

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS

----- X

April 23, 2018
Start: 10:08 a.m.
Recess: 11:16 a.m.

HELD AT: 250 Broadway - Committee Rm
16th Fl

B E F O R E: MARK GJONAJ
Chairperson

COUNCIL MEMBERS: Diana Ayala
Stephen T. Levin
Bill Perkins
Carlina Rivera

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

Jackie Mallon, First Deputy Commissioner
NYC Department of Small Business Services, SBS

Rachel Van Tosh, Deputy Commissioner
NYC Department of Small Business Services, SBS

[sound check]

CHAIRPERSON GJONAJ: Good morning. I'm Councilman Mark Gjonaj, Chair of the Committee on Small Business, and I'd like to welcome you to today's oversight hearing on Small Business First Initiative. Thank you all for being here today. It cannot be overstated how vital businesses are to the economy and the character of our city. According to the Center for an Urban Future, 90% of the Small Businesses in New York City have less than 20 employees and companies with—with less than 50 employees or fewer account for 97% of citywide business jobs growth between 2000 and 2013. Despite these numbers, small businesses, which include mom and pop shops, micro businesses and MWBEs face many obstacles that hinder their ability to grow and compete with larger enterprises. Simply put, these businesses are too important for us not to do everything in our power to help them thrive or survive. In 2015, the administration launched the Small Business First Initiative with the objective of providing small business owners with much needed support as they face various external headwinds including the rise of online shopping changing

consumer behavior and the escalating costs of doing business in New York City. Small Business First is an interagency initiative that is administered through the Department of Small Business Services, and the Mayor's Office of Operations. Its stated objective is to ensure that city government forces a regulatory environment that allows small businesses to start, operate and expand. This hearing focus on the steps that SBS has taken to improve the climate for small businesses. We are particularly curious about the programs that the city has—the progress that the city has made in implementing the 30 recommendations it identified in 2016. We're looking forward to learning more about the Small Business First Initiative, and hearing from advocates, entrepreneurs, and our colleagues for the Department Small Business Services. I'd like to thank the Committee staff, Counsel Sylvester Divan; Policy Analyst Michael Kurtz; Finance Analyst, Aliya Ali—Aliya Ali; my Chief of Staff Reggie Johnson and my Legislative Aide Darden Jimbali for their work in making this hearing possible. Finally, I'd like to recognize the committee members that are currently

1 COMMITTEE ON SMALL BUSINESS

5

2 with us, and I'm sure others will join us, but with
3 us we have Council Member Ayala. Good morning.

4 COUNCIL MEMBER AYALA: Good morning.

5 LEGAL COUNSEL: Good morning. Do you
6 swear or affirm to tell the truth and respond
7 honestly to Council Member questions?

8 DEPUTY COMMISSIONER MALLON: I do. Good
9 to go? Okay. Good morning, Chair Gjonaj and the
10 Members of the Committee on Small Business. My name
11 is Jackie Mallon, and I'm the First Deputy
12 Commissioner at the New York City Department of Small
13 Business Services, or SBS. [coughs] At SBS we aim
14 to unlock economic potential and create economic
15 security for all New Yorkers by connecting them to
16 quality jobs, building stronger businesses and
17 fostering thriving neighborhoods across the five
18 boroughs. Today, I am pleased to testify on Small
19 Business First, and our work to reduce the regulatory
20 burden on small businesses. I am joined by Deputy
21 Commissioner Rachel Van Tosh, and representatives
22 from other partner agencies to assist in any
23 additional questions that you may have. At SBS we
24 know that it can be difficult to start and grow a
25 company in New York City. Businesses are facing

rising rents, changing local markets and numerous regulatory requirements. Despite these, New York City's Small Businesses continue to grow. Over the last ten years, the number of businesses in New York City has increased by 10%. To support this continued growth, the city has committed to making the regulatory environment easier for small businesses. Regulations are important to ensure health and public safety, but they should be fair and not overly burdensome. The city should also provide assistance to help business owners to understand fair regulations and strengthen compliance. Three years ago Mayor de Blasio challenged his Deputy Mayors and regulatory agencies to reduce the regulatory burden on the business community. On behalf of this leadership team, and the Mayor's Office of Operations and SBS, we launched an outreach effort to hear directly from business owners and stakeholders. Over the course of eight months, we heard from hundreds of business owners, advocates, neighborhood and community leaders, and elected officials across all five boroughs. Following this outreach effort, the city launched Small Business First or SB1, an Interagency Initiative to make government more

effective and efficient in helping businesses start, operate and expand. Based on stakeholder feedback, the city developed 30 commitments with four key objectives central to SB1. These commitments are regularly monitored by a steering committee, and through the Mayor's Management Report. The first broad goal of SB1 is to provide clear information with coordinated services and support. In most cases, business owners want to operate in compliance. However, information and regulations isn't always easy to find or understand. To make it easier, we built the state-of-the-art NYC Business Portal to be a central repository of key business information, and a single place for business and directions with the city. On the NYC Business Portal, a business owner can create an account and link their licenses, permits, inspections and violations from key city agencies onto on dashboard to stay informed. In addition, they can receive alerts for new notices, and new violations or complaints they receive making it easier for them to stay in compliance. In 2017, there were more than one million visits to the NYC Business Portal. Some transactions with city agencies require business owners to visit agency

staff in person for security and privacy reasons. To make these visits as easy and efficient as possible, SBS partnered with agencies to create the Small Businesses Support Center in Queens. At the city, business owners can connect, the staff and multiple regulatory agencies in a single location saving them time and money. To date, 21,000 services have been provided to business owners of the Small Business Support Center. Our second goal was to help business owners understand and comply with regulations. For this goal, we created comp--compliance advisers, outreach, theft, cross-trains in most common regulations enforced by all city agencies. Compliance advisors visit--visit business sites, educate business owners before inspections to help them avoid potential violations. Business owners saved nearly \$25 million and avoided fines with the help of compliance advisors. We also expanded adjudication options so business owners don't need to leave their business during operating hours in order to refute a violation or fine. Through more than 700 additional violation categories, business owners can contest a violation via phone, video conference, online or by mail. Third, we still have to reduce

the burden imposed by complex regulations and fines.

Using a structured methodology, the Mayor's Office of Operation led a review of the rules of the City of New York, and identified priorities for reform.

Currently, 80 of those rules are being modified to have a positive impact on businesses. Within 40% of these, rule modifications have already been adopted.

In partnership with the Department of Buildings, we also work to standardize the OB plan objections to make it easier for business owners to understand and participate in the process. Approximately 160 common objections now utilize simplified standardized language. DOB and FDNY also agreed to a process change that would streamline the submission and review processes for alternative or automatic fire extinguishing systems, fire alarm systems and fire protection plans saving money and time for small business owners, and fourth, we aim to ensure equal access for all business owners. We expanded availability of materials in multiple languages. There are now a total of over 200 translated versions of our business materials. We also regularly host interagency events with multiple regulatory agencies including FDNY, DOB, DCA and DOHMH. This allows

business owners to have their questions answered directly by city staff. These interagency events have been held directly in communities across all five boroughs reaching nearly 1,000 business owners. This administration has made additional changes to help small businesses beyond the work of SB1. Since the start of this administration, DCS reduced fines to small businesses by more than 50%. This Administration with support from Council over-over-also oversaw the implementation of the Cure Law, which allows business owners to correct many first time violations. DCA has issued more than 8,000 curable charges since July 2014 saving businesses \$3.2 million. DCA with support from SBS also hosts business education days to educate business owners about DCA's laws and rules while strengthening relationships between the city and neighborhood business communities. We will continue to work to make the regulatory environment easier for small businesses while protecting public health and safety. We know there's always more work to be done, and to that end we look forward to partnering with the Small Business Committee to identify new opportunities for

improvement. Thank you, and I will take your questions now.

