

ECONOMIC DEVELOPMENT
and
ENERGY COMMITTEE
of the
SUFFOLK COUNTY LEGISLATURE

A regular meeting of the Economic Development and Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on Wednesday, March 7, 2012.

MEMBERS PRESENT:

Legislator Wayne Horsley - Chairman
Legislator Steve Stern - Vice-Chair
Legislator Thomas Cilmi
Legislator DuWayne Gregory
Legislator Lynne Nowick

ALSO IN ATTENDANCE:

George Nolan - Counsel to the Legislature
Joe Schroeder - Budget Review Office
Laura Halloran - Budget Review Office
Alicia Howard - Legislative Aide
Ben Zwirn - County Executive's Office
Carolyn Fahey - Economic Development
Michael Pitcher - Aide to Presiding Officer Lindsay
JP DiMartino - Aide to Chairman Horsley
Deborah Harris - Aide to Legislator Stern
Paul Perillie - Aide to Legislator Gregory
Greg Moran - Aide to Legislator Nowick
Bob Martinez - Aide to Legislator Montano
Maria Barbara - Aide to Legislator Cilmi
Chris DeLuca - Aide to Legislator Cilmi
Ali Nazir - Aide to Legislator Kennedy
Sarah Lansdale - Director of Planning
Dot Kerrigan - AME
Wayne Gutschow - Nextek Power Systems, Inc.
All other interested parties

TAKEN AND TRANSCRIBED BY:

Lucia Braaten - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 2:22 P.M. *)

CHAIRMAN HORSLEY:

Good afternoon, everybody, and welcome to the Economic Development and Energy Committee -- I'm so used to saying EEE -- dated March 7th, 2012. And may we all please stand for the Pledge of Allegiance.

(*Salutation*)

May we all stand for a moment of silence for those men and women who protect our freedoms both home and abroad.

(*Moment of Silence*)

Okay. Good afternoon, everybody, and again, welcome. We have several presentations this afternoon for the Economic Development. And they both have recognized that because there's two, that we're going to keep them at a reasonable length of time, and we appreciate that. And I'd like to first call up the Planning Director, Sarah Lansdale, who is -- she is requesting to speak first because she has a parenting obligation, and she's going to be talking about the County Land Bank Program, so we can all understand it, which maybe some of us don't.

DIRECTOR LANSDALE:

Thank you very much, Legislator Horsley. Thank you so much for your time on this agenda and for taking me first.

So last year, through legislation that Legislator Gregory introduced and it was passed, Resolution 1117 of 2011, his legislation directed the Planning Department to study the feasibility and formation of land banks. And the Planning Department has completed a preliminary analysis through this draft report, that I can send around after this meeting electronically. We're trying to cut costs, and so we don't have it in print format, nor in color. So I wanted to briefly highlight some of the findings in the report for you today.

So a land bank is a public authority created to officially hold, manage and develop tax foreclosed properties. Land banks are -- exist all over the country. The most popular one is one in Flint, Michigan. And successful land banks act as really a catalyst for downtown revitalization and economic development. Last year, last July, the Governor created a -- signed into law an amendment to the Nonprofit Corporation Law, Article 16, to allow for the creation of ten land banks statewide. And the Empire State Development Corporation, at the end of last year, in December, issued a Request for Proposals for municipalities to submit proposals for the creation of the first five of ten land banks statewide.

So Suffolk County, through the Department of Real Property, actually conducts many of the activities that are outlined in New York State's Land Bank Act. However, through the Department of Planning's analysis, we really see that there is a unique opportunity to pursue the designation of a land bank. And specifically, we think that it can be narrowly tailored to meet the needs of economic development, specifically for brownfields, and I'll talk a little bit about that.

