

Industrial Business Zones as Sustainable Freight Infrastructure



Southwest Brooklyn IDC
1-16-2008 – NYMTC Brown Bag

Southwest Brooklyn Industrial Development Corporation (SBIDC)

- * Founded in 1978
- * Mission: To provide services and advocacy to Southwest Brooklyn area businesses so that they may grow and create employment opportunities for local residents.
- * Provided over 750 business services in past service year to over 500 businesses.
- * Charged with serving over 2,200 industrial/manufacturing firms in Red Hook Gowanus and Sunset Park, Brooklyn.
- * Have administered NY State Empire Zone in Southwest Brooklyn since 1994.
- * Industrial Business Solutions Provider for the Mayor's Office of Industrial & Manufacturing Businesses/ NYC Department of Small Business Service

The Southwest Brooklyn Communities

Sunset Park, Red Hook & Gowanus

- * All mixed-use communities
- * All contain active M-Zones
- * All located on waterfront
- * All have access to high-volume highway, bridge, and tunnel infrastructure, CBD and Downtown Brooklyn CBD.
- * Current rail access in Sunset Park.
- * All have rich history in maritime/industrial development.
- * Skilled and unskilled labor.



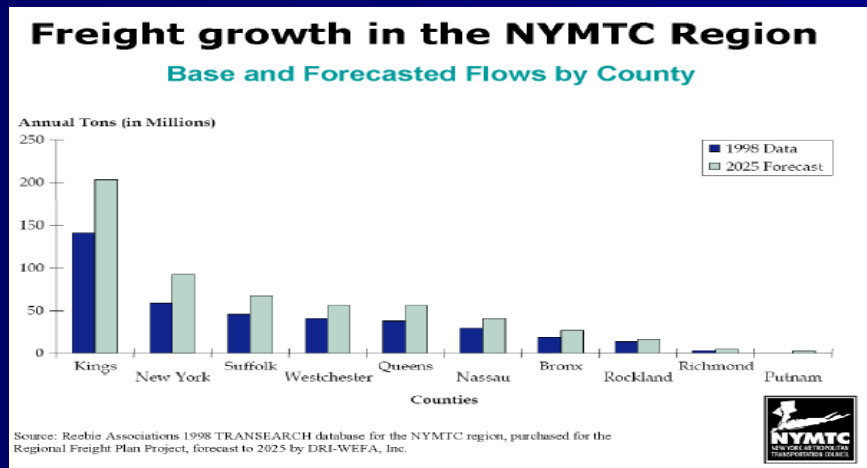
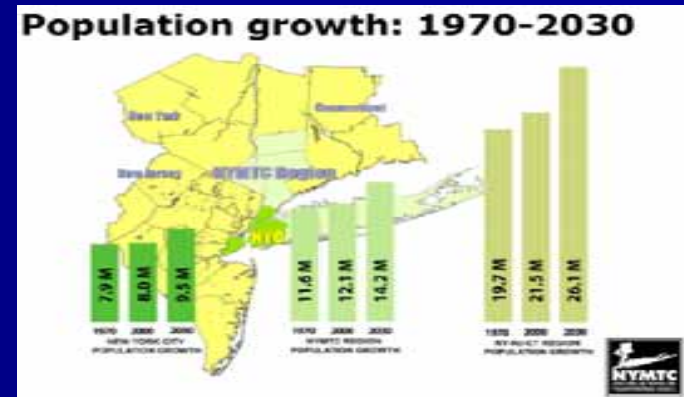
Dispelling some Misperceptions

Current Business Status – A Remarkable Resurgence in the Number of Southwest Brooklyn Industrial Area Firms

