

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ECONOMIC
DEVELOPMENT

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November 20, 2020
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HELD AT: Remote Hearing

B E F O R E: Paul Vallone
Chairperson

COUNCIL MEMBERS: Paul Vallone
Inez D. Barron
Robert E. Cornegy, Jr.
Mark Gjonaj
Peter A. Koo
Brad S. Lander
Farah N. Louis
Carlos Menchaca
Keith Powers
Stephen T. Levin

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

David Ehrenberg
President and CEO
Brooklyn Navy Yard Development
Corporation

Johanna Greenbaum
Chief Development Officer
Brooklyn Navy Yard Development
Corporation

1
2 SERGEANT AT ARMS MARTINEZ: You can begin
3 live stream at any time. Excellent.

4 CHAIRPERSON VALLONE: OK, Sergeant, we're
5 live [inaudible].

6 SERGEANT AT ARMS MARTINEZ: At this point
7 if we can begin our recording. I have my recording
8 going. Let's get the cloud's going, and I'm gonna
9 get [inaudible]. Good morning and welcome to today's
10 remote New York City Council hearing of the Committee
11 on Economic Development. At this time would all
12 panelists please turn on their video. To minimize
13 disruption, please silence your electronic devices.
14 If you wish to submit testimony you may do so via
15 email at the following address:

16 testimony@council.nyc.gov. Once again,
17 testimony@council.nyc.gov. Thank you for your
18 cooperation. Mr. Chair, we're ready to begin.

19 CHAIRPERSON VALLONE: Thank you, Sergeant
20 at Arms. Good morning, everyone. [gavel] I can
21 gavel in our hearing for this morning. Let me start
22 off by saying we are close to Thanksgiving so if I
23 [inaudible] have a blessed safe and healthy holiday
24 to everyone [inaudible] another strange time here in
25 New York City. But we, as always, we will get

1 through it. But good morning and welcome to the
2 Economic Development Committee of the New York City
3 Council. Today is Friday, November 20, 2020, and my
4 name is Paul Vallone. I have the privilege of
5 chairing this committee. I'd like to extend my
6 thanks to my fellow committee members. As of now,
7 right now I have Council Member Mark Gjonaj, Peter
8 Koo, and Keith Powers with us, um, as well as the
9 Brooklyn Navy Yard Development Corporation, for
10 coming together for today's hearing. The purpose
11 today is to discuss the impact that the COVID-19
12 pandemic has had on businesses at the Brooklyn Navy
13 Yard, how businesses at the Navy Yard have pivoted to
14 PPE manufacturing, and what has been done by the Navy
15 Yard businesses to bring these essential materials to
16 those of us who need them most. Last June the
17 committee had the opportunity, and it was a wonderful
18 one, and I thank everyone for joining us as we toured
19 the Navy Yard, along with our colleagues at the East
20 [inaudible], took the ferry from down from City Hall
21 and today one of our, ah, things that we've been as a
22 standards going to the sites for committee hearings,
23 which is wonderful and hopefully we will get to do
24 that again maybe this hearing. And it was a pleasure
25

1
2 to see first hand the various businesses and
3 education centers available at the yard. When we
4 went to Dock 72, to the Steam Center, the Navy Yard
5 is a gem for opportunity and talent in the
6 industrial, technical, and manufacturing industries,
7 as well as a hub for specialty groceries, such as
8 Wegmans and Russ & Daughters. In a hearing held by
9 this committee in January 2019 we also had the
10 opportunity to discuss much of the rich 220-year
11 history of the Navy Yard as it has evolved over the
12 early years as a naval shipbuilding yard into one of
13 the city's most well-run engines for economic
14 development. Nearly all of the Navy Yard's space has
15 been leased over the last decade, and so the Navy
16 Yard Development Corporation announced its 2.5
17 billion dollar master plan in just 2018 to expand the
18 physical space at the yard in order to meet the
19 ongoing demand for new tenants to utilize the
20 innovation space and continue to offer opportunities
21 in manufacturing, technology, and industry right here
22 in New York City. The goals outlined in the 2018
23 master plan were agreed to create 10,000 new jobs by
24 2020 and add 5.1 million square feet of manufacturing
25 space to the yard to employ around 30,000 people by

1 2030. We on the committee commend the Navy Yard
2 Development Corporation and the laudable goals set
3 forth in its master plan. We hope to get a progress
4 of those goals during today's hearing, and we'd also
5 like to receive regular updates on the progress of
6 the master plan. This is why I have sponsored the
7 bill before the committee today, Intro 1839, would
8 require the Naval Yard Development Corporation to
9 submit an annual report to the mayor and City Council
10 on the progress of achieving the goals of its master
11 plan. As stewards of the general welfare of the
12 city, its workforce and its budget, the bill is
13 designed to provide regular updates to the city's
14 elected officials on what progress is being made in
15 this 2.5 billion dollar undertaking at the Navy Yard
16 which is under a 99-year lease as tenants to the City
17 of New York. We applaud the Navy Yard businesses for
18 their hard work throughout this pandemic and
19 recognize that perhaps as a result of the ongoing
20 crisis the goals set forth in the original master
21 plan might be somewhere delayed or changed.

22 Nonetheless, we wish to discuss the progress of the
23 master plan, whether there is anything we as a
24 council can do to aid in its progress and success as
25

1 we have seen. And before we turn to testimony from
2 the Navy Yard, I'd like to take a moment to thank the
3 Economic Development Committee staff, who is, as my
4 second family, we love them all and [inaudible]
5 entire council shine together. My legislative
6 counsel, Alex Polinoff, my policy analyst, Emily
7 Forgione, and finance analyst Alita Ali, as well my
8 chief of staff, Jonathan [inaudible], my legislative
9 director Ahmed [inaudible], and also, ah, my entire
10 staff for working [inaudible]. I'll now turn it over
11 to our moderator, committee counsel Alex Polinoff, to
12 go over some of procedural items.

14 COMMITTEE COUNSEL: Thank you, Chair
15 Vallone. Ah, I am Alex Polinoff, counsel to the
16 Economic Development Committee of the New York City
17 Council. Before we begin testimony, I would like to
18 remind everyone that you will be on mute until you
19 are called upon to testify, at which point you will
20 be unmuted by the host. I will be calling on
21 panelists to testify in order. Please listen for
22 your name to be called. The first panelist to give
23 testimony will be the president and CEO of the
24 Brooklyn Navy Yard Development Corporation, David
25 Ehrenberg. Brooklyn Navy Yard chief development

1 officer Johanna Greenbaum, will also be available for
2 questioning. I will call on you shortly when it is
3 time to begin your testimony. During the hearing, if
4 council members would like to ask a question of the
5 administration or of a specific panelist please use
6 the Zoom raise hand function and I will call on you
7 in order. We will be limiting council member
8 questions to five minutes, which includes the time it
9 takes to answer questions. Please note that for ease
10 of this virtual hearing we will not be allowing a
11 second round of questions for each panelist outside
12 of the chair. All hearing participants should submit
13 written testimony to testimony@council.nyc.gov.
14 Before we begin testimony, I will administer the
15 oath. To all members of the Brooklyn Navy Yard who
16 will be offering testimony or will be available for
17 questions, please raise your right hands. I will
18 call on each of you individually for a response. Do
19 you affirm to tell the truth, the whole truth, and
20 nothing but the truth before this committee and to
21 respond honestly to council member questions?

22 President Ehrenberg.

23
24 PRESIDENT EHRENBURG: Yes, I do.
25

2 COMMITTEE COUNSEL: Chief Development
3 Officer Greenbaum.

4 CHIEF DEVELOPMENT OFFICER GREENBAUM:
5 Yes, I do.

6 COMMITTEE COUNSEL: Thank you. President
7 Ehrenberg, you may begin your testimony.

8 PRESIDENT EHRENBERG: Ah, great, thank
9 you so much, um, and Chairman Vallone and fellow
10 council members, thank you for the opportunity to
11 speak on behalf of the Brooklyn Navy Yard, which I'll
12 refer to as BNYDC or the Navy Yard, kind of
13 interchangeably, throughout this, ah, testimony. Ah,
14 you may recall that we last appeared before the
15 committee two years ago to discuss how BNYDC had
16 become a national model of urban revitalization and
17 economic and workforce development. Um, as was
18 noted, we had you out to the yard last June. We
19 would love to have you all out, um, this June if a
20 vaccine is widely available, which, um, seems more
21 and more likely. Um, you know, when, when last we
22 spoke with you both those times, ah, we could hardly
23 even vision the, ah, environment within which we now
24 operate and we've been operating in for the last nine
25 months or so. Um, just a little bit of background.

1 The Navy Yard is a mission-driven not-for-profit that
2 serves as the real estate developer and property
3 manager of the physical Navy Yard on behalf of its
4 owner, the City of New York. Our mission, put
5 simply, is to preserve quality jobs, grow the city's
6 modern manufacturing sector, and, perhaps most
7 critically, connect the local community with the
8 economic opportunity and resources of the yard.

9 During this testimony I will first discuss our
10 ongoing work in response to the pandemic, and then
11 we'll discuss the progress that we've made on our
12 master plan. Since March the Navy Yard and many of
13 its tenants have played a significant role in
14 responding to the COVID-19 pandemic. While this has
15 been an incredibly challenging time, it has shown us,
16 the city at large, the value and impact of the Navy
17 Yard operating model. Our response to the pandemic
18 and ensuing economic downturn can be divided into
19 three areas. First, our work to help pivot, tenants
20 pivot to manufacturing the personal protective
21 equipment, or PPE. Second, our work with our tenants
22 to help them survive this difficult time. And,
23 third, our continued commitment to the surrounding
24 community. Um, as to PPE production, as many of you
25

1 probably know, the yard became a central hub of PPE
2 production in the early days of the pandemic when the
3 city faced shortages of everything from face shields
4 to medical gowns and ventilators. The response and
5 ingenuity of our tenants to this crisis was truly
6 inspiring. Not since the Navy closed the facility in
7 1966 has the importance of local production been so
8 plain for our city. Very early in the crisis we
9 began working with City Hall, DOH, HHC, and the EDC
10 to identify critical PPE shortages for which the
11 international supply chains had frozen and that we
12 believed we could manufacture at the yard.

13 Ultimately, the yard became the central hub of the
14 local production efforts, producing nearly 10 million
15 units of PPE and more than 26,000 gallons of hand
16 sanitizer. What I most want to communicate today is
17 a little bit hard to explain [inaudible], um, but
18 it's that it was no coincidence that these activities
19 were centered at the yard. It was a result of the
20 basic operating model and the public and nonprofit
21 stewardship of the property over decades that created
22 the environment where this was possible. It's not
23 just the fact that we've retained manufacturers at
24 the yard that made this possible, though. It's the
25

1
2 connective tissue, the social infrastructure that
3 BNYDC as a nonprofit landlord has created that
4 allowed us to so quickly work with our tenants to
5 establish these production lines. While tenants
6 manufacture PPE across about, across about a dozen
7 products, I'll focus on just three today - face
8 shields, medical gowns, and ventilators. Within days
9 of the onset of the pandemic DOH identified these
10 three items as the most critical shortages that local
11 production could help fill. To take the example of
12 face shields, that production was identified as an
13 immediate need on a Thursday call in mid March
14 between us, DOH, and HHC, and EDC. That afternoon
15 the Navy Yard security team picked up a sample of the
16 product that DOH needed, and actually we picked it up
17 from the apartment building of a local doctor who had
18 taken it home, ah, after one of his shifts. And we
19 delivered it to a consortium of tenants we had
20 identified as uniquely set up to produce this
21 products. By Saturday, so three days later, ah, a
22 prototype of the product was delivered to DOH and by
23 Sunday the design was approved. Monday and Tuesday
24 were spent sourcing needed materials and establishing
25 the production lines, and by Wednesday the assembly

1 line was up and running. Ah, by Thursday and Friday,
2 ah, the assembly line was producing tens of thousands
3 of face shields every day. Ah, that identification
4 of our tenants really, again, was only because we
5 knew who they were, we knew what products they had,
6 ah, what technology, what equipment they had, and we
7 were able to match, um, a couple tenants together in
8 order to get that assembly line up, something that
9 would have been much more difficult had we not been
10 so intimately involved with our tenants.
11

12 Simultaneously, we were working with EDC to establish
13 a procurement process, because, of course, the city
14 had never done anything like this before. And it's a
15 very important point to stress, that our tenants did
16 what entrepreneurs do best - they identified a
17 problem and immediately got to work. In many cases
18 it wasn't until weeks after they started production
19 and had been spending their own capital that the
20 contracts were actually signed. While more technical
21 in nature was a similar story for medical gowns.

