

**ECONOMIC DEVELOPMENT & ENERGY COMMITTEE
of the
Suffolk County Legislature**

Minutes

A regular meeting of the Economic Development & Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans memorial Highway, Smithtown, New York, on **August 19, 2002.**

Members Present:

Legislator Jon Cooper - Chairman
Legislator Fred Towle - Vice-Chair
Legislator Vivian Fisher
Legislator Allan Binder

Members Not Present:

Legislator George Guldi - District #2

Also in Attendance:

Paul Sabatino - Counsel to the Legislature
Barbara LoMoriello - Aide to Legislator Cooper
Nanette Ese - Aide to Legislator Fisher
BJ McCartan - Aide to Presiding Officer Tonna
Lance Reinheimer - Budget Analyst/Budget Review Office
Nicole DeAngelo - Intergovernmental Relations/County Executive Office
Charles Bartha - Commissioner/Department of Public Works
Lori Ann Taggart - County Executive Assistant
Robert Cabble - Deputy County Attorney
Dave Grier - County Attorney's Office
Carolyn Fahey - Office of Economic Development
Joey MacLellan -
Patrick Heaney - Supervisor/Town of Southampton
Valerie Burgher - Newsday

Minutes Taken By:

Alison Mahoney - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:51 A.M.*)

CHAIRMAN COOPER:

Good morning. I'd like to welcome everyone to the August 19th meeting of the Economic Development & Energy Committee. Legislator Binder, if you could lead us in the pledge, please.

SALUTATION

We have no speaker cards but we do have one speaker that would like to address the committee. Lori Taggart representing the County Executive's Office. Good morning, Lori.

MS. TAGGART:

My name is Lori Taggart, I'm with the County Executive's Office. I'm also the Chairperson of the Zone Administration Board for the Suffolk County Empire Zone joining at Calverton. Joining me today in support of IR 1903 is Joey MacLellan from Supervisor Bob Kozakiewicz's office in Riverhead and Supervisor Skip Heaney from the Town of Southampton.

Just briefly what this resolution is looking to do is to request the New York State Commissioner of Economic Development consider changes to the designation which would remove under utilized zone designation and place it on alternative properties where the potential for economic development is much greater. The original application was submitted to New York State in September of '97, at which time neither zoning nor properties requiring environmental remediation were identified. Subsequent to the approval of the original zone parameters, the Navy transferred the EPCAL property to the Town of Riverhead Community Development Agency and also retained several parcels which they continued to analyze and remediate for environmental contamination, all within the existing zone boundaries. The remediation planning, design and implementation process have rendered these zone acres unusable for the foreseeable future.

It's our intention to amend the boundaries of the existing zone at Calverton in keeping with the goals of the development policy to maximize the zone benefits in our region by shifting unusable and under used zone benefits to areas within the region which are slated for redevelopment and which promise job recreation and increased tax base for area residents. We believe that the reconfiguration will demonstrate a much greater economic benefit to the Town of Riverhead and to the surrounding region, that the new allocation will provide much greater benefits than the existing unused allocation as measured by job creation, property tax generation and benefits to the east end of Long Island. They'll encourage revitalization of deteriorated areas within the Towns of Riverhead and Southampton and the benefits that accrue to the new zone designated properties will exceed those richly anticipated at the time of the application.

The proposed locations for new zone designation include already established commercial and industrial areas which have active proposals for business development. Downtown Riverhead has excellent potential for redevelopment including proposals for revitalization of existing buildings into shops and restaurants and construction of a new department store. The Riverside parcel directly across from

downtown Riverhead across the Peconic River is slated for a hotel and conference center with a marina and other amenities. Taken together, this area comprises 50 -- a little more than 53 acres, 28 in downtown Riverhead, about 25 in Riverside.

The Gabreski Airport parcel consists of 48 acres of a planned industrial park owned by Suffolk County. And the 139 and a half acre parcel within EPCAL which is slated for new designation is owned by Berman Properties who purchased all 472 acres of the industrially zoned property last year from the Town of Riverhead. This redesignation retains a total of 1,116 acres at the Calverton site and will insure that all the industrial property at the site offers zone benefits. I have also some information I can pass around about what those benefits are. They include sales tax exemptions, credit for real property taxes, tax reduction credits, sales tax refunds, wage tax credits, investment tax credits, new business refunds and utility rate reductions.

In addition to the increase in tax base assured by a proposed business development at the now vacant EPCAL, Riverside and downtown locations, the Riverside parcel provides an opportunity for expanded commercial tax base in a predominantly residential area, development that is supported by local residents as a means to reduce the residential tax burden. Also the Riverside area is located across the Peconic River from Riverhead's downtown. In addition to the synergy which will be created by placing the zone on both sides of the river, the Riverside location is located within the Riverhead Central School District providing a much needed commercial tax base not only for Southampton residents in that area but for Riverhead School taxpayers as well.

And finally, the size of the proposed areas for designation and the regional focus this plan takes will allow significant projects to move forward utilizing wasted zone acreage and pinpointing areas predisposed for redevelopment, allows the Town of Riverhead, the Town of Southampton and the County of Suffolk to work cooperatively in focusing developers attention and pocketbooks to so called brown fields as opposed to undeveloped tracks of green open space. When taken together, these areas represent a synergistic approach to economic development for the relief of east end taxpayers, the quality of life in east end communities and the region as a whole.

I also have a map here which shows where we're taking the zone designation from at Calverton and where we're placing it, along the Peconic river at Gabreski and also at EPCAL, if you want to take these. And basically what IR 1903 does is allow us to submit the application for this change to the New York State Commissioner of Economic Development. If there are any questions, I'd be happy to --

LEG. FISHER:
Mr. Chairman?

