

**JOINT COUNCIL No. 16**  
INTERNATIONAL BROTHERHOOD OF TEAMSTERS



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April 23, 2022

Suffolk County Industrial Development Agency  
H. Lee Dennison Building, 3<sup>rd</sup> Floor  
100 Veterans Highway  
P.O. Box 6100  
Hauppauge, NY 11788  
(631) 853-4802

**Re: Applicant: Venture One Acquisitions, LLC**  
**Location: 49 Wireless Blvd, Hauppauge, NY 11788**

Dear Chairwoman Wright and Members of the Board:

These comments are being submitted on behalf of Teamsters Joint Council 16 for the public hearing on April 25, 2022 to discuss the warehouse project at 49 Wireless Blvd. in Hauppauge. The Suffolk County Industrial Development Agency (IDA) is considering assistance in the form of sales tax, use tax and mortgage recording tax exemptions. and a property tax abatement.

Teamsters Joint Council 16 represents 120,000 workers in Downstate New York and Puerto Rico, including many in the warehousing and logistics industry. It is part of the 1.4 million-member strong International Brotherhood of Teamsters.

We urge the Suffolk County IDA to delay action on this request for assistance, until there is more information on the project which could be used to evaluate whether the IDA's assistance is appropriate and necessary.

**Project Description:**

Suffolk IDA documents describe the project:

The Suffolk County Industrial Development Agency (IDA) has preliminarily approved a transaction to invest in Venture One Real Estate, LLC for the construction of a 123,970 square-foot of industrial space over 7.4 acres of land at 49 Wireless Boulevard in Hauppauge, NY... To make way for the new building, Venture One Real Estate will be demolishing an underutilized 90,702 square foot office building and replacing it with a state-of-the-art facility that feature 45-foot

ceiling heights, multiple loading bays and ample parking. Through the building's construction, it is expected to create at least 30 full-time equivalent (FTE) jobs with an average salary of \$40,000 within two years of completion, as well as approximately 220 construction jobs..."

**This Project Might Be An Amazon Last Mile Delivery Station:**

Suffolk IDA documents do not specify a known end user for the warehouse. Despite this, there seems to be a significant chance that the project will be an Amazon last mile delivery station:

- This site was originally intended to house an Amazon last mile facility. Press accounts indicate that the developer of that project walked away from the project within the last 2 months. Importantly, there has not been any indication that Amazon has lost interest in building a last mile facility there.
- Venture One Northeast Regional Vice President Brian McDonagh would not comment on whether the company is working with Amazon on the current project at 49 Wireless Blvd.<sup>1</sup> Venture One, however, has a significant pre-existing relationship with Amazon. In Illinois for example, it leases 4 warehouses (totaling over 2M sq ft) to Amazon.<sup>2</sup>
- The project exactly fits the parameters of a typical Amazon last mile delivery station (approximately 100,000 sq. ft. of warehouse space, located within a densely populated urban area, etc.).
- Amazon is now the largest operator of e-commerce facilities and the largest single developer of warehouses and logistics facilities in the United States. From 2014 to the first half of 2021, the number of last mile delivery stations grew from just 8 to almost 450. Amazon plans to open at least another 250 last mile delivery stations in the U.S. over the next 2 years. The company reportedly plans to open at least 1,500 last mile delivery stations.<sup>3</sup>
- Amazon has made an aggressive push to build more warehouses in Long Island, working with developers to build facilities in Syosset, Holbrook, Woodmere and Westhampton. Amazon continues to push more Long Island development projects in places such as Freeport.

Suffolk IDA officials should request that the Applicant, Venture One, divulge any intended end user. It should consider withholding final approval of assistance until the end user is known as this could be important to evaluating whether assistance should be given to this project.

**The Project May Not Need IDA Assistance:**

The purpose of IDAs is to:

- 1) Offer assistance in the creation and/or retention of local jobs that might otherwise be impossible, and
- 2) Incentivize job-creation projects that might otherwise go to other locations.

We question whether these objectives would be met by subsidizing this project.

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<sup>1</sup> "2nd try for warehouse; On site Amazon once targeted, a new, bigger plan," *Newsday* (New York), April 1, 2022.

<sup>2</sup> Venture one website, <https://www.ventureonere.com/?s=amazon>.