22 This time our security team actually drove four hours
23 upstate to hand deliver samples of the gowns that DOH
24 needed to one of our tenant's sample makers who had
25 relocated with his family, um, to upstate. Within a

1 week two of our tenants had partnered to cut the
2 required patterns of small, medium, and large, and
3 develop what's called a tech pack that lays out all
4 of the material requirements and other specifications
5 for the product. A few days later over half a dozen
6 companies across the yard had assembly lines up and
7 running to produce these gowns. And that pattern and
8 the open source tech package developed at the yard
9 were then shared via EDC with producers across the
10 city. We used them as the basis for their own
11 production lines. Finally, as our hospital systems
12 grappled with the terrifying possibility of
13 widespread ventilator shortages, a fear that
14 thankfully never fully materialized, a group of high-
15 tech product design companies based at New Lab, our
16 incubator for such businesses, sprang into action.
17 Working with a manufacturer in Long Island City, they
18 designed and manufactured a ventilator model that
19 could be produced in a matter of weeks, the timeline
20 that the crisis in New York demanded, but that could
21 not possibly be matched by the existing supply
22 chains. And, again, this is a matter of the
23 ecosystem that we've developed. We've become a
24 central hub, really across the country and in many
25

1 ways worldwide, for high-tech product design
2 companies, ah, and it was these companies based in
3 New Lab, but partnering with other companies outside
4 New Lab, that were able in the matter of a couple of
5 weeks to develop the design for open source
6 ventilator, something that, you know, boggles the
7 mind, and which you could not have simply turned to
8 any old product company, ah, and asked them to do it.
9 It really is the ecosystem and community that we have
10 built over time, ah, that allowed this to happen.
11 Each individual story, the tenant pivoting to PPE
12 production, was heartening and played a real, a real
13 role in keeping our nurses, doctors, EMTs, and other
14 first responders safe. But the fact that so much of
15 this activity occurred in our tenant businesses and
16 they were the first out of the gate was not a
17 surprise. For decades we had been building a
18 community of next-generation manufacturers and
19 providing the means for them to collaborate with each
20 other and the city when the need arose. Creating
21 this community of manufacturing tenants and an
22 environment where they can collaborate certainly is
23 not rocket science. However, it does take real
24 dedication and stewardship over the course of years
25

1 and decades. The importance of this work is clear to
2 us every day given the diversification of the city's
3 economy we allow and the thousands of local residents
4 who have access to high-quality jobs at the yard.

5 However, we believe that the last nine months has
6 been a real public statement about the importance of
7 the yard and local production for the city as a
8 whole. Now moving on to, um, how we've supported our
9 tenants through this crisis, um, we've had, we've had
10 to ensure that our tenant businesses can get through
11 this extremely difficult financial, ah, period. As a
12 landlord, we've worked with every single tenant who
13 has identified a financial hardship, which is many of
14 them, ah, to defer and abate significant amounts of
15 their rent. Our rent definitely and abatement
16 program is, to our knowledge, the most generous in
17 the city among commercial landlords. In addition to
18 rent flexibility as part of our model we have an in-
19 house business support services team that provides
20 our tenants with various forms of support to help
21 them scale and grow. Throughout the pandemic that
22 team has led our efforts to help yard companies
23 stabilize themselves and cope with the financial
24 challenges of the downturn and they've led more than
25

1 60 trainings and technical assistance sessions in
2 recent months. Um, obviously the Payroll Protection
3 Program, or PPE, looms very large, ah, for small
4 businesses in getting through this pandemic. And our
5 tenants all had the same problems with the first
6 round of the federal PPP program that were well
7 documented in the media. We are only aware of eight
8 tenants who successfully received a PPE loan in the
9 first round. Before the second round was even
10 announced, we developed a comprehensive program to
11 ensure that our tenants would get loans in the second
12 round. We secured a funding commitment from the
13 Urban Investment Group at Goldman Sachs with their
14 lending partner, Pursuit Lending, and developed
15 partnerships with Piedmont and Carver National Bank
16 to assist yard tenants in securing these loans. We
17 also provided additional training and technical
18 assistance as needed to help companies apply
19 successfully. These partnerships translated into
20 every single eligible tenant at the Navy Yard that we
21 were aware of receiving a PPP loan. That's more than
22 130 in total. So we went from eight in the first
23 round to 130 in the second round. We know that the
24 pandemic hit communities of color the hardest in the
25

1 city. Acknowledging that reality, combined with
2 addressing this summer's nationwide movement
3 regarding social and racial justice reaffirmed our
4 commitment to our minority community, particularly
5 the yard's black-owned businesses. For the past
6 three months we've surveyed the needs of M/WBEs, and
7 particularly MBE companies, to help address the
8 systemic barriers minority entrepreneurs face. This
9 is an evolving area of work for us, but immediately
10 we've launched an M/WBE, MBE programming that
11 includes a quarterly small business education series
12 that sets MBE tenants up to move past one million
13 dollars in revenue and grow their workforces. In
14 addition, we've created leadership and networking
15 opportunities with partners like General Assembly,
16 and have helped MBE tenants access grants and other
17 programs through local partners, such as Lisk. Um,
18 we've also, as I said, kind of redoubled our efforts
19 or, um, or refocused our attention on our local
20 community. Um, it goes without saying that our
21 local, ah, our focus on ensuring economic opportunity
22 for our neighborhood has become ever more important.
23 Ah, it's something that we are focused on every day,
24 um, ah, of the year, ah, throughout the years. It

1 doesn't, you know, the pandemic has not fundamentally
2 changed that, but it certainly has sharpened that
3 focus. And in August, again, to address these
4 systemic barriers that, ah, minorities and
5 particularly, ah, black entrepreneurs face in
6 launching and growing businesses, we announced plans
7 to develop an equity incubator, the cutting edge
8 space designed to support black and brown
9 entrepreneurs and women-owned businesses in their
10 efforts to create, develop, and grow their companies.
11 Through an initial two million dollar investment of
12 capital from the City Council and operating from
13 support from SBS we are now in a position to move
14 this project forward, and we thank the council
15 administration for their support to date. Um, what,
16 what's happened in that is that we've recently
17 released an RFEI, um, to, to find an operator for
18 that incubator, um, and we will be getting responses
19 back in January. It was intentionally a very open
20 RFEI seeking ideas from social entrepreneurs about
21 what they believed would most help, um, MBE
22 businesses. Ah, we have our own ideas, but we really
23 wanted to hear from, um, from other organizations,
24 other nonprofits, and, like I said, other social
25

1 entrepreneurs, um, to get the best ideas out there
2 before we made a selection. We've also recommitted
3 to our work with our employment center, which trains
4 and places local residents into jobs at the yard.
5 The center connected a record-breaking 589 people to
6 jobs in fiscal year 19, marking a 28% increase from
7 FY18, which increased significantly from FY17. Um,
8 of those, 90% of the hires were, ah, Brooklyn
9 residents and more than a third lived in public
10 housing. Approximately a fifth experienced long-term
11 unemployment, and another fifth were previously
12 incarcerated or convicted. Not surprisingly, the
13 focus of our workforce development team has changed
14 dramatically since the economic downturn began. They
15 focused on placing local residents into jobs in those
16 companies that are hiring because of the PPE
17 production, um, but acknowledging that companies are
18 hiring fewer people than they were a year ago, ah,
19 we've also, ah, refocused on efforts, our efforts on
20 developing innovative models, um, that can
21 potentially be, um, replicated outside the yard. Ah,
22 and most recently, um, as our internship numbers
23 dropped during the summer we continued our internship
24 program, but we developed a new, more intensive model
25

1 for an internship to employment program with CUNY
2 that we're hoping to expand beyond the yard. Ah,
3 moving to our master plan, um, the Navy Yard has
4 grown dramatically in recent years. Just before
5 COVID set in we had reached about 12,000 jobs on
6 site, doubling the roughly 6000 jobs of seven years
7 ago. And based on projects that we have recently
8 completed, we were projected to reach 20,000 jobs
9 within the next two years or so. Our master plan is
10 a bold vision of how to continue this growth past
11 that 20,000 jobs by building new, modern
12 manufacturing buildings, the likes of which have
13 never been built in urban America. This master plan,
14 when fully executed, will create an additional 10,000
15 jobs, bringing us to a total of 30,000. The first
16 step in this master plan is to establish a special
17 zoning district for the yard through a ULURP. The
18 land use changes needed in this ULURP would be
19 comparatively limited, but essential for our
20 continued growth, given that the underlying
21 manufacturing zoning has not been changed since the
22 1960s. The major land use actions we plan to request
23 are to limit the amount of parking and loading bays
24 required. Modern manufacturers simply don't require
25

1 the same amount of truck access compared to
2 traditional manufacturers and warehouses, ah,
3 warehouse uses that were the norm when the existing M
4 zoning was created. We will also seek use changes to
5 allow us to locate more academic facilities on site.
6 Our goal is to create more spaces like the Brooklyn
7 Steam Center, a CT high school redeveloped and opened
8 last year, as well as CUNY facilities such as
9 Brooklyn College's Feirstein Film School, which is on
10 the Steiner Studio's, ah, film studio. We believe
11 that these schools and their students benefit
12 enormously by being co-located with related
13 industries and we would very much like to see more
14 such partners. COVID has slowed the progress of this
15 rezoning, as we halted our work on, um, on the zoning
16 change text at the beginning of the pandemic due to
17 very real budget concerns at the yard. We're now
18 prepared to restart this work and we're speaking with
19 the administration to determine if there is still
20 time to finalize our work, certify and complete the
21 ULURP process under this administration. Lastly, as
22 members of the committee may know, we hold quarterly
23 meetings with our elected officials, local elected
24 officials, to provide updates on our work. We've

1 continued to do so through the pandemic. It's an
2 opportunity for us to share plans and continue our
3 partnerships that have given us such deep roots in
4 the surrounding Brooklyn communities. This close
5 relationship with our local elected officials and
6 stakeholders is central to our model, and I
7 personally speak with most of them quite regularly.
8 We understand that Intro 1839 would require the yard
9 to provide an annual report on its activities and
10 progress on the master plan. We see our quarterly
11 meetings as a more frequent and frankly more
12 effective way to keep our stakeholders updated. So
13 while we support the notion of the NYDC keeping our
14 stakeholders fully updated, we don't believe that a
15 bill is actually needed and that it would in fact be
16 counterproductive to our local relationships. As
17 these meetings have proven useful, we would much
18 prefer to continue this model of updating our
19 stakeholders, rather than a former, formal written
20 document. I would also note that we are more than
21 happy to come before this committee, um, as, you
22 know, as frequently as is reasonable, um, to continue
23 to update you. Um, thank you once again for the
24 opportunity to discuss the mission and work of the
25

1
2 Brooklyn Navy Yard and we're certainly happy to
3 answer any questions the committee would have.

4 COMMITTEE COUNSEL: Thank you, President
5 Ehrenberg. We'll now turn it over to questions from
6 the chair. Ah, panelists from the Navy Yard please
7 stay unmuted, if possible, during this question and
8 answer period. And a reminder to Chair Vallone that
9 you will be in control of muting and unmuting
10 yourselves during this period. Ah, Chair Vallone,
11 ah, you may begin.

