

Neighborhood Retail Alliance

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Memorandum

From: Dr. Richard Lipsky

To: Selected Media

Subject: Bronx Terminal Market

Date: 3/28/05

The twenty three mostly minority food wholesalers in the Bronx Terminal Market have been targeted for extinction by New York City's Economic Development Corporation in order to make way for the redevelopment of the market by The Related Companies. It is understood that the new development, approximately 1,000,000 sq. ft of retail space, will be utilized for big box stores and other upscale retail uses.

This redevelopment plan smacks of favoritism and the merchants have retained the law firm of Loewenstein and Sandler to prevent the city from evicting the wholesalers and their more than 500 employees. The suit filed on their behalf argues that the favoritism and inside dealing that brought Related into the site prevented a competitive bidding process that is mandated under city law.

The blatant favoritism shown by the city toward Related is not only a threat to the market merchants. These merchants, a diverse mix of immigrant entrepreneurs, are a vital supply line for thousands of neighborhood retailers all over the city. The merchants have generated a unique product mix that has been developed as a response to the food needs of a wide variety of new immigrant groups in New York City.

The city's response to the plight of the Terminal Market businesses has been nothing short of outrageous. These firms, with aggregate gross sales of over \$300 million a year, have been offered a financial settlement that is inadequate to compensate for the loss of their livelihoods. At the same time, the so-called settlement package fails to address the need to relocate the 23 businesses together, not as individual entities, but as an aggregate market.

The mission of the Neighborhood Retail Alliance is to defend the interests of neighborhood retailers and their suppliers. The Bloomberg Administration has for the past 3 ½ years enacted policies that have directly threatened the viability of small businesses all over the city. Tax and enforcement policies have made it difficult for local stores to survive. Store bankruptcies and foreclosures are at 20 year record highs.

The sweetheart deal for Related at the Bronx Terminal Market is the last straw. We are calling on the City Council to investigate the blatant favoritism for Related and we are asking the city's Department of Investigation to open an official inquiry into the relationship between Deputy Mayor Doctoroff and Related.

We have already seen, in the deputy mayor's decisions around the controversial project at Bradhurst Avenue in Harlem, how Doctoroff has skewed public policy away from cultivating deserving minority developers and entrepreneurs and towards aggrandizing his good friend Steve Ross and the Related Companies. It now appears that he is practicing the same favoritism in the development of the Bronx market.

In addition, we are asking that the Conflicts of Interest Board reopen its original inquiry that found no potential conflict between Doctoroff and Ross. In that investigation the Board argued that the more than \$3 million Olympic Committee loan Ross picked up

when his friend Doctoroff came into government, didn't create a conflict of interest because the transaction had occurred before the Deputy Mayor came into office. Clearly, as the evidence of favoritism mounts (along with Related's continued generous support for NYC 2012), no one can argue that no conflict exists in the Doctoroff-Related relationship. In fact, the conflict is as obvious as is the transparent falsehood of Doctoroff's pledge to voluntarily recuse himself from any public dealings with Steve Ross and his company.

Box Stores and the Bronx Terminal Market

As we've pointed out, the strong possibility exists that the Related Companies will try to develop the market site with one or more big box stores. Over the past few years its development schema has revolved around the big box concept and this is unlikely to change, even though Related's bids to build two Costco stores in Manhattan and a BJ's on Brush Avenue in the Bronx were defeated through the efforts of the Neighborhood Retail Alliance and the United Food and Commercial Workers Union.

The Neighborhood Retail Alliance is committed to stopping small business-destroying, anti-union box stores. Therefore, our concern with the Bronx Terminal Market is twofold: we are worried about the loss of an important supply line for neighborhood retailers, and we are especially concerned with the building of box stores that will further erode the viability of neighborhood shopping areas and those stores that are vital to the success of local communities.