We think that the redevelopment of brownfields is key for neighborhood revitalization, and, in fact, the Brownfields Inter-Agency Group, which is comprised of several different County departments, including the Department of Economic Development, the Department of Health Services, regularly

looks at the list of properties that the County -- that are tax delinquent properties and makes an assessment on which properties to take and which ones not to. So we meet on a semi-regular basis. There's been, at least since I've been here at the County, which is less than a year, there's been two meetings of this Brownfields Inter-Agency Task Force, and the purpose is to review these properties and decide which ones not to take. So there's now a list of properties that the County has, 83 to be precise, that we have not taken because we're concerned about environmental liabilities. And we're also, through the Suffolk County Tax Act, not allowed to sell these properties for less than the taxes owed, these backtaxes owed on these properties. So these 83 properties that represent 76 acres, there's actually a map that I've -- do all of the members have that map?

MS. HOWARD:

Yes.

DIRECTOR LANSDALE:

So they're distributed throughout the County, but largely in western Suffolk. And we think that there's an opportunity to redevelop these properties through the creation of a land bank, as well as pursue all other opportunities to facilitate the redevelopment of brownfields. So what I'm saying is we should pursue on dual tracks, on parallel tracks the creation of a land bank, which would be a separate public authority, it would be a nonprofit organization arm of Suffolk County, as well as we should look at amending through Albany the Suffolk County Tax Act, which has been proposed by other Legislators, and look at every available means to redevelop these properties. This is a win-win, it's a win economically.

There's approximately -- on these 83 properties, there's 20 million dollars of taxes that have not been paid because -- because they haven't been redeveloped. So there's a real opportunity to create -- put these back on the tax roll, create jobs, create new businesses and revitalize neighborhoods.

So, specifically, what do we need to do? Here's the distribution. This map is in front of you, and there's -- let me just go back. So the deadline to create a -- to apply for the first round of land banks, land bank designation, is the end of this month, it's March 30th, which means that in order to apply for land bank designation, we need to, at the March 13th Legislative meeting, via CN, adopt a Local Law, and that Local Law would appoint a Board of Directors and contain articles of incorporation and bylaws to do so, and that there would be a nondiscrimination policy attached as well. So those are all the steps that the County needs to take in order to apply for a land bank designation.

We are proposing that the staff for this land bank be existing staff from the Department of Real Property. So we're not looking to hire new people, we're looking to use existing staff resources to perform this function.

So the County would theoretically take these 83 properties, transfer it over to the land bank, and the land bank will then be able to do a couple of things, dispose of these properties through an auction, or receive funds from federal sources, like the Environmental Protection Agency, and facilitate -- or the New York State Department of State through the Brownfield Opportunity Area Grant Program and looking at redeveloping these in partnership with local community groups. So there's really a couple of options. The exciting thing about the land bank is that it opens up a new source of funding. It opens up foundation grants, because it would be a nonprofit. So -- and that money is right now not available to the County.

So that's -- I'd be happy to answer any of your questions, but that's our land bank presentation in a nutshell. I just want to emphasize a couple of things. One is that this proposal does not preclude the County from doing and advancing any other proposals to facilitate the redevelopment of

brownfields. We see this as a dual track that we can pursue this, as well as all of the other exciting brownfields redevelopment initiatives that the County has. Thanks.

CHAIRMAN HORSLEY:

Thank you very much, Sarah, and I appreciate your comments. We do have a couple of questions, if you've got that time?

DIRECTOR LANSDALE:

Would be happy to answer them.

CHAIRMAN HORSLEY:

We're still good?

DIRECTOR LANSDALE:

Yep.

CHAIRMAN HORSLEY:

Okay. Legislator Stern?

LEG. STERN:

Thank you, Mr. Chairman, and welcome. First question maybe is for Counsel. If we were going to have a land bank, which is a separate entity, and it was going to be staffed by essentially administration staffers, is that something that we are able to do, even though it's created as a separate entity?

MR. NOLAN:

It's been awhile since I looked at the land bank law, but it sounds to me like it's a separate nonprofit entity under the State law. I think -- I don't know if the Commissioner had mentioned, I think there is a CN coming over that has to do with the land bank. I haven't had a chance to review that legislation yet, but I think it does have to be a separate nonprofit under the State law; am I correct, Commissioner?

DIRECTOR LANSDALE:

It does have to be a separate nonprofit, and within the New York State law, it does specifically mention that local municipalities can loan staff to the land bank. And if you'd like, I can send you the specific citation in that law.