12 CHAIRPERSON VALLONE: Always a dangerous
13 skill that you've given us, to have control over
14 muting and unmuting. Sure you want to do that?
15 [laughs]

16 COMMITTEE COUNSEL: It's only...

17 CHAIRPERSON VALLONE: I, I have failed
18 every general behavior class in my classes going up
19 to law school for being a little bit too excited in
20 my classes. So David and Johanna, welcome, and, as
21 always, we are big fans [inaudible] and we also thank
22 you for the tour. You know, this, this committee
23 really strives to go to places to visualize. I'm old
24 school like that, I like to see the place and
25 understand it and it helps us to formulate, ah, and,

1 and better know these relationships that you've been
2 building. So we thank you for that. Um, the
3 hearing, I, I really just want to give you that
4 additional platform with this virtual hearing to let
5 everyone know that work that you've been doing, and
6 on this platform you can reach so many more people
7 of, of how critical the role was of the transition
8 period during those scary times where families like
9 ours [inaudible] COVID in March and didn't have any
10 place to turn. There was these great stories that
11 have emerged through the private partnerships and
12 not-for-profits and EDC and Brooklyn Navy Yard, um,
13 and how they stepped up. So thank you for that.
14 And, honestly, you guys stepped up more than any
15 other city agencies did. We've learned that the
16 speed at which you and your partners worked, ah, were
17 probably the lifeline for the city. So for that role
18 we say thank you. How do you see the, I guess with
19 how you transitioned in March and now what's
20 happening today, um, and wondering where, you know,
21 I'm, I'm not a scientist, so whether we're in a
22 second wave, whether its coming, I mean, obviously a
23 lot of states seem to be worse off than we were, but
24 we, I think we've done our part to keep the numbers
25

1 down and I'm hopeful we're gonna keep confident that
2 that takes its course over the winter. But if things
3 were continue to get worse, how, how do you see that
4 your position now to handle the, that second
5 transition that may be necessary?
6

7 PRESIDENT EHREBERG: Um, so I, I think
8 we learned a lot. Um, and, um, you know, our
9 companies responded extraordinarily quickly, but I
10 think next time, presuming that the input supply
11 chain holds up they could respond even more quickly,
12 um, in a second wave. At this point none of our
13 companies are currently producing PPE for the city
14 anymore. Um, those products that I described went
15 through a procurement process with EDC and were
16 ultimately delivered to DOH's warehouse and then
17 distributed to public and private hospitals, um, and
18 that work has stopped. Our tenants are still
19 producing a lot of PPE for the general public, um,
20 and in, in at least one occasion, um, one case
21 producing for FEMA as well.

22 CHAIRPERSON VALLONE: So, Dave, let's
23 just stop there for a minute 'cause that's, that's
24 important. So you've got to the point where the city
25 is no longer requiring PPE, now you're doing it more

1
2 for individual companies and groups, there are
3 hospitals that are asking for it?

4 PRESIDENT EHRENBERG: That's right. Um,
5 our understanding is that, you know, the supply
6 chains have, um, freed back up and DOH has been
7 building up a strategic reserve of the products that
8 we were, we were building, um, and they are
9 comfortable with where they stand. I certainly can't
10 speak to the, to that. But, um, we, we have stopped
11 producing for, for the city. Um, there, our tenants
12 are producing for a very wide range of, um, of types
13 of uses. So, um, I've not personally ridden in an
14 Uber, ah, for quite for while, ah, but there are now
15 separators between the drivers and passengers. One
16 of our tenants is, is building those and has
17 installed over 10,000 such separators. So it's quite
18 varied, and, again, entrepreneurs doing what
19 entrepreneurs do, which is see a need and, and
20 address it. Um, but we are working with EDC to kind
21 of put together a playbook, um, which would include
22 the technical materials that our tenants developed,
23 um, so that tech pack, which literally goes through,
24 you know, how you stitch the gown together, um, what
25 products you use, the water, um, repellency of the

1 material, etcetera, etcetera, so that it's all in, in
2 one place. Um, if we need it in the next couple of
3 months obviously we would have it, the ideas, if we
4 needed it in 10 years, 20 years, 30 years, we would
5 have it there as, um, then as well. Um, obviously
6 the procurement process was also something that, um,
7 was I would say a challenge, and it was a challenge
8 for our tenants, but having worked, I've never
9 actually worked for a city agency, I've only ever
10 worked for, for EDC or, um, or the Navy Yard, but
11 I've worked kind of in a, in a city function for, um,
12 going on 20 years now. Um, I was really quite
13 impressed by the speed with which DOH, EDC, HHC
14 responded to this. Was it perfect? Probably not.
15 Um, were our tenants sometimes itching for their PO
16 to be signed? Absolutely. Um, but given the truly
17 extraordinary challenges, um, of that period and the
18 hours, you know, we at the Navy Yard were working and
19 all of our fellows, ah, um, public servants and the
20 agencies were working, the, the procurement process I
21 thought was actually quite laudable. But presumably
22 next time it would, you know, we would just open the
23 page of the book to that and we'd be able to get a PO
24 very quickly to these tenants...

1
2 CHAIRPERSON VALLONE: And that, and
3 that's what our hope is, so, so that you have already
4 forged that path and we have had hearings with
5 [inaudible] EDC since they really since they really,
6 ah, were the stimulus that created most
7 [inaudible]...

8 PRESIDENT EHRENBERG: Yeah.

9 CHAIRPERSON VALLONE: ...and now we hear
10 these relationships like yours and throughout the
11 city. In my eyes I, I do have that comfort of
12 knowing that the faucet had been turned on rather
13 quickly. Um, but, you know, we as council members
14 have districts and lines. You know, I'm staring at
15 CityMD on the corner and, once again, [inaudible] in
16 the corner. So, ah, we get the calls and, and folks
17 are nervous. So when we hear that we're a little
18 less nervous 'cause we know that the capacity is
19 there to be turned on if DOH or any of our hospital
20 groups need that. So that, that is a, a really, this
21 hearing at least brings out that. At least it gives
22 the council members who are here. By the way, let me
23 just resay which council members have joined us. So
24 before I had said that Council Members Gjonaj, Koo,
25 and Powers. We're also joined by Council Members

1
2 Louis, Lander, Barron, Menchaca, and I believe
3 Council Member Levin, who's, who's the host district
4 for the Brooklyn Navy Yard and has come on with some
5 questions. And, as always, I get to my council
6 members, um, pretty quickly. So what I'm going to do
7 is just, um, I will, there's a lot there, but I
8 always like to give the council members [inaudible]
9 give them a chance to do their questions. But what
10 the secondary part of the hearing, David, I just
11 wanted to bring this up like now before we go back to
12 the work that you're doing there, what we may have to
13 do to tweak the master plan, if anything, based on
14 the, the realities of the pandemic and the financial
15 crisis, what we can do to aid and assist, you know,
16 through, through our budgetary and from EDC through
17 our hearings. And, but, your end of your testimony
18 with, with the paragraph that, you know, I, I wear
19 many hats in life. One of them is a lawyer, one of
20 them is a soccer coach, one is council member, one is
21 a very happy dad and, and father. But of all the
22 hats that I have census, if, if you were sitting in
23 my chair and you see a bill that's really requiring
24 just that to the landlord of which you are the
25 tenant, um, when I see a paragraph I, I don't really

1 get happy about it, so it says, "We understand that
2 1839 will require the yard to provide an annual
3 report, but we see the meetings as a more frequently,
4 frankly more effective way to keep our stakeholders
5 updated", well, we are one of the stakeholders and,
6 ah, I'm not sure that the city agencies, I'm not sure
7 who's there at the quarterly meeting, but if you're
8 having the quarterly meeting and you're already
9 preparing the document for that, I don't see the onus
10 or the additional level of, um, oversight that is
11 gonna create a, a less effective way than you're
12 effectively operating and this is, this is not bad
13 news, this is good news as to what's happening. And
14 providing either those quarterly and then the summary
15 annual report over the committee and council members
16 that are basically charged with, ah, oversight for
17 EDC as landlord of the city doesn't seem to me to
18 meet, meet that level. What am, what am I missing as
19 to why we couldn't already duplicate the information
20 you're doing that could be sent over to the council?

22 PRESIDENT EHRENBERG: Um, yeah. Look, I
23 mean, I would, and let me reaffirm what I guess was
24 in the, was also in the, ah, in that paragraph, which
25 is that "we certainly are very committed", and I

1 think it's a, ah, absolutely central part of our
2 model to, ah, free flow of information and, um, and
3 being as transparent as, as possible. I would say I
4 started my career as a community organizer and so,
5 ah, really fully believe in, um, in, in the
6 importance of being plain about what you're doing
7 and, ah, you may not agree every single time, but
8 sharing the information is critical. Um, and I think
9 that the way I would answer that is, um, that the
10 model of the yard is one where, ah, we, we don't, we
11 don't have annual reports. We don't approach them as
12 formalistic reports. It is really based on
13 relationships. Would one report to the council be
14 the end of that model? No, of course not. Um, but,
15 you know, the, I think the strength of our model is
16 that when one of our local constituents has a
17 question they pick up the phone and they just call
18 me, and I just answer the phone and I answer the
19 question. And it's not, it's not a relationship
20 that's mitigated through an annual report to the City
21 Council and, OK, Councilperson, I hear your question,
22 please refer back to the report, or something like
23 that. And I've worked and seen other agencies that
24 have more of that formalistic relationship. Would
25

1
2 one report radically change it? Perhaps not. But I
3 am a very, all I can say is I'm very, um, committed
4 to, or attached to that model of you've got a
5 question, just call me. I'm going to give you the
6 answer.

7 CHAIRPERSON VALLONE: Well, David, that
8 model has been a wonderful one. Trust me, there's,
9 there are city agencies that don't function anywhere
10 close to the level of the efficiency that you do.
11 And I think, and I, I've always been at the pleasure
12 of EDC because they are able to operate outside of
13 that bubble that hampers just about every other city
14 agency and [inaudible] delays of red tape. And to,
15 to enhance that and now to [inaudible] we're talking
16 with you is the council members must have information
17 to provide and EDC also has resisted and we've gone
18 forward, the same thing, with just generalization
19 type of data so that we as a council [inaudible]
20 budgetary arm of the city can understand. So just
21 like you, if we get that phone call we're able to
22 tell our constituents and our committee and our
23 speaker and our mayor what's happened. So I, I
24 really want you to think about that. It's not in any
25 way to change the form of how you work such a

1
2 successful, ah, nonprofit [inaudible] business that
3 is the manager for these tenants that enables them to
4 grow in times of need. It is, there is a
5 responsibility there. And I think you've kind of
6 nailed it on the second, I mean, that second
7 paragraph, to those who are just joining in, the
8 Brooklyn Navy Yard is the mission-driven, not-for-
9 profit that serves as the real estate developer and
10 property manager of the Brooklyn Navy Yard on behalf
11 of its owner, the City of New York. That's it.
12 That's the hearing in a nutshell for those who are,
13 and because of that relationship, um, this is the
14 type of bill that would basically be almost mandatory
15 as far as having [inaudible]. That's exactly what
16 would have happened. So we'll go back to how you
17 pivoted through the crisis and all the great work
18 that's going on. And so, ah, to our legislative
19 counsel, Alex, do we have a list of the council
20 members who signed up so that they can speak now so
21 we can get them [inaudible]?

22 COMMITTEE COUNSEL: I do, Chair. Ah, and
23 if you'd just give me a moment I'm gonna just do a
24 quick procedural bit about the Zoom raise hand
25 function for them and then I'll turn it over to the,

1
2 um, to the other members. Ah, thank you, Chair. Ah,
3 I'll now call upon members in the order they've used
4 the Zoom raise hand function, and if you would like
5 to ask a question and you have not yet used the Zoom
6 raise hand function please do so now. Council
7 members, you will have a total of five minutes to ask
8 your questions and receive an answer from the
9 panelists. The Sergeant at Arms will keep a timer
10 and will let you know when your time is up. Once we
11 have called on you, please wait until the sergeant
12 has announced that you may begin before asking your
13 questions. First, we will hear from Council Member
14 Lander, followed by Council Member Barron. Council
15 Member Lander, you may begin when the sergeant calls
16 time.

17 COUNCIL MEMBER LANDER: Ready for me?

18 COMMITTEE COUNSEL: Sergeant.

19 CHAIRPERSON VALLONE: We are ready. You
20 are still in the same spot. Do we have send a rescue
21 squad to you, Brad? You were there yesterday.

