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**Testimony of Good Jobs New York
Bettina Damiani, Project Director
Before the New York City Industrial Development Agency**

**February 9, 2012
Re: Proposed \$80 million in subsidies for
Fresh Direct, LLC and U.T.F. Trucking, Inc.**

Good morning. Thank you for the opportunity to testify today. My name is Bettina Damiani and I direct Good Jobs New York, a project of Good Jobs First based in Washington, DC in partnership with the Fiscal Policy Institute, with offices in Albany and New York City. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies.

Fresh Direct has irresponsibly fanned the flames of the economic war among the states by pitting New York and New Jersey against each other in searching for a new location. But it is the responsibility of our economic development officials to evaluate the threat and follow the “but for” policy: the project would only occur “but for the subsidies”. The IDA might be convinced that the firm’s threat to leave the city was real, but a closer consideration of the benefits provided to this company by its location in New York City causes us to believe that it’s doubtful that the firm would have left New York City: Its customer base is on this side of the river; the company’s expenses associated with gas and tolls and lost transportation time would have increased had they moved to New Jersey; Fresh Direct already has a trained, New York City workforce and has a current agreement with the IDA through 2025.

Sadly, the IDA’s proposal for Fresh Direct resembles the packages for Yankee Stadium and the associated parking garages: a hijacked public process and egregious subsidies with no guaranteed community benefit. The stadium project is universally regarded as wasteful, doing little if anything to ease the unemployment burdens on Bronx residents and especially, in the case of the parking garages it tainted the reputation of this agency as one that produces thoughtful analysis in advance of awarding subsidies.

We urge the board of the New York City Industrial Development Agency to postpone voting on the proposed subsidy package based on what we believe to be an excessive amount of benefits, problematic public process, confusing wage and employment data in the firm's application and potential negative impacts on the surround communities.

By our estimates this is one of the largest subsidy packages offered by the IDA under the Bloomberg Administration. It might not rival the low-bar of stadiums but is certainly in a league of its own. See the attached chart.

Process

It is discouraging that this project was announced in a press release as a done deal two days ago by local and state officials before this hearing and before the board vote. Why would the city support an announcement that makes the IDA process meaningless? While it may not have been the intention, the announcement seemed like an effort to disenfranchise residents that might have attended this hearing.

The IDA's cost/benefit analysis is misleading because it does not take into account the subsidies awarded to the firm in 1999. The public deserves to know the value of those benefits, how much has been used and what will happen to the remaining subsidies. The application states that the firm is applying for other state and local benefits. The value of those benefits is not stated in the application. Without a complete accounting of all the subsidies the company is applying for and has already received, New Yorkers do not have enough information to know if this is a wise or even necessary investment of their tax dollars.

The wage and employment information is vague and confusing. There is no breakdown of wages or a projection of the number of part-time vs. full-time jobs that will be at the new facility; instead, the applicant combined the figures into Full Time Equivalent, (FTE). Considering that officials' support of subsidies for this project rests on the merits of retaining and creating jobs, not providing wage, hour and health benefit details is disingenuous and misleading. In order for New Yorkers to evaluate this deal, we must know the quality of those jobs.

While this agency deserves credit for making tremendous strides in transparency and public accountability in recent years, this proposal and public process sadly fails to live up to those standards.

Community Impacts

The firm's application states that the proposed facility will significantly increase truck traffic and create a demand for community provided services, (page 8 questions 11, 12). Why would this agency agree to provide tremendous subsidies to a project that increases truck traffic in an area with alarmingly high asthma rates? Did the agency calculate the possible increased costs associated with an increase of visits to local

hospitals by children with asthma? How will more trucks impact the city's effort to promote safe and efficient bicycle use? What plans are there to alleviate the negative impacts of this project on the community?

As seen in the attached map, Fresh Direct only serves the far northwest corner of the Bronx. If the grocer wants the public to invest in it, it must adjust its policies to ensure the public has access to its products and benefits from its relocation. Why hasn't the firm agreed - or been asked by officials? – to extend service to the entire Bronx? Waive delivery fees to the surrounding neighborhoods? Be required to accept food stamps?

Considering the size of the proposed subsidy, the multiplier effect seems extraordinarily weak with only 12% of machinery and equipment being purchased in New York City or New York State. A higher percentage should have been stipulated. Also, the supplement to the public hearing materials relating to the “acquisition and/or leasing and installation of machinery, equipment, furniture, fixtures and other tangible personal property” is confusing. Does this mean the city will purchase the equipment and lease it Fresh Direct? If so, what are the terms? The IDA needs to make this provision more clear.

