thank you.

COUNCIL MEMBER REYNA: Bettina, just one more minute. I know that Council Member Gerson would like to comment or ask you a question, but before I turn it over to him, I just wanted to ask you, who is held responsible for the collection of those fines or the collection of retraining, you know--I'm not to sure exactly, because it is a deferment of taxes or are--

BETTINA DAMIANI: [Interposing]

Sometimes they're just tax breaks, not even deferments.

COUNCIL MEMBER REYNA: So a tax break, you know, how do you collect on what has not been issued from what was agreed upon?

BETTINA DAMIANI: Each agreement is written differently. Merrill Lynch has sort of been our poster child, they could layoff--I'd lose up to 12% of their workers without having to take back any benefits. Se think some of the smaller deals, their loopholes are little bit smaller, partly because they don't have the industry behind them, like large site consultants and accountants and attorneys. So it's a very uneven playing

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field all around.

COUNCIL MEMBER REYNA: Right.

BETTINA DAMIANI: So this has been one of the larger concerns that we have, is there is such an inconsistent policy, it's hard to hold accountable.

COUNCIL MEMBER REYNA: But it's not a policy issue, it's more so, because the policy is universal it's the individual agreements that are being drafted.

BETTINA DAMIANI: Exactly, by the IDA.

COUNCIL MEMBER REYNA: By the IDA.

BETTINA DAMIANI: Exactly.

COUNCIL MEMBER REYNA: And so what would you say could be the template to correct that?

BETTINA DAMIANI: It's actually very simple, I mean, this is the concept is if you get tax breaks, you need to promise to either create jobs or--

COUNCIL MEMBER REYNA: [Interposing]
But that's already part of the policy.

BETTINA DAMIANI: Right, but the

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2 problem is, is there's the loopholes which are
3 saying, if you don't create those jobs, the fine
4 is not excessive or it's not enough for a company
5 like Merrill Lynch to be able to make the deal
6 where there's a giant loophole. There needs to be
7 a consistent policy to say certain jobs for a
8 certain amount of money and if you don't, then you
9 have to pay them back. What the current
10 administration has done, is done it in sort of
11 phases, that if you don't hire the number of jobs
12 in the first four years, then you have to pay it
13 back a larger percentage versus--and it goes--
14 diminishes towards the end of the deal. Sometimes
15 these deals are very long, the Bear Stearns deal
16 is 50 years. So how are we to decide what
17 policies are going to be put in place or what the
18 job market's going to look like in--I mean that's
19 an extreme, most of them are around 20, 15 to 20
20 [crosstalk]--

21 COUNCIL MEMBER REYNA: Then why was
22 there such an extraordinary long, extensive amount
23 of years that's exclusive to Bear Stearns and
24 rather than anybody else?

25 BETTINA DAMIANI: Because there's

1
2 not a consistent policy. I mean it's sort of like
3 we're playing Round-Robin now, right? It's who
4 gets in the door, who's able to have better--

5 COUNCIL MEMBER REYNA: Access.

6 BETTINA DAMIANI: -- access.

7 COUNCIL MEMBER REYNA: Understood.

8 Council Member Gerson.

9 COUNCIL MEMBER GERSON: Thank you
10 very much, and of course I fully support the
11 application before us today based on the
12 recommendation of my highly esteemed and beloved
13 colleague, Council Member Reyna, so I--based on
14 the analysis and your recommendation, I, of
15 course, will fully support the application and I
16 congratulate you. And I just would add that I
17 look forward to seeing that the products which you
18 will manufacture and sell will also be sold in the
19 lighting district that still exists on the Bowery,
20 just a few blocks from here, so we look forward to
21 generating a lot of sales for your products made
22 in Brooklyn, as well as sold there, but also sold
23 on the lighting district in the Bowery. I just
24 want to ask--well just first, I would be remiss if
25 I did not insert on the record my observations and