22 COUNCIL MEMBER LANDER: [laughs] Thank
23 you, Peter. I was looking this morning for like a
24 good shot of the Navy Yard so I could like make a
25 virtual visit to the Navy Yard, but, um, I don't

1 know. For, for now I'm so taken with this new Endale
2 Arch in Prospect Park that I'm visiting on a daily
3 basis. But I'll get back to the Navy Yard soon, both
4 virtually and physically. Um, thank you, Chair
5 Vallone, for convening this hearing and, and thank
6 you to David and Johanna and your team for, ah, for
7 being here. You know, you guys know I'm just such a
8 big fan of the Navy Yard and the work you do, and so
9 grateful, um, for what you have done during the
10 pandemic. But I really agree, like not surprised,
11 like the way that you've built a community of people
12 where economic development is grounded in the shared
13 values that we believe in for it, um, that something
14 pretty special happens, you know. And, and, I think
15 that's really significant, like we all know we need
16 entrepreneurs and we need businesses to generate jobs
17 and economic value. But I, I almost, I don't want to
18 get too philosophical, but I feel like there's sort
19 of the invisible hand idea we inherited from Adam
20 Smith, that like that will just be like greedy people
21 doing their own thing, but it'll add up to common
22 good somehow. Um, and sometimes that works OK. But
23 I think you guys show in some ways a really profound
24 truth, which is you, if you create the conditions for
25

1 entrepreneurship and business growth and people to
2 create and create value, um, not only will they do
3 things that sort of achieve those goals of, of
4 priming the economy, but it'll be grounded in the
5 values of like sustenance and, um, the things people
6 need and rising to challenges together and, boy, ah,
7 what you've done in these last few months has really
8 shown that, so thank you for, for that work. Um, I
9 feel like I ask the same question at this hearing
10 every year, ah, which is really not so much about the
11 Navy Yard as about what lessons it shows and teaches
12 for broader city economic development policy, but it
13 feels even more apropos this year as we starting to
14 think about the kinds of economic recovery that will
15 take us past this COVID crisis and even if David, as
16 you say, the vaccine, you know, [inaudible], is
17 coming before too long we know that we are in for a
18 devastating economic, ah, crisis for a long time to
19 come and there's gonna be a lot of challenges and
20 recovery. And, you know, you spoke to what you're
21 doing at the yard with rent relief and, you know, all
22 those other things. But I wanted to ask you just to
23 think a little about what the Navy Yard teaches the
24 city as a whole for how to overcome those things. So
25

1 we're gonna see a lot of distressed property, for
2 example, in all likelihood and, you know, we're
3 trying to think of what we can do to prevent
4 foreclosures and evictions and make sure that
5 people's businesses can thrive, but I think despite
6 best efforts there are going to be properties that go
7 into foreclosure, commercial, ah, as well as
8 residential and then plenty of like retail stores.
9 Um, and, you know, we've seen in past crises,
10 especially after 2008, that plenty of private equity
11 and vulture funds will be out there waiting to scoop
12 up those properties and not at all looking to use
13 them in, in ways that center the goals we have of, of
14 job creation, ah, and real value sharing and equity.
15 And I wonder if you see the opportunity for doing
16 something not the same as the Navy Yard, there's
17 nothing would be the same as the Navy Yard, but
18 inspired by the Navy Yard, um, that tries to, you
19 know, take that kind of mission-driven nonprofit.
20 It'd be hard to do over a lot of like smaller spaces.
21 But, you know, imagining what it would be to operate,
22 you know, to take a position in retail stores and
23 create opportunities and for arts organizations as
24 well as for more of the kinds of productive and like
25

1 manufacturing. Yeah, I just wonder if you'd offer
2 some things on, on what you think the, the lesson
3 shows for what we ought to maybe do as a city. As
4 you know, I proposed the creation of a land bank
5 which could not only do residential development but,
6 ah, acquire property to bring it into this model, um,
7 and I'd just love to get your thoughts on, ah, you
8 know, on, on what we learn from the Navy Yard for
9 facing economic, the, the challenge of economic
10 recovery.
11

12 PRESIDENT EHRENBURG: Yeah. Um, yeah,
13 it's obviously a very hard question. Um, the, um,
14 just going back to your general comments, though, um,
15 one quick thing. When you said invisible hand, um,
16 you know, there's a second invisible hand which goes
17 to the model, which is our invisible hand helping
18 companies, um, create social good as well. And there
19 certainly are a lot of companies, I mean, I would
20 probably say most of our companies that, um, are
21 motivated not just by pure profit, um, themselves,
22 but it's also, you know, that we make it as easy as
23 possible for them when they are looking for in
24 interns or hires to find that talent in places where
25 they may not look themselves, not because they're bad

1
2 people, but just because they're busy and they may
3 not have an HR department, and so when they need an
4 intern...

5 COUNCIL MEMBER LANDER: Absolutely.

6 PRESIDENT EHRENBERG: ...they'll go to
7 their alma mater for an intern, again not because
8 they're a bad person, but it's just the phone number
9 they have.

10 COUNCIL MEMBER LANDER: Yeah. No, no.
11 My, my only point there was, I think, exactly what
12 you were saying, which is when you create conditions
13 that nurture people's ability to be, ah, generous and
14 solidaristic there are a lot more likely to do so.

15 PRESIDENT EHRENBERG: That's exactly
16 right. And they don't, we, we found is they don't
17 have to be forced to, that you can create the
18 conditions and, um, and, and show the value
19 proposition and they, and they do it anyway. Um, in
20 terms of your other question, so, I mean, one thing
21 that frankly falls outside the Navy Yard's domain,
22 um, but I think is gonna be really important to think
23 through, is on retail. We obviously do very, very,
24 very little retail. It's really only as amenity
25 within the yard, but you're obviously going to see an

1
2 extraordinary amount of dislocation, um, in, in
3 retail in large part because of short-term, um, cash
4 flow issues. Um, and it may not, ah, may not
5 actually indicate a long-term, whether there's a
6 long-term need for that retail, it's just a short-
7 term cash is King and a company fails. Um, I believe
8 a lot of that retail will come back. You know, it's
9 kind of a urban economics 101 that retail is dictated
10 not by incentives or anything like that, but by the
11 buying, purchasing power of the local community and
12 if purchasing power is there the retail will come
13 back, and then you have this core question of who
14 then gets to reopen that business. And when you
15 think about restaurants in particular, um, they're
16 hard to open and easier to reopen because building
17 out a kitchen is extraordinarily expensive and moving
18 into somebody else's kitchen that they lost through
19 a, through a eviction is a lot easier. And I have
20 real concerns that all of the...

21 SERGEANT AT ARMS: Time's expired.

22 PRESIDENT EHRENBURG: ... [inaudible]

23 about, you know, um, communities of color and black-
24 owned businesses struggling to find friends and
25 family financing will be extraordinarily powerful in

1 the negative in terms of who gets to reopen those
2 businesses. There's gonna be some, frankly there's
3 gonna be some great opportunities in, in residential
4 areas around New York to reopen, ah, restaurants in
5 particular but retail businesses in general and it's
6 gonna be those individuals who have the liquidity
7 themselves or can turn to friends and family, um, to
8 take those opportunities, and I think that's a real
9 area, ah, the city should be focused on. Um, and,
10 um, you know, again, outside our domain. Um, more
11 specifically, I mean, we're, we're real believers in
12 this idea of identifying and, ah, bringing into
13 nonprofit management spaces where the kinds of
14 companies that we, um, that, that we, ah, nurture,
15 ah, could happen outside of the Navy Yard. Um, I, I
16 will be honest, I think zoning is, is a blunt tool
17 for those ends, um, and, you know, manufacturing
18 looks like a lot of different things and to some
19 extent it's a you know when you see it and taking
20 that decision outside of the market and into a
21 nonprofit's hand I think is the surest way to make
22 sure that, you know, it's really a manufacturing
23 business and it's not an artisanal pickle maker,
24 which is the example I always use of like, no, we're
25

1 not having [laughs] not that there's anything wrong
2 with artisanal pickle making.

3 COUNCIL MEMBER LANDER: We love our
4 artisanal pickles...

5 PRESIDENT EHRENBERG: Oh [laughs].

6 COUNCIL MEMBER LANDER: ...but that's not
7 the economic development model we're trying primarily
8 to promote.

9 PRESIDENT EHRENBERG: Um, so, you know,
10 that, you, I think there's nothing like a nonprofit.
11 We developed years ago the concept of the industrial
12 development fund, which is now housed at EDC. I
13 think that there will be a real opportunity for that
14 to spring into action, um, and, ah, I think that's,
15 ah, and that was modeled off of the affordable
16 housing programs because...

17 COUNCIL MEMBER LANDER: Yeah.

18 PRESIDENT EHRENBERG: I truly believe
19 that like the city doesn't need, ah, I don't quite
20 know how to phrase this, but like we have, we know
21 how to do this. We've got the best affordable
22 housing development apparatus in the country/maybe
23 world. And so when we thought about the industrial
24 development fund we really just said what happens,
25

1 what works for affordable housing, um, and let's just
2 apply it to, to industrial, yeah. Questions of AMI
3 and all that is a different thing. But the
4 apparatus, the structure that the city has
5 established to make that happen through HDC, HPD,
6 HDC, the second and third mortgages, the acquisition
7 fund, like you've got, you've got what you need and
8 you can just apply that to the industrial space and I
9 think you would very quickly be able to, um, to see
10 some real, real space, and I think there is interest.
11 I mean, there's, there's concern. Obviously there's
12 GMDC, there's Evergreen, there are a couple other.
13 Um, we had talked to Cypress Hills Development
14 Corporation, who was interested in entering the
15 space. I don't know whether they're, they're still
16 interested. You know, there are real concerns
17 because, you know, the Navy Yard just ruled our
18 growth with 250 million dollars of debt, private
19 debt.

20
21 COUNCIL MEMBER LANDER: Right.

22 PRESIDENT EHRENBERG: [inaudible] that's
23 a real concern for a nonprofit to, to do that. But I
24 do think that there's an opportunity that, um, you
25 know, brave entities will be able to take right now.

2 COUNCIL MEMBER LANDER: Yeah. Um, thank
3 you very much.

4 CHAIRPERSON VALLONE: Thank you, Council
5 Member Lander. Ah, we'll now move to Council Member
6 Barron for questions.

7 COUNCIL MEMBER BARRON: Shall I start?

8 SERGEANT AT ARMS: Time starts now.

9 COUNCIL MEMBER BARRON: Well, thank
10 you...

11 COMMITTEE COUNSEL: Yes, Council Member.

12 COUNCIL MEMBER BARRON: Thank you. Thank
13 you, Mr. Chair. And, ah, thank you to the panel, Mr.
14 Seitzer, for being here to talk about the Brooklyn
15 Navy Yard. I was able to be a part of that visit,
16 ah, to the Navy Yard. It was very inspirational and
17 very informative as to what's actually going on in
18 the Navy Yard. Ah, it's very dear to me because I
19 grew up in what was then called Fort Greene Projects,
20 which is literally a block up on Park Avenue from
21 where the Navy Yard is located. And my dad, in fact,
22 worked as a ship painter in part of the 1950s when it
23 was a real Navy yard, a fully functioning Navy yard.
24 Um, I have a couple of questions. Can you just talk,
25 you just spoke about 250 million dollar debt. Can

1
2 you expand upon that a little more so that I can
3 understand what that is?

4 PRESIDENT EHRENBERG: Um, yes. So that's
5 debt that we as the nonprofit have taken, um, it sits
6 on our balance sheet. It's not an obligation of the
7 City of New York and we use that to, um, add space to
8 the yard. Um, over the last, ah, five or so years
9 we've added 2.5 million square feet of industrial and
10 manufacturing space to the yard, which is the
11 equivalent of One World Trade Center. So we put our
12 own equity in, um, to that, but a large part of the
13 capital that allows for that construction, those
14 construction projects, is, is debt, um, and, ah, so,
15 so that's where it comes from.

16 COUNCIL MEMBER BARRON: So what impact
17 does that have on small, on smaller, ah, entities
18 that might have been thinking about that? How does
19 that impact their consideration about moving there,
20 being able to handle that?