CHAIRPERSON GJONAJ: Thank you. I believe the stated objective of SB1 is to make government more effective and efficient in helping small businesses start, operate and expand. It has 30 recommendations to greatly improve the city's regulatory environment for small business, and save business owners time, money and hassle as well as increase satisfaction with city services. Due to the scarce resources, business owners are at the least—are last capable of navigating this bureaucracy. At the time that SB1 was announced, the Administration pointed out there were about 6,000 rules and regulations, and over 250 business related licenses and permits facing business owners. Three years into Small Business First, a program that was specifically designed to combat these issues, I'd like to ask whether the Administration is on reducing these burdens. As mentioned, there were 6,000 rules and regulations facing businesses owners before SB1. What is the number now?

DEPUTY COMMISSIONER MALLON: Actually the [coughs] the formal review we determined there's

1 COMMITTEE ON SMALL BUSINESS

12

2 actually 50—at 5,300 rules and not all of them impact
3 businesses, and we haven't seen in that change
4 because rules are constantly being added and/or
5 repealed, and the intention of SB1 was not
6 necessarily to limit the number of rules but to make
7 it easier for businesses to be in compliance, and to
8 make the processes associated with the rules less
9 burdensome and more efficient, and to that end I
10 think that we've—we've made some progress.

11 CHAIRPERSON GJONAJ: So, the question is
12 how many rules or regulations or license or permits
13 has SB1 removed or combined?

14 DEPUTY COMMISSIONER MALLON: So, as I—I
15 think I said in my testimony, we've identified about
16 80 rules that are—would have an impact on businesses
17 that are—either been changed or in the process of
18 being changed or—or modified.

19 CHAIRPERSON GJONAJ: Of the original
20 6,000, which--

21 DEPUTY COMMISSIONER MALLON:
22 [interposing] 5,300.

23 CHAIRPERSON GJONAJ: --were recalculated
24 to 5,300, and--

25

1 COMMITTEE ON SMALL BUSINESS 13

2 DEPUTY COMMISSIONER MALLON: [interposing]

3 Yep, that's what we calculated it. Yes.

4 CHAIRPERSON GJONAJ: --I believe there's

5 a Scott Stringer wet tape that shows over 6,000, but

6 we'll take the number for what it is.

7 DEPUTY COMMISSIONER MALLON: Okay.

8 CHAIRPERSON GJONAJ: So, three years

9 late, correct? \$27 million--

10 DEPUTY COMMISSIONER MALLON: Yep.

11 CHAIRPERSON GJONAJ: --and we have

12 modified 80 regulations.

13 DEPUTY COMMISSIONER MALLON: We have

14 identified 80 rules that are--would have an impact on

15 business that either have been modified or are going

16 to be modified or in the process or have been

17 eliminated.

18 CHAIRPERSON GJONAJ: Can you be a bit

19 more specific on the 80 that you have--

20 DEPUTY COMMISSIONER MALLON: [interposing]

21 I can actually--

22 CHAIRPERSON GJONAJ: --modified or

23 removed?

24 DEPUTY COMMISSIONER MALLON: I have the

25 list. Do you want me to go through all 80 or--?

1 COMMITTEE ON SMALL BUSINESS

14

2 DEPUTY COMMISSIONER MALLON: Yeah, I—

3 DEPUTY COMMISSIONER MALLON: I can,
4 really?

5 CHAIRPERSON GJONAJ: Yeah, let's hear
6 them.

7 DEPUTY COMMISSIONER MALLON: Okay, so,
8 number one, to reduce signage requirements for
9 vendors of electronics and—and or home appliances.
10 This rule has been changed to allow for a cure period
11 on violations to DCA sidewalk café signage
12 requirements. To remove criminal penalties for
13 violating moisture contact regulations. To eliminate
14 the need to get a mobile food vending license before
15 applying for a waiting—for the waiting list for fresh
16 fruits and vegetables and permits. I'm very happy to
17 provide this to you guys--

18 CHAIRPERSON GJONAJ: [interposing] Yeah.

19 DEPUTY COMMISSIONER MALLON: --and--and--

20 CHAIRPERSON GJONAJ: Perhaps that would
21 be better.

22 DEPUTY COMMISSIONER MALLON: Yes.

23 [laughter] That's what I was thinking.

24 CHAIRPERSON GJONAJ: As mentioned, there
25 were 250 licenses and permits facing the average

1 COMMITTEE ON SMALL BUSINESS

15

2 small business owner for SB1 prior to SB1 formation.

3 What is that number now?

4 DEPUTY COMMISSIONER MALLON: [background
5 comments]

6 DEPUTY COMMISSIONER VAN TOSH: It's just
7 a line (sic) number.

8 CHAIRPERSON GJONAJ: Eight or 250. So,
9 we haven't removed anything or have anything added as
10 far a licenses or permit?

11 DEPUTY COMMISSIONER VAN TOSH:
12 [background comments] Okay, it's been about the same
13 number. We've repealed and like combined I think
14 about half a dozen and those impacted about a
15 thousand business owners across the city.

16 CHAIRPERSON GJONAJ: Alright. What is
17 the number of city agencies that a business owner had
18 to interact with prior to SB1 and what is that now?

19 DEPUTY COMMISSIONER MALLON: So, the
20 number of city agencies a business would have to
21 interactively would tend—it would depend on the type
22 of business, and the type of activity, and so it
23 varies. So, and the intention of SB1 wasn't
24 necessarily to reduce the—the agency—the number of
25 agencies that a business would interact with. It is

to make the interactions more efficient and more transparent. So, it's about the same, and in some cases processes have been made more efficient, and for now a slice—they may be interacting with fewer—on certain transactions.

CHAIRPERSON GJONAJ: A key promise made during your 2000—the SB1 Report in 2015 was that that city would reduce the time required--

DEPUTY COMMISSIONER MALLON: [interposing]
Uh-hm.

CHAIRPERSON GJONAJ: --for business to open or work with the city by 50% and reduce the incidents of repeat violations by 10% in neighborhoods targeted for outreach, training and support. On a related note, what was the total amount in business fines, and fees by agency collected by the city pre-SB1?

DEPUTY COMMISSIONER MALLON: Uh-hm.

CHAIRPERSON GJONAJ: What is the total amount in fines and fees collected today?

DEPUTY COMMISSIONER MALLON: I don't know the specific answer to your very specific question, violations and fines by agency. What I do know is in the aggregate the—the number of--of funds for my

licenses (sic) has gone down post-SB1, and the funds associated have also gone down. I'm happy to follow up with specifics by agency [coughs] offline.

CHAIRPERSON GJONAJ: I believe in your opening statement you referred to \$25 million. Do you know how we came up with that number?

DEPUTY COMMISSIONER MALLON: Yes. As I said in my testimony, we have implemented compliance advisors, which is a service that we offer to businesses. A person will go out to the business site and--and do a review, and identify--this is pre-inspection--identify the--the cases in which they would get a violation, and we've tracked that to inform them. We help them fix it, and it's simple math. It's the number of cases in which we did that and multiplied by the average cost of the fine that they would have gotten had we not assisted them.

CHAIRPERSON GJONAJ: So, it's not a tangible number of \$25 million. This is a number had an inspection been done, and that small business been issued a violation, that's the calculation. So, it's not a net number that shows a decrease in fines or violations by dollar amount.

DEPUTY COMMISSIONER MALLON: The \$25 million like I said, it is—it's exactly right. The—the calculation is based on what would have happened had we not intervened, and multiplied by the—the average violation cost, but as I said, what we have also determined is in the aggregate violations have gone down.

CHAIRPERSON GJONAJ: But we don't know the dollar amount?

DEPUTY COMMISSIONER MALLON: I don't have the specific dollar amount, but we can certainly come back to you on that.

CHAIRPERSON GJONAJ: Well, then let me ask the question a different way.

DEPUTY COMMISSIONER MALLON: Sure.

CHAIRPERSON GJONAJ: Has the number of violations issued to small businesses gone down versus the dollar amount that's derived from these violations?

DEPUTY COMMISSIONER MALLON: In—in both cases in the aggregate what we can tell is that—that it's—it's gone down since SB1.