CHAIRMAN COOPER:
Legislator Fisher.

LEG. FISHER:
I'm the only one, okay. Thank you, Mr. Chair. Lori, I have a couple

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of questions. I was not in the Legislature in 1997 and so I am not familiar with the funding for this. Can you tell me how -- what kind of fiscal impact this would have on the County, how much of the burden we bear, how much is borne by the town and the State so that we have that?

MS. TAGGART:
Sure. The financials are as follows. The State supports the program at Calverton 50%, the County contributes 25% and the Town of Riverhead contributes the other 25%; for the County, that equates to about \$23,000 a year. We don't expect that that will change, it hasn't been increased, I don't believe, in the last several years. That cost covers administration of the zone which includes the Zone Coordinator which is the full-time staff person, marketing efforts and things like that.

LEG. FISHER:
In terms of the amendment of the previous zoning boundaries, those enterprises that were involved in 1997, were there businesses that were given tax credits and the other incentives in 1997?

MS. TAGGART:
In 1997 the facility was vacant. It was all placed within Calverton, there were no tenants at that time.

LEG. FISHER:
And have there been?

MS. TAGGART:
Oh, absolutely.

LEG. FISHER:
Well, that's what I meant. Based on that zoning, have there been enterprises that have taken advantage of the benefits?

MS. TAGGART:
Absolutely. There are about 12 businesses now I believe at Calverton, all of -- I believe most all of whom or 98% of whom are certified zone businesses and they are realizing the benefits of the program.

LEG. FISHER:

Will any of those now be outside of the new zoning?

MS. TAGGART:

No. The only thing we're removing are those acreages which are being remediated; mostly they're being reiterated by the Navy at this point. There's a 144 landfill that's been remediated that currently has zoned designation attached to it. It doesn't make sense, they're still cleaning it up.

LEG. FISHER:

Is it a Superfund?

MS. TAGGART:

No.

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LEG. FISHER:

No, it's not a Superfund. Okay.

MS. TAGGART:

So that's what we're saying.

LEG. FISHER:

What type of remediation is it?

MS. TAGGART:

It's environmental. You know, it was an airport so there are a lot of, you know, chemicals, those types of things that were left in the ground there and the Navy has designated those areas and has retained them to clean them up, their responsible for the clean-up.

LEG. FISHER:

And now those will lie outside of the zone.

MS. TAGGART:

Right. We're going to take the zone off of those acreages because -- as the program stands right now, a business has to be certified by July 2004 to be eligible for benefits for a ten year period. If we don't certify businesses by 2004 we lose it and we're -- it's going to waste right now because of the remediation. We weren't sure where those areas were when we applied initially for the zone.

LEG. FISHER:

What do you anticipate to be the type of business and how will it be broken up; do you have any idea what kind of proportions there will be?

MS. TAGGART:

I don't understand what you mean by broken up.

LEG. FISHER:

Different types of -- what kind of enterprises will be taking advantage of this, do you think?

MS. TAGGART:

Well, the zone -- the Empire Zone Program is geared toward commercial and industrial, more so than retail, that type of thing. We're looking at job creation. The only way that a business can take advantage of the full gamut of benefits is by creating jobs and the more jobs they create the more substantial their benefits. So, you know, it doesn't really matter who --

LEG. FISHER:

It could be manufacturing, commercial, industrial.

MS. TAGGART:

Right, exactly. Right now there is a boat manufacturer at Calverton, there's several woodworking facilities, very labor intensive type things, and they're really experiencing a lot of benefits because of that.

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LEG. FISHER:

Okay.

MS. TAGGART:

A retail mom and pop, two, three -- you know, two, three person business doesn't fully realize it as much as a commercial and industrial would.

LEG. FISHER:

Thank you, Lori.

CHAIRMAN COOPER:

With a slight degree of reluctance, I'd like to recognize Legislator Binder.

LEG. TOWLE:

Motion to adjourn.

LEG. BINDER:

No, no, just a quick question. As you might know, the Legislature passed a Sense Resolution calling for the Calverton site to have a polo field, and of course we should do polo. But how does an economic zone -- why should we do an economic zone if it's going to be polo?

MS. TAGGART:

Well, the polo proposal was proposed for an area of the Grumman facility which is zoned recreational. And although there is zone designation there now, it could be that polo doesn't fully realize the full benefits of an Empire zone. If it's just a polo field, we would probably take down the road, probably take that zone designation and rework that somewhere else in the Town of Riverhead.

LEG. BINDER:

Right. So you wouldn't put it on --

MS. TAGGART:

We probably would look to remove it simply because with a vacant field the benefits aren't doing anybody any good and they may do some very good -- they may be able to attract businesses somewhere else in the town and we're able to remove that as part of the law, the New York State law allows us to move it if it doesn't make sense down the road.

LEG. BINDER:

Okay. Thank you.

LEG. TOWLE:

I have a question.

CHAIRMAN COOPER:

Legislator Towle.

LEG. TOWLE:

Thank you, Mr. Chairman. Lori, just one other question. Today obviously for the first time I've seen these maps which obviously were very helpful in giving a little bit of a plan, I guess, of what you're looking actually to do. The one thing I noticed is that the zones are

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obviously spread out pretty far, all three of these; one at Gabreski Airport, one at obviously downtown Riverhead and then obviously the Calverton facility.

MS. TAGGART:

Are we allowed to do that so sporadically in picking out areas; how does that come about?