21 PRESIDENT EHRENBERG: Sure.

22 COUNCIL MEMBER BARRON: And what's, what
23 do you charge per square footage if they want to come
24 in?

1
2 PRESIDENT EHRENBERG: Yeah, um, good
3 question. So this is a very, um, this is all art, no
4 science on our part and a real balancing act. Um, we
5 feel that we really do need to expand in order to add
6 more jobs and to bring in more industrial companies
7 who are, you know, otherwise at risk in New York
8 City's real estate environment. Um, so we take debt
9 to add space and that does create the need for us to
10 pay a very large amount of debt service every year.
11 But we're very aware that we have to keep rents
12 affordable, um, because if we expand so much and we
13 take so much debt that then we have to charge more
14 rent, why are we, why are we doing it? It doesn't
15 make sense. So we have not adjusted our rent, well,
16 let me, we've not adjusted our rent structure except
17 for kind of annual, you know, every couple of years
18 we take a look at it with our board and the way we
19 set rents at the yard is really what can
20 manufacturers afford. We do not ask what market is.
21 We share the same zoning as much of DUMBO and we do
22 not charge the same as what DUMBO charges. We charge
23 what we believe, ah, manufacturers can afford and by
24 that I mean not just barely afford, right, I think
25 this is really important, also in the context of the

1
2 pandemic. We're giving rent abatements and
3 forgiveness not to like just the dollar, to get the
4 last dollar that our tenants can afford, we're making
5 it so that they can afford to continue to invest in
6 themselves, their people, their equipment and all
7 that so they're ready to grow. So when we set rents,
8 um, we're setting them at levels where the company
9 can move into a new space, pay us rent, but then also
10 buy that next piece of equipment that allows them to,
11 with a new contract and, um, ah, and continue to
12 expand themselves and their workforce. So, um, you
13 know, rents vary to some extent based on the kind of
14 building that you're in at the yard, um, but they're,
15 they range from the high teens to the low twenties,
16 um, with the only exception of in some of our
17 developments, um, we have small amounts of space that
18 we earmark for office. Those office tenants we
19 charge very close to full market rents and that helps
20 subsidize the manufacturers and the other small
21 businesses that move into the building, kind of
22 downstairs.

23 COUNCIL MEMBER BARRON: So in, in the
24 instance where the, ah, high school is there, the
25 Steam High School, ah, is that space, that's being

1 rented by the Department of Education for that
2 program, which is a great program, very...

3 PRESIDENT EHRENBERG: Um, yeah, thank
4 you, and, um, and I would say in terms of lessons for
5 economic development I'm a real believer in, um, in,
6 in that. That is now a labor of love of mine. Um,
7 ah, and I think that that model of co-locating
8 education, both CUNY, we're working very hard to get
9 CUNY, more CUNY campuses, um, at the Navy Yard, um,
10 and high schools co-located with these kinds of
11 businesses is really, um, is really important.
12 There's a kind of [inaudible] phrase, you can't, you
13 can't be what you've never seen. And getting young
14 students in an environment where they're seeing, you
15 know, folks in the media industry or robotics or
16 engineering and can imagine themselves in that, and
17 also frankly just being taken seriously as students,
18 um, is, I think, extraordinarily powerful and I've
19 yet to do a tour of anybody...

20 SERGEANT AT ARMS: Time expired.

21 PRESIDENT EHRENBERG: ...[inaudible] come
22 across as like, um, as, you know, fully, fully on
23 board with the model. Um, so, but to answer your
24 question, so the DOE does pay some rent, again, way
25

1
2 below market because we really wanted to see that,
3 ah, projects happen. Um, but they do pay us, ah, a
4 relatively modest rent. I would say that we, um, we
5 have subsidized the Steam Center pretty dramatically,
6 um, in order to get the model up and running. It's a
7 brand-new model. It required a lot of work, a lot of
8 thinking about how, ah, the curriculums were gonna be
9 developed, the physical space, etcetera, etcetera.
10 So the Navy Yard itself off our own balance sheet,
11 um, last I did the calculation, has contributed well
12 over two million dollars to the development of, of
13 the concept.

14 COUNCIL MEMBER BARRON: And then,
15 finally, Mr. Chair, if I may, one final question.
16 Um, you mentioned CUNY and we know that the film
17 school is located in the Navy Yard, and I think I
18 heard you mention some other kinds of partnerships
19 that you have with CUNY, if you could just give us
20 some information about that.

21 PRESIDENT EHRENBERG: Sure. Um, so there
22 are quite a few. I'll probably forget some of them.
23 Um, but we are, um, we partner with Medgar Evers.
24 Ah, Medgar was the, um, Start-Up New York designee
25 for that state program. Ah, we structured a

1 arrangement with them basically where, ah, I'm going
2 to overstate it a little bit, but the entire Navy
3 Yard becomes part of, is potentially part of their
4 campus. So we've struck, struck a deal where any
5 Start-Up New York company that approaches Medgar
6 Evers, um, can find space in the Navy Yard and, um,
7 is automatically kind of tied into that program and
8 all of the hoops that you have jump through to get
9 through that program are taken care of for them
10 already in large part. Um, we partner with Laguardia
11 Community Colleague, who is now, um, ah, starting to
12 do some trainings, um, at the Navy Yard for our
13 incumbent workers. Ah, I actually have a
14 conversation with them next week, I believe, about
15 furthering that. Um, our largest partnerships really
16 come to, ah, are with, um, City Tech, which is, of
17 course, three or four blocks away. Um, we are
18 constantly having conversations with them on various
19 fronts about, about partnerships. My, frankly, my
20 ultimate goal is that they open a part of their
21 campus at the Navy Yard. Um, we're not there yet,
22 um, by any stretch of the imagination, but we've been
23 having those conversations. Um, but the main focus
24 of that partnership is around the internship program,
25

1
2 which is, I think, extraordinarily impactful. Um, we
3 take about 150 interns every year, place them, we pay
4 for their summer stipends, we place them into the
5 companies at the yard. Um, this is to what I was
6 talking about with, with Brad. You know, our
7 companies when they, they're often founded by MIT,
8 Harvard, Columbia, etcetera, graduates, um, and we
9 make it as easy as possible for them to find talent
10 locally and when it comes to interns we pay for their
11 summer stipends of a CUNY student and what we found
12 is that that primes the pump and develops a
13 relationship between the company and CUNY that we
14 then no longer need to subsidize. Um, we at this
15 point have, I think it's three students from City
16 Tech who came through the yard, worked with one of
17 our robotics companies and now work for NASA. It's
18 anecdotal, but we see those kinds of stories
19 constantly. And those companies who, you know, one
20 of those companies is Honeybee Robotics, which has
21 had robotics on every Mars Rover since 2003, um, and,
22 you know, frankly, City Tech students are not their
23 normal hire, to be honest about it. Um, but they've
24 now developed a direct relationship with the
25 engineering department at City Tech because they've

1 realized what I think we know is that the City Tech
2 students are well positioned for these jobs. They're
3 hungry. They are extraordinarily diligent and hard
4 workers. They walk to work, so they're not going
5 back to Boston or San Francisco at the end of the
6 year. And the value proposition becomes clear, we
7 just need to give that impetus.

9 COUNCIL MEMBER BARRON: If I could
10 squeeze in one more quick question. What is the
11 percentage of black and Latinos that you have, ah, in
12 your corporation itself that's overseeing the Navy
13 Yard and that are tenants there?

14 PRESIDENT EHRENBERG: Um, so our staff is
15 majority minority. Um, I don't have the exact
16 percentage. Um, but I think we've built over the
17 years a exceptionally diverse staff. Um, I don't
18 have the exact numbers, but it's certainly, ah, well
19 more than 50%. Um, and that, um, is up and down the
20 organization. Our, our management committee is, is,
21 I think, quite diverse, not quite as diverse as the
22 staff overall and that's something that we are
23 working on. Um, I would say one area that we are,
24 um, have, have been working very hard on and have
25 made progress on is in our direct real estate

1 functions. It may not be, come as a surprise to the
2 Economic Development Committee that New York City
3 commercial real estate is not the most diverse, ah,
4 industry in any, anywhere. Um, and so, um, we are
5 developing programs to nurture that talent as opposed
6 to just go out and kind of do a standard recruitment,
7 which then, then, you know, is challenging to find
8 diverse candidates. Um, but we are developing
9 explicit programs. In terms of our tenant base, hold
10 on, I have that somewhere. Um, um, Johanna, do you
11 have the number?
12

13 CHIEF DEVELOPMENT OFFICER GREENBAUM: I
14 do. Um, ah, so we have, um, our companies are broken
15 down between the master plan, so basically people
16 that have a direct relationship with us, and then we
17 have many, um, minority-owned businesses and that's
18 the rubric that we, or that's the metric that we look
19 at, um, not just, um, ah, a diverse person within the
20 workforce but a business that is owned, um, ah, that
21 is minority-owned. Um, so, so our numbers as far,
22 our latest count, and these, these numbers do change,
23 um, is that just in the master tenancies we have 130
24 M/WBE tenants, ah, of the 309 and if you include subs
25 that number goes to 145. Um, that...

1
2 PRESIDENT EHRENBERG: Yeah, the subs are
3 inaccurate because we don't have perfect information
4 about all the subtenants within the yard
5 unfortunately because they're not, their contract
6 isn't directly with us. So I think the most accurate
7 one is the direct, which is 130, um, out of 309.
8 This is, though, um, Council Member, an area of
9 concern for us, to be, um, honest. Ah, we have
10 looked at the demographics. A lot of those are
11 women-owned businesses. We have a lot of minority-
12 owned businesses and black-owned businesses. But it
13 is not as diverse as we would like to see, um, and
14 that is why, um, about a year and a half ago we
15 started working on the equity incubator, which is a,
16 um, which is a small business incubator, ah, focused
17 on minority-owned businesses and with a particular
18 focus on black-owned businesses. Um, we were getting
19 ready to release the RFP when COVID hit and so we put
20 pause, pushed pause because we didn't know, it was an
21 impossible time for people, to ask people to come up
22 with new ideas...

23 COUNCIL MEMBER BARRON: Great.

24 PRESIDENT EHRENBERG: ...and, um, raise
25 new money. Ah, we've just released that RFP, um,

1
2 this month. We'll be getting responses back in
3 January, um, and the concept is to have a physical
4 space and a set of programs that are tailored to, um,
5 to supporting small businesses with equity at their
6 heart.

7 COUNCIL MEMBER BARRON: Thank you.

8 PRESIDENT EHRENBERG: That [inaudible]
9 there are models where that means that they're solely
10 focused on, um, MBEs. There are some that are solely
11 focused on black-owned businesses. At this point we
12 are agnostic on that. We've just asked the
13 nonprofits and social entrepreneurs out there, you
14 tell us your ideas, we want to hear all the ideas,
15 and then we will go through a process, um...

16 CHAIRPERSON VALLONE: [inaudible] David,
17 when you get the results back of that...

18 COUNCIL MEMBER BARRON: Thank you. Thank
19 you so much. And I know I've over exceeded my time
20 and I thank you for indulging, your indulgence, Mr.
21 Chair. Thank you so much. And I'm leaving because
22 I'm in another hearing as well.

23 CHAIRPERSON VALLONE: Well, we love
24 you...

25 COUNCIL MEMBER BARRON: Thank you.

2 CHAIRPERSON VALLONE: ...[inaudible] last
3 point.

4 COUNCIL MEMBER BARRON: Thank you, have a
5 nice day. Stay safe.

6 CHAIRPERSON VALLONE: You, too. So what
7 we can do, David, is [inaudible] RFP to us coming
8 back in January [inaudible].

9 PRESIDENT EHRENBERG: Yeah, absolutely.
10 It probably will not be January. It will take us
11 some time to go through the process and to understand
12 what we have, but yeah, sometime early in the year.

13 CHAIRPERSON VALLONE: Some of the, um,
14 Alex, do we have any other council members that have
15 questions?

16 COMMITTEE COUNSEL: Um, at the moment we
17 do not, although [inaudible] there might be another
18 in a minute. So why don't we have a second round of
19 questions from the chair.

20 CHAIRPERSON VALLONE: So what do, yeah,
21 but David, I always like to go [inaudible] past, my
22 past, ah, [inaudible] just going through the
23 testimony. You had great stuff in the Navy Yard
24 tenant support section. Um, I think that actually
25 can be emulated [inaudible] in many other places. So

1
2 you put, um, "Our rent deferral and abatement program
3 is to our knowledge the most generous in the city
4 among commercial landlords", and I would tend to
5 think you're right. So I'll give you a minute to
6 explain how you're doing that, because one of the
7 challenges we're dealing as council members is how do
8 we get through this financial crisis that the
9 pandemic has created, among other things, and the,
10 the landlords just do not have, the tenants aren't
11 paying them, they just don't have it, and then you
12 have rent, then you have city bills that are coming
13 due that aren't being reduced on a city level, and
14 that's what we work on, what I'm calling for, is rent
15 reduction. I think this is the type of model that we
16 could [inaudible] our team efforts helped the
17 [inaudible] stabilize themselves and cope with these
18 financial challenges, um, with training and technical
19 assistance sessions. So would you just kind of guide
20 us through how that, how that's working? As a result
21 of those efforts have you been able to sustain most,
22 if not all, of your tenants?