<sup>3</sup> <https://www.freightwaves.com/news/amazon-to-blanket-the-burbs-with-lots-of-delivery-stations>

The Suffolk IDA's Form Application for Financial Assistance (Question 3 of Part VII) asks "Is there a likelihood that the Applicant would not proceed with this Project without the Agency's assistance?" Venture One answered "Yes," clarifying that the "Applicant currently develops industrial properties in several states. Absent financial assistance, Applicant would construct its industrial warehouses in states other than New York."

This assertion is unlikely to be true in the event that this project is intended for a last mile delivery station. They are the final stop in the e-commerce supply chain before packages are delivered to customers. Due to this, last mile delivery stations must necessarily be located close to their service areas. In other words, a last mile facility intended to service eastern Long Island could not otherwise be located in New Jersey, Connecticut or elsewhere.

Furthermore, if this project is an Amazon facility, the company's enormous wealth renders the Suffolk IDAs financial assistance unnecessary.

### **This Project May Not Create Good Jobs:**

A prime reason for supporting projects such as this one is the prospect of jobs for local residents. Suffolk IDA documents indicate that the project will create 30 permanent jobs with an annual average salary of \$40,000. There is no guarantee that these will be good jobs, if this project is an Amazon facility.

### **Negative Impact on Wages for the Permanent Warehouse Jobs:**

- According to Bureau of Labor Statistics data for 68 counties where a large Amazon facility was opened, the average compensation for the industry declined more than 6% in the two years after opening.<sup>4</sup>
- A U.S. Government Accountability Office report from October 2020<sup>5</sup> cited in several articles found that in the 9 states covered, more than 4,000 Amazon employees receive SNAP food assistance.
- Pre-pandemic research found that warehouse workers in areas with an Amazon facility earned about 10% less than similar workers elsewhere.<sup>6</sup>

### **Injury Rates Associated with Amazon Facilities:**

- OSHA data for 2020 shows that the serious injury rate at Amazon warehouses – meaning workers were hurt badly enough to miss work or be placed on light duty – was almost 80% higher than the entire warehousing industry at 5.9 serious injuries for every 100 Amazon workers.<sup>7 8</sup>

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<sup>4</sup> Bloomberg. [Amazon Has Turned a Middle-Class Warehouse Job into a McCareer](#). December 2020.

<sup>5</sup> U.S. Government Accountability Office Report to the Ranking Member, Committee on the Budget, U.S. Senate. FEDERAL SOCIAL SAFETY NET PROGRAMS: Millions of Full-Time Workers Rely on Federal Health Care and Food Assistance Program. <https://www.gao.gov/assets/gao-21-45.pdf>. October 2020.

<sup>6</sup> The Economist. [What Amazon does to wages](#). January 2018.

<sup>7</sup> The Washington Post. [Amazon warehouse workers suffer serious injuries at higher rates than other firms](#). June 2021.

<sup>8</sup> Strategic Organizing Center. [Primed for Pain: Amazon's Epidemic of Workplace Injuries](#). May 2021.

- Despite touting millions spent on safety, internal data show that Amazon leaders went to great lengths to hide an ongoing, and worsening, safety crisis at company warehouses across the U.S.<sup>9</sup>

Amazon Employment Churn: Data shows that when Amazon moves into a county, turnover rates for the entire county skyrocket – in just 2 years, a new Amazon facility increases the turnover rate for warehousing and storage employees an average of 30%.<sup>10</sup> In California, researchers found that the average turnover rate in “Amazon” counties for warehouse workers more than doubled in the years between 2011 and 2017, from 38.1% to 100.9%.<sup>11</sup>

**Conclusion:**

For the reasons discussed above, we respectfully request that the Suffolk County IDA refrain from approving the proposed project until it has the information needed to make an informed investment decision. Thank you for your consideration.

Sincerely,

Teamsters Joint Council 16

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<sup>9</sup> Reveal. [How Amazon Hid its Safety Crisis](#). September 2020.

<sup>10</sup> The New York Times. [Inside Amazon’s Employment Machine](#). June 2021.

<sup>11</sup> National Employment Law Project. [Amazon’s Disposable Workers: High Injury and Turnover Rates at Fulfillment Centers in California](#). March 2020.