MS. TAGGART:

We are right now. The law has changed, effective January 15th we'll have to comply with a more -- what's the word? They need to be contiguous lands after January next year, so we'll be a little bit more limited to what we can do. We can expand on an existing land but, as you said, we may not be able to just sporadically put it around like we are now.

LEG. TOWLE:

Any conversations with the Town of Brookhaven about any designations within their area? Obviously I notice both of these are in Riverhead and one is in Southampton.

MS. TAGGART:

The Town of Brookhaven actually has an Empire Zone and I think they're in the same process we are right now, the only difference is it's a town zone for them, the County isn't involved in the administration of their zone. The only way that Riverhead could get zone designation in this instance was with the County's assistance because it was just a defense facility closure.

LEG. TOWLE:

Okay. Thank you.

CHAIRMAN COOPER:

Thank you very much, Lori.

MS. TAGGART:

And I'd just like to ask if Joey MacLellan from the Riverhead Supervisor's Office or Skip Heaney might have something they might wish to add.

MR. HEANEY:

Sure, I would be happy to. Good morning, everyone. I'm here to lend our strongest possible support to an expansion of the Empire Zone to include downtown areas in Riverhead, Gabreski Airport and a portion, a 20 acre site in Flanders. I'll make some general comments, thoughts that popped into my head as Lori was speaking.

Concerning the Flanders and Riverside area, for the consideration of the members of the committee, you should know that these two communities are comprised of about 18,000 acres of which 84% are tax exempt from property taxes because of preservation programs of the State, the County and the Town of Southampton. As a result, the area generally lacks commerce, it is a primarily poor to low -- low to middle income community, it's a residential community. They pay a disproportionate share of property taxes because there are no

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commercial weight table land uses to absorb as a cushion, might in most other communities.

In this given area of the Town of Southampton, Flanders and Riverside are currently the subject of an ongoing revitalization study, a hamlet study being done by the Town of Southampton in conjunction with residents living in the community. One of the elements of that study

provides for a planned development district, a maritime development district on the Peconic River called River Catwalk. That is an area that is proposed on 20 acres along the Riverhead front that would up front provide \$20 million worth of investment, new development into that community. Clearly, we see this as fundamental to our efforts to provide revitalization of the Flanders/Riverside area of the Town of Southampton. This proposal will probably have a street value in the neighborhood of 35 to \$40 million. We certainly see it as vital to providing new jobs, we estimate that the -- that development will provide 145 at a minimum new jobs for the Town of Southampton and Riverhead. We see this proposal as a regional proposal, certainly one that provides accommodations for people visiting the downtown Riverhead area, the aquarium in particular. And we have attempted to integrate in the planning for the River Catwalk even water taxis to provide easy access for people on the Southampton side of the Peconic River to get to downtown Riverhead. Generally, that proposal which would be part of your expansion should this amendment to the law be approved would be key to the redevelopment in an area of the Town of Southampton that has frankly been sorely neglected for decades and really cries out for revitalization.

Secondly, as it concerns Gabreski Airport, I just point out as a part of the ratification of the Central Pine Barrens Preserve Act back in the mid 90's, Gabreski Airport was determined to be the receiving site for commercial development where those land uses were extinguished in the Central Pine Barrens Core Area. So to the extent that encouraging the use of Gabreski Airport as an Empire Zone expansion helps to facilitate some of the recommendations in the Central Pine Barrens Preserve Act, we think that that is a tremendous way to implement that State law as well. So generally I sit here, stand here as the Supervisor and I couldn't be happier that this would be a consideration. Thank you.

LEG. FISHER:

I have a question, I'm sorry.

CHAIRMAN COOPER:

Legislator Fisher.

LEG. FISHER:

Excuse me, I had a question.

MR. HEANEY:

Sure. I thought that was going to be easy.

LEG. FISHER:

Oh, it's an easy question.

MR. HEANEY:

Sure.

LEG. TOWLE:

Sure.

LEG. FISHER:

I just wanted to ask what type of enterprises you envisioned on the Riverside property, because it didn't sound as if you were talking about manufacturing.

MR. HEANEY:

It isn't. Our concern is that we have an opportunity to bring a new hotel accommodation, redevelopment of the riverfront as a marina and several other uses --

LEG. FISHER:

Retail?

MR. HEANEY:

Pardon?

LEG. FISHER:

Retail and -- do you envision retail?

MR. HEANEY:

Well, on this particular portion what we're envisioning is a new maritime planned development district that would include a 120 key hotel and support services for the hotel including a new marina, okay? With regard to the surrounding area, this is -- this proposal is key to an overall revitalization plan that the Town of Southampton has been working on for the Riverside/Flanders area of our township and we've enjoyed a number of good conversations with the supervisor and the members of the Town Board of Riverhead in an effort to frame redevelopment that's mutually beneficial to both the downtown area of Riverhead and the Flanders/Riverside section of the Town of Southampton.

LEG. FISHER:

In what school district are Flanders and Riverside?

MR. HEANEY:

Those are in the Riverhead School District. I would point out that a \$20 million investment of capital dollars into Riverside has a very substantial tax benefit for all the residents, not only in Flanders and Riverside but the residents of Riverhead Town within the Riverhead School District.

LEG. FISHER:

So although the residents are in Southampton they are in the Riverhead

School District; is that what you're saying?

MR. HEANEY:

That's correct, yes.

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LEG. FISHER:

Okay. Thank you very very much.

MR. HEANEY:

Okay. Thank you.

CHAIRMAN COOPER:

Thank you.