23 PRESIDENT EHRENBERG: Yeah. Um, so, um,
24 so in terms of rent forgiveness, I mean, this is
25 very hard, um, for, I think, the legislative way, to

1
2 be honest. Um, I'm not a legislator, but, you know,
3 we have a committee of, um, probably nearly 10 people
4 who meet every week, um, including all of our
5 executive vice presidents, our chief financial
6 officer, Johanna, our chief development officer, our
7 chief operating officer, and our general counsel, um,
8 to discuss on a tenant-by-tenant basis. We have a
9 board-approved regimen which abates rent and then,
10 um, requires the tenants begin repaying some of that
11 abatement, I'm sorry, some of that deferral. But
12 then if they pay back some of the deferral we then
13 abate the remainder. So it's a way of kind of
14 saying, look, you know, we'll work with you but, you
15 know, we got to make payroll, we got to make our, pay
16 our debt service rolls, the banks take possession of
17 the Navy Yard, which obviously will never happen, but
18 obviously we can't ever, ah, even flirt with that,
19 ah, and so we need tenants to pay rent, um, and we've
20 got to have that. Ah, so it's a way of, um, aligning
21 incentives where, you know, you work with us, we'll
22 work with you.

23 CHAIRPERSON VALLONE: So where you with
24 the occupancy levels now? So like where you were
25 from March until now, were you able to sustain...

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PRESIDENT EHRENBERG: Yeah.

CHAIRPERSON VALLONE: Or [inaudible]?

PRESIDENT EHRENBERG: So I think we've, um, it's, I, I think we've done exceptionally well here. Um, we have had seven tenants close since March. All of those, when we talked to them, said look, I'm at retirement age and rent deferral or abatement aside, this is the crisis I'm just not gonna dig out of it. Because it is heartbreaking, exhausting for tenants to, to rebuild their businesses after a downturn, even if they have a landlord who's charging them no rent, which we couldn't do, and so they decided that this was the time to retire and they did not have a, a logical, um, person to hand the, hand the company off to. Um, so at this moment we've lost only seven tenants out of, um, you know, over 400. Um, I think we will see a few more close, unfortunately. Um, we have taken, we've taken the position that, um, pretty much anything we can do to get our tenants through this we, we will do. But if the tenant did not have a particularly sustainable business before this and just can't pay rent now and has no ability in the

1 future to pay rent then at some point you've got to,
2 you've got to move on.

3
4 CHAIRPERSON VALLONE: So are these gonna
5 change with, maybe with that, with that change of
6 economic realities that we're in, are the new tenants
7 then taking advantage of the new leads that the dawn
8 has created basically? I mean, is there,
9 unfortunately creates, the crisis creates new
10 opportunities for those who can capitalize on them,
11 so [inaudible].

12 PRESIDENT EHRENBERG: Absolutely, yeah.
13 We've, ah, we've signed a number of new leases. Ah,
14 we continue to negotiate and sign leases. That's
15 partially because there's opportunity in crisis.
16 It's partially because, you know, when we have space
17 tenants want to move into the Navy Yard because we're
18 [inaudible]. Um, but we also certainly have tenants
19 that are growing, and that's one thing I would just
20 say about the legislation, just my humble opinion, my
21 two cents here. I think the challenge legislatively
22 is that we have small business tenants who can and
23 should pay full rent, period, full stop. Um, and,
24 you know, that takes a different, a couple different
25 flavors. We've got one who we've been in a very

1 extended, um, negotiation, I guess I call it with
2 where, you know, the, the owners of the company are,
3 you know, worth nine figures, each of them. And
4 they've been withholding rent. And what they're
5 doing is withholding rent from a nonprofit. And they
6 don't need to and they can afford to pay rent, and
7 that's the position we've taken, which is, you know,
8 yeah, you are a small business, we don't care. Pay
9 your rent. I think legislatively how you, ah, you
10 know, 'cause again, like that just goes to how many
11 interns can afford to support from CUNY next year,
12 and I'll be damned if I'm gonna pick the, you know,
13 company that's worth hundreds of millions of dollars
14 over the CUNY students, that's never gonna happen.
15 So how you balance that legislatively is very
16 difficult, something that we've said, um, to other
17 legislators who asked, asked our opinion, is that,
18 you know, when we do that is at least to carve out
19 nonprofits. And there are a lot of nonprofits, the
20 Fifth Avenue Committee, Bed-Sty Restoration, WHEDco,
21 um, Greater Jamaica, who rely on their real estate to
22 fund their mission. And if you trust them to work
23 with their tenants, which we all are, then I think
24 they can be exempted from the legislation like that
25

1 [inaudible] position where you're picking a for-
2 profit company over a nonprofit's mission.
3

4 CHAIRPERSON VALLONE: But you also don't
5 have to do something. What we, what I've always
6 [inaudible] whatever the bill may be, you know,
7 separate from today, it doesn't have to be forever.
8 This could be a temporary pandemic crisis financial
9 bill [inaudible] year upon year with some sort of
10 work at it, maybe you do get, I love, ah, what you
11 just said about nonprofit flexibility, to be able to
12 foster and handle those relationships themselves and
13 maybe do take a little bit less for the overall gain,
14 that we're keeping those jobs and keeping [inaudible]
15 the city...

16 PRESIDENT EHRENBURG: Right.

17 CHAIRPERSON VALLONE: ...[inaudible].
18 So, yeah, no legislation should ever hinder that.
19 You know, especially something like this. This is
20 just a, a what a year or annual or quarter, however
21 you really want to set it up, um, transfer that
22 information, because in all honesty it's just as we,
23 most of the council members are coming down for their
24 last part of [inaudible], is how can we leave this
25 committee better for the next four, and what were

1
2 some of the challenges that we [inaudible]. And
3 honestly when the, the wonderful ride I've been on,
4 on this committee, it's just where the [inaudible] of
5 the city, um, none of that was ever really kind of
6 known and it was just kind of assumed that you just
7 kind of went through the [inaudible] and give that
8 testimony. [inaudible] folks like you were doing
9 such wonderful things, and beyond being able to just
10 say, well, look how they made this work, and maybe
11 use that formula to help out [inaudible] look at
12 anything, especially in a bill that's very
13 [inaudible] data information, to hinder your ability
14 to run on that. I would never do that. In fact, I
15 [inaudible] New York and company and we've, we've
16 gone back and forth on similar issues and we've,
17 we've pulled back on some of the legislation or
18 changed it or to make sure that they weren't hindered
19 in any way 'cause we don't want to do that to
20 [inaudible] or any of the groups. You know, you're,
21 you're, but there's a, something on our end that we
22 need to be able to have something substantial so that
23 we can see. OK, look at the, look at the work, look
24 how they pivoted during the pandemic, um, yeah. So
25 that would never take the level of getting into

1 negotiations between you and [inaudible]. The master
2 plan, though, I guess since we're talking about how
3 you're altering your vision through going through all
4 this, do you see any changes because of what we're
5 going through in these last six months, or do you
6 think it's [inaudible] that we can still go forward?

8 PRESIDENT EHRENBERG: Um, well, we
9 certainly believe that we need to continue to go
10 forward with the master plan for sure. Again, ah,
11 the, um, [inaudible] to us has really been an extreme
12 lesson in the importance of the Navy Yard's model and
13 the importance of, you know, ah, local production and
14 local high-tech production in particular. So we are,
15 you know, if it's possible, we're more committed to
16 executing the master plan. On timing, um, like I
17 said, you know, we stopped our lawyers' and urban
18 planners' work at the beginning of the pandemic
19 because of our cash flow concerns, so there is a tiny
20 question about the ULURP. Um, in terms of the actual
21 development of the buildings, um, I think that is to
22 be determined. We have delivered, over the last year
23 we delivered about 500,000 square feet of new
24 manufacturing space to the yard. Um, we had certain
25 assumptions about how quickly that would lease up and

1 while we are still signing new leases, and there are
2 actually a couple very exciting leases that we may be
3 signing soon, um, that has slowed down a bit. Um,
4 we, it's yet to be determined how, how much of that
5 slowdown, how long that slowdown will last.

6 Obviously we will not want to build another building
7 while we're still trying to lease up this 500,000
8 square feet of space.

9
10 CHAIRPERSON VALLONE: [inaudible] keep
11 that thought, because I know Council Member Levin
12 has, has just come on and I'm looking at him and I
13 know he's, ah, master tasking between family planning
14 and the [inaudible]. I want to give him the chance
15 there to, ah, to speak while we [inaudible]. Council
16 Member Levin, if you want to jump in on your
17 questions and then I'll [inaudible].

18 COUNCIL MEMBER LEVIN: Um, thank you,
19 Chair, ah, and thank you, ah, Mr. Ehrenberg. I, I
20 appreciate, um, the opportunity to just, ah, say a
21 few words. I'm, I'm, ah, my car battery died so I
22 had to get a jump. Um, I had to pick my kid up from
23 Artfest. So, ah, anyway, I, um, I just wanted to
24 just actually just express my, ah, appreciation to
25 the Navy Yard, um, to David and his, and his staff,

1 um, ah, [inaudible] an exceptional, ah, partner, ah,
2 to New York City government, um, for the last 20
3 years, um, and, um, ah, first under Andrew Kimball's
4 stewardship and, and, and in recent years under
5 David's stewardship, um, where, um, it's a, you know,
6 it's showing how to do economic development right.
7 Um, ah, there are a lot of, kind of, ah, ah,
8 advantages that the Navy Yard has, um, that don't
9 necessarily translate to other, other parts of the
10 city. But there are, there are, ah, aspects of the
11 Navy Yard that could be adapted, um, either to other,
12 ah, areas, um, IBZs, um, ah, industrial areas, um,
13 ah, you know, throughout, throughout the city, um,
14 and it, it has the great benefit of being, um, ah,
15 you know, a mission-driven and not, not-for-profit
16 and can invest back into, um, ah, the businesses that
17 are, that are in, um, that are in the yard. And so,
18 um, and I, I think I speak for, um, elected
19 representatives, ah, up and down, um, you know, our,
20 our system, so state and federal representatives, we
21 all, um, stay very close, ah, contact with, with
22 David and his staff. So, um, I just want to, um,
23 again, express my appreciation and, and knowing that
24 these are really uncertain times for small
25

1
2 businesses, um, really difficult times for small
3 businesses, and so the idea that the Navy Yard has
4 been, has been, ah, there as a, um, you know, when we
5 talk about what small businesses are surviving and
6 which ones are, are not at this time during COVID,
7 um, ah, who the landlord is is a very important, um,
8 part of that equation and, um, the fact that the Navy
9 Yard is there for so many of their, their tenants is,
10 um, is, is, is one important aspect of ensuring that
11 they survive, um, and, and eventually are able to get
12 back really on their feet. So, um, again, I just
13 want to thank David for, for, ah, for the work that
14 he and his staff have done and, ah, I want to thank,
15 ah, the chair for having this hearing.

16 CHAIRPERSON VALLONE: Council Member
17 Levin, we are all very, ah, jealous that you get to
18 have this wonderful in your district relationship
19 and, and, and it is really a model. Um, I could only
20 imagine if we had to bring something like that to
21 College Point [inaudible] question. So, um...

22 COUNCIL MEMBER LEVIN: And while it's,
23 while it's in, well, it's technically in my district,
24 um, we've always shared, ah, the Navy Yard, ah, the
25 33rd and the 35th District as well. So, um, ah, ah,

2 our attorney general, ah, Leticia James, was, ah, you
3 know, very dedicated to the yard during her tenure,
4 as is, um, our current, ah, colleague and Majority
5 Leader, Laurie Cumbo.

6 CHAIRPERSON VALLONE: Well, you be safe.
7 If you need any help with the jumping of the car.

8 COUNCIL MEMBER LEVIN: Yeah, well, AAA
9 came out.

10 CHAIRPERSON VALLONE: We will send a
11 crew.

12 COUNCIL MEMBER LEVIN: Some rust issues,
13 but it's, I think we're all right.

14 CHAIRPERSON VALLONE: Perfect, thank you.
15 If you [inaudible].

16 COUNCIL MEMBER LEVIN: Thank you, Chair.

17 CHAIRPERSON VALLONE: So, David, you were
18 doing the, ah, some changes to the master plan you
19 can talk about [inaudible].