CHAIRPERSON GJONAJ: And we don't have those numbers?

1 COMMITTEE ON SMALL BUSINESS

19

2 DEPUTY COMMISSIONER MALLON: I don't have
3 it by agency specifically.

4 CHAIRPERSON GJONAJ: But do you have the
5 numbers--

6 DEPUTY COMMISSIONER MALLON: [interposing]
7 I know was your question.

8 CHAIRPERSON GJONAJ: The overall numbers?

9 DEPUTY COMMISSIONER MALLON: I don't have
10 the--the overall numbers, but we can certainly follow
11 up with you and--and get them to you.

12 CHAIRPERSON GJONAJ: And perhaps when we
13 give the breakdown by agency that we can add by
14 borough as well. So, we have an understanding if
15 there's an overburden of any one particular borough
16 being--borough being targeted, and then we'll look
17 into--

18 DEPUTY COMMISSIONER MALLON: [interposing]
19 Yes.

20 CHAIRPERSON GJONAJ: --which we--just to
21 give an opportunity to my colleague who I know--Oh,
22 she just slipped out, and I know she has another
23 hearing. Of the \$27 million budget, \$9 million
24 annually, what is the number of employees that work
25 at SBS directly focused on SB1?

DEPUTY COMMISSIONER MALLON: The-the number is 21, but the majority of those people are direct service providers are compliance advisors and our client managers so it's four people right who are dedicated to working with the other agencies, and project managing the effort over time.

CHAIRPERSON GJONAJ: We know that national numbers of 20% of all businesses will fail within the first year. Fifty percent will fail by the fifth year, and two-thirds that's 66% will never make it to the ten years in business. Do we know the numbers for New York City?

DEPUTY COMMISSIONER MALLON: I think they're-they're similar, but we-we do not have New York City specific, the census that they're similar. We use them as a guide the new (sic) stores.

CHAIRPERSON GJONAJ: I would imagine that if we're-going to grab the bull by the tail-by the horns and not the tail [laughter] that we want to know how many businesses are going--

DEPUTY COMMISSIONER MALLON: [interposing]
You made me like visually picture that.

CHAIRPERSON GJONAJ: And since it's three years of actually focusing on the issues that small

businesses have to deal with day in and day out,
which includes micro business mom and pop shop--

DEPUTY COMMISSIONER MALLON: [interposing]
Yep.

CHAIRPERSON GJONAJ: --and WMBEs, which
we focus so much on, if we can't keep a track of the
businesses of that close, how do we know that we're
actually helping?

DEPUTY COMMISSIONER MALLON: Well, as I
said, SB1, was--was intended to help clarify, and make
more transparent, and provide education and we track
a lot of the activities associated with the
initiative, and as I said, if we have determined that
we've saved--with compliance advisors for example \$25
million, and each of the initiatives is tracked
specifically, and when it's all implemented and
there's enough kind to actually measure, we'll be
able to determine specifically, you know, what we've
done and saved in terms of time and dollars.

CHAIRPERSON GJONAJ: In our report in the
accountability and I--we don't have this verbatim, we
will begin implementing these recommendations
immediately holding ourselves accountable by tracking
progress--

DEPUTY COMMISSIONER MALLON:

[interposing] Yep.

CHAIRPERSON GJONAJ: --against specific
and ambitious goals.

DEPUTY COMMISSIONER MALLON: Yep.

CHAIRPERSON GJONAJ: We will ensure that
we are saving business owners time, money and hassle--
-

DEPUTY COMMISSIONER MALLON: Yep.

CHAIRPERSON GJONAJ: --as well as
increasing their satisfaction with city services.
\$27 million later we don't have an exact number of--
besides the fury of the businesses that you've
prevented violations should and that would have been
100% of these businesses. It would have been--had
some form of inspection--

DEPUTY COMMISSIONER MALLON: [interposing]
Yeah.

CHAIRPERSON GJONAJ: --by the various
agencies, specific to those regulations. We nothing
concrete.

DEPUTY COMMISSIONER MALLON: Well, that's
one example, and it's associated with one of the 30
recommendations.

2 CHAIRPERSON GJONAJ: [interposing] Uh-hm.

3 DEPUTY COMMISSIONER MALLON: We're not
4 ready to—to claim, you know, total victory on all of
5 the—the goals that we set out yet because there
6 hasn't been enough time for many of these changes to
7 be implemented, and some of them are still not
8 implemented, and so, what our analysis tells us,
9 though, is that we are on track to meet or even
10 exceed a \$50 million savings annually for businesses
11 through a combination of all of the things that we
12 implemented through SB1. So--

13 CHAIRPERSON GJONAJ: One of the claims in
14 your report that was handed out claims that 28,926
15 jobs were created with SBS client managed support.
16 Do we have a breakdown or can you be a bit specific
17 as to what type of jobs and how?

18 DEPUTY COMMISSIONER MALLON: Yeah, I—I
19 also want to—I want to clarify because if—if it—if
20 you interpreted that—that phrase 20, we didn't create
21 the jobs. Obviously, one doesn't do that. What
22 we're intending there is—is to suggest that we've
23 supported the creation of those jobs and it's a
24 combination of the food business—restaurants, food
25

2 businesses, retailers, nail salons. It's probably
3 the majority of restaurants.

4 DEPUTY COMMISSIONER VAN TOSH:
5 [interposing] It is now.

6 CHAIRPERSON GJONAJ: So, how did you
7 foster this growth then?

8 DEPUTY COMMISSIONER MALLON: So, our
9 client managers are available to businesses who are--
10 who are opening or not actually, and they help them
11 one-on-one navigate the--the process that they will
12 need to go through, and sometimes if they get stuck
13 in the process, they're able to help clarify and--and
14 help them move more expeditiously. That work I think
15 we have determined that we saved about a month and a
16 half on opening time for businesses that receive that
17 service is that right?

18 DEPUTY COMMISSIONER VAN TOSH: About 2-
19 1/2.

20 DEPUTY COMMISSIONER MALLON: Two and a
21 half months. Sorry. Even better.

22 CHAIRPERSON GJONAJ: And businesses that
23 partook in the--

24 DEPUTY COMMISSIONER MALLON: [interposing]
25 Yes.

CHAIRPERSON GJONAJ: --SB1 Initiative?

DEPUTY COMMISSIONER MALLON: The Client Management Service yes, which is one of the initiatives.

CHAIRPERSON GJONAJ: It just sound like, you know, a great headline that Small Business Services gets from SB1 without concrete evidence. Day in and day out small businesses are complaining of all regulation, of unfunded mandates, compliance, but they spend more time complying than they do broadening their own businesses, and small business initiatives sounds wonderful. But we don't have anything to show that's concrete in the form of dollar amounts or that we can gauge had SB1 not been implemented.

DEPUTY COMMISSIONER MALLON: [interposing]
Uh-hm.

CHAIRPERSON GJONAJ: There is no comparison, and the rates of businesses, which are compatible to what they were before SB1 has closed within the first year, and not making the three year five, have not changed. The dollar amounts being raised through fines and violations are--according to

your statement have been lowered. We don't know the dollar amount.

DEPUTY COMMISSIONER MALLON: I don't know the collar amount--

CHAIRPERSON GJONAJ: Right.

DEPUTY COMMISSIONER MALLON: --and I--I don't have that for you today. We have it and can share it with you and follow up, and I don't know that I would agree that--that we don't have any concrete evidence that--that the list--the statements were not prepared yet to be definitive about the specific amount of money that we save businesses because some of the recommendations have not been implemented long enough to tell using a sort of scientific method, and we'd like to be, as we said we would, you know, very clear and accountable on--on what--what these changes made. Our analysis, which is not complete, suggests to us that we are on track to meet the \$50 million goal or even exceed it.

CHAIRPERSON GJONAJ: Do you think you're on track with the promise to reduce by 50% the incidents of repeat--I'm sorry to reduce the--

DEPUTY COMMISSIONER MALLON:
[interposing] Ten percent?