MR. MAC LELLAN:

Mr. Chairman, my name is Joey MacLellan, I'm the Executive Assistant to the Supervisor out in the Town of Riverhead. And just to underscore what both Skip and Lori have said, the Town of Riverhead is completely in support of this for a number of reasons. We received the Calverton property from the Federal Government with the understanding that it would economically benefit the Town of Riverhead as well as the rest of the east end. This maneuver here with the State is a key factor to benefitting not just our town but the other towns in the east end, specifically in Southampton.

And to reiterate some of the points that you were questioning about the school district, we recently had a -- some debates over taxation within the Riverhead School District which overlaps the Town of Riverhead, Southampton and a small portion in Brookhaven. It got to the point where the residents were pointing fingers at each other because, "You're paying less tax than we should be paying," and it got into a debate like that which is not good for anybody. What happened was Suffolk County, the Town of Riverhead and Southampton got together and this plan will actually mitigate that entire problem, because -- not to mention boost downtown Riverhead as well as the Flanders area, the Riverside/Flanders area of Southampton Town. They have -- Southampton is proposing several other projects that will simply enhance this particular project. But the benefit here to the Riverhead School District is out -- it's just -- it will be phenomenal. And we are completely in support of this and hope that the County Legislature signs on to it as well. Thank you.

LEG. FISHER:

I have been aware of the contentious debates on the east end which are -- eastern Brookhaven and Riverhead where there are people whose children have had to attend different schools because their schools can't keep up with the growth, people who live in Manorville and areas

such as that, Eastport School District is over burdened.

MR. MAC LELLAN:
Right.

LEG. FISHER:
So it really is critical to support the school districts on the east end and to look for a stronger tax base for them.

MR. MAC LELLAN:
Yeah, this project would go a long way in doing that for Riverhead Central School District. Thank you.

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CHAIRMAN COOPER:
Thank you very much. Now I would like to move to the agenda. We'll start with Tabled Resolutions.

TABLED RESOLUTIONS

We have Sense 50-2002 - Memorializing Resolution requesting the State of New York to cap carbon dioxide emissions from power plants (Fisher). Legislator Fisher?

LEG. FISHER:
Mr. Chairman, with your indulgence, might I ask Gordian Raacke to come forward to address this with me, because I think he's better equipped to answer questions about it.

The Governor's Task Force has not made their findings available to the public yet, but we do have some of the input that was reviewed by the task force; that's correct, yes, Gordian? So some of the material that -- Nanette, did you distribute this -- that my aide distributed indicates that some of the materials are being reviewed by the Greenhouse Task Force. The Governor has indicated that he's looking at carbon caps and our Sense Resolution is to encourage the Governor and his task force to move forward and establish those caps. There are some examples here of other states and municipalities that have caps and certainly they're in line with many of the {kioto} protocol examples. What page was that? I think it was around page six.

MR. RAACKE:
The reference to argue the point is on page four, it shows what some other areas are doing. And you are right, the Governor has called for New York State to become a leader in greenhouse gas reductions and that's the reason why Governor Pataki established the Greenhouse Gas Task Force in New York. The Greenhouse Gas Task Force is charged with coming up with recommended targets and goals for the State. The task force retained the Center for Clean Air Policy to compile a report,

what you have in front of you is a presentation that the Center for Clean Air Policy gave to the Greenhouse Gas Task Force. And it's important to note that while the recommended reductions in the electricity sector are 40% and while the report states that the recommended target would be 40%, a reduction of 40% by 2010 below 1990 levels and that that reduction would be achievable and cost effective, the overall reduction in the overall emission levels of carbon dioxide emissions by 2010 were just stabilized. When we look at all sectors, transportation sector, agricultural sector and so forth, New York State under this recommendation would merely see a stabilized emission level at 2010 at the 1990 level. So we're not talking about reducing overall emission levels by 40%, we're only talking about the electricity sector and that is relatively easily achievable by repowering or cleaning up or converting some of the coal plants in New York State to natural gas and so forth.

LEG. FISHER:

That's on the second page, too, I believe, isn't it?

MR. RAACKE:

Yeah, on page three you actually see some of the -- well, first of

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all, an important point to notice, on page two you see the distribution by sector, you see that in 2000 the carbon dioxide emissions from the electricity sector were about 23% of the total pie on that pie chart on the right, the transportation sector was 34%.

LEG. FISHER:

Let's look at that pie again on page two, because it was hard for me to read the legend there. Electricity is --

MR. RAACKE:

Electricity is 23%.

LEG. FISHER:

Twenty-three percent, okay. And transportation?

MR. RAACKE:

And the transportation sector is 34%.

LEG. FISHER:

Thirty-four percent, okay.

MR. RAACKE:

And I have -- I don't have a very clear copy either, I believe that the industrial sector is 8%, the agricultural sector is 7%, and I think that the building sector is 27%.

LEG. FISHER:

Okay. Thank you, Gordian.

MR. RAACKE:

You're welcome.

CHAIRMAN COOPER:

Is there a motion on Sense 50?

LEG. FISHER:

Well, I understand that my colleagues on the committee would prefer -- correct me if I'm wrong, Legislators Towle and Binder, that you would prefer to wait until the final report is out before we pass this?

LEG. TOWLE:

Mr. Chair, if you wouldn't mind.

CHAIRMAN COOPER:

Legislator Towle.

LEG. TOWLE:

That would be my opinion, Legislator Fisher, unless there's some urgent reason that we should pass a resolution supporting something that hasn't been released yet.