20 PRESIDENT EHRENBERG: Um, yeah, so...

21 CHAIRPERSON VALLONE: [inaudible] left
22 that part off [inaudible].

23 PRESIDENT EHRENBERG: Yeah, I mean, it's
24 just, it's just the obvious statement that the

25 economics, to some extent, have changed, um, so we'll

1
2 have to see in the next year or so how much of that
3 space we, we lease up because we will not want to
4 start construction and development on a new building
5 until we're very, very far through leasing that
6 existing 500,000 square feet. There is to some
7 extent a, an unknown there because, you know, when
8 and if we find an anchor tenant for the manufacturing
9 space in those buildings we will want to move as
10 quickly as possible, and it, that is independent to
11 some extent of, of the current downturn we have,
12 large tenants at the yard who are taking more space
13 because their, their business is not directly
14 affected by the pandemic. So if one of those needed,
15 one of them needed 100,000 square feet and we could
16 build it for them, um, ah, we'd want to do it, which
17 is why we're eager to complete the ULURP so we have
18 that in hand and can then move to, move to
19 construction quickly if a large manufacturer shows
20 up.

21 CHAIRPERSON VALLONE: [inaudible] where
22 are you on the ULURP process [inaudible]?

23 PRESIDENT EHRENBURG: Um, we are, um,
24 like I said, we paused it at the beginning of the
25

1 ULURP, ah, sorry, at the beginning of COVID because
2
3 of, um, just the lawyer bills. Um, so we...

4 CHAIRPERSON VALLONE: Exactly.

5 PRESIDENT EHRENBERG: Ah, so we are
6 prepared to restart that and we're talking to the
7 administration, ah, just about the timing and, you
8 know, DCP's got a lot going on, so we're trying to
9 figure out the bandwidth and when we can slot back
10 in.

11 CHAIRPERSON VALLONE: Well, and again,
12 [inaudible] how we can be of assistance. I think we
13 have, ah, Council Member Koo here that is really on
14 board. So if you, you have, our time together might
15 be something that we can help because we have
16 foreknowledge of the work that you're doing, so if we
17 can help in any way, ah, to support that, because
18 nowadays any type of zoning application creates a
19 mini firestorm everywhere.

20 PRESIDENT EHRENBERG: Yep.

21 CHAIRPERSON VALLONE: So and it's just,
22 it turns into something 'cause outside sources come
23 in and create an issue that's not what's local. So
24 having your local story to defend against that, we'd
25 be happy to help you on it.

1 PRESIDENT EHRENBERG: Yeah, yeah, I
2
3 appreciate that. I think, um, ah, we, we appreciate
4 that. We've communicated that to, um, to the
5 administration. I think they know it, and we, excuse
6 me, I will, I'll reaffirm that.

7 CHAIRPERSON VALLONE: Is there any, I, I
8 know you had the master plan and then you had the
9 [inaudible], I guess that's kind of what we're
10 hearing.

11 PRESIDENT EHRENBERG: Yep, yep.

12 CHAIRPERSON VALLONE: [inaudible] was, is
13 there any part of the expansion that's also being
14 kind of put on hold, or are we all?

15 PRESIDENT EHRENBERG: No, no, the
16 expansion really is our current work, which will take
17 up to 20,000 jobs, and that, all those construction
18 projects are done and they just need to lease up, um,
19 for us to hit that 20,000 jobs. So that's not
20 changing at all. The next phase, everything about
21 the next phase requires the ULURP. Um, because if we
22 don't have the ULURP we have to build an absurd
23 amount of parking, ah, and an absurd amount of truck
24 loading bays, which is unwise for us and we think
25 unwise for the local community because it's just

1 drawing more traffic rather than less. So this ULURP
2 is, will, will be interesting because it's actually
3 about reducing traffic, it's about reducing truck
4 utilization, um, rather than, rather than increasing.
5 We're not asking for density, we're not asking for
6 more bulk, all we're asking is to reduce the number
7 of cars and trucks.

9 CHAIRPERSON VALLONE: That sounds like
10 such a horrible thing to ask [laughs]. Get on with
11 you, you want to reduce the commercial traffic
12 footprint in the neighborhood? This is horrible. We
13 have that down that in College Point, um, as
14 different [inaudible] the industrial zone and
15 nonprofits and city agencies all having to mix a
16 bunch of residential housing and that's always the,
17 the, the balance is reducing the amount of commercial
18 traffic in that these just naturally generate, and
19 the waterfront that you have, so, is is one of the
20 areas of expansion and the use of the waterfront to
21 offset some of that commercial traffic, or is that
22 just a separate?

23 PRESIDENT EHRENBERG: Um, so, so that's a
24 very good question. Um, you know, we have an active
25 ship repair facility at the yard, which takes up the

1 vast majority of our, of our waterfront, um, and
2 they, they are expanding. We are, um, going through
3 a multi-decade, frankly, process of, ah, improving
4 the bulkheads and piers and the like and as we do
5 that they move back in and, um, and can win more
6 contracts and do more work. Um, at this point the
7 master plan buildings, um, need to be flexible enough
8 that they would allow for that, that use and that
9 connection to the waterfront. Um, so, you know, we,
10 there is a state RFP for, um, off, um, offshore wind.
11 We are one of the, um, locations that are identified
12 in the RFP as a potential, um, as a potential site
13 for some of that activity. Um, that would largely be
14 around, um, the kind of the, the ships that have to
15 go back and forth and repairing and potentially
16 building some of the ships, etcetera, etcetera. If
17 we found an anchor tenant who wanted to do something
18 like that in one of our master plan buildings and
19 needed a connection to the waterfront, we need the
20 flexibility in the ULURP to allow that to happen.

22 CHAIRPERSON VALLONE: So let's make sure
23 you include that, because that is, you know, we have
24 a waterfront district ourselves and there has been so
25 much inability to access that over just, not so much

1
2 into disuse, it's just had decades, like you said, of
3 just people kind of forget about these wonderful
4 areas like in terms of community join partnerships
5 with the [inaudible] walkways, and [inaudible] ships
6 take away from the trucks coming into the street and,
7 or is that balance that we can really, really tap
8 into. So that'd be another one we'd be happy to help
9 with.

10 PRESIDENT EHRENBURG: Yeah, yeah, yeah,
11 and that balances, again, to some extent, like we're
12 not going to be able to specify it precisely in the
13 ULURP because we don't know whether it's a ship
14 builder that's gonna want us, want space or, you
15 know, somebody building the blades of the turbines,
16 or something entirely different, and so, um, part of
17 the ULURP will be making sure that, um, that that
18 flexibility is preserved.

19 CHAIRPERSON VALLONE: You know, when you
20 took us through on that great tour you were showing
21 us some of the buildings. Um, I, I hope we can get
22 to get, come back one more time [inaudible] showing
23 folks how easy that is. Um, [inaudible] couple of
24 buildings, I just, it was like 127 and 303 that you
25

1 were kind of working on [inaudible] fully open it.

2 How, how are those two buildings? Are they all done?

3 PRESIDENT EHRENBERG: Yep, so, um, 127

4 is, ah, it, both, both are now complete. Um, 127 we

5 actually got the TCO in the middle of COVID, during

6 the pause. Um, our team did an extraordinary job

7 making sure that that happened because we were using

8 tax credits and if we weren't able to complete the

9 project during the pause we would have paid huge

10 penalties, um, to, um, to, to a bank. Um, so that

11 got its TCO. We are in late stage negotiations with

12 two tenants to take half, half of the space. We

13 don't, haven't signed leases yet but we're, we have

14 the term sheets and the leases are out and they've

15 gone back and forth a couple of times, and we're

16 expecting to sign in the next couple weeks, maybe a

17 month, maybe a month or two. Um, so delivering a

18 building that's a relatively large building, it's

19 100,000 square feet, um, delivering a building during

20 COVID and having it 50% leased almost immediately I

21 think is, again, a testament to how much this kind of

22 space is needed. Um, and then, ah, in 303, that's

23 also been completed, um, and we, those are smaller

24 units and we are signing leases. That, again, has

25

1 certainly slowed down. Small businesses are, are to
2 a large extent waiting and seeing. Um, but we are
3 getting we are getting leases signed with, you know,
4 real manufacturers in the building and our
5 expectation is that, again, when we get through this
6 winter and perhaps early spring and there is a,
7 there's a vaccine out in the market that those
8 companies that have survived will all of a sudden see
9 the logic of, um, ah, you know, of moving, and moving
10 into the yard, and moving in general, and cementing
11 their, um, ah, their space and so we're, we're
12 expecting that in the coming months we'll see a lot
13 more activity there.

15 CHAIRPERSON VALLONE: Well, I think that,
16 um, how we started the hearing with telling us how do
17 you survive through the pandemic and how you pivoted
18 to providing the PPE equipment and what we needed
19 here, and knowing that you have that ability to turn
20 that back on as the uncertainties of the winter
21 months come upon us, ah, was very, a relief to all of
22 us to know that that backup is in place and that's
23 what we didn't have in March.

24 PRESIDENT EHRENBURG: Yep.

1
2 CHAIRPERSON VALLONE: So that to me, you
3 know, knowing or not knowing what's coming, knowing
4 that you're there and the EDC and the partnerships
5 that are in place to turn that engine back on is so
6 critical. So, um, Alex, our counsel, I saw Council
7 Member Menchaca is on the, Carlos, did you want to,
8 ah, add any questions before we wrap up? Perfect.
9 Go for it.

10 COUNCIL MEMBER MENCHACA: Thank you,
11 Chair, and, ah, thank you to the committee staff and,
12 and David, good to see you. Um, it's been, it's been
13 a while since we've, we've sat in rooms, but we were
14 in rooms intensely, ah, during and into the ramp-up
15 of the Industry City conversation and so I want to
16 thank you and your team for really opening up the
17 doors to the Navy Yard. Um, the Navy Yard is not a
18 stranger to me. I was the, ah, capital budget and
19 economic director for Marty Markowitz and so the Navy
20 Yard is a place where I, I've kind seen grow and
21 believe in it. Um, I will, I'm gonna offer a couple
22 comments and then, and then end with a question. I
23 think the Navy Yard has become this really
24 interesting thing when you look at mayoral intentions
25 and it, and it kind of, it felt like a, almost like a

1 pet project. Like, oh, this is a really interesting
2 thing. Let's support it. Um, but what I think what
3 I just heard you in today's testimony and back and
4 forth with council members that it's more than, in
5 just this like siloed experience. This could really
6 be a massive modeling, ah, for, for the engine to
7 start again for economic, ah, repair of our, of our
8 city. And, and, I now kind of thinking about it
9 since the park and the battles that we were having
10 from the very beginning in Sunset Park about really
11 thinking about the, the assets in, in Sunset Park,
12 the city-owned assets and really creating almost like
13 a Navy Yard in Sunset Park. That, that, those words
14 were fighting words for EDC because they, they sure
15 as hell don't want to let go of that property because
16 it is incredibly lucrative. Ah, it brings in a lot
17 of, of, um, of profit to this organization, the EDC.
18 And so my question to you as we, as we discuss these
19 questions of, of like understanding the model,
20 getting more reporting from you, getting a sense of
21 like how it actually works, ah, my, my question to
22 you is how do we think about private sector, ah,
23 ideas, like Industry City that really failed to, to
24 make the case for these kind of, um, ah, campuses,

1
2 ah, and, and really looking at the Navy Yard as a way
3 to kind of, ah, understand how, how we, how we
4 approach other city-owned properties on the
5 waterfront that have access to water, um, that, that
6 can be engines of, of economic opportunity, and, and
7 really expand the Navy Yard across the city. And,
8 and so what elements are, are needed, and I'll, I'll
9 probe you a little bit with the concept of, of just
10 incredible subsidy. This can't work without subsidy.
11 You can't, you can't do what you do and so that's OK,
12 and I think that there's been some previous, previous
13 mayoral, ah, attitudes that, that, that's not OK.
14 But look at all the beautiful things that you've
15 offered the City of New York, with incredible
16 subsidy. Public funds for the public good. And
17 that's been something I think that many
18 administrations, including the EDC, I think are still
19 struggling with, and look at how we're, we've been
20 celebrating you for, for over two hours now. Um,
21 this is no longer a pet project. I think this needs
22 to become a centerpiece for future administrations.
23 So if you can kind of comment on that, ah, as a.