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2 experiences that the IDA program and the Empire
3 Zone, for all their faults, have been important
4 tools in, you know, in lower Manhattan in the
5 aftermath of 9/11 and its impact on lower
6 Manhattan and Chinatown where we did work very
7 hard to establish an Empire Zone. So certainly, I
8 recognize the need for improvement and in some
9 cases replacement but, you know, we certainly, as
10 we proceed along that path we don't--the
11 proverbial baby after the bath oil or whatever it
12 is. We want to, you know, we want to improve
13 things and go forward and I would also add that,
14 you know, part of what we need to do as a city is,
15 in terms of economic development and policy, is to
16 sustain New York as--and lower Manhattan as a
17 center of world finance and there may be, and
18 there have been and there may still be, occasions
19 when we have to use the full range of government
20 tools to that goal. But I share and--you know,
21 we've worked very closely together and, Bettina,
22 your work and that of your organization you so
23 well serve and lead, has also been indispensable
24 in the economic recovery of our entire city, as
25 well as the district I represent. And I share

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2 your frustration about the lack of an effective
3 policy, especially at the land-use zoning level,
4 to sustain and support and promote and foster
5 manufacturing and I'm frustrated because we've all
6 been talking about that now for years and, you
7 know, the Mayor, the Administration established
8 this new office that was supposed to be directed
9 for manufacturing and, you know, I'm still waiting
10 for them to come up with a plan to sustain the
11 viable garment industry in Chinatown and the
12 vicinity. But what--just addressing my question
13 to your broader point on this topic and just one
14 question--what are the next steps we should take
15 as a city to put in place the proper plan at the
16 zoning and land use level and at other levels? I
17 mean, what, you know--again we have this new
18 office done, you know, up and running, what is the
19 next step that we should do?

20 BETTINA DAMIANI: I don't--

21 COUNCIL MEMBER GERSON:

22 [Interposing] For manufacturing in particular.

23 BETTINA DAMIANI: I wish Niran were
24 here because I'm sure they could do this, first of
25 all, not more factually, but much more eloquently

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than I would.

COUNCIL MEMBER GERSON: No one could be more eloquent than you, I know that.

[Off mic]

BETTINA DAMIANI: That's just because of the S photo, I know. I think the reality is we think of, as I mentioned before, we think in silos and we don't think of land-use and ULURP and zoning at the same time we think of incentives. The incentives always come at the very, very end of what's happening in a particular project. So it affects a transparency of how a project's going to impact a neighborhood and give people on the ground, you know, residents and advocates, a clearer understanding of what is happening. You can--I will use Yankee Stadium as the example because we've been so absorbed in that project, but the--even after ULURP was done, even after the 22 acres of parks were literally seized within nine days of that one public hearing, it wasn't until months later did we get a better understanding of what are the costs and benefits and how much public subsidy is involved and how much, you know, money is going to be coming back

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2 to the tax payer so it's--the piece of the puzzle
3 that advocates, elected officials, and residents
4 should be using as leverage, the information is
5 given to us much too late in the process to be
6 [pause] considered a more wholistic planning
7 effort.

8 COUNCIL MEMBER GERSON: All right.
9 Well we're certainly going to work together to
10 follow up on the Chinatown garment center and
11 manufacturing generally, but, again,
12 congratulations to Brooklyn on this step forward.
13 Thank you very much.

14 COUNCIL MEMBER REYNA: Thank you,
15 Bettina. I know, Council Member Gerson, that you
16 know Nino DePaola is here from the Mayor's Office
17 of Industrial and Manufacturing, so if you can
18 follow up with him on the garment district, it
19 would be great so that you can continue to have--

20 COUNCIL MEMBER GERSON:
21 [Interposing] I think that's--I'm very excited
22 and I did recognize their presence, which is--

23 COUNCIL MEMBER REYNA: Good.

24 COUNCIL MEMBER GERSON: --why I said
25 what I said, because, as you know, we've been

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2 talking about this and you do great work and
3 you're capable of greater work and that's my job
4 is to push you to get the job done, you know,
5 where we need it done here downtown. And I think
6 we have a wonderful opportunity, by the way, to do
7 something very exciting very soon so I'll follow-
8 up. Thank you.

9 [Pause]

10 COUNCIL MEMBER REYNA: Okay. So I'd
11 like to thank everyone for being here and we're
12 going to keep the record open for 30 minutes, but
13 again, to Remains Lighting, thank you so much for
14 being so encouraged to come into Bushwick and we
15 look forward to a ribbon-cutting, a formal
16 celebration where we can invite our colleagues who
17 are so excited to do business with you. So this
18 is the end of this hearing. Thank you very much.

19 [Off mic]
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C E R T I F I C A T E

I, Tammy Wittman, 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 Tammy Wittman

Date December 26, 2008