2 CHAIRPERSON GJONAJ: --time required by
3 business to open or close by 50%?

4 DEPUTY COMMISSIONER MALLON: I think
5 we're making strides. It's--that's a--a harder metric
6 to--to isolate. We're establishing a baseline now
7 because when you open a business, as you know,
8 depending on the type of business, you will--it will--
9 it would be very different for you. You'll have to
10 interact. Federal Government, State government you
11 may or not have to do construction. What we're
12 trying to do is isolate the pieces that the city is
13 responsible, and make sure that those times are--are
14 reduced and early indications suggest that some of--at
15 some of the major agencies processing is--processing
16 times have gone down, and we've made some--some
17 changes to some of the processes to--to consolidate
18 efforts between agencies and they've gone down. So,
19 we feel like we're on track, but too early to tell
20 for sure.

21 CHAIRPERSON GJONAJ: We should really
22 strive to improve.

23 DEPUTY COMMISSIONER MALLON: To improve.
24 (sic)

2 CHAIRPERSON GJONAJ: Where can we improve
3 SB1?

4 DEPUTY COMMISSIONER MALLON: I think we—
5 the number one thing we heard, when we did—as I said
6 in my testimony we out—we did outreach. We heard
7 from over 600 businesses throughout the five
8 boroughs, and overwhelmingly they said please make
9 it, you know, more and more transparent. Please make
10 it easier to understand, and so we've done a lot, but
11 I think that we just need to continue to do that, you
12 know, or sort of forever because we're a complex
13 city. There are a lot of rules. Public health and
14 safety is an important consideration. So, you know,
15 I think I think that that's an ongoing effort we'll
16 have to make from now until forever probably.
17 [laughs]

18 CHAIRPERSON GJONAJ: Is there anything
19 that comes to mind that we can start focusing on to—
20 to improve or strive to improve the time in which our
21 small businesses have to operate that fall within the
22 parameters of SB1?

23 DEPUTY COMMISSIONER MALLON: So, we—our
24 goal would be to continue to implement what we've
25 already identified because those are the things that—

that small businesses said were their priorities. I'd be happy to-to work with you and-and figure out if there are additional things that are pain points that we should address most immediately, but I'm sure there are going to be along the lines of make it more transparent, make it easier to understand, make it easier for me to-to-to get through the processes.

CHAIRPERSON GJONAJ: Less of a burden, less regulations.

DEPUTY COMMISSIONER MALLON: Yes.

CHAIRPERSON GJONAJ: Remove the 5,300, remove the fines, the dollar amounts, and socially it is a--

DEPUTY COMMISSIONER MALLON: Economically, remove the 5,300 but yes, I-I see your point.

CHAIRPERSON GJONAJ: And we're sorry you have that-I-I think small businesses would-their new government is not a partner--

DEPUTY COMMISSIONER MALLON: [interposing]
Uh-hm.

CHAIRPERSON GJONAJ: --but as the enemy that undermines their business models day in and day out, someone that is not willing to help them foster their growth or survive, but is actually the

impediment to survival. How do we change that through SB1?

DEPUTY COMMISSIONER MALLON: Like I said, we are—the number one thing they said was make it more transparent, make it more clear, make the processes more--

CHAIRPERSON GJONAJ: [interposing] So, we'll show— Make it more transparent means I'm going to show you how I'm going to hurt you more and more, day in and day out.

DEPUTY COMMISSIONER MALLON: [interposing] And the—I—I—I wouldn't agree with you on that. I would say that most business owners that we interact with, and we interact with a lot, are—want the city to be safe for the public, what the—the—care about the public health, care about quality of life because they're part of the city. What they have difficulty with sometimes is it's hard to understand how to be compliant, and how to—how we meet our—meet objectives, and so, they're looking for help in that regard.

CHAIRPERSON GJONAJ: Right. So, if there's a new policy or regulation enacted, most small business find out when they receive a little

pink ticket that says you're in violation. Please pay, and those fines are not longer nickels and times, but they come with many zeroes at the end.

DEPUTY COMMISSIONER MALLON: Uh-hm.

CHAIRPERSON GJONAJ: So, when you refer to transparency, what is the outreach that we're going to do for small businesses in particular and maybe a specific industry that has a new regulation that they may not even be aware of.

DEPUTY COMMISSIONER MALLON: Yep. So, that was also part of SB1, and-and it is part of transparency, and it is part of education. So, we have done-we ourselves as with our partner agencies have increased outreach. Each of the agencies is out in the community more making themselves available to ask-for-for business owners to ask questions. We have our Chamber with the Dillon issues, which we did in partnership with-with you guys. That portal is-is up and available to help businesses, you know, get and be in touch. So--

CHAIRPERSON GJONAJ: [interposing] And the school businesses work six days on average a week.

DEPUTY COMMISSIONER MALLON: Yes.

2 CHAIRPERSON GJONAJ: Some even seven.

3 DEPUTY COMMISSIONER MALLON: If you're
4 lucky.

5 CHAIRPERSON GJONAJ: They do, you know,
6 two shifts just to keep their doors open.

7 DEPUTY COMMISSIONER MALLON: Uh-hm.

8 CHAIRPERSON GJONAJ: They don't have the
9 luxury or the liberty of contacting a government
10 agency to find out is there anything new this week.

11 DEPUTY COMMISSIONER MALLON: [interposing]
12 Uh-hm.

13 CHAIRPERSON GJONAJ: I'm trying to focus
14 on keeping my doors open, my customers happy, selling
15 my products and services, just so I can meet my
16 obligations.

17 DEPUTY COMMISSIONER MALLON: Uh-hm.

18 CHAIRPERSON GJONAJ: What are we doing as
19 an agency?

20 DEPUTY COMMISSIONER MALLON: Well, like I
21 said, we are—we are out in the community making sure
22 that people are aware of any changes or—or existing
23 rules or anything in our services. On the Portal
24 even you sign up, you can—you can get notifications.
25 So, if that's a method that you like, all of the

partner agencies are out in the field doing business education days. So, we're walking the streets, you know, with our-our client management. We're-we're out there, but we could always do more, and would seek your help to-to try to figure out ways to-to get out-out there even more.

CHAIRPERSON GJONAJ: Well, certainly and I think-I mean regulation that's changed that impacts a certain business not wait for that [cell phone ringing] That's a small business owner calling you now. [laughter]

DEPUTY COMMISSIONER MALLON: Yeah, I'm sorry for that. I didn't realize I didn't turn it off, but we'll get back to them.

CHAIRPERSON GJONAJ: I would [laughter]-I would imagine small business owners are relying on government to inform them of a change giving them ample notice, giving them time to comply.

DEPUTY COMMISSIONER MALLON: [interposing] Uh-hm.

CHAIRPERSON GJONAJ: Giving them the ability to in most cases save the money to change whatever that regulation would-to adapt or adhere to that regulation.

2 DEPUTY COMMISSIONER MALLON: Uh-hm.

3 CHAIRPERSON GJONAJ: We don't do any of
4 that now. When there is a change in regulation, there
5 isn't a mail alter that goes out to that business
6 owner. There's isn't someone knocking on that
7 business owner's door. There isn't someone
8 approaching that mom and pop shop saying hey, by the
9 way, this is important. In the next X days, there's
10 a change that impacts your business. Here is what
11 you need to do--

12 DEPUTY COMMISSIONER MALLON: [interposing]
13 Uh-hm.

14 CHAIRPERSON GJONAJ: --to comply.

15 DEPUTY COMMISSIONER MALLON: Is-is, you
16 know, you have a-is there a question there or just--

17 CHAIRPERSON GJONAJ: [interposing] Yeah,
18 kind of.

19 DEPUTY COMMISSIONER MALLON: Okay.

20 CHAIRPERSON GJONAJ: You know, I'm
21 opening for you on that one.

22 DEPUTY COMMISSIONER MALLON: [laughs] I
23 disagree. I'm sure we could do better because we,
24 you know, and it's a very large city and-and we
25 always want to do better, but as I said, we have-we

are out there through our Chamber on the bill initiative. Our partner agencies are out there holding business education days.