LEG. FISHER:

Well, actually what we're supporting is that the task force move forward expediently to publicize its findings and to move forward to have a carbon cap that would be measured and would be established by the findings of their report. We are not in this Sense Resolution

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establishing the cap or creating the actual cap on carbon, we're simply asking that the task force move forward and establish the cap that they see as appropriate according to the findings of their task force. So that's simply what this Sense Resolution is doing. So it's not premature to give the task force this message.

LEG. TOWLE:

Any sense of when the task force is going to release their report?

LEG. FISHER:

Well, the sense was that it was supposed to have been released at the beginning of the summer, late spring. So at this point it's slow going and I think the studies have been completed and it's just a matter of doing the final release of their findings.

LEG. TOWLE:

Has anybody spoke to this committee to find out when the board is

going to be released to the public?

LEG. FISHER:

Do you know, Gordian, if anybody has made communication with them?

MR. RAACKE:

I don't know.

LEG. FISHER:

As far as I know, when I met with environmental groups they haven't.

LEG. TOWLE:

Gordian, have you called them at all?

MR. RAACKE:

No, I have not.

LEG. TOWLE:

Okay. Do you think that might not be a bad idea for somebody to pick up the phone and give them a call and see when they think the report may be out? That doesn't seem like a complicated thing, I would think.

LEG. FISHER:

Well, it's probably a little bit more complicated than you would think because the task force is made up of a number of people and I don't know specifically if their spokesperson is empowered to give that information, but we can certainly try.

LEG. TOWLE:

Gordian, do we know who the Chair of the committee is?

MR. RAACKE:

No, I don't know.

LEG. TOWLE:

Okay. It's getting bleaker and bleaker every question I ask, I think we should stop while we're ahead.

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LEG. FISHER:

Okay. I'm going to make a motion to table so that --

CHAIRMAN COOPER:

Second.

LEG. FISHER:

-- we find the responses to my colleagues.

CHAIRMAN COOPER:

We have a motion to table and a second. All those in favor? Opposed? Sense 50 is tabled. (VOTE: 4-0-0-1 Not Present: Legislator Guldi).

INTRODUCTORY RESOLUTIONS

Moving on to the Introductory Resolutions, IR 1804-02 (P) - Directing Suffolk County Department of Public Works to proceed with County construction project relocation (Binder). Legislator Towle.

LEG. TOWLE:

Yes, I believe the Commissioner and some representatives from the County Attorney's office are here to speak on this resolution, Legislator Cooper.

CHAIRMAN COOPER:

Is that correct. Your preference.

LEG. TOWLE:

Use the table, Charlie. Make yourself comfortable, sit down, relax.

LEG. BINDER:

Yeah, calm down, put your feet up.

LEG. TOWLE:

I'll get you a cup of coffee.

COMMISSIONER BARTHA:

Okay. We have requested this resolution. As you know, there's been a couple of resolutions before you and the issue has been before you where LIPA claims that they -- when they were created they're entitled to certain rights that LILCO did not have in the relocation of their facilities on County roads. What we have before you is a resolution that would provide funding for the relocations on highway projects through March of next year with the understanding that the County Attorney's Office would pursue litigation against LIPA in order to recover. This will allow the work to proceed, this certainly has an impact on the construction, not being able to proceed with projects as well as the safety of the motoring public and it impacts our Capital projects not being able to proceed. So we would like to see this resolution adopted.

CHAIRMAN COOPER:

How many projects are being held up at the current time?

COMMISSIONER BARTHA:

Well, on this -- this resolution provides funding for 13 projects over

the course of between now and March.

CHAIRMAN COOPER:

Any questions?

LEG. TOWLE:

Yeah, thanks, Mr. Chairman. Charlie, any reason that we went to March? You know, obviously you pointed out that date, we're going to fund projects through March; do we think we're going to have an answer by then, is that the thought or the mindset?

COMMISSIONER BARTHA:

It would allow us time with the new Legislative calendar in the beginning of the year that if it hasn't been resolved we can present a resolution at that time for the projects next year. We didn't want to come with a list that would carry it too far.

LEG. TOWLE:

And the total number we're talking about is 2.5 million?

COMMISSIONER BARTHA:

Two point five million includes the 13 projects as well as funding so that we could have a critical review of the costs that LIPA presents us, we would utilize a consultant that was capable of doing that type of work, it's not work that we would typically do and it would be almost an audit of what LIPA is claiming their expenses are.

LEG. TOWLE:

So the 2.5 million would not only be for the projects themselves, but it would be a consultant to tell us what we're going to spend on the projects ourselves?

COMMISSIONER BARTHA:

What the -- to review and verify the LIPA cost estimates, there's \$175,000 included there for the consultant.

LEG. TOWLE:

Okay. How did we come up with \$2.5 million? What you're telling me is out of the 2.5 we're going to hire a consultant for \$175,000 who's going to verify that our 2.5 and expenses are actually LIPA's expenses. So I guess the question I'm asking is how did we come up with the 2.5 first, and now we're going to spend 175 to verify that we're right?

COMMISSIONER BARTHA:

Okay, good question. The list of --

LEG. TOWLE:

I don't know if it's good or not, but nonetheless it's a question.

COMMISSIONER BARTHA:

The list of projects that's attached to the resolution, some of them have astericks next to them and some of them don't. The projects that don't have astericks are based on -- the figures there are based on the figures LIPA has given to us; the ones with astericks are gross estimates that we've made with our own staff based on the number of

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poles that have to be relocated and the type of facilities that are on them based on our observation. That's not a detailed knowledge of the electrical system nor is it the actual what LIPA is claiming will cost them. This is very different work from what we normally do.