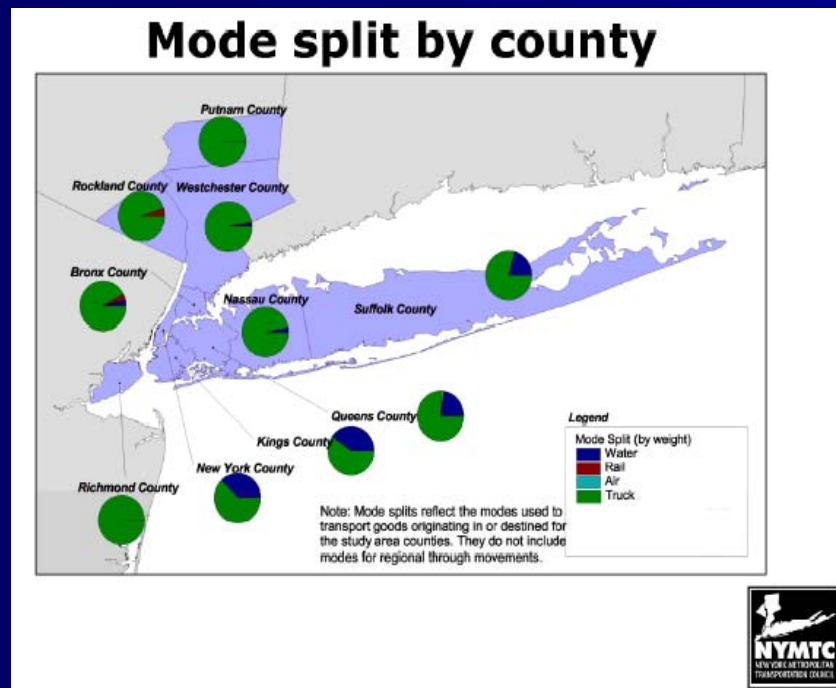
- Because Southwest Brooklyn has large amounts of M-zoned property, unrivaled access to local consumer markets, niche industrial clusters of businesses that support each other, an abundant labor pool and maritime and rail operations, the number of industrial businesses here have surged. Red Hook has seen over a 60% increase in the number of industrial firms since 1991, and Gowanus over a 60% increase since 1997^[1]. Sunset Park has less than a 1% vacancy rate in occupy-able industrial Real Estate and Red Hook and Gowanus, less than 3%. There are over 1,100 industrial firms in Red Hook and Gowanus combined and over 1,300 in Sunset Park. In all Southwest Brooklyn industrial area firms employ over 30,000 people^[2].

- ^[1] Based on door-to-door surveys performed by South Brooklyn Local Development Corporation and current SBIDC data found in surveys and regular database updates.
- ^[2] Based on extensive Real Estate study conducted by SBIDC in participation with NYC Economic Development Corporation in 2005, as well as periodic updates since then.

NYC's Problem: Freight Growth with Lack of RE surrounded by water



Potential Solutions



- ✧ Increase Rail Mode Share
- ✧ Increase Water-Borne Mode Share
- ✧ Enhance Industrial Business Zones to become model Freight Villages

Current Rail: Sunset Park

- * One operational float bridge connecting to one rail yard in NJ. 6 acre Bush Terminal Yard in SP and a 27 acre Greenville Terminal Yard in Jersey City.
- * 3 local SP customers receive approximately 150 rail cars/year removing 732 truck trips from roads.

Source: NY/NJ Rail
F/K/A Cross Harbor Rail

- * Provides a definitive short cut for rail transportation across the metro NY/NJ Harbor; a key time saving as it takes 45 minutes to cross the harbor as compared to shipping via CSX's Selkirk Terminal which could take up to 4 or 5 days.
- * On the West Side of New York Harbor, the Company interchanges rail cars with the CSX Transportation and Norfolk Southern railroads at Conrail Shared Assets Operation's Oak Island interchange yard, New Jersey.
- * On the East Side of New York Harbor, the Company interchanges rail cars with the New York and Atlantic Railroad at Bay Ridge Junction interchange yard, serving all Long Island.



Future Rail in Southwest Brooklyn

- * Major Potential for new local customers. I.e. Sunrise Baking and Superflex.
- * Major potential for expanded service to existing customers, and those that have lost service in recent years.
- * Not necessary for all customers to be sited on rail lines, therefore potential for hundreds of local SW Brooklyn firms. This includes large scale bakers, refrigerated cars for meat district, aggregates and construction materials for builders and contractors.
- * EDC RFP's for usage of 65th Street yard and float bridge
- * New potential for increased regional rail activity
- * Intermodal Permit issued for 2nd Avenue and 5th Street in Gowanus

Current SW Brooklyn Maritime: Phenomenal Growth, Private and Public Investment



Photo Courtesy of PortSide
New York, Carolina Salguero:
www.portsidenewyork.org

Red Hook Container Terminal

- * Serves Regional and local markets.
- * Handled 18,211 containers in 1994, currently handles approximately 100,000/year.
- * Known as fastest container operation in NY Harbor.
- * Houses break-bulk including wood sold to urban Home Depot stores and other construction supply outlets.
- * TREMENDOUS potential for water-borne to truck freight movement. Niche port serving markets east of the Hudson. While SP may be ideal for regional freight movement, no question Red Hook is in optimal position for goods bound for the NYC market.
- * Unparalleled access to distribution corridors that feed NYC and its CBD.

