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February 9, 2012

To: Board of Directors of the NYC Industrial Development Agency

RE: Just Say No to Fresh Direct's Rotten Deal

Thank you for your time and attention as a member of the Board of Directors for the NYC Industrial Development Agency.



We appreciate your commitment to encourage private investment that result in the creation and retention of jobs in the City. We understand that you are very sensitive to the scarce resources of the City and State in providing such discretionary benefits and view the benefits proposed and provided to companies and developers as a “last resort.”

We would like to bring to your attention serious concerns regarding the Thursday February 9th hearing on the proposal to support Fresh Direct. As you may know, Fresh Direct is well known for its hostility to paying appropriate wages and not providing health benefits. According to Good Jobs NY 38% of its workers earn less than \$25,000 a year. They are well know for union busting.

We are also concerned about the impact of the huge increase of truck trips in an area with the highest rate of asthma in the Nation. A few tax payer funded electric trucks will not mitigate this pressing issue.

The actual land that Fresh Direct is proposing to use on the South Bronx waterfront is actually owned by the NYS Department of Transportation and is leased to the Harlem River Rail Yards LLC. There are serious concerns that the HRRY may be in default of their lease. Any public investments and subsidies could be in jeopardy if the lease is terminated.

Finally, while you are expected to dedicate your time to the proposal package sent to you already by NYCIDA staff, today it is announced that Fresh Direct is moving to the Bronx and will receive the benefits they have applied for, two days before a public hearing on the issue. This egregious violation of the public trust ought not to be allowed and the project should not be heard or voted on until more facts can be ascertained.

Here's the full breakdown of the benefits the company is said to be getting out of this inappropriate deal:

New York State:

- \$18.9 million in Excelsior tax credits (ESD)
- \$9 million capital grant (ESD)
- \$4 million in energy grants and incentives (NYPA/NYSERDA)
- \$1 million loan (ESD)
- Up to \$1 million in vouchers for the purchase of electric vehicles (NYSERDA)

New York City:

- Approximately \$74 million in sales tax exemptions, mortgage recording tax deferral, and real estate tax exemptions pending approval (NYCIDA)
- \$9.5 million to acquire assets to be used at the new facility at Harlem River Rail Yards pending approval (NYCIDA)
- \$4.9 million in energy benefits (NYCEDC)
- \$1 million loan (NYCEDC)

Bronx Borough President:

· \$1 million capital grant

Bronx Overall Economic Development Corporation:

· \$3 million loan

· \$500,000 capital grant

That is almost \$84 million in sales tax exemptions, mortgage recording tax deferral, and real estate tax exemptions pending approval (NYCIDA) and \$9.5 million cash to acquire assets to be used at the new facility at Harlem River Rail Yards. **BEFORE EVEN A PUBLIC HEARING ON THE ISSUE.**

\$10 million in cash outright ?! to this profitable enterprise is just one of the outrageous elements of this proposal that we want you to investigate and withhold.

In addition, the land under consideration is actually owned by the NYS Department of Transportation, as we mentioned.

An audit from 1996 *entitled NEW YORK STATE DEPARTMENT OF TRANSPORTATION*

STAFF STUDY: THE VIABILITY OF THE OAK POINT LINK AND HARLEM RIVER YARD PROJECTS

REPORT 95-D-43 from then Comptroller Carl Mc Call suggested even then:

What actions should be taken by DOT if economic development of the Yard does not occur, as prescribed by the lease agreement?

Should such actions include:

1 renegotiation of specific lease terms, such as the 99-year lease term and DOT's share of gross rental revenues?

2 providing Ventures with a notice of default for non-compliance with the lease agreement and develop the Yard themselves?

(Full Document here:

<https://docs.google.com/viewer?url=http%3A%2F%2Fwww.osc.state.ny.us%2Faudits%2Faudits%2F9596%2F95d43.pdf>)

That lease was signed by then Governor Mario Cuomo.

We believe that it is time for your office to get involved in maximizing the public benefit of this enormous resource, 94 acres of public land along the waterfront of New York City, and provide much needed balance to the misuse of the powers of the Executive Office.

Thank you again for your time and consideration. If you have any questions, please contact me at: 646 648 4362 or by email. Please share this with any other members of the NYCIDA board you deem appropriate.

Harry J. Bubbins

Director

P.S.

This was sent to our local community:

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Can you attend this hearing?

on Thursday, February 9, 2012 10:00 A.M.

110 William Street, 4th Floor, New York, New York

Fresh Direct, the truck delivery based grocery corporation is proposing to MAYBE make use of our South Bronx waterfront. While they negotiate the most lucrative corporate subsidies from New Jersey or Queens first, squeezing the NYCEDC for more of our tax money and free land, pitting one locale against another.

Issues:

The 99 year lease to the Galesi Group's Harlem River Rail Yards Venture from Andrew Cuomo's father, isn't that obscene? (Fresh Direct would be a mere subleasee)

Harlem River Rail Yards is stopping the South Bronx Greenway to Randall's Island, isn't that unfair?

Do we really want thousands of truck traffic trips a week in the highest rate of asthma community in the Nation, isn't that super unhealthy?

Are there any union living wage guarantees, or local hiring commitments in writing, isn't that fair?

What do WE want to do with our waterfront, why is it always polluting industries moving here, isn't that crazy?

*** The entire South Bronx Waterfront is owned by US, the PUBLIC through our agency the NYS Department of Transportation. We need to re-examine the lease the the "Harlem River Rail Yards" a subsidiary of the Galesi Group. They are in default. Who has ever checked on it?

We need you to attend this hearing:

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Just say no! Demand an audit of the lease. Demand a default action on the lease to our public waterfront so we can begin a community led planning and zoning process for our public land!