

PUBLIC HEARING SCRIPT

**Sodexo, Inc. and/or Individual(s) or
Affiliate(s), Subsidiary(ies), or Entity(ies)
formed or to be formed on its behalf
Project**

Public Hearing to be held on July 27, 2015 at 9:30 a.m.,
at the Town of Cheektowaga Town Hall, 3301 Broadway (Town Council Chamber)
Cheektowaga, New York 14227

ATTENDANCE

Jill Pawlik/Uniland
Peter Sayadoff/Uniland
Matthew Dresendahl/Uniland
Scott Brooks/Sodexo
Kirk Laubenstein/Coalition for Economic Justice
Sarah Buckley/Coalition for Economic Justice
Jud Payne/Coalition for Economic Justice
Ellen Kennedy/Coalition for Economic Justice
John Cappellino/ECIDA
Lynda Stephens/Coalition for Economic Justice
☒ Members of the General Public

Second Option: To be followed when Members of the Public are in attendance:

☒ 1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 9:30 a.m. My name is Grant Lesswing. I am the Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this public hearing.*

☒ 2. PURPOSE: Purpose of the Hearing.

Hearing Officer: *We are here to hold the public hearing on the Sodexo, Inc. and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on Thursday, July 16, 2015.*

☒ 3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.

Hearing Officer: *The proposed project (the "Project") consists of: (i) the equipping of a 109,170+/- SF building to be located at 400 Airborne Parkway, Town of Cheektowaga, Erie County, New York (the "Improvements") with equipment and other tangible personal property to be utilized for Company operations (the "Equipment," and collectively with the Improvements, the "Facility").*

The proposed financial assistance contemplated by the Agency includes New York State and local sales and use tax exemption benefits (in compliance with Agency's uniform tax exemption policy).

☒ 4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203 until the comment period closes on August 17, 2015. There are no limitations on written comments.*

☒ 5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Scott Brooks: Good Morning. My name is Scott Brooks and I am a Senior Finance Director at Sodexo. Sodexo is a leader in delivering integrated facilities management and food service operations. Like many companies, we are constantly looking and evaluating opportunities to better serve our customers, our shareholders and our employees. As part of that process, we have been considering the space needs associated with the Buffalo Service Center Operations. Sodexo's US headquarters is in Gaithersburg, Maryland, and as a result, Sodexo has a

significant and extensive real estate presence in that location. Given that the back office functions in Western New York and the November 2015 lease expiration, Sodexo began an analysis of the three options which were keep the current layout, consolidate operations or relocate operations to Sodexo's headquarters campus in Maryland. The efficiencies gained by consolidating into a new build facility along with the incentives potentially available through the ECIDA, provide the economic argument for Sodexo to consolidate its Buffalo operations and make a long term commitment to the Buffalo region rather than relocate to Maryland. It was determined that the most suitable location was the Town of Cheektowaga, at Airborne Business Park owned by Uniland, keeping in the area 511 high skilled and above average wage jobs. However, Sodexo's long term commitment is contingent upon receiving the ECIDA benefits by August 28th, 2015. Sodexo's objective is to create a work environment where our employees can be efficient and be able to enjoy the space where they spend much of their time. Thank you.

Kirk Laubenstein: Sir, my name is Rev. Kirk Laubenstein with the Coalition of Economic Justice. I am the Executive Director. Sir, I have a prepared statement here. The Coalition of Economic Justice urges the Erie County Industrial Development Board of Directors to reject Sodexo, Inc.'s application for tax breaks. The Sodexo application for tax breaks for a consolidated office in Cheektowaga does not warrant public assistance. Sodexo, Inc., is the fully owned North American subsidiary of the French multi-national corporation Sodexo Group. As of 2013, the Sodexo Group was ranked the largest food services and facilities management company in the world. In 2013, Sodexo Group reported \$24.8 billion dollars in revenues, 38% of which came from operations in North America, and \$1.3 billion in operating profits according to the corporate watch dog site, SourceWatch. Sodexo is a highly profitable corporation that can finance the construction of this proposed office building on their own without relying on taxpayer subsidies. Economic developments should be used wisely and carefully for projects that will have a positive impact on our community and create new living wage, real economic growth and shared community benefits. Sodexo's application for tax breaks fails to meet all of this criteria. Instead, Sodexo proposes to shift 511 jobs from Amherst to Cheektowaga and create zero new, permanent jobs. Why should tax payers be expected to financially support a highly profitable company's decision to shift jobs from one part of our region to another? The Sodexo project will cost local municipalities, school schools, public transportation and other public services critical tax revenue and place additional strain on area taxpayers. What does the public know about the 511 jobs Sodexo included in its application and is threatening to move out of the area if the ECIDA does not give the company tax breaks? Next to nothing. Sodexo left the salary range on the ECIDA application blank and does not describe the types of jobs it is asking the community that it supposed subsidize. How can the community or the ECIDA Board conduct an informed cost benefit analysis of this project when the company does not include critical information on the jobs in question? Further, Sodexo, Inc., had a long record of paying workers poverty wages, overcharging clients and violating workers' rights and food, and food and safety standards. In July of

