

COMMITTEE ON FINANCE

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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

November 14, 2018
Start: 10:36 a.m.
Recess: 10:57 a.m.

HELD AT: Committee Room - City Hall

B E F O R E: DANIEL DROMM
Chairperson

COUNCIL MEMBERS:

ADRIENNE E. ADAMS
ANDREW COHEN
ROBERT E. CORNEGY, JR.
LAURIE A. CUMBO
VANESSA L. GIBSON
BARRY S. GRODENCHIK
RORY L. LANCMAN
STEVEN MATTEO
FRANCISCO P. MOYA
KEITH POWERS
HELEN K. ROSENTHAL
JAMES G. VAN BRAMER

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

Michael Blaise Backer
Deputy Commissioner for Neighborhood Development
At the Department of Small Business Services, SBS

Roxanne Earley
Director of the BID Program at the New York City
Department of Business Services, SBS

James Caras
Manhattan Borough Presidents Office

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[gavel]

CHAIRPERSON DROMM: Okay, good morning and... [clears throat] excuse me... and welcome to today's Finance Committee meeting. My name is Daniel Dromm and I'm the Chair of the Committee. We've been joined today by Council Member Keith Powers, Council Member Andy Cohen, Council Member and Majority Leader Laurie Cumbo, Council Member Vanessa Gibson, who's also the Chair of the Council's Subcommittee on Capital for Finance, Council Member Margaret Chin, Council Member Adrienne Adams, Council Member Steve Matteo and Council Member Barry Grodenchik. Today the Committee has six items on the agenda; three Preconsidered Resolutions to amend and restate the property tax rates for fiscal 2019, two bid related Preconsidered Resolutions and Intro 1144, which would authorize 14 bids to increase their assessments. We've been joined by Council Member Helen Rosenthal. Let's start with the three Preconsidered Resolutions that would amend and restate the property tax rates for fiscal 2019. Every year as part of budget adoption the Charter requires the Council to adopt property tax rates for the coming fiscal year. The rates that we adopt are largely predetermined by a

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2 formula set forth in the state law which involves
3 determining the share of the overall tax levee that
4 each class is required to pay. State law imposes a
5 five percent cap on the amount that each class's
6 share is allowed to grow year over year. In past
7 years the Council has asked the state to lower that
8 cap as a way of moderating large increases in tax
9 rates that result from this required formula. This
10 year we saw that without any action the tax rate for
11 class one homeowners, homeowners would have gone up
12 by... [clears throat] excuse me... by 7.2 percent as
13 compared to last year's rates. Therefore, to limit
14 that increase the Council asked the state to pass
15 legislation to lower the class share cap to one half
16 of one percent. The state agreed but the legislation
17 was enacted after the Council adopted the fiscal 2019
18 budget and set the tax rates. Therefore, what we are
19 doing today is amending and restating the tax rates
20 that we set in June to reflect the recount...
21 recalculation done in accordance with the new zero-
22 point five percent cap. As a result of the Council's
23 efforts a typical class one homeowner will see an
24 approximate 250-dollar savings and class two
25 homeowners will see a tax rate decrease of nearly one

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2 percent as compared to the fiscal 2018 rate. Next, we
3 have the bid resolutions, the first is a
4 Preconsidered Resolution that sets forth November
5 28th, 2018 at ten a.m. in this room at the date, time
6 and place to hold the public hearing considering the
7 Local Law that would establish the Throggs Neck bid
8 in Council Member Gjonaj's district in the Bronx.
9 Council Member Gjonaj is supportive of the bid's
10 establishment. The second bid item is also
11 Preconsidered Resolution that sets forth November
12 28th, 2018 at ten a.m. in this room as the date, time
13 and place to hold a public hearing considering the
14 Local Law that would extend the Hudson Square bid in
15 the Speaker's district and would authorize the bid to
16 increase its annual assessment. The Speaker is
17 supportive of these actions. More information
18 regarding the proposed Throggs Neck bid, bid and the
19 proposed changes to the Hudson Square bid can be
20 found at the Committee... can be found in the Committee
21 Reports prepared by the Finance, Finance Division as
22 well as the bids district plans which have been
23 posted to the Council's website. Last, the Committee
24 will be holding a public hearing on Intro Number
25 1144, which would authorize 14 existing bids