LEG. STERN:

Thank you. The -- what's the significance of the deadline? I understand that there's a deadline that we have to meet, that's why it's coming over by CN, that's fine. What's the significance of the deadline, though? There is this deadline. Does it represent anything other than just an arbitrary administrative deadline that the State would like to see? Any interest? What does it really mean?

DIRECTOR LANSDALE:

It's a deadline set by Empire State Development Corporation, the entity that's accepting these applications to create a land bank. They've been designated by the Governor as the entity that will approve the designation of these land banks. I just e-mailed over to the Long Island Regional Director today about, you know, how long this would take for them to approve any of the applications that they receive and she indicated that it would be three to four months. So that's more information than you asked for, but I wanted to let you know that as well.

LEG. STERN:

And if for some reason the CN wasn't approved and we didn't make this deadline, has there

been -- maybe Legislator Gregory knows, maybe you know. If it's not in by this deadline, are there plans for a Phase II, another round? And if you know, approximately how long out would that be?

DIRECTOR LANSDALE:

There's no definitive response from Empire State Development Corporation on when the second round of the second half, the second five land banks would be designated. There is a lot of interest in pursuing this. And I was able to participate in a day-long seminar via the internet on this subject, held specifically for New York State municipalities, and it seemed from the discussion that many municipalities are going to wait and hold off. And I think that there'll be much more competition to have a land bank designation in the second round than in the first round. That's just my hunch.

LEG. STERN:

So why, then, would we want to get this done by CN immediately, whereas other municipalities are opting to wait? What's -- why are they waiting?

DIRECTOR LANSDALE:

They felt like the time remaining, that they wouldn't be able to draft the bylaws and articles of incorporation and find a Board of Directors. That's --

LEG. STERN:

Do we -- we have to have a Board of Directors in place by the time the application deadline approaches, or is it just that we have to have the CN in place and have approved it? We actually have to have this not-for-profit that has a Board of Directors that has been named and up and running by the deadline; is that the requirement?

LEG. GREGORY:

It's my understanding that the Board of Directors has to be established, because there will be -- would have to be a filing with the Secretary of State. So they won't actually see that we are an entity that's ready to -- you know to be designated and ready to go forward once the designation is in place.

LEG. STERN:

How many members make up the Board of Directors?

DIRECTOR LANSDALE:

The State recommends an odd number, anywhere between five and eleven. The current -- the latest proposal is seven members.

I think that if I could just speak to Legislator Stern's question about why now, as opposed to why later. I think we're in dire economic straits right now, and I think that we should use every tool available to the County and pursue this full force immediately. We have the articles of incorporations drafted already, we have the bylaws. We really need the support of the Legislature to make this happen.

LEG. GREGORY:

And if I may, I think part of the reason why there's delay or hesitancy in other jurisdictions is because we've kind of -- we're ahead of the curve. And it's my understanding that people from the Empire State Development Corporation have been reaching out to us because we have kind of been early out front, and throughout the State, with the passing of the legislation in July, that they've -- you know, they're kind of encouraging us to go along, where other municipalities are just getting on board and familiar with the legislation and all that it entails. We've kind of been -- we're a little ahead of the curb -- curve.

CHAIRMAN HORSLEY:

Yes, Legislator Nowick.

LEG. NOWICK:

Sarah, I'm sorry, but I'm just -- I'm having just a little trouble understanding. And I hate to -- I know they say that there's no stupid questions, but I'm just having trouble understanding exactly what a land bank is. From what I'm gathering, it's -- it enables us to take the brownfields that have gone -- there's no -- there's been no taxes paid, they've just -- they sit there, they're stagnant. Does it enable us to restore these brownfields for auction; is that the point of this?

DIRECTOR LANSDALE:

There are a couple of things that we could do with these properties. We could specifically hold them or dispose of them. There's models all around the country. Some models like the one in Flint, Michigan, hold the properties, receive funding from the Environmental Protection Agency to clean up these properties. Other land banks specifically just hold the properties and auction them immediately. So it really depends on -- I mean, there are a number of activities that the County could do

LEG. NOWICK:

But it's just for brownfields.