CHAIRPERSON GJONAJ: At what time--

DEPUTY COMMISSIONER MALLON: There are-- there--

CHAIRPERSON GJONAJ: --during the week focused on this.

DEPUTY COMMISSIONER MALLON: [interposing] There are--there are email blasts. There are sometimes flyers that are handed out. There are, you know this--

CHAIRPERSON GJONAJ: An email blast. Explain that to me.

DEPUTY COMMISSIONER MALLON: There's some agencies have--have--

CHAIRPERSON GJONAJ: Some?

DEPUTY COMMISSIONER MALLON: Some, yeah.

CHAIRPERSON GJONAJ: So, using the same explanation you just gave me--

DEPUTY COMMISSIONER MALLON: [interposing] Yes.

CHAIRPERSON GJONAJ: --as a small business owner I'm a pizzeria guy.

2 DEPUTY COMMISSIONER MALLON: [interposing]
3 Uh-hm.

4 CHAIRPERSON GJONAJ: All of a sudden,
5 there's a regulation that's changed. You come to me
6 and you say, hey, you're in violation. I say, yeah,
7 but I'm striving to do better. I didn't know. Is
8 that acceptable or do I still get a fine or a
9 violation for not complying?

10 DEPUTY COMMISSIONER MALLON: It-it
11 probably depends. In some case there are--there are
12 cure periods.

13 CHAIRPERSON GJONAJ: In many cases there
14 aren't.

15 DEPUTY COMMISSIONER MALLON: That's true.

16 CHAIRPERSON GJONAJ: My-my question is
17 what governance? We're supposed to be doing better.
18 We're expecting small businesses to do what we're
19 not. We're expecting small businesses to understand
20 the changes in their business models while not
21 providing them the information to do so. It's a
22 gotcha. The more regulations that we have on the
23 books, the more enforcement we have, the more we're
24 going to find small--in the name of public safety, of
25 course, and it sounds more and more like a line item

in the revenue budget that we have as a way to raise funds through their hard work, the sweat of small businesses.

DEPUTY COMMISSIONER MALLON: [interposing]
Uh-hm. Like I said, violations have gone down since SB1, and SB1 is all about making sure that we could improve in terms of transparency, make it easier for businesses to comply. Where we can change the processes, so-so that it's easier and more effect, reduce the time, all of those, we are—we are in agreement that small businesses are very important to the city of New York and are trying to ensure that we do our best to make it better for them. This is what this industry is all about.

CHAIRPERSON GJONAJ: And small businesses are trying to comply, and because of lack of information, and resources and time, they're not, but we're not giving them the benefit of the doubt.

DEPUTY COMMISSIONER MALLON: [interposing]
Uh-hm.

CHAIRPERSON GJONAJ: We're penalizing them without giving them a chance, and I—and we've spoken off record on this in our meetings--

DEPUTY COMMISSIONER MALLON: Uh-hm.

2 CHAIRPERSON GJONAJ: --and I use an
3 example of signage where the code dates back to 1960
4 or '61. It doesn't all for more than 12 square foot
5 of print. Store owners that have been in existence
6 for 50 years with the same sign not knowing they're
7 in violation, there was a moratorium that was placed
8 that was lifted I believe by this administration, and
9 the fines begin from \$5,000 to \$20,000 for an illegal
10 store sign.

11 DEPUTY COMMISSIONER MALLON: Uh-hm.

12 CHAIRPERSON GJONAJ: Wouldn't that have
13 been an easy one for SB1 to have taken on and say,
14 you know what maybe this one we can put back the
15 moratorium. Maybe this one we can revise the laws
16 that helped small businesses instead of hurt small
17 businesses.

18 DEPUTY COMMISSIONER MALLON: Uh-hm. So,
19 tow things. Rules are in place to ensure that
20 there's public safety and public health and quality
21 of life sometimes.

22 CHAIRPERSON GJONAJ: What's the public
23 safety aspect of a sign?

24 DEPUTY COMMISSIONER MALLON: [interposing]
25 And quality of life. So, it's a--

CHAIRPERSON GJONAJ: [interposing] So, explain to me the quality of life of a--

DEPUTY COMMISSIONER MALLON: [interposing] It depends on the time.

CHAIRPERSON GJONAJ: --of a 70-year-old sign-a law, 70.

DEPUTY COMMISSIONER MALLON: I'm must going to finish my point--

CHAIRPERSON GJONAJ: [interposing] Uh-hm.

DEPUTY COMMISSIONER MALLON: --and then I'd be happy to try explain if I can.

CHAIRPERSON GJONAJ: Yeah.

DEPUTY COMMISSIONER MALLON: But nonetheless, that's--that's what the rules are--are in place to do. I don't have information. I'm not--I'm not the Department of Buildings. They're not here today. I'm not sure about their enforcement policies or not, but I do know that, you know, rules and regulations are in place and we're to support public safety. Where our SB1 was driven by all of the priorities cited by business owners. At the time, this was not one of them, which is why it's--it's not part of this, but we are happy to work with you. Maybe sit with DOB and--and see if there's something

1 COMMITTEE ON SMALL BUSINESS

40

2 that--that we can do together to--to make it better and
3 resolve the situation.

4 CHAIRPERSON GJONAJ: Yeah, there is. We
5 can call for a moratorium on fine and violations
6 today, this afternoon. The second we walk out of
7 this hearing, to say what small business maybe they
8 knew about it last week, but the chairman brought it
9 to my attention [laughter] and this is an easy fix
10 for us in the meantime until we create the final fix.
11 We know that much has changed in the 60 years--

12 DEPUTY COMMISSIONER MALLON: Uh-hm.

13 CHAIRPERSON GJONAJ: --and a regulation
14 on size of signage lettering, not even the size,
15 lettering, and methods by which we advertise our
16 business, which I believe back then didn't even allow
17 for phone numbers to be placed on the signs.

18 DEPUTY COMMISSIONER MALLON: Uh-hm.

19 CHAIRPERSON GJONAJ: It would have been
20 an easy fix for SB1.

21 DEPUTY COMMISSIONER MALLON: Uh-hm.

22 CHAIRPERSON GJONAJ: Let's go to another
23 one. I think we spoke about this one, too. ADA
24 compliance.

25 DEPUTY COMMISSIONER MALLON: Uh-hm.

CHAIRPERSON GJONAJ: Landmarks does not allow for ADA compliant ramps to be installed on our Landmarks. Therefore, creating a real problem for these small businesses. Landmarks won't issue a permit and allow them to build ramps. They have to put in temporary structures, which is in violation of the federal law, and it's a gotcha. If I don't put in a ramp, I'll be sued, and there are many small businesses, which are being targeted by these attorneys on behalf of ADA compliance and Landmarks refuses to allow these--this compliance, a federal compliance subjecting them to all type of law suits. So, it's either a fine for doing work without an approved permit, or a lawsuit for non-compliance.

DEPUTY COMMISSIONER MALLON: Uh-hm.

CHAIRPERSON GJONAJ: What would SB1 do?

DEPUTY COMMISSIONER MALLON: So, to my knowledge, Landmarks does not hold out an approval on ADA compliance. However, I am also aware--I'm not Landmarks obviously. I'm also aware that they are in the process of trying to make the process much more efficient and effective for--for small businesses and other. So, we can--be happy to work with you offline with landmarks, and where else is appropriate to see

if we can get under this issue, and come up with resolutions.

CHAIRPERSON GJONAJ: Okay. It's just remarkable, and I see one of my colleagues has just joined use, Councilman Perkins, but it normally the city (sic) does a great job in taking credit for any small business growth, does a great job in--when our elected are there take photos for ribbon cutting. Does a great job in giving excuses as to how we're striving to make things better, but always holding the stakeholder, those that are truly gambling and creating the jobs and paying taxes, and making New York City a great city never giving them an opportunity to catch their breath. So, when we say transparency, that means okay I'm not going to blindside you. So, I'll let you know that I'm coming after, but you're still paying in one form or another. Let me give an opportunity to Councilman Perkins who may have a question. I know that he represents a very important commercial corridor in our great city.