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2 throughout the city to increase the amounts they
3 expend annually. The Council previously approved
4 Resolution 564 on October 31st setting today as the
5 date for a public hearing on this legislation. The
6 budget increases have been requested by the property
7 owners within the boundaries of each bid and would be
8 used to enhance the services provided. The 14 bids
9 that are seeking budget increases are one; the
10 Steinway Street bid in Council Member Constantinides
11 and Council Member Van Bramer's district; two, the
12 Graham Avenue bid in Council Member Levin and Council
13 Member Reynoso's districts; three, the Lower East
14 Side bid in Council Member Chin's district; four, the
15 Fashion Center bid in the Speaker's district; five,
16 the Grand Street bid in Council Member Reynoso's
17 district; six, the 125th Street bid in Council Member
18 Perkins's district; seven, the Lincoln Square bid in
19 the Speaker and Council Member Rosenthal's district;
20 eight, the Madison 23rd Flatiron Chelsea bid in the
21 Speaker and Council Member Powers and Council Member
22 Rivera's districts; nine, the Queens Plaza Court
23 Square bid sometimes referred to as the Long Island
24 City bid in Council Member Van Bramer's district;
25 ten, the Bay... the Bay Ridge 5th Avenue bid in Council

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2 Member Brennen's district; 11, the Court Livingston-
3 Schermerhorn bid in Council Member Levin's district;
4 12, the Park Slope 5th Avenue bid in Council Member
5 Lander and Council Member Menchaca's district; 13,
6 the, the Chinatown bid in Council Member Chin's
7 district and 14, the Westchester Square bid in
8 Council Member Gjonaj's district. Each of these
9 Council Members have submitted a letter in support of
10 the requested budget increases. More information
11 regarding the specific amounts of the assessment
12 increases and the reasons for their request can be
13 found in the Committee Report prepared by the Finance
14 Division. Representatives from the Department of
15 Small Business Services are here to testify on this
16 bid item and to answer any questions we may have. Now
17 before we proceed to a vote, I'm going to ask Council
18 Member Chin to make a statement and then we have some
19 testimony as well.

20 COUNCIL MEMBER CHIN: Thank you Chair,
21 good morning. As the representative of a district
22 that includes two lower Manhattan bids requesting
23 reasonable assessment increases; the Chinatown bid
24 and the Lower East Side bid, I believe this
25 adjustment, adjustment serves as a way to allow these

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2 organizations to continue operating as a vital
3 resource for our neighborhood. An adjusted assessment
4 would explore a pathway for the city to address
5 important needs including expanded programming,
6 rising office rents and a better opportunity for bids
7 to comply with the 15 dollar minimum wage while
8 continuing to provide the necessary funds to ensure
9 fair wages for all employees and it will create a
10 chance for these organizations to continue delivering
11 the services and programs that local property owners,
12 small businesses and residents alike have all come to
13 expect without being subjected to crippling financial
14 risk. I really urge my colleagues to support these
15 requests by our bid, they do tremendous work in our
16 community especially the two bids in my district and
17 I really respect all their hard work to keep our
18 community prosperous and strong so I'm here to show
19 my support. Thank you.

20 CHAIRPERSON DROMM: Thank you very much
21 and now I'd like to call three folks who want to give
22 testimony; Michael Blaise Backer from the Department
23 of Small Business Services, Deputy Commissioner for
24 Neighborhood Development Division; Roxanne Earley,
25 Small Business Services, Director of Business

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2 Improvement District Programs; and James Caras from
3 the Manhattan Borough President's Office. And I'm
4 going to ask Counsel to swear you all in.

5 COMMITTEE CLERK: You affirm that your
6 testimony will be truthful to the best of your
7 knowledge, information and belief?

8 MICHAEL BLAISE BACKER: I do.

9 JAMES CARAS: Yes.

10 ROXANNE EARLEY: I do.

11 CHAIRPERSON DROMM: Okay, let's start
12 over here.

13 MICHAEL BLAISE BACKER: Right. Good
14 morning Chair Dromm and members of the Finance
15 Committee. I am Michael Blaise Backer, Deputy
16 Commissioner for Neighborhood Development at the
17 Department of Small Business Services. I'm joined by
18 Roxanne Earley from the Director of BID Program. I
19 wish to express our support for the law providing an
20 increase in the amount to be expended in 14 business
21 improvement districts. The city's 75 bids invest over
22 145 million into local economies in the form of
23 supplemental services and programs that serve more
24 than 93,000 businesses across the city. Bids have
25 been valuable and proven partners in ongoing

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2 initiatives in neighborhood revitalization and
3 economic development across the five boroughs making
4 New York City neighborhoods cleaner, safer and more
5 vibrant. Bids are also advocating for small
6 businesses in their districts helping them to
7 navigate government, facilitating network among
8 business owners, providing business retention support
9 and attracting shoppers to the area. In partnership
10 with city government, bids help to improve the
11 quality of life for New Yorkers and visitors enhance
12 the city's tax space, spur job creation and
13 strengthen local economies. Bids will typically
14 request to increase the assessment on property owners
15 in their district every three to ten years.