DIRECTOR LANSDALE:

That's correct, yes.

LEG. NOWICK:

What is it?

LEG. GREGORY:

I'm sorry. As Sarah, the Director, mentioned, there are different programs and approaches that you can take -- undertake with the land bank. We've chosen to go with brownfields, but it's really any properties, tax foreclosed properties. You can develop programs for regular properties, residential properties, and we have the Department of Real Estate that auctions those properties now, but there are land banks throughout the County that do the similar actions to what our Department of Real Estate does.

LEG. NOWICK:

Well, that's what I don't understand. We can auction off the property anyway, brownfields, not that anybody really wants -- well, sometimes yes, but, you know, it's a lot of money to -- what is -- since we can do it anyway, why do we then -- and I'm not knocking this, believe me, I'm just trying to understand what it is. What's the -- what's the difference?

LEG. GREGORY:

Well, and if I may, the -- what we've been told, that there is an interest in purchasing brownfields properties, and as the Director mentioned earlier, we're prohibited by the State Tax Act to auction off properties less than what the lien is on the property. The land bank, a nonprofit -- separate nonprofit corporation, is not restricted by the Tax Act. They can sell properties for less than the lien on the property, which will, in turn, get those properties remediated and back on the tax rolls. We have 20 million dollars, 20-plus million dollars in taxes that would go directly to those jurisdictions that haven't received those taxes. And these are properties that have sat idle, some for decades, because no one wants to touch them. Now we have a mechanism to make them available.

LEG. NOWICK:

So, in essence, we would have to take the Suffolk County Tax Act, go to Albany, have it changed. So, in essence, we would -- well, we'd have to, right? No?

LEG. GREGORY:

Oh, if we did it, yes.

LEG. NOWICK:

Yes.

LEG. GREGORY:

Yes, yes.

LEG. NOWICK:

Okay. So, if we did it this way, the County would be, so to speak, forgiving some of the outstanding -- well, liens, meaning the taxes due, but we would be able to auction it off, so maybe make up the money in the long run?

LEG. GREGORY:

Well, there's different ways, and that's the beauty of it. You know, the law itself is -- allows for agreements between the land bank and the County. So there can be arrangements made that the properties and the -- the property is sold, that a certain percentage of those proceeds go to the County. I mean, that can all be worked out, it doesn't necessarily have to be --

LEG. NOWICK:

That would make up maybe the backtaxes or something.

LEG. GREGORY:

Right, right.

LEG. NOWICK:

Thank you. I just didn't understand.

CHAIRMAN HORSLEY:

Thank you very much, Legislator Nowick. Legislator Cilmi.

LEG. CILMI:

Yes, thank you. Thank you, Sarah, for being here. And I appreciate most -- I guess all of you have seen at this point the draft Certificate of Necessity that's been shared with us in advance of Tuesday's meeting. It does include my name on it, and I guess I can say that Legislator Gregory was kind enough to call and ask if I would be interested in participating in this and being on the Board of Directors. And I expressed -- I had said to him that I was, you know, obviously flattered that he would ask and that I would look into it, but I have no way agreed to this yet. I do think there are lots of great things that this land bank can do, and as you all know, the subject of brownfields has been a tremendous concern of mine. In fact, I have three resolutions that are being laid on the table at Tuesday's meeting, one of which is actually a Home Rule Message that we will vote on on Tuesday which is supportive of State legislation, which we passed. It's a Home Rule Message that we passed last year, but that we have to pass again this year, that supports a bill that's in the State Senate, sponsored by Senator Marcellino, and a companion bill in the Assembly, sponsored by Assemblyman Steven Englebright, which would effectively change the Suffolk County Tax Act to allow us to sell liens for brownfield properties for less than the accumulated backtaxes.