This week's announcement by city and state officials stated that a \$1million grant from NYSEDA would help Fresh Direct retrofit its trucks to electric, presumably at recently IDA approved Smith Electric Vehicle factory. This is a step in the right direction. But serious consideration must also address the property's access to rail. Is there a plan to explore the use of rail to help wean Fresh Direct off trucks? If so, the public deserves to know.

Conclusion:

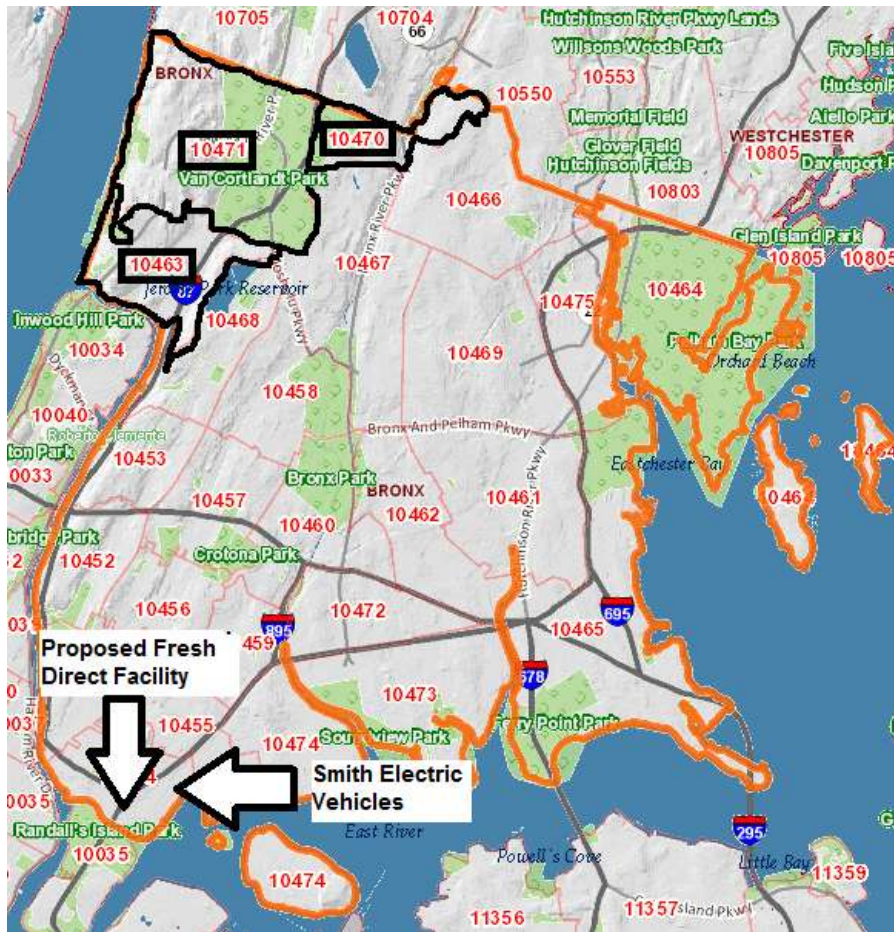
This subsidy proposal for Fresh Direct contradicts the Administration's worthy policy goals such as eliminating food deserts, promoting sustainable development, revitalizing the waterfront and promoting healthier lifestyles for all New Yorkers. Ironically, this subsidy deal is among the largest ever offered during the Bloomberg administration, which has made such verbal commitments to sustainable policies. We urge the board to vote no until the proposal can promise clear public benefit and a commitment to doing more for New Yorkers.

Thank you for the opportunity to testify today.

**Attachment 1: Top Five IDA Deals since 2002;
Source: Annual Investment Projects Report pursuant to LL62 - FY2011**

Project Name	Start Date	End Date	IDA Assistance Provided (total)
Yankee Stadium LLC	8/22/2006	8/22/2046	\$57,694,000
Bank of America Corporation	11/17/2004	6/30/2029	\$49,904,000
American Airlines, Inc. (2002)	7/31/2002	8/1/2028	\$43,375,001
Queens Ballpark Company, L.L.C.	8/22/2006	1/1/2046	\$40,587,000
Hearst Corporation	6/12/2003	6/30/2027	\$35,029,001

Attachment 2: Map of Fresh Direct delivery zones (in bold, northwest corner) in the Bronx



Basemap source: www.OASISnyc.net