16 Assessment increases allow bids to expand existing
17 services, add new programs, add staff capacity or
18 sustain current levels of programs and services
19 impacted by rising contract costs often connected to
20 increases in minimum wage. Bid boards of directors
21 will determine the new maximum cap for bid
22 assessments as well as whether to phase it in over
23 multiple fiscal years based on the projected cost of
24 programs and services. To propose an assessment
25 increase, bids must complete a multistep review

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2 process overseen by SBS. The bid board of directors
3 which includes local property owners, merchants and
4 residents as well as representatives from the city
5 comptroller, borough president, city council member
6 and SBS must review and approve the proposed
7 assessment increase. Additionally, SBS requires all
8 bids to submit a four-part justification outlining,
9 outlining how the increase will be allocated minutes
10 from the board meeting when the increase was approved
11 and letters of support by all city council, council
12 members represented in the bid boundaries. SBS
13 reviews these submitted materials and determines
14 whether they are sufficient to bring the proposed
15 increases to city council. Additionally, as required
16 by law each of the 14 bids publish a notice to the
17 public hearing at least once in a local newspaper
18 having general circulation in the districts
19 specifying the time and place of today's hearing and
20 stating the proposed amount to be expended annually.
21 Each district has also certified that they have
22 mailed a letter to property owners informing them
23 about the proposed assessment increase and the time
24 and place of this public hearing. It is the priority
25 of SBS that the assessment increase proposals focus

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2 on enhancing programs and services provided to the
3 commercial district. The 14 bids proposing assessment
4 increases are doing so to address the needs and
5 changing conditions of their districts. These
6 increases will further expand, reinforce and
7 strengthen existing core services currently provided
8 in the business districts and include funds for
9 capital improvements, public clause activation and
10 added staff capacity. Additionally, portions of these
11 increases will be used to sustain current levels of
12 sanitation and public safety programs impacted by
13 rising contract costs related to the increase in the
14 minimum wage. The proposed increases for FY '19 range
15 from 900... nine... 97,900 to 4.2 million varying
16 according to budget size, district size and proposed
17 changes in programs and services. The proposed
18 increases are as follows and I'm going to read these
19 so bear with me. 125th Street from 1,005,793 to
20 1,240,462 dollars; Bay Ridge 5th Avenue from 427,000
21 to 534,000 dollars; Chinatown from 1,300,000 dollars
22 to 1,800,000 dollars; Court Livingston Schermerhorn
23 from 907,000 dollars to 1,400,000 dollars; Madison
24 23rd Flatiron Chelsea from 2,200,000 dollars to
25 3,250,000 dollars; Fashion Center from 8,800,000

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2 dollars to 13,000,000 dollars; Graham Avenue from
3 137,638 dollars to 250,000 dollars; Grand Street from
4 226,460 dollars to 324,360 dollars, Lincoln Square
5 from 2,500,000 dollars to 3,200,000 dollars; Queens
6 Plaza Court Square from 800,000 dollars to 1,000,000
7 dollars; Lower East Side from 974,600 dollars to
8 1,300,000 dollars; Park Slope 5th Avenue from 300,000
9 dollars to 500,000 dollars; Steinway Street from
10 400,000 dollars to 520,000 dollars; and Westchester
11 Square from 320,000 dollars to 425,920 dollars.

12 Representatives from each bid requesting assessment
13 increases are present to answer any questions
14 pertaining to their specific request however I'm
15 happy to answer any general questions you may have.
16 Thank you.