COUNCIL MEMBER PERKINS: Thank you very much Mr.--thank you very much Mr. Chair and --and for acknowledging the--the--not only the significance of

1 this concern, but also how in—in my district in
2 particular, but other districts throughout our city
3 small businesses are very often the beginning and the
4 end of a good business, and even in terms of not just
5 but also in terms of our community protection, and
6 community engagement. And so, small businesses
7 there's no business if there's no small business.
8 [laughs] So, we're—we're pleased that we're having
9 this kind of conversation, and I just go here. So,
10 I'm a little bit behind in terms of what's been
11 discussed, but where is the Administration right now
12 in terms of pumping up our small businesses,
13 supporting our small businesses? What are some of
14 the landmarks of the job you intend on doing ASAP,
15 and how is that being communicated to the businesses
16 in our neighborhoods?

18 COUNCIL MEMBER PERKINS: Uh-hm.

19 DEPUTY COMMISSIONER MALLON: So, maybe I
20 could give you just a—a quick update on SB1, and the
21 progress that we've made potentially. As you know,
22 it's a—we have 30 commitments that we put in place
23 and—and have implemented 25 so far all around
24 ensuring that we are more transparent with businesses
25 to make it easier to comply with some regulations,

which made more processes more efficient, and we've gotten the word out to ensure that all the small businesses—as many small businesses as possible are aware of how to interact with their—with their businesses. It's done through like I said, 30 different initiatives. Did that help?

COUNCIL MEMBER PERKINS: Could you—I don't have the privilege of those initiatives in hand. So, whatever you have towards that end, I'd appreciate it if you would make sure we get it.

DEPUTY COMMISSIONER MALLON: Absolutely. Be happy to do that.

COUNCIL MEMBER PERKINS: Thank you.

CHAIRPERSON GJONAJ: Good morning.

DEPUTY COMMISSIONER MALLON: Hello.

CHAIRPERSON GJONAJ: I know it's a hard road. It's a Monday. [laughter] I'm not making it that easy, but it's not easy for our small businesses—

DEPUTY COMMISSIONER MALLON: I understand.

CHAIRPERSON GJONAJ: --and the competition that they have, and I know there's the fact to overcome day in and day, and we're trying to

figure out how to make their lives a little bit better. So, these small business, and I know that you have some experience here. It was once perceived that every employee aspired to become an employer, a small business, and were able to make a great living, provide for their family, and then ultimately, they were able to cash in on the sale of their businesses. That model has changed over the decades. Businesses are just trying to survive and their best it's a paycheck. There is no cash out at the end when they're ready to retire. There is no resale of their business. For the most part it's liquidation and it's a loss. It's a terrible environment for small businesses, and using the statistics that we know nationally, which you feel are at par with New York City, we should do more than strive. It's how do we make a real change? How do we sit down and work with these small businesses so, their rate of survival could be increased? So their rate of retirement true appreciation for what they offer and how vibrant they make the communities that we live in and our commercial corridors, improve the quality of life where we no longer—we can walk to buy products and

2 services. How do we change the impression that
3 government is here to hurt and not be that partner?

4 DEPUTY COMMISSIONER MALLON: Uh-hm.

5 COUNCIL MEMBER PERKINS: How does SB1
6 really deliver on its promises, and what will it
7 take--

8 DEPUTY COMMISSIONER MALLON: Uh-hm.

9 CHAIRPERSON GJONAJ: --so we can show
10 that New York City does care, and not only cares but
11 is a partner, a true partner in these small
12 businesses?

13 DEPUTY COMMISSIONER MALLON: Uh-hm. Some
14 of the--the things I've already covered, but as I
15 said, SB1 is very much about improving transparency
16 making processes more efficient, less burdensome,
17 education and--and I also I didn't I guess explicitly
18 say this, but there were also initiatives aimed at
19 improving customer service and--and those things I'm
20 have done. Most of the--all of the agencies who have
21 partnered with us on this have really worked hard to
22 improve where they can for small businesses, and will
23 continue to do that. It's very important that we
24 share your--

25 CHAIRPERSON GJONAJ: Passion.

2 DEPUTY COMMISSIONER MALLON: Your
3 passion, your love, your-your love.

4 CHAIRPERSON GJONAJ: Appreciation.

5 DEPUTY COMMISSIONER MALLON: Yeah, I mean
6 it's our thing. So, we would love to work with you
7 and the committee to figure out, you know, how else
8 can do better.

9 CHAIRPERSON GJONAJ: Let's start with
10 removing 10% of the regulations. So, from 5,300
11 let's come up with removing a small portion, and
12 consolidating some of these outdated laws and
13 regulations that are the books. These gotcha laws.
14 Let's start with reducing the number of fines that we
15 issue. How about we give them a chance, and offer
16 time for collecting measures before we fine. That
17 would be education.

18 DEPUTY COMMISSIONER MALLON: Uh-hm.

19 CHAIRPERSON GJONAJ: When you say
20 education, to me they're small business owners that
21 I'm going to help educate you. I say that's great.
22 Tell me where I'm not complying, but don't tell me by
23 fining me.

24 DEPUTY COMMISSIONER MALLON: I
25 understand.

CHAIRPERSON GJONAJ: Give me a warning, and give me a time frame to comply. That would be educating.

DEPUTY COMMISSIONER MALLON: Uh-hm.

CHAIRPERSON GJONAJ: The latter is punishing not education. So, can we come—could we commitment to removing regulations that are outdated? Can we commit to removing the number of fines and the dollar amounts that are derived from these violations by educating small businesses on the compliance, regulations that they have to adhere to. That would be a right message for SB1.

DEPUTY COMMISSIONER MALLON: I—we can absolutely commit to working with you to try to improve all of these things for small businesses. The specific remedies we're going to have to, you know, sort of walk through and figure out which ones are the prior to small priorities and—and—and how to improve, but absolutely we are--

CHAIRPERSON GJONAJ: I'm giving you 5,300—a choice of any [laughter] one of your 5,300 to choose from, a choice of your 250 licenses and bonds that are required to choose from, and including the two that I just brought to your attention the

landmarks issue that conflicts with the Federal ADA Compliance and the store signage, which is a real hurt on small businesses and we know as government, that there is a lack of compliance, and it's not because that someone is willing to. If we walk outside of this building today, we will see stores that are not in compliance--

DEPUTY COMMISSIONER MALLON: Uh-hm.

CHAIRPERSON GJONAJ: --that have no idea based on what they see in their neighborhoods, what they see from their competitors, what they see from their next door neighbors, they don't--their sign is no different. Yet, we're allowing them to be targeted, and have done nothing to prevent this abuse.

DEPUTY COMMISSIONER MALLON: Uh-hm. As I said, happy to--to follow up with you, and work together to see what we can do there. What--this was not as I said, part of the set of priorities that small businesses brought to us that informed SB1, but absolutely, want to continue to improve. Very. We are very committed and would love to work with you, and the committee on--on further improvement for sure.

CHAIRPERSON GJONAJ: Well, then I hope at our next hearing and eventually we'll be discussing extending the-the budget for SB1, but there will have to be real tangible results, and I-I really hope that that we can come to a sensible approach. We know what the issues are. We know what the hurdles are for these small businesses, we know what they're facing, and yet we're not doing anything to alleviate this pain. Can you identify any specific license that you are currently working on to eliminate or consolidate?

DEPUTY COMMISSIONER MALLON: Can you-- sorry. It's licenses?

CHAIRPERSON GJONAJ: [interposing] Can you identify license and permits?

DEPUTY COMMISSIONER MALLON:

CHAIRPERSON GJONAJ:

DEPUTY COMMISSIONER VAN TOSH: For--?

CHAIRPERSON GJONAJ: 250 licenses and permits.

DEPUTY COMMISSIONER MALLON: Yeah, could you?