LEG. TOWLE:

Okay. Let me just ask this question, though. We're going to into court to decide whether or not the way things have worked in the past or how they're going to work in the future, we're arguing that point, but it's very possible that you're going to go out and do one of these projects and whatever we've estimated to be the cost may be more or less based on circumstances that are out of your control today. I mean, if we're estimating a road project on Nicolls Road to be a hundred thousand dollars that we're paying that LIPA should have paid, it's very possible it may come in at 80, it may come in at 180, there may be other problems or technical difficulties that happen. Those amounts we're going to need to substantiate depending on the outcome of the motion or the issue before the court in reference to LIPA paying or us paying or how that bill is going to be determined. To hire somebody on top of this for another \$175,000 to verify basically our bills -- I mean, to translate it into English that's what the person is going to do, verify the amount -- when we don't even know if we're going to win at this point or not win seems a little premature in my mind.

COMMISSIONER BARTHA:

These are amounts that we -- we'll receive a bill from LIPA. First we'll receive a cost estimate, the list, number of poles, the type of facilities that are involved with the relocation. What our intention is is rather than just to simply accept that, accept LIPA's word for how much it would cost, that we would have an expert review that to determine what they think it should be and, in fact, audit it so that we would not be paying -- given LIPA a blank check.

LEG. TOWLE:

Okay. So basically for 13 projects somebody is going to make \$175,000 reviewing the bills that LIPA presents us; I guess that's what you're telling me then, for all intents and purposes.

COMMISSIONER BARTHA:

I think I'm telling you it's a little more involved than simply

reviewing the bills. It's to review the cost estimates and the work that LIPA claims is involved.

LEG. TOWLE:

Have we spoken to anybody in Audit and Control about this at all, as to whether or not they would be able to assist our Department of Public Works and/or the County Attorney's Office in reference to billing of LIPA?

COMMISSIONER BARTHA:

As far as I know, they don't have any electrical engineering, power engineering capabilities.

LEG. TOWLE:

Okay. Obviously you're here to speak on 1879, but 1804 is

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basically -- was directing your department to move forward with these projects which in essence you're doing at this point; is that accurate?

COMMISSIONER BARTHA:

We are going forward to the extent that we have funds available and that the right-of-way is clear of projects, of electric lines. If we don't have funding, you know, adequate funding to pay LIPA for relocating the facilities, we can't move ahead with the projects.

LEG. TOWLE:

Who's representing the County Executive today? I mean besides yourself, is someone here from the office that could ask the question, is it you, Dave or Nicole or neither? Hi. Good morning. How are you? I don't have a problem, just speaking for myself, with the concept of approving money. This is the first I've heard of the consultant and I'm not completely comfortable with that yet. And, you know, from my perspective, I have no problem with moving forward with the concept of approving the money for the projects, that's been the Legislature's intention since June when I filed the first bill. We thought the project should move forward and we should move forward with some type of lawsuit dealing with this issue, but the consultant is obviously a new thing that has now been rolled into the Capital Programs. I would pass along the message, at least from my perspective, that the County Executive roll it out and do that as a separate resolution.

I'm not going to support this bill today in this format with \$175,000 in there for the consultant, I'm not comfortable with that. And I'd ask you to convey that message back to the County Executive's staff because this is obviously an important thing, it's holding up 13 projects in Suffolk County since, you know, as late as June I guess from my perspective.

MR. GRIER:

If I could respond to that. As you May or may not recall, at the special meeting of this committee on June 25th it was actually Legislator Guldi's request that a consultant be hired for review of the bills to audit to ensure that we're not paying more than we should, and that's why we've included the funding specifically at his request. And it was our belief that the rest of the committee, including the Ways & Means Committee, were in concurrence with that and that's why this funding has been included in this appropriating resolution.

LEG. TOWLE:

I can't speak, David, for Legislator Guldi but, you know, \$175,000 for a consultant to review 13 projects, you know, maybe I'm simplifying it as the Commissioner alluded to, but to me seems a little excessive. And you know, if Legislator Guldi wants to support it, clearly that's his option along with any other members of the Legislature. I do support the projects, I do support reviewing our bills, but not to the tune of \$175,000 for 13 projects, it seems a little excessive to me. And I want to look a little more into it and I don't have that luxury today, unfortunately.

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COMMISSIONER BARTHA:

If I could clarify one point. That \$175,000 is strictly an estimate, it's a percentage estimate by ourselves at this point. We have not spoken to any consultants, we don't have a handle on what the cost of it would be, I would expect that that's a safe figure that we have provided there. But I don't want to give you the impression that that is a negotiated number with one or more consultants.

LEG. TOWLE:

I was clearly under that impression. If the Chairman would allow me, I guess now I'm going to have to ask a few more questions. A percentage of what? First of all, what is the percentage and who is the consultant we're talking about?

COMMISSIONER BARTHA:

We're not talking about particular consultant, we have not gone through an evaluation or selection without the funding being authorized. The percentage is -- actually when our staff, when my staff first prepared this resolution request they had put in 10% for it which I said was out of line because 10% is typically what you use to design a full project. Here we have -- we're not designing a full project, we're only reviewing a portion of it and we're not designing it. So I believe that's approximately 5%, we reduced it from ten to five, but again, the actual amount expended would be based on the costs involved, the number of hours involved in a consultant

reviewing.