2010, Sodexo paid a \$20 million dollar settlement under the New York False Claims Act for overcharging 21 New York school districts as well as the State University of New York System between 2004 and 2009. Despite promising to provide goods at cost, former New York State Attorney General Andrew Cuomo's investigation found that the company failed to acknowledge or return rebates averaging 14% that said its flyers issued to the schools. More than 11 universities, including SUNY Albany, have ended their relationships with Sodexo referencing the company's involvement in private prisons and its violation of workers' rights. According to independent reports on Sodexo by Human Rights Watch and TransAfrica Forum, Sodexo workers in the United States, Columbia, the Dominican Republic, Guinea and Morocco, experience poverty wages, injuries on the jobs, firings for trying to organize other workers and rancid food in the company cafeteria. Companies that fail to respect basic community standards and human decency should be excluded from receiving public money. For these reasons, the Coalition of Economic Justice urges the ECIDA Board of Directors to reject Sodexo's application for tax breaks and, instead, continue to invest taxpayers' dollars wisely in companies that have a positive impact on our communities and that provide a solid return on the public's investment. Thank you.

Sarah Buckley: Hi. I'm Sarah Buckley. This is going to sound familiar for those of you who are in the room. I'm a registered nurse and a life-long resident of Western New York. My family and friends have benefits from our local public schools and, as a nurse, I again and again see the necessity of Medicare and Medicaid for my patients. As a homeowner and worker, I also contribute to these public goods through my taxes. The promise of the New Buffalo and Western New York, a promise that we as those who grew up in Western New York and live here now have always known to be true, that this is a great place to live and also as the wife of a local small business owner, it can be a great place to do business. I'm impressed that the Erie County IDA is being true to that promise with higher standards and greater accountability when they decide to give tax subsidies. I hope they continue to do this and not grant tax subsidies for this project that has no promise to create jobs and for a company who has a track record of mistreating their workers. I don't want Western New York to lose 511 jobs but I also don't think it's the role for a County IDA to be threatened with moving unless they can get out of their contribution to the community. It is the opposite of high road economics and it is a threat to the promise of a New Buffalo and a New Western New York.

Jud Payne: Hi. My name's Jud Payne. I won't reiterate what Kirk said. I thought he said it very well. Those were – those were the bulk of my notes. The one thing that really stuck with me was this \$20 million dollar fine that they paid but out of a \$1.3 billion dollar gross profits for that calendar year, I guess this is just the cost of doing business which is ethically and morally just horrible. The fact that SUNY has cut their ties with them as far as doing business, should say something about the kind of business we're talking about. It's 511 jobs to retain them. I'm

not one of those 511 people so the fact that they have been charged with substandard wages and working conditions just tells me that are these really the kind of 511 jobs that we want. So I speak against the subsidies for Sodexo and the Uniland project. Thank you.

Ellen Kennedy: My name is Ellen Kennedy and I'm here to speak against the application for public subsidies submitted by Sodexo. I am a member of Citizen Action of New York and the Coalition for Economic Justice, organizations which have been working for years, too many years I might add, to reform IDA's. There is no justification for providing any kind of public subsidy to a billion dollar, international corporation in order to equip a new office building. The 2013 Erie County Report entitled "Initiatives for a Smart Economy, Erie County Economic Development Strategy" says it clearly. IDA's were created in New York State "to induce job creating and wealth producing activities by private sector companies that would not have otherwise occurred However, public support cannot and should not go to a company to simply increase its profits. A culture has developed in Erie County economic development circles among major developers, commercial real estate brokers and economic development professionals that every project is entitled to a taxpayer supported benefit simply because a developer or company is undertaking a project. This runs counter to good economic theory, distorts the free market, and weakens an already fragile tax base. Not every project should receive taxpayer support. Such benefits should be reserved for projects that would not otherwise have occurred, have significant job and wealth creating benefits to the community or provide targeted community redevelopment benefits. This culture of entitlement must end." If I had read Sodexo's application correctly, they are asking for \$466,941.00 in sales tax exemptions in Erie County. Their application also lists a \$750,000.00 capitol grant which has already been provided by Empire State Development. This is the same amount that was indicated on the Uniland application. So, should Erie County taxpayers make up for the loss of revenue for their school districts and the county budget just so a very profitable corporation can make even more money? As for the threat to move their back office out of state, do we really want to reward bad behavior? Shouldn't a major corporation have some commitment to its employees and a community or does greed top any other concern? Approving this application would make a mockery of the existence of Industrial Development Agencies.