As Director Lansdale said, you know, there's something to be said for parallel tracks in trying to deal

with this issue, because it is a significant issue. Some of the concerns I have, though, and I'm not sure if you had an opportunity to research, but when we have, and this is -- maybe Counsel can sort of comment here, but we have a number of authorities that -- you know, State authorities in New York that have grown in their scope over time, and grown in terms of their administration overtime. While the state law that permits land banks does authorize a loan, as Ms. Lansdale said, for staffing purposes, it also -- the law also gives the land bank the authority, through its Board of Directors, to hire a myriad of staff and such. So that was one of my major concerns, is, you know, once you let the cat out of the bag, how big does the cat get?

The other concern that I have is -- there's several others, but the other big concern I have is with respect to the authority's ability to bond, to issue bonds, and that's scary. You know, at a time where we're borrowing a lot of money in government, to create a separate entity that would enable that to occur is concerning to me. So, you know, I recognize that we want to get this done quickly. To me there are a lot of questions and many of which are legal questions. I really would love to have our Counsel have an opportunity to, you know, fine-tooth-comb this before we -- before we approve it, and maybe that could be done by Tuesday, I don't know.

But those are some of my questions. I've shared others with you personally and I look forward to discussing it. As I said, it's a significant issue. We have these 80 some-odd properties in the County that are not only impacting us from an economic point of view, but they're impacting us potentially from a public health point of view and from an environmental point of view, as well as from a quality of life point of view. So anything that we can do to address these properties I think is good, but I think the devil is in the details with some of these things, so we just have to proceed cautiously.

LEG. GREGORY:

If I may, Mr. Chair, just to respond.

CHAIRMAN HORSLEY:

Please.

LEG. GREGORY:

Okay. My, and I think the Administration as well, particularly the Director, if I could speak for her, I don't think any of our intentions was ever to establish an entity, you know, a patronage pit, if I can use that term. You know, the intention is to get these properties remediated and back on the tax rolls, particularly as we face these tough economic times, and particularly brownfields, where, you know, as they lay dormant, they continually, you know -- and contaminated, you know, properties, that it's not doing any good. This is a venue or an avenue that can address those properties, and we can benefit from it, as well as, you know, there -- it's my understanding that there are federal monies available just for the establishment of a land bank.

The Director had mentioned earlier we're planning to use -- the intention is to use all County personnel, and with the -- with the potential of Federal monies being available to run the land bank, we can have some of our, at least a portion of, County employees' salaries paid by Federal grant money. I mean, that's excellent as we're looking to lay off people, potentially. So I think there are some real benefits, obviously. We wanted to make it a bipartisan, diverse Board of Directors, too, so that everyone has a hand at stake. We wanted to make sure that there is representation from the towns, we wanted to have representation from the Health Department and the County Attorney's Office, and others, you know, because we can really take an honest look at it. The towns have a stake in this as well. We're very well probably going to have to have Memorandums of Understanding with the individual towns.

You know, this is a real opportunity, and I think it's certainly something that I believe that we should

move forward with, given the potential competition throughout this state, there only being ten authorized in the legislation. You know, if we're out first, or one of the first few out, we should take advantage of it.

LEG. CILMI:

If I may readdress through the Chair.

CHAIRMAN HORSLEY:

Yes, please.

LEG. CILMI:

Yeah. So, you know, as I said, there are very many good things that could come out of this, and I certainly wouldn't allege any ill intentions on your part or the Director's part. I have the greatest of respect for both of you. The -- but sometimes the best laid intentions, you know, don't turn out so good. So, you know, while I appreciate that we're planning to use, you know, County staff exclusively for this, and while I appreciate the intentions associated with this, again, I just -- I want to proceed, personally, cautiously. I'm not an attorney, you know, so there are some legal questions that I have with respect to, you know, some of these concerns.

One of the things that I talked to the Director about was whether or not we could allay some of my concerns legislatively in applying for this land bank. In other words, if we could -- if we could constrain ourselves through our own legislation to avoid, you know, the growth, and to avoid, you know, unnecessary bonding, and things of that nature. And I think those are the sorts of things that I think the Director is looking into, and I fully expect to hear back shortly on. So I applaud you on your efforts to deal with this problem and I think this is a real creative way to do it. I just -- you know, I need to make sure that the I's are dotted and T's are crossed, that's all.