LEG. TOWLE:

But Charlie, maybe it's just me but let's go on the 5% theory. How much would a person on your staff make to do this job full-time; what type of salary would we be talking about for an engineer? I mean, it's 125 to \$175,000, I'd just as soon give you a full-time position to review bills and to review estimates every year as opposed to the 13 projects than give some outside consultant a \$125,000. I mean, you know, the more you tell me the more I don't want to do it because now we really don't even know what it's going to cost, it's a percentage, I mean, a percentage could be anything, it could be 125,000, it could be 80,000, it could be 185,000, we really don't know when it's all said and done because that 2.5 is -- I don't want to say an imaginary number but nonetheless it's an estimate, I mean, it could come in more, it could come in less.

COMMISSIONER BARTHA:

That's true.

LEG. TOWLE:

You know, we could be talking 375,000 before we're all said and done depending on what these projects come in at. And to me, to spend that kind of money on an outside consultant needlessly when we could give you a full-time staff person to not only review these bills but any other bills or projects that are going on, 'd as soon as do that. I'm only speaking for myself, I'm not speaking for Legislator Guldi who I'm sure would concur if he was sitting here but I won't even address that.

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COMMISSIONER BARTHA:

We're having considerable difficulty recruiting full-time staff people, particularly in the engineering field. This would be a real speciality and would be extremely difficult to recruit someone for this type of work.

LEG. TOWLE:

Why do you think we're having trouble recruiting people in the engineering field? Because we hire them as consultants for \$135,000 as opposed to employees for 80 or 90, that's why. And why would I want to work for the County full-time when I can be a consultant?

COMMISSIONER BARTHA:

Well, I don't agree with but --

LEG. TOWLE:

Well, what are we paying engineers, do you have any idea, a ballpark?

COMMISSIONER BARTHA:

Our staff engineers? Anywhere from 40 to 105,000.

LEG. TOWLE:

There you go.

COMMISSIONER BARTHA:

And when you consider our own overhead which is a factor of approximately 2.75, you know, that brings it up considerably.

LEG. TOWLE:

I would imagine in the private sector engineers are making far more than \$40,000, but I don't know.

COMMISSIONER BARTHA:

Well, actually we pegged that entry-level salary. Entry-level salary on the scale is about 35,000, we peg it to match the private sector when we've been hiring in order to be able to compete with the private sector.

LEG. TOWLE:

Okey dokey.

CHAIRMAN COOPER:

I have one question. There's one project in my district, the Center Shore Road Project that I understood was being held up for the same reason but I don't see it on this list. Could you explain how you determine which projects did end up on this list of 13 projects?

COMMISSIONER BARTHA:

These are projects that we didn't have sufficient funds to do the relocations. It's possible, I would have to check on the Center Shore Road Project to see where it's scheduled and whether, in fact, relocations were required for it, I don't have the answer.

CHAIRMAN COOPER:

We were told by your office that that was the reason, that it's stagnated, it's not going forward.

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COMMISSIONER BARTHA:

That's the project that you had written to me just a week or two ago, right?

CHAIRMAN COOPER:

Right. So, I mean, if it was inadvertently left off this list, I assume that the resolution could be amended to include that project.

COMMISSIONER BARTHA:

I'll give you a call this afternoon on that, okay?

CHAIRMAN COOPER:

Please. Thank you. Legislator Fisher.

LEG. FISHER:

Hi, Charlie, good to see you. Charlie, I have a question about the list of projects. I was distracted for a moment when you were discussing which ones, which funding estimates were asterisked and which were not. The ones that have no asterisk are estimates that have been already done by the County?

COMMISSIONER BARTHA:

Already done by LIPA, those are LIPA's cost estimates.

LEG. FISHER:

So the ones with the asterisk have not --

COMMISSIONER BARTHA:

We have not had figures provided to us by LIPA, so that's -- those figures are less reliable than the ones that LIPA has given us because of the fact that we don't have --

LEG. FISHER:

Whose figures are those that have an astericks then?

COMMISSIONER BARTHA:

Those are hours, those are figures that we --

LEG. FISHER:

So we've already done estimates on seven of the 13 projects?

COMMISSIONER BARTHA:

We've done --

LEG. FISHER:

That's why I'm asking the question because it's not clear.

COMMISSIONER BARTHA:

We've done estimates for the purpose of the resolution. We don't have the capabilities to estimate this kind of work, this is power engineering, transmission and power engineering, we don't have the people on staff to do that. What we did was take a look at the approximate number of poles that have to be relocated and extrapolated based on other projects that LIPA has given us cost figures on. It's entirely possible when it's looked at more closely that the transformers are smaller that may have to be relocated, it's possible

that less poles have to be relocated, that's what we can't say with any degree of certainty. So the figures that we have done a cost estimate on are much less reliable than the figures that we have from LIPA.

LEG. FISHER:

I have a question for Counsel then about this. Paul, if we were going forward with our suit regarding this issue, would we need to have an estimate of the costs done for us by a consultant or by an in-house engineer if we were to go forward with the suit so that we have numbers?

MR. SABATINO:

Well, there's a couple of things. I think the first thing that has to happen is the authorizations that were mentioned at the last committee meeting for the 50% payments have to be rescinded, that would be the first thing. The second thing is the litigation, I mean, it has to make a decision but I would think that one of the options is to pay an estimated cost into court or to say it's going to be held in some kind of an escrow fund, I mean, that's something that's going to have to be a strategic decision. But whether you do it with the escrow or with court or with making payments under protest to -- or the reservation of rights to LIPA, you're going to have to have some kind of an estimate because you have to have some kind of a dollar amount to project. So those are the kinds of things that have to go into the process.

LEG. FISHER:

Okay, thank you. That was the question I was asking, that at some point in the process we would have to have our own estimate of what our costs would be. I agree in basic theory with what Legislator Towle had said which is that --

LEG. TOWLE:

Uh-oh.