17 CHAIRPERSON DROMM: Okay, thank you very
18 much, Mr. Caras.

19 JAMES CARAS: Good morning Chair Dromm
20 and members of the Finance Committee. I'm Jim Caras
21 here on behalf of Manhattan Borough President Gail
22 Brewer. We support this action in the case of the
23 Garment District Alliance formerly the Fashion Center
24 bid because it will make available funds that are
25 part of a comprehensive program to ensure Manhattan's

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2 garment manufacturing businesses can remain in the
3 city's historic garment center. The Council's
4 Subcommittee on Zoning and Franchises will hold a
5 hearing tomorrow to contemplate lifting the
6 manufacturing preservation requirements embodied in
7 the special garment districts zoning. Manhattan's
8 garment center is about to undergo serious changes
9 and this assessment will help ensure that
10 displacement of the garment industry is not one of
11 those changes. When the city first proposed to lift
12 the garment center's zoning preservation requirements
13 in 2017 it sought to assist in the relocation of
14 garment manufacturing businesses from the garment
15 center to Brooklyn, Sunset Park neighborhood. The
16 city and garment center bid even committed funds for
17 this purpose, but our office began speaking to the
18 manufactures and employees in the garment center and
19 it became clear that Manhattan's garment center with
20 its ecosystem of garment related businesses needed to
21 remain the core of the fashion industry. Without that
22 core, the New York fashion industry is at risk. The
23 borough president came to emphatically believe that
24 any funds raised by the bid needed to be spent
25 helping businesses thrive in the garment center not

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2 relocate out of the district. We knew that if
3 preservation requirements were to be lifted, we would
4 need extensive programs and funding to support and
5 retain the garment manufacturing industry. Early in
6 2017, we began our outreach to industry
7 representatives and in May 2017 Council Speaker
8 Johnson and the Borough President's Office formed the
9 garment center's Steering Committee which was
10 comprised of elected officials, community boards four
11 and five, the New York City EDC, and representatives
12 of manufacturers, designers, unions and real estate
13 including the Garment District Alliance. Their
14 recommendations provided valuable guidance for
15 addressing the needs of the garment industry. Through
16 their collective efforts we have come a long way from
17 the original proposal to lift the zoning restrictions
18 and not provide any accompanying assistance for the
19 garment industry in Manhattan. Among the
20 recommendations of the steering committee were: one;
21 to establish a tax incentive program to retain long
22 term garment productions facing the garment center,
23 this is being done now through an EDC, I... an IDA
24 program; two work to effectuate a public/private
25 building acquisition, EDC is also taking the lead on

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2 this issuing an RFEI and committing 20 million
3 dollars for the acquisition of a building; three
4 support and develop new and existing talent pipelines
5 for the garment related workforce in Manhattan; four
6 support business planning and marketing among garment
7 manufacturers and five develop communications
8 platforms to elevate garment manufacturers. We want
9 to thank the garment district alliance for working so
10 hard as part of the steering committee and taking its
11 recommendations so seriously. The majority of the
12 increase being requested by the bid is to assist in
13 its commitment to support businesses and especially
14 garment manufacturers and their workers within the
15 bid's boundaries. Originally as we said this money
16 was to be used for relocation expenses of
17 manufacturing businesses that left the district but
18 in September under the bid directors' leadership the
19 bid voted to redirect this money for programs
20 available to assist businesses within the bid's
21 boundaries. The garment district Alliance will
22 support garment manufacturing in the area by
23 providing 2.5 million dollars each year to fund
24 efforts that will assist businesses including garment
25 manufacturers with workforce development, trainings

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2 and facilitating communications among businesses in
3 the district. This support will be crucial as the
4 zoning protections in the special garment district
5 are lifted we therefore urge you to approve the
6 proposal before you today but the garment district
7 Alliance must also commit to work with our office,
8 the Speaker's Office and other stakeholders to design
9 programs that will be part of a long term effort to
10 foster the continued health of the garment industry.
11 While we understand that no one can guarantee the
12 efficacy and demand for programs ten years from now,
13 we need assurances that as long as the need to assist
14 the manufacturing and garment related business in the
15 district continues over the course of the next decade
16 the bid will work with us to ensure that effective
17 programs are available and funded. Thank you for the
18 opportunity to testify.

19 CHAIRPERSON DROMM: And thank you very
20 much. I want to say we've been joined by Council
21 Member Francisco Moya, Council Member Robert Cornegy,
22 Council Member Brad Lander and Council Member Lander
23 has a statement to make.