Linda Stephens: My name is Linda Stephens and I thank you for the opportunity to, umm, make comments on the proposed project. I am a member of the Coalition for Economic Justice, Citizen Action and also with the League of Women Voters who have just adopted a living wage position by the way. Dear ECIDA Board Members, Uniland, along with the Coalition for Economic Justice, I stand firmly against granting any ECIDA subsidies to Uniland for the proposed project. Uniland has extensive resources to carry out the project without taxpayer assistance. Delaware in the Uniland company name, suggest they already benefit from a lower tax environment in the State of Delaware. This company appears

adept at working the system to boost profits at taxpayer's expense. There is no compelling reason for local taxpayers to subsidize Uniland's proposed project that moves another company's operation from one town to another in Erie County. Doesn't the ECIDA frown upon that practice? Sodexo, I'm also against public subsidies for Sodexo. Such subsidies would benefit a large multi-national corporation that has a record of low wages for line employees and run-ins with the law that have resulted in \$20 million dollars in damage payments. Our own state university system has experienced Sodexo's excessive greed and has terminated their relationship. Would Sodexo move their operations to move 511 jobs to Maryland? I doubt it. Cost of living and availability of reliable low wage workers are not as favorable in Maryland. These factors will cut Sodexo's profits and physically remove them from their New York operations. I urge the ECIDA to reject both subsidy applications and thank you for your consideration.

Hearing Officer: O.K. We're going to keep it open for 15 minutes and give a chance for anybody else to show up.

☒ **6. ADJOURNMENT.**

As there were no further comments, the Hearing Officer closed the public hearing at 10:00 a.m.

**SIGN IN SHEET
PUBLIC HEARING**

July 27, 2015, at 9:30 a.m.
at the Town of Cheektowaga Town Hall, 3301 Broadway
(Town Council Chamber), Cheektowaga, New York 14227
regarding:

**Sodexo, Inc. and/or Individual(s) or Affiliate(s),
Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf**

Project Location: 400 Airborne Parkway, Cheektowaga, New York 14225

Name	Company and/or Address	X box to speak/ comment
Jill Pawlik	Uniland	
Peter Sayadoff	Uniland	
Matthew Drosendali	Uniland	
Scott Brooks	Sodexo	X
Kirk Haubenstein	CEJ	X
Sarah Buckley	CEJ	X
Jud Payne	CEJ	X
ELLEN KENNEDY	CEJ	X

John Cappelletti SCIDA
 239441 2557100v1 h y n d a S t e p h e n s C E J Y

Peter Woodward
President

Dallas Garlow
Vice President

Chris Stone
Recording Secretary

LOCAL 276



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UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

NORTHEAST REGIONAL COUNCIL OF CARPENTERS

August 6, 2015

Erie County Industrial Dev. Agency
95 Perry St.
Buffalo, NY 14203

RE: RE: Sodexo Inc. (400 Airborne Pkwy. Project)

Dear Board of Directors,

The Northeast Regional Council of Carpenters, Local 276 strongly objects to Sodexo Inc.'s application for tax breaks and other incentives.

Sodexo's proposed project will create no new permanent jobs and most, if not all of the construction jobs involved in this project will go to contractors who do not pay the "Area Standard" for wages and benefits.

Sodexo is the 18th largest employer in the world with 33,400 sites in 80 countries. Sodexo's annual Revenue at \$24.8 billion exceeds the GDP of 50 nations on this planet. Sodexo became this large by expanding its operations, not consolidating them. The innuendo that Sodexo will move their "back office" jobs to Maryland is a hollow threat and a scare tactic. Sodexo placed their operations here because Western NY has the infrastructure and the trained, skilled workforce to do the work. Western NY is poised for explosive growth in the next 10 years and Sodexo will want to be here.

On page 5 of their application to the ECIDA, Sodexo claims that other area locations were deemed **"too Far from current employees"** and yet they threaten to move their offices 364 miles to Gaithersburg, MD.

On page 13 of their Application to ECIDA Sodexo states, **"Facility needs analysis also revealed a location closer to central Erie County would benefit employees who reside in Southern Erie County, thereby increasing employee retention."** The truth is Sodexo's proposed move is only 1.6 miles from their current location.

LOCAL 276

Peter Woodward
President

Dallas Garlow
Vice President

Chris Stone
Recording Secretary



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Subsidizing this project is wrong minded, pitting one town against another. Amherst, Cheektowaga and Erie County all stand to lose revenue. Meanwhile, one of the largest companies on earth, gains at taxpayer expense.

In conclusion, the Northeast Regional Council of Carpenters', Local 276 urges the ECIDA Board of Directors to reject Sodexo's request for tax breaks.

Respectfully,

Christopher Stone

Recording Secretary, Carpenters' Local 276