

Fresh Direct: A Rotten Deal

By Tom Angotti

Fresh Direct delivers food to households all over the city. But New York City's deal to give the company land in the South Bronx and nearly \$130 million in subsidies is rotten.

The city's Economic Development Corporation has brokered a deal with Fresh Direct, a company that delivers prepared food to households all over the city. The deal would allow them to move from Long Island City in Queens, where developers are anxious to get their hands on industrial land, to the Harlem River Railyards in the South Bronx, where city and state agencies are used to unloading heavy polluters. Fresh Direct would be rewarded with nearly \$130 million in city and state subsidies.

The city promotes the deal as a "win-win" for New York City. It is supposed to be a job generator, producing as many as 300 new jobs, possibly 1,000 by 2020. It is supposed to ease congestion and improve the environment. Fresh Direct has promised 10 electric trucks that would eliminate diesel emissions. And more busy people will have access to healthy food.

On closer inspection, however, it's a bad deal for taxpayers, South Bronx residents, food industry workers, the environment, and consumers. At a time when more people are clamoring for a healthier and more sustainable food system, Fresh Direct would deliver a barrel of bad apples.

Residents in some of the city's most fashionable neighborhoods are already complaining about Fresh Direct's delivery trucks. They run on diesel fuel, which generates fumes that contribute to asthma and respiratory disease. Even if the engines are cut off while a delivery is being made, the refrigeration units continue to roar. Deliveries can be made as early as 6:30 am or as late as 11 pm. The drivers habitually double-park. On Manhattan's Upper West Side, mounting neighborhood complaints have already forced Fresh Direct to confine trucks to a designated area.

The ten new electric trucks would represent a mere 4% of Fresh Direct's fleet, and they would be entirely paid for with public funds. Will the company wait for more subsidies before replacing the rest of its dirty fleet?

Fresh Direct = Bad Environmental Policy

The move of Fresh Direct headquarters from Long Island City to the South Bronx would have an ever bigger impact on the 85,000 residents of the South Bronx neighborhood that have to live with huge, polluting waste facilities and truck traffic. The 16-acre site promised to Fresh Direct is in an area with the highest asthma rates and lowest incomes in the city. It has the most dense highway network in the city, featuring the Cross-Bronx Expressway, which handles 90% of all truck traffic to the city. The Harlem River Railyards, where Fresh Direct wants to set up shop, has a giant Waste Management, Inc. transfer station, Fedex and NY Post facilities. Nearby are a Con Edison plant, the city's largest waste water treatment plant, a sludge processing facility, and the city's wholesale produce market. These are all big generators of truck traffic. For decades, environmental justice advocates have been pressuring the city to relieve the environmental burdens on South Bronx residents and get other parts of the city to accept their fair share of the city's noxious infrastructure.

Fresh Direct would make things worse.

Fresh Direct = Bad Economic Development Policy

If Fresh Direct needs deep subsidies to stay afloat, how viable is its business model? Why should the city and state give generous subsidies to this one company when food retailers all over the city have to operate on the slimmest of margins? Did anyone in government calculate how many food retail jobs would be lost as a result of Fresh Direct, and subtract that from the new jobs promised? Did the city's Economic Development Corporation even look at the impact on the city's food retailers before it approved the multimillion dollar giveaway? A few years from now, under the next city administration, will anyone even remember to check whether the jobs were still there? The same questions should apply to the state, which is giving Fresh Direct access to 16 acres of tax-exempt land without any serious analysis of economic benefits and costs.

Fresh Direct's jobs are hardly living wage jobs. The company's workers earn as little as \$8 per hour. According to Good Jobs New York, 38% of their labor force earns less than \$25,000 per year, far below the Bronx median household income of \$34, 264. Recently the company blocked a union organizing drive by the Teamsters.

Fresh Direct = Bad Food Policy

Fresh Direct is a new and catchy version of *fast food*. The city should instead be encouraging *slow food*.

The leading food-related health problems in the city are obesity and diabetes and Fresh Direct will do nothing to address them because it will not serve the people that are the most in need of healthy food, busy working people with low incomes who often cannot eat at home. While many working families may benefit from having prepared meals delivered to their front doors, working families needing healthy food are less likely to afford Fresh Direct. Indeed, Fresh Direct is fast food for the privileged. To get an idea of their customer base, consider that the only place they deliver outside New York City is the Hamptons!

Despite creative policy proposals advanced by Manhattan Borough President Scott Stringer and City Council President Christine Quinn, and brief mention in the city's long-term sustainability plan, PlaNYC2030, the city doesn't have much of a food policy. Publishing calories at fast food joints is of minimal value, and most experts agree that simply educating people about fast food is not enough to bring about change. Alternatives are needed. New York City promotes local green markets and green carts, and has a major initiative to subsidize supermarkets in areas that lack them. But it does very little to counter the tyranny of fast food.

Public health experts recognize how consumers are harmed and alienated by the industrial food system: food is a collection of "things" that come in packages, are lined up in rows on store shelves, and get delivered by trucks. Preservatives and processing make it possible to consume food just about any time and anywhere. Food manufacturers and retailers commonly add abundant amounts of salt, sugar and other additives to encourage consumption, even though this produces food addictions and food-related illnesses.

Fast food is a by-product of an economy in which too many people work longer hours and more days, have less time to prepare meals, and no longer enjoy the social and cultural benefits of leisurely meals. They have to consume fast meals at home or go to the nearest fast food joint. Workers in the U.S. work more hours on average than workers in any other industrialized nation.

Fresh Direct's meals may or may not be healthier than the packaged and canned food found in supermarkets. They may or may not be better than the usual takeout fare. But they are still fast food, with packages that can be popped in the oven, thrown on the stove, or microwaved. Fresh Direct's giant menu has healthier options, but so do many upscale supermarkets and restaurants that serve the same clientele. The higher-income population that it serves already has access to healthier options. Thus, there is no net gain for healthy food.

Slow food is more than a food fad. The city should use its power and resources to promote the preparation of healthy food at home, where all household members can benefit from the valuable social environment around a slow, easily digestible meal.

Fresh Direct is Not So Direct

If we look at the costs of transporting food, Fresh Direct's model of delivering from one central location to individual households throughout the city is extremely inefficient. It will only increase the miles that food travels from farm to table. Supermarkets tend to sell their food locally, within relatively limited geographical areas. Most New Yorkers walk to their local supermarkets or bodegas, and even those who do drive tend to use cars, not diesel-spewing trucks. Fresh Direct instead delivers from one central location in the city to many, more distant locations. Fresh Direct therefore adds more "food miles" – the miles that food travels from farm to table. We ought to be reducing the miles that food travels and thus reduce the amount of energy it requires to get food to consumers' homes.

Fresh Direct = Bad Decisionmaking Process

The City of New York announced the agreement with Fresh Direct in a press release dated February 7, 2012. Two days later a public hearing was held in Manhattan, during the day. One week later the Industrial Development Agency voted to approve it. Residents of the South Bronx, advocates for healthy and just food, and advocates for sustainable transportation did not have adequate time to weigh in.

Somebody had their thumbs on the scale when Fresh Direct was in the balance.

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