SW Brooklyn Maritime: Not Just Containers



- * Tremendous Growth in Red Hook, Gowanus and Sunset Park Barging Operations.
- * New barging operations include Benson Scrap Metal on the Gowanus Canal, International Salt at the Gowanus Industrial Park in Red Hook (pictured at left) and the LeFarge Cement import facility at 25th Street in Sunset Park.
- * There are many more operations that have expanded, (in some cases dramatically) such as the Erie Basin Bargeport in Red Hook, largely vacant 20 years ago, is now home to over 200 barges and other ocean-going vessels (largest facility on NE seaboard).
- **Barging Activities in the Gowanus Canal & Gowanus Bay REMOVE 194,144 TRUCK TRIPS FROM OUR ROADS EACH YEAR** including fuel, sand, stone, cement and soon municipal waste (this does not include Bargeport and SP activities north of 25th Street).

Urban Freight Villages?

- * Urban Freight Villages could reduce origin/destination distances for freight movement feeding NYC massive consumer market.
- * Would be integral to sustainable transportation system in NYC.
- * Would reduce carbon footprints for NYC consumer goods, waste and industrial services delivery.
- * May be missing link to PlaNYC 2030.

SW Brooklyn Industrial Business Zones already act as make-shift Freight Villages.

- * "A freight village is a defined area within which all activities relating to transport, logistics and the distribution of goods, both for national and international transit, are carried out by various operators" (NYMTC).
- * An urban freight village, such as SW Brooklyn, would primarily serve regional and local markets.
- * Ideal services and attributes of current Freight Villages, such as those found in Europe include restaurants, motels/hotels, at least 125 acres of land, post office, transit services, banking services, employment training facility, employment agency, vehicle service repair and usually include a public/private partnership (Roberta Weisbrod and NYMTC) .
- * SW Brooklyn communities contain these services and attributes.

SW Brooklyn FV Features

- * Features of Freight Villages include multimodal service, warehousing, distribution, intermodal terminal, customs and freight forwarders (NYMTC). SW Brooklyn, with the exception of customs, already have these features, they just need to be shined up a bit.
- * Multi-Modal: SP has rail, water and highway, RH has water and optimum highway, Gowanus has water highway and proximity to Downtown Brooklyn and CBD.
- * Warehousing: All neighborhoods have tremendous amount of warehousing, and as in other major cities, much of it is going vertical like new DHL redevelopment of Manhattan warehouse; i.e. Idea Nuova in Red Hook and many tenants of SP's Brooklyn Army Terminal. Federal Building development in SP will be ideal production, warehouse and distribution facility – 1.1 million square feet.

SW Brooklyn FV Features



Distribution: Southwest Brooklyn businesses act as invaluable green infrastructure for NYC by minimizing the distance between origins and destinations of goods and services bound for the Central Business District and the greater NYC consumer market.

GO Express, a Red Hook woman-owned shipping and courier business that is one block from entrances to I-278 for both East and West bound traffic, and a few blocks from the entrance to the Brooklyn Battery Tunnel. Deliveries can be made to her Manhattan clients in ten minutes. These **clients include Merrill Lynch, Credit Suisse, Bear Stearns, Morgan Stanley, HBO and Time Inc.** GO Express could have chosen to expand their business in NJ which offers much cheaper rents and sale prices for industrial land, but because they could not provide the same caliber of service from New Jersey, GO Express has invested in growing their business in NYC.

When Go Express started in Red Hook, they rented 3,000 square feet, employed 3 people, and had 5 vans to handle local deliveries. Go Express then relied primarily on Air-freight forwarding. In 2002 Go Express invested close to \$1million in purchasing their current 12,000 square foot facility just two blocks away in Red Hook. Their services now include warehousing, local delivery services, domestic and international deliveries and shipping, specialized computer packing, shipping and delivery, and 2 subsidiary companies that include messenger services and event logistics.

SW Brooklyn FV Features

Distribution: Essential proximity to downtown and Manhattan

Concrete: 90 minutes to fix and fully pour

| | |
|-----------------|---------------|
| Quadrozzi: | Freedom Tower |
| Ferrara Bros: | Water Main |
| Empire Transit: | WTC Memorial |

SW Brooklyn FV Features

Southwest Brooklyn industrial companies enable, and provide essential goods and services to, NYC's key economic sectors including Finance, Real Estate, Media, Arts, Entertainment and Tourism.

FIRE, media and arts companies require unique and just-in-time goods and services which cannot all emanate from NJ.