24 COUNCIL MEMBER LANDER: Thank you very
25 much Chair Dromm, thanks to this esteemed panel. I'll

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2 be very brief. I wholeheartedly support what is
3 listed in Blaise's testimony as item 12, the increase
4 for the Park Slope 5th Avenue from 300,000 to
5 500,000, it is truly a really a model business
6 improvement district. I confess that I have some
7 anxieties about the public/private approach we take
8 to achieving sanitation and security in our city but
9 this is one of the examples that truly engages
10 community that brings in all stakeholders and that
11 achieves those goals while really building community
12 not just for the businesses, not just for the
13 property owners but for the residents and the entire
14 community, we're lucky to have them and I urge people
15 to join in voting yes to support them to be able to
16 do that work even better. Thank you.

17 CHAIRPERSON DROMM: Thank you, we've been
18 joined by Council Member Keith Powers. Are there any
19 questions? Yes.

20 COUNCIL MEMBER POWERS: You already
21 recognized me, but I'll take it twice, thank you.

22 CHAIRPERSON DROMM: Okay, alright...
23 [cross-talk]

24 COUNCIL MEMBER POWERS: I just want to
25 thank... I just want to say thank you to the... to the,

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2 the Borough President for the work done here and also
3 I want to welcome those from the garment district
4 alliance who are here and for their work, I, I agree
5 with what Council Member Lander said but certainly a
6 lot of the quality of life issues even around the..
7 that area they've been good advocates for the
8 business around there to make sure that it's, it's a
9 vibrant neighborhood so I also encourage folks to be
10 supportive. Thanks.

11 CHAIRPERSON DROMM: Okay, are there any
12 further questions? Alright, before I ask the clerk to
13 call the roll as a reminder the Finance Committee
14 will be meeting next Tuesday, November 20th at ten
15 a.m. in the 16th floor Committee Room at 250 Broadway
16 to consider Intro 1143, a bill that would authorize
17 the Department of Finance to create three different
18 types of hardship payment plans for low income home,
19 homeowners throughout the city who are struggling to
20 pay their property taxes. We expect to hear testimony
21 from the Commissioner of Finance and I hope that all
22 of my colleagues will be able to join the hearing.
23 And with that I will ask Billy Martin, Committee
24 Clerk to call the roll.

25 COMMITTEE CLERK: Chair Dromm?

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2 CHAIRPERSON DROMM: I vote aye.

3 COMMITTEE CLERK: Gibson?

4 COUNCIL MEMBER GIBSON: [off mic] I vote
5 aye.

6 COMMITTEE CLERK: Cohen?

7 COUNCIL MEMBER COHEN: Aye.

8 COMMITTEE CLERK: Cornegy?

9 COUNCIL MEMBER CORNEGY: Aye.

10 COMMITTEE CLERK: Cumbo?

11 COUNCIL MEMBER CUMBO: Aye.

12 COMMITTEE CLERK: Rosenthal?

13 COUNCIL MEMBER ROSENTHAL: Permission to
14 explain my vote?

15 CHAIRPERSON DROMM: Yes.

16 COUNCIL MEMBER ROSENTHAL: Thank you,
17 with gratitude to all the work of the Lincoln Square
18 bid and their leadership I, I proudly vote aye and
19 encourage them to continue their great efforts, thank
20 you.

21 COMMITTEE CLERK: Grodenchik?

22 COUNCIL MEMBER GRODENCHIK: [off mic]
23 Aye.

24 COMMITTEE CLERK: Adams?

25 COUNCIL MEMBER ADAMS: [off mic] Aye.

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2 COMMITTEE CLERK: Moya?

3 COUNCIL MEMBER MOYA: Aye.

4 COMMITTEE CLERK: Powers?

5 COUNCIL MEMBER POWERS: Aye.

6 COMMITTEE CLERK: Matteo?

7 COUNCIL MEMBER MATTEO: I'm voting no on
8 the tax rate reso 612, 613, 614 while I appreciate
9 the Council reducing the rates since June it is still
10 an increase.. its an increase that still seems to get
11 higher and higher so with that I'm voting no on those
12 three Resolutions and aye on the rest.

13 COMMITTEE CLERK: Resolution 615 and 616
14 are adopted by the committee; 11 in the affirmative,
15 zero in the negative and no abstentions and
16 Resolutions 612, 613, and 614 are adopted by a vote
17 of 10 in the affirmative, one in the negative and no
18 abstentions and Introduction 1144 is adopted by the
19 committee; 11 in the affirmative, zero in the
20 negative and no abstentions.

21 CHAIRPERSON DROMM: Okay, thank you very
22 much and with that this meeting is adjourned at 10:57
23 in the morning, thank you.

24 [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

November 15, 2018