LEG. FISHER:

Be still his heart, that I always prefer to see an in-house person do this rather than pay these high amounts to consultants. Would we be able to advertise for someone to be hired for such a specific job, especially if we're seeing that we're facing this type of situation with LIPA, there will be other projects coming down the road where we would need somebody who has an expertise in power engineering?

COMMISSIONER BARTHA:

We certainly could. We have, in fact, advertised for other professional opinions and met with mixed results, but we certainly could advertise.

LEG. FISHER:

Well, with the -- what we're seeing in the economy with engineers, maybe there might be people out there looking for a job now that might not have been out there a year ago or two years ago.

COMMISSIONER BARTHA:

Two months ago. We -- I would be reluctant to do something like that,

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but obviously it's the Legislature's choice. We're already facing a problem with in-house staff with respect to retirements that we have suffered.

LEG. FISHER:

Clearly that's an impact, the retirement incentive has had an impact, yeah.

COMMISSIONER BARTHA:

And the fact that we'll only able to, you know, fill 20% of the dollar value of those positions, it's certainly going to impact us. So it's difficult to conceive of doing more work in-house faced with those kind of reductions.

LEG. FISHER:

But clearly there is going to be a need to estimate what our costs would be, we can't just move forward carte -- and give LIPA carte blanche on the cost. And as Counsel has said, even if money were held in escrow we would have to have our own estimate of what the cost would be. So, you know --

COMMISSIONER BARTHA:

Hopefully --

LEG. FISHER:

-- it certainly makes sense that we do need the work to be done.

COMMISSIONER BARTHA:

Hopefully we will win the litigation, that's why we're getting into it, and if we did then the person that we hired with this specialty would no longer be needed by us.

LEG. FISHER:

Thank you, Charlie.

LEG. TOWLE:

Mr. Chairman?

CHAIRMAN COOPER:

Legislator Towle.

LEG. TOWLE:

Just two other questions, maybe of you, David, I guess. You know, Counsel brings up an interesting point; on the payments that we agreed to already, did we make payments on those projects?

MR. GRIER:

Only one payment has been made so far and it was in the neighborhood of \$2,300.

LEG. TOWLE:

And we've asked for that back I'm assuming?

MR. GRIER:

Not at this point, no, we haven't asked for it back.

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LEG. TOWLE:

Did we ever sign anything, we being any representative of the County from any agency agreeing to this 50% deal?

MR. GRIER:

There had been some correspondence which I know was submitted to Legislator Guldi at his request at the last meeting from Bill Shannon who had been writing to LIPA indicating that while we were going through the negotiations they would -- we were going to pay 50%. However, since that time we have written to them indicating that we will no longer agree to those terms and that we are reserving all of our rights.

LEG. TOWLE:

Can you make it a point to get a copy of that forwarded to my office as well?

MR. GRIER:

Sure, I'll ask Bill to forward that to you.

LEG. TOWLE:

That would be great. Okay, Mr. Chairman, I want to make a motion on 1804 to approve it actually, to support the procedures and policies that the County Executive and the Department of Public Works are taking now.

CHAIRMAN COOPER:

I will second that motion. All those in favor? Opposed?
IR 1804 is approved (VOTE: 4-0-0-1 Not Present: Legislator Guldi).

COMMISSIONER BARTHA:

Thank you.

CHAIRMAN COOPER:

IR 1864-02 (P) - Modifying LIPA oversight function in Suffolk County (Cooper). I would like to make a motion to table that resolution.

LEG. TOWLE:

Second.

CHAIRMAN COOPER:

All those in favor? Opposed?

1864 is tabled (VOTE: 4-0-0-1 - Not Present: Legislator Guldi).

IR 1879-02 (P) - Amending the 2002 Capital Budget & Program and appropriating funds in connection with the relocation of Long Island Power Authority (LIPA) facilities on Suffolk County construction programs (CP 5000) (County Executive).

LEG. TOWLE:

Mr. Chairman, I want to make a motion to table on that pending a further review of this issue with the consultant.

CHAIRMAN COOPER:

I will second that motion. All those in favor? Opposed?

1879 is tabled (VOTE: 4-0-0-1 Not Present: Legislator Guldi).

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And we have to table IR 1903 for a public hearing, 1903-02 (P) - Adopting Local Law No. 2002, a local law amending the designation of an Empire Zone (County Executive).

LEG. TOWLE:

Motion to table.

CHAIRMAN COOPER:

Second. All those in favor? Opposed?

1903 is tabled (VOTE: 4-0-0-0 Not Present: Legislator Guldi).

PROCEDURAL MOTIONS

And Procedural Motion No. 9 - Authorizing litigation against LIPA to recover County construction project utility costs (Towle).

LEG. TOWLE:

On this one, Mr. Chairman, if I may? It's my understanding from talking with David as well, David Grier from the County Executive's Office, that the County has entered into that lawsuit on their own independently through the County Attorney's Office. So I'm going to just make a motion to table it at this point pending some review to see what the County Attorney's Office is able to produce in this regard.

CHAIRMAN COOPER:

I will second that motion. All those in favor? Opposed? Procedural Motion 9 is approved.

LEG. TOWLE:

Tabled.

CHAIRMAN COOPER:

I'm sorry, it's tabled. (VOTE: 4-0-0-1 Not Present: Legislator Guldi).

Motion to adjourn.

LEG. BINDER:

Second.

CHAIRMAN COOPER:

Thank you.

(*The meeting was adjourned at 11:46 A.M.*)

Legislator Jon Cooper, Chairman
Economic Development & Energy Committee

{ } - Denotes spelled phonetically