DEPUTY COMMISSIONER VAN TOSH: We can sent with the 80 Rules of Law.

2 CHAIRPERSON GJONAJ: Okay, can you
3 identify any regulation of the 5,300 aside from the
4 80 that you are currently looking at to eliminate or
5 consolidate.

6 DEPUTY COMMISSIONER MALLON: As I said in
7 testimony, there are processes that we are working on
8 consolidating between Fire and--and Buildings. We've
9 identified several areas for modification, and that's
10 in progress.

11 CHAIRPERSON GJONAJ: Fire and can you--

12 DEPUTY COMMISSIONER MALLON: [interposing]
13 Yeah.

14 CHAIRPERSON GJONAJ: --can you be a bit
15 more specific?

16 DEPUTY COMMISSIONER MALLON: Yeah, and
17 then it's--I probably get these mixed up, but it's
18 related to the fire alarm and fire suppression
19 systems, and approvals for those--for those things and
20 the fire protection plans. Are all relevant
21 obviously to many, many businesses and physical
22 locations in New York.

23 COUNCIL MEMBER PERKINS: I am--so you are
24 optimistic that there's some--there's some good news
25 current for the small businesses as per some of the

efforts that you are making in the recognition of their needs, but can you outline just because I got everyone on this committee or what it would be—any new initiatives that Small Businesses are cheering about that you would like to brag about?

DEPUTY COMMISSIONER MALLON: [laughter]

I am in general optimistic for the record, but—but yes, we—we are optimistic about the progress so far on SB1, and as we said, we've already implemented 25 of the recommendations, and commitments that we made through SB1 and there's a variety of them, all ending at and improving transparency, increasing education, modifying the processing times and so forth. So, and I don't generally like to brag, actually, but I do appreciate it.

COUNCIL MEMBER PERKINS: Everyone is just like being modest. This is modest. I just think it's always helpful in these types of hearing when there's a constituency out there that's sort of--

DEPUTY COMMISSIONER MALLON: [interposing]

Yes.

COUNCIL MEMBER PERKINS: --feeling to some extent neglected that you can lay out as often

2 as possible some of the interests that are being made
3 that are promising and effectively

4 DEPUTY COMMISSIONER MALLON:

5 [interposing] Sure.

6 COUNCIL MEMBER PERKINS: --make awareness

7 (sic) with people.

8 DEPUTY COMMISSIONER MALLON: Sure, sure.

9 I mean maybe you—you might have some ways of even
10 helping us get the—the word out as well because I
11 always think everybody and business owners are aware
12 of all of the services that we have implemented
13 through SB1, but I—I--

14 COUNCIL MEMBER PERKINS: [interposing] Is

15 there anything that we can do to promote--

16 DEPUTY COMMISSIONER MALLON: [interposing]

17 Yeah.

18 COUNCIL MEMBER PERKINS: --or good news

19 that you are offering, please don't hesitate.

20 DEPUTY COMMISSIONER MALLON: That would

21 be great. We'd love to work together on that. We
22 try as much as we can to get the word out, and we've
23 increased our outreach, but we can navigate too much.
24 So, I would appreciate the opportunity to work with
25 you on that.

2 CHAIRPERSON GJONAJ: Are you familiar
3 with the pilot program by this Administration on
4 Congestion in New York City, under the Clear Curbs
5 Pilot Program.

6 DEPUTY COMMISSIONER MALLON: I'm-yeah. I
7 mean I don't have too much familiarity beyond that.
8 It's a pilot intended to try to deal with congestion.

9 CHAIRPERSON GJONAJ: So, clearly we know
10 congestion is a real problem.

11 DEPUTY COMMISSIONER MALLON: Absolutely.

12 CHAIRPERSON GJONAJ: The--this
13 administration began a pilot in the Boroughs of
14 Brooklyn, Manhattan and Queens.

15 DEPUTY COMMISSIONER MALLON: Uh-hm.

16 CHAIRPERSON GJONAJ: In essence, it's not
17 allowing stopping, parking, or standing of any
18 vehicles from 7:00 a.m. 'til 10:00 a.m. and then from
19 4:00 p.m. 'til 7:00 p.m. on these commercial
20 corridors When we look at the impact that this will
21 have on those small businesses, we're accustomed to
22 having customers pull up to their establishments, buy
23 their products or services or pick up their products
24 or services and drop off their products so they can
25 be serviced. We have not heard from those

stakeholders. They have not been given ample notice, and their business model has been completely undermined. Is this something that SB1 should be looking into and perhaps offering recommendations to the administration after understanding the impact on these small businesses? We have one particular small business owner that within the first week of this implementation his business dropped by 30%.

DEPUTY COMMISSIONER MALLON: So, as you said, it's a--it's a pilot, and it is--it's objective is to try to--to deal with congestion, to find ways to better deal with congestion. My understanding and I'm--obviously I'm not there to be an expert on--on--on their work. They did a lot of outreach in advance and continued to do, and--and are available to. So, if you have a specific set of cases, I--I know that they would love to--to get the--the contact information about the business or the businesses--whoops, sorry--so that they can follow up and, you know, we are happy to follow up as well to and all sit down and figure out how we can, you know, resolve some of the issues that you're hearing about.

CHAIRPERSON GJONAJ: We've already brought this issue to the DOT and--

2 DEPUTY COMMISSIONER MALLON:

3 [interposing] Okay.

4 CHAIRPERSON GJONAJ: --and like a small
5 business owner because for it's impossible for me to
6 survive losing 30% of my business for this six-month
7 pilot.

8 DEPUTY COMMISSIONER MALLON: Uh-hm.

9 CHAIRPERSON GJONAJ: And I'm wondering
10 if-if that small business owner, which is a juice
11 bar, which you would imagine in the morning as people
12 head into work, where they can no longer pull up for
13 reaching their destination.

14 DEPUTY COMMISSIONER MALLON: Uh-hm.

15 CHAIRPERSON GJONAJ: It completely
16 undermines this individual's business model. So, how
17 do we go back to him, and he's contacted me, and he's
18 begging and pleading to find a way that we can keep
19 his business afloat because this, not-not his
20 business model because of challenges and consumer
21 behavior, not because of the competition, not because
22 his business has not been doing well, but it's
23 attributed this one program, an unforeseen government
24 induced business model that has been undermined. How
25 do I sit down with him as the Small Business Chair

and give him his options? Say, well, here's what we can do.

DEPUTY COMMISSIONER MALLON: I do not know the answer for you on that today, but as I said, if we can get the specific-specifcs on the businesses that you've been in contact with, DOT I know would be more than happy and really wants to maybe with businesses, and we will also be happy to participated in conversations so we can figure out how to avoid unintended consequences.

CHAIRPERSON GJONAJ: We've tried that approach already, and it's not going anywhere. The program is going to continue the pilot for six months. There's a business owner in ten will close his doors and we'll have no one to blame but government--

DEPUTY COMMISSIONER MALLON: Uh-hm.

CHAIRPERSON GJONAJ: --for his failure. That his investments, that his time and his energy, although when he opened up they were there to cut the ribbon and celebrate, they're the same groups that allowed the demise of his business. That is true injustice. I know that one of the--in saving time the

2 Outer Borough businesses are saving time by visiting
3 the Queens Small Business Support Center--

4 DEPUTY COMMISSIONER MALLON: [interposing]
5 Uh-hm.

6 CHAIRPERSON GJONAJ: --where I believe
7 three agency--three agencies are housed--

8 DEPUTY COMMISSIONER MALLON: Uh-hm.

9 CHAIRPERSON GJONAJ: --decreasing
10 licensing centers' wait time by 38%. How come we
11 haven't expanded this to the other boroughs?

12 DEPUTY COMMISSIONER MALLON: We may.
13 It's again, we're--we're trying to allow sufficient
14 time to measure the impact of all the initiatives
15 before we figure out what's the next--one to expand.