24 PRESIDENT EHRENBURG: Yes, I'll...
25

1
2 CHAIRPERSON VALLONE: There's no
3 pressure, David. It's the, it's backbone for all
4 future administrations.

5 PRESIDENT EHRENBERG: Right [laughs].
6 So, um, well, I'm trying to keep my comments kind of
7 focused on the Navy Yard because, um, you know, I, I
8 was at EDC, but I haven't been there for eight years
9 and, um, and, and wouldn't feel comfortable
10 commenting on, on their assets. But I think, you
11 know, the Navy Yard is a special case. Um, we have
12 this extraordinary asset. I mean, I will tell you
13 when I was appointed by Bloomberg and reappointed by,
14 by de Blasio, and when I got reappointed by de Blasio
15 I said, you know, Mr. Mayor, we have 300 acres on the
16 Brooklyn waterfront. If we're not doing something
17 really amazing in the next couple years you should
18 definitely fire me because that would be inexcusable.
19 So we have this extraordinary asset and you really
20 can't lose track of that, that that gives us an
21 extraordinary amount of flexibility to, um, to
22 execute the mission. We try to do that in no small
23 part by, by being an experiment ground, by creating
24 models that we do think at least in part, and a piece
25 here, a piece there, can, can be replicated

1
2 elsewhere. I really truly believe that the Steam
3 Center is something that in public sites or private
4 sites can and should be replicated. Um, that I'm
5 comfortable saying.

6 COUNCIL MEMBER MENCHACA: I believe you,
7 and I saw that, and I'm a believer, and I wanted it
8 in Sunset Park, ah, it just didn't, it didn't excite
9 the administration.

10 PRESIDENT EHRENBERG: Um, so, well I
11 think the administration is a real believer in some,
12 in, in the Steam Center. I can't speak to, um, speak
13 to the, um, to the dynamics in Sunset Park. But that
14 model, again, I mean, we have not taken a, ah, a lay
15 person, a local elected official, or a education
16 expert through that space without them saying this
17 is, you know, this is the model, um, and we are now
18 actively working on, um, developing a, ah, program,
19 toolkit, whatever you call it, to help other
20 locations, either in the city or, um, or in, in the
21 rest of the country to replicate the Steam Center
22 and, you know, the logic of it is extraordinarily
23 simple. Um, I think there are two pieces of it, that
24 career and technical education should not and cannot
25 continue to be, um, thought of the way it's been

1
2 thought of as a dumping ground for those who won't
3 pass the Regents exams. It's not true, it's never
4 been true. Um, at the Steam Center the students pass
5 all the Regents classes and they're doing more. Um,
6 and that career and technical education is important,
7 that, you know, you've got college students, high
8 school students who are soon gonna be in the
9 workforce and they, they need those skills. Um, and
10 that, they want those skills, and that, you know,
11 like I'll take myself as example. I distinctly
12 remember sitting in high school, and I went to
13 Stuyvesant, sitting in high school in the back of my
14 history class and zoning out because we were talking
15 about king something or another in England and you're
16 calling me, I mean, like I have no idea what you're
17 talking about, I'm not paying attention. And I
18 wasn't paying attention because I didn't care. And I
19 shouldn't have cared. I wasn't gonna be a history
20 professional and it was a waste of my time and I knew
21 it, and high school students are smart enough to know
22 when the adults in their lives are wasting their
23 time. And you tell a student to sit behind a desk
24 and read this book because I'm telling you to read
25 this book, even though it has nothing to do with your

1
2 life. They know it and it, it affects their
3 performance in that class and it affects their agency
4 in the rest of their life because you're stripping
5 them of agency and that's all a young adult wants is
6 agency, as opposed to you say, oh, you're interested
7 in cyber security, OK. Here's a textbook. Read the,
8 read the textbook. What's wrong with reading a
9 textbook on cyber security? Or not a textbook,
10 right, like an article about cyber security, why is
11 that worse than reading Jane Eyre? Your literacy
12 [inaudible].

13 COUNCIL MEMBER MENCHACA: I'm with you.

14 PRESIDENT EHRENBERG: [inaudible]
15 possibly law. So, anyway, I, I [inaudible]. This is
16 a labor of love and I really care about it. So, and
17 the other logic of it is that if you're gonna do that
18 you have to do it co-located with business, that you
19 cannot do it in the basement of a high school in a
20 residential area, um, you know, somewhere in one of
21 the boroughs. It just, it is not gonna work. The
22 students are going to know it's not real. You're not
23 gonna get the feedback loops that you need with
24 private industry, and you're not gonna get the, and
25 you're not gonna get the buy-in. What we found is

1
2 that like we put the Steam Center intentionally in
3 our largest building that we had just spent 200
4 million dollars on, right? No landlord does that,
5 puts a high school in the middle of their marquee
6 building. And instantaneously every tenant in the
7 building loves it. Loves it, loves it, loves it.
8 Um, it's like one of the draws for the building now.
9 It's, the building is fully leased, but it's like one
10 of the marketing draws. It's like you can be co-
11 located with this high school. Um, so in, you know,
12 private industry wants to do this stuff. It just
13 needs, it, it needs government to, um, to do its
14 part. Um, so I think the Steam Center is one thing
15 that certainly could be, um, could be modeled, ah,
16 and replicated in other major economic development
17 initiatives and something we've talked to the
18 administration about. You know, the rest of it is,
19 is, is hard to comment on because we do have this
20 extraordinary asset. I do think that, you know, part
21 of the model is that I and Johanna, not, not
22 [inaudible], but, you know, go to the yard every day.
23 And that intimacy, that, you know, God bless them, my
24 tenants, I've probably gotten four or five emails
25 from them, so I know everything that's going wrong in

1 the Navy Yard, um, and that level of intensive
2 stewardship, um, is certainly a, a major part of our
3 model, um, you know, and we've accumulated a really
4 amazing team and when they're on site and there's a
5 problem they're gonna fix it, just because they, they
6 gotta fix it, right? Like it's who they are. Um,
7 so, and that's true with our workforce development
8 team, where it's like, you know, we're just a, we're
9 in it, we're like imbued in it, and so it's a
10 constant, it's actually a constant challenge to
11 figure out what we're not gonna do, because we
12 generate so many ideas and we can't possibly execute
13 them all. That's more the problem, um, than anything
14 else. So, you know, there are elements of our model
15 I think that can be taken elsewhere but, um, but we
16 are very, we are very unique, um, and to, um, to
17 Steve's point there are...

19 CHAIRPERSON VALLONE: [inaudible] jumping
20 on, on that because, Carlos, I agree with you a
21 hundred percent on that. You know, so the, the
22 challenge then becomes, right, since you have a
23 successful model, [inaudible] districts and that's
24 where the council members [inaudible] are not
25 comprised of that type of setup or maybe don't have a

1 building, have a large building to house the Steam
2 Center. So then we have to go to the next level, how
3 do you connect to those communities and it's through
4 pilot programs and connecting out to a community that
5 may not have that resource to get their students
6 excited about there is a job right here in New York
7 City and, yes, it may not go the traditional
8 educational path, and you can do it, and all of a
9 sudden you're, you're bringing that excitement to,
10 those tendrils can go right out to districts. So I,
11 I [inaudible] say that because my district is a very,
12 very large district that doesn't have any of that
13 type of, ah, infrastructure to do that. So we work
14 with schools, like you say, unfortunately, in the
15 basement or something that can get the kids a pilot
16 program to you so they know there's that hope
17 [inaudible].

19 PRESIDENT EHRENBERG: And let me just
20 clarify...

21 CHAIRPERSON VALLONE: [inaudible] growing
22 your cause for saying this great [inaudible] and then
23 in bringing it so that if there is any type of
24 expansion project, whether it's small or large, that
25 at any level there should be a Steam educational

1 component needed to it so that it can connect
2 immediately to this hub that, you know, Carlos is
3 talking [inaudible] the future of how we're going to
4 generate...
5

6 PRESIDENT EHRENBERG: Right.

7 CHAIRPERSON VALLONE: ...[inaudible]
8 students.

9 PRESIDENT EHRENBERG: And let me clarify
10 one thing about the Steam Center.

11 CHAIRPERSON VALLONE: That's exciting.
12 That's, that's the next channel. That's the stuff,
13 the reason why we come to work and say, OK, let's,
14 let's do that. That's [inaudible].

15 PRESIDENT EHRENBERG: No, right.

16 CHAIRPERSON VALLONE: Not sure it's
17 [inaudible].

18 PRESIDENT EHRENBERG: Let me clarify one
19 thing about the Steam Center. We actually are that
20 tendrill. It is the tendrill model. So the Steam
21 Center is located at the Navy Yard, but there are
22 eight high schools that send students and those high
23 schools go, um, all throughout central Brooklyn, um,
24 and include some of the higher-performing schools and
25 some of the lower-performing schools. So there are

1 students who are east of their home high school and
2 are like in East Flatbush and come to, come to the
3 Navy Yard, um, every day. Ah, so I think it is
4 possible and, you know, are in residential
5 neighborhoods and the high schools in residential
6 neighborhoods, but for the part of the day that
7 they're in the CT classes they, they come to a co-
8 located, facility co-located with business. Again, I
9 just want to say this is, this is not about tracking
10 students into working with your hands. Um, most of
11 our students have gone on to college. The vast
12 majority of the students, it seems, have go on to
13 college. A higher percentage of Steam Center
14 students have gone to college than from their home
15 high school and were not, and were not [inaudible].
16 Ah, so it's about engaging the students and expecting
17 them to do more. Some of them will work through
18 college in construction or cyber security or what-
19 have-you, but what we are definitely finding is that
20 if you expect more of the students and you connect it
21 to the real world they do more, and they do more
22 happily. The principal actually had to implement, he
23 close the school at 6, I mean, it's throwing the kids
24 out.

2 CHAIRPERSON VALLONE: I remember that.
3 When we were at the [inaudible].

4 PRESIDENT EHRENBERG: [inaudible] they
5 were doing like personal projects.

6 CHAIRPERSON VALLONE: [inaudible].

7 PRESIDENT EHRENBERG: That is not normal
8 high school [laughs].

9 CHAIRPERSON VALLONE: Carlos, did you
10 want throw us out one last question, or?

11 COUNCIL MEMBER MENCHACA: No, that's, I
12 just want to say thank you. This is a great
13 conversation. I know we're gonna continue having it
14 and I, I think it's the, um, the beginnings of this
15 next chapter that we're building and it's happening
16 at the Navy Yard. Thank you.

17 CHAIRPERSON VALLONE: Thank you, Council
18 Member, and, ah, one last check with our committee
19 counsel, any other questions or panels that may have
20 come in?

21 COMMITTEE COUNSEL: Chair, seeing that
22 there are, ah, no public members who have, ah, signed
23 up to testify, ah, I guess I'll just turn it back to
24 you for closing remarks.

1
2 CHAIRPERSON VALLONE: So one thing we
3 definitely have in common, David, is amazing staff
4 around us, ah, and that's how we can prepare. So
5 Johanna you're, you've got a great team there and
6 it's clearly, as you can see from a council member,
7 whether in Brooklyn, Bronx, Queens, Manhattan, Staten
8 Island, um, everyone looks at this model as to what
9 they want to bring. So, um, I wanted to give you
10 that format today to expand upon our visit so that we
11 could do that. Um, one of the staff that I am lucky
12 to have joined our office in the last year, just, we
13 just promoted him to our legislative director and
14 counsel is Kevin Proposky. So, Kevin, if you're
15 watching and working, thank you for preparing for
16 this and getting the questions, and for the team,
17 Alex, Emily, and Alia, and Jonathan, Ahmet, we thank
18 you all, ah, another great hearing for us to go, to,
19 to look forward to [inaudible] with what's coming
20 with these months and you know that the city and
21 there are nonprofits and groups ready to pivot, when
22 they are ready to produce additional medical
23 equipment for us, ah, and we're very thankful for
24 that. So everyone have a blessed, healthy, and happy
25

2 Thanksgiving. And with that we close today's
3 hearing. Thank you, David and Johanna.

4 PRESIDENT EHRENBERG: Thank you, thank
5 you very much.

6 CHAIRPERSON VALLONE: [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 December 28, 2020