Eastern Effects: rents lighting and grip equipment to New York City's television and film industry, relocated to Gowanus 1½ years ago from a smaller facility in Brooklyn. Eastern Effects also rents out office and production space to several other entertainment support businesses. Eastern Effects services a wide range of **clients, including America's Next Top Model and The Apprentice.**

JMFX manufactures props and designs special effects both in New York City and throughout the country. Special effects and pyrotechnics have been featured in Broadway plays, Madison Square Garden concerts, and fashion shoots throughout the city. **Les Miserables** depends on JMFX for rifles; if **the David Letterman Show** needs trans fat-like substance to dump on Alan Kalter's head in 3 hours time, they call JMFX. After losing its lease in DUMBO, JMFX was able to find space in Gowanus and invested **nearly \$300,000** in improvements. **Since 2005, JMFX has doubled its staff: 19 FT employees, 24 PT and 2 freelancers.**

Turning Star manufactures flame retardant products for use on textiles, paper, wood, and more. Its products are used by companies throughout the US, and used by upholsters, architects and theaters. Among its clients is **Radio City Music Hall.**

SW Brooklyn FV Features

Southwest Brooklyn industrial companies manufacture high-technology, added-value, and 'green' products that bring export dollars into the City and have impressive multiplier effects.

- High technology and 'green' manufacturing companies: earn 'export' dollars for NYC; some firms are part of the "Innovation Economy" (compete globally in markets defined or enabled by technology); some have an employment multiplier effect of 3.5, versus 1 in typical retail and service sector companies; and have high growth potential.^[1]
- **Green industry firms will help NYC meet 2030 sustainability goals by providing green products and services.**
- **Linda Tool** is a precision metal manufacturer that machines parts to within one-one-thousandth of an inch. Parts are used in **Boeing** airplanes and **NASA** space shuttles among other high-tech clients. Linda Tool has added 4 employees since moving to Red Hook from Gowanus, and has invested over \$2 million in property acquisition and new equipment purchases. Relies on trained loyal and highly skilled local labor. Linda Tool is also a subcontractor to other NYC firms including Ellanef, a large manufacturing firm which is a division of Magellan Aerospace in Long Island City. Linda Tool sells primarily to other states, bringing valuable 'export' dollars into NYC.
- **Tristate Biodiesel** has signed a 20 year lease in Red Hook and will break ground eminently on NYC's first major yellow-grease biodiesel manufacturer. The company has already hired 2 people through SBIDC that live in the nearby housing development with high-quality wages. Once biodiesel is in production, local school bus companies, trucking companies, concrete manufacturing firms and all other businesses that have diesel equipment and vehicles can utilize the fuel which is better for the life of the engine.
- SBIDC's **Green Industries** program has already facilitated meetings with potential consumers for Tristate, and is working with a State legislator to devise a tax incentive for biodiesel consumption, in addition to the current federal incentives.

[1] "Delivering on the Promise of New York State: A Strategy for Economic Growth & Revitalization". AT Kearney, 2007.



Essential Local FV Assets

Physical Community Assets

- Proximity to vital roadways including Interstate 278 and the Brooklyn Battery Tunnel which together feed all 5 boroughs directly.
- Proximity to Manhattan's Central Business District.
- Deep water for barging and shipping needs.
- Rail infrastructure.
- Publicly owned land.
- Heavy and Light Manufacturing Zoned land.

Essential Local FV Assets

Social and Programmatic Community Assets

- Working class communities with historic and current ties to job opportunities offered by local industrial business community. Over 40% of Sunset Park residents and nearly 20% of working residents of the public housing developments of Red Hook and Gowanus, walk to work^[1]. The local business community thrives on this labor pool and local residents depend on the quality jobs businesses provide.
 - Local residents support local businesses. Sunset Park 197-A Plan just passed by Community Board 7: community laid out a “framework for revitalization of the Sunset Park waterfront as an economically viable and environmentally sustainable resource that is closely related to, and serves the needs of, adjacent upland communities”. Industrial retention and growth are integral components to community’s vision, as well as increasing inter-modal transportation operations, improving the environmental performance of industrial businesses, growing ‘green’ industrial sector companies and increasing green space and public access to the waterfront in manners that will not interfere with industrial job growth.
 - SBIDC: staff of 9 people together represent over 25 years of experience in economic and community development. Staff speaks Spanish, Hebrew, Mandarin and Cantonese and has created close ties with business owners and their employees. SBIDC is one of the highest performing Industrial Business Solutions Provider contractors in NYC. Staff provides in-depth business assistance and essential relationships with the public sector.
 - New York State Empire Zone.
- [1] Census 2000.

Moving Forward



- Green IBZ's.
- Improve Infrastructure.
- Consider/study potential vertical industrial development.
- Invest in emerging industries.
- Recognize positive accomplishments made: IBZ creation, EDC commitments (SP Marine Terminal, Rail improvements, SIMS/Hugo Neu) etc.
- Continue to build public-private partnerships.
- Develop freight transportation plan for NYC including land use recommendations around pertinent distribution nodes.
- NYMTC, EDC, SBS, OIMB, DOT, DCP, Non-Profit and Local Business partnerships to include further study and action plans development.
- **Protect** and nurture IBZ's (IED's – NYIRN)

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Thank You!