16 CHAIRPERSON GJONAJ: If we know this is
17 reducing up to 38% of the wait time--

18 DEPUTY COMMISSIONER MALLON: Uh-hm.

19 CHAIRPERSON GJONAJ: --this would be
20 something that I would be very supportive of. I
21 think we'd all be supportive. Why aren't--why aren't
22 we asking for the additional funding for this
23 expansion now?

2 DEPUTY COMMISSIONER MALLON: As I said,
3 we may. It's too early to--to definitively tell.
4 Those are early results.

5 CHAIRPERSON GJONAJ: One of the issues
6 covered in your report--

7 DEPUTY COMMISSIONER MALLON: Uh-hm.

8 CHAIRPERSON GJONAJ: --and this is over
9 21,000 services we're provided. We developed 29
10 guides--

11 DEPUTY COMMISSIONER MALLON: Uh-hm.

12 CHAIRPERSON GJONAJ: --to agency
13 processes written in plain language in partnership
14 with regulatory agencies. Can you elaborate a little
15 bit on that?

16 DEPUTY COMMISSIONER MALLON: I'll do my
17 best. So, in order to ensure that--that people could
18 better understand the rules and regulations, they're--
19 they're plain guides--the plain--the language guides
20 are intended to use simplified language to clearly
21 explain the--the rules. In some cases, and actually
22 all of them have been translated into various
23 languages as well so that people who's--who's first
24 language aren't English can also access them. They

really short—shorten the plain language description of the—the rules or process.

CHAIRPERSON GJONAJ: So, the 29 guides are in different languages or are they 29 guides that have been rewritten?

DEPUTY COMMISSIONER VAN TOSH: They're 29 guides each of which have been translated into six languages in addition to English.

CHAIRPERSON GJONAJ: So, doesn't that strike you as like—so, that waves a red flag to begin with that there were 29 guides that were developed in plain language?

DEPUTY COMMISSIONER VAN TOSH: There's many different types of businesses and processes across the city. So, it makes sense to me that there are a number of different guides that you need depending on the type of company you are.

CHAIRPERSON GJONAJ: I—I hope we strive to reduce those number of guides to making a universal language for small businesses instead of 29 different guides and maybe more than one guiding the same industry. It's we're overburdened. Is it—I think it's—one of the issues that came up in your report is there are 705 additional violation

1 COMMITTEE ON SMALL BUSINESS

61

2 categories now available for remote hearings? So, I
3 would--

4 DEPUTY COMMISSIONER MALLON: [interposing]
5 What's--what's the question?

6 CHAIRPERSON GJONAJ: So, 25% of the
7 respondents have chose this option when it is
8 available. 705 additional violation categories now
9 available for remote hearings.

10 DEPUTY COMMISSIONER MALLON: Yes.

11 CHAIRPERSON GJONAJ: Is this OATH?

12 DEPUTY COMMISSIONER MALLON: Uh-hm.

13 CHAIRPERSON GJONAJ: How many violation
14 categories are there? Is it all 5,300?

15 DEPUTY COMMISSIONER MALLON: I--I do not
16 know. I'm sorry. I doubt it's all 5,300 because not
17 all the 5,300 impact businesses, as we said earlier.

18 CHAIRPERSON GJONAJ: I see that we're
19 joined by Councilwoman Rivera. Do you have any
20 questions, Council Member?

21 COUNCIL MEMBER RIVERA: [off mic] No, not
22 now.

23 CHAIRPERSON GJONAJ: Okay.

24 COUNCIL MEMBER RIVERA: Actually,
25 Chairman, I do have a question if that's okay. I

wanted to ask about I guess in the beginning of your testimony and my apologies for-for being late. There are multiple hearings going on right.

DEPUTY COMMISSIONER MALLON: No worse.

COUNCIL MEMBER RIVERA: So, thank you for being here. You mentioned over the course of eight months you heard from hundreds of business owners and advocates across all five boroughs--

DEPUTY COMMISSIONER MALLON: Uh-hm.

COUNCIL MEMBER RIVERA: --and I wanted to ask I guess on the methodology of-of acquiring the data, and having those conversations. Did you pound the pavement? Did you go into these business? Was it a survey? And I'm sorry if I missed those details.

DEPUTY COMMISSIONER MALLON: No, it's fine. It's-it's a combination of all those things we heard since we-we held those same sessions. We did the kind of surveys, we did paper surveys, right?

DEPUTY COMMISSIONER VAN TOSH: Uh-hm.

DEPUTY COMMISSIONER MALLON: An eventual commission.

DEPUTY COMMISSIONER VAN TOSH: And we used round tables, one-on-one conversations.

COUNCIL MEMBER RIVERA: And all of that data is available on the website in terms of what you collected?

DEPUTY COMMISSIONER MALLON: I don't know if I is--I'm not sure if the individual responses are-are available. We have them and-

COUNCIL MEMBER RIVERA: Just in terms of statistic because I-I think this survey is so important to find out why people open their businesses. What are their biggest challenges, what do they hope to achieve in five years, and I'm not sure of the questions that you asked them, but I feel like that's-that those kinds of questions might get to the root of why businesses fail or why people choose the locations and the type of businesses that-that they choose. So, if it's okay, if we could be in touch about what some of the questions were for-for the survey and-and how that dialogue happened between you and the business owners, I'd be really interested.

DEPUTY COMMISSIONER MALLON: That-that is-that sounds great, and-and we could also think about things we could do moving forward to-

2 COUNCIL MEMBER RIVERA: [interposing]

3 Yes.

4 DEPUTY COMMISSIONER MALLON: --to collect
5 those kinds of things.

6 COUNCIL MEMBER RIVERA: Thank you.

7 DEPUTY COMMISSIONER MALLON: Absolutely.

8 CHAIRPERSON GJONAJ: I want to thank you,
9 Commissioner, and I truly believe that we're striving
10 to do the right think and I hope that we'll do more
11 than strive. I know that these are difficult
12 challenges, and we've raised the bar to where I hope
13 we'll be able to achieve at the end of SB1's mission,
14 but truly understanding what these small businesses
15 have gone through in the last several years, and I
16 began with some much needed mandates that were placed
17 on them from forced healthcare coverages two minimum
18 wage increases. Some great programs such as the Paid
19 Family Leave such as sick leave programs, which were
20 much needed and benefitted society, but these burdens
21 were put on these small businesses on top of the
22 5,300 regulations, on top of the other competition
23 that they have, and the Internet, which has changed
24 most business models. The box store competition, the
25 unfair advantage of the mega stores. We're not doing

enough and we should really focus on—we understand how important they are to the city. We understand how important they are to job creation and making sure that New York City remains a city to live and work, but we're doing very little to help them succeed, and my—unless my colleagues have any other questions, I just want to thank you for your time unless you have a closing statement as well.

DEPUTY COMMISSIONER MALLON: No.

CHAIRPERSON GJONAJ: Do you guys have any question.

COUNCIL MEMBER RIVERA: Just one more.

DEPUTY COMMISSIONER MALLON: Yes.

COUNCIL MEMBER RIVERA: So, also in your testimony you said over the last ten years the number of businesses in New York City has increased by 10%.

DEPUTY COMMISSIONER MALLON: Uh-hm.

COUNCIL MEMBER RIVERA: Are those businesses, small businesses specifically are they micro business?

DEPUTY COMMISSIONER MALLON: The majority are—are micro businesses, and we can—we can follow up you with a--

COUNCIL MEMBER RIVERA: [interposing] I'd love a breakdown because I know that, you know, especially in my district there are lot of tech companies that are coming in and I'm just curious about how we define them.

DEPUTY COMMISSIONER MALLON: Yeah, but really look forward to--to sitting down and--

COUNCIL MEMBER RIVERA: [interposing] Okay.

DEPUTY COMMISSIONER MALLON: --and covering lots of these things. We appreciate it.

COUNCIL MEMBER RIVERA: Okay, thank you. Thank you, Mr. Chair.

DEPUTY COMMISSIONER MALLON: And--and thank you very much and we look forward to working together. [pause]

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 May 14, 2018