CHAIRMAN HORSLEY:

Yes. If I may, Legislator Cilmi, that I've just been speaking with our Counsel and he says he's going to be looking at it the next couple of days -- he said, "Oh, boy, I got to work" -- because he has questions as well. So let's see if we can get that information to each other. There should be conversations prior to the CN coming across.

DIRECTOR LANSDALE:

Definitely. We'd be more than happy to continue to work on this with all of you.

CHAIRMAN HORSLEY:

Okay. With all three, and, of course, DuWayne, Legislator Gregory as well. Legislator Kahn -- Hahn.

LEG. HAHN:

Thank you, Chair. Thank you --

LEG. GREGORY:

Chaka Khan.

CHAIRMAN HORSLEY:

Chaka Khan, yes. I don't know where that came from.

LEG. HAHN:

I agree, we shouldn't rush. I would hope we make this deadline. I think this is really a phenomenal opportunity, and we should work late in making sure we have all of our I's dotted and our T's crossed. And if you don't want to serve, I know I'm a Democrat, but I'd love to.

*(*Laughter*)*

But as Chair of the Environment Committee, Planning and Agricultural Committee, I just want to confirm, because I think I know the answer, but I just want to confirm that these brownfields were -- all the requirements for their cleanup and remediation remain, like that there's no -- anyone who purchases the property still has to clean up and meet all the specifications of the EPA, the DEC, the, you know, Health Department, and --

DIRECTOR LANSDALE:

Yes, that's correct.

LEG. HAHN:

Okay, good, because every day that these properties sit untouched is another day they're harming our environment, they're harming our communities, and they're harming Suffolk County's pocketbooks. I recognize we probably are not getting the money otherwise, because these properties just sit here, keep collecting additional taxes that are owed and we're not getting paid. However, this is maybe a question for BRO. In our budget, do we assume we're getting paid this 20 million dollars? Like is this going to be like another 20 million dollar hole if it doesn't -- again, I recognize we're probably not getting paid anyway, but I want to understand for brownfields properties and properties that are long overdue on backtaxes, do we continue to assume we're going to get paid and it just never comes in?

MS. HALLORAN:

I don't -- I think you're asking me is that included as a revenue already, and I believe the answer is no, because we didn't actually -- I think most of these we didn't actually take possession of.

LEG. HAHN:

I guess I mean the backtaxes. So, if somebody owes us -- let's just make it a round number. I doubt anybody owes us a million dollars, but let's say somebody owes us -- one property owes us a million dollars. Is it in our budget that we're assuming they're going to pay us and it's at the end of the year, we don't get paid that, and it's sort of a deficit? I'm not real familiar with how these brownfield properties --

MS. HALLORAN:

I'm going to have to check into that. I'm not exactly sure. I know --

LEG. CILMI:

Yeah, if I may. They're not viewed exclusively from the -- you know, from the total tax warrant at all. They're -- you know, it's inclusive in the rest of the properties that we have to -- in other words, we expect to receive a certain amount of taxes from our taxpayers and we expect to be -- have to pay a certain amount of those taxes back to the local, you know, other taxing jurisdictions. These properties that are considered brownfield properties don't get segregated from that mix at all, so -- and there is a -- you know, Real Estate has sort of a formula that they use, and you talk to them and they'll tell you that some -- 95, 97%, or something like that, of all backtaxes eventually get paid, eventually. The question is, you know, how much is that three or five percent, or whatever it is, and maybe that constitutes, you know, the brownfield properties, I don't know, but they are not looked at exclusively.

LEG. HAHN:

Okay. And then -- so maybe we'll eventually get an answer. Is there a list that somehow identifies each of the numbers on here and like the property location and/or name, or, you know, what it is and why it's a brownfield, etcetera?

DIRECTOR LANSDALE:

Yes, I have that list. I'd be happy to share it with you.

LEG. HAHN:

Thank you.

LEG. STERN:

I have one more question.

CHAIRMAN HORSLEY:

Okay, Legislator Stern. I just -- Sarah, I want to just note that this has become much more interesting to me, because I'm looking, I've got 13 through 23 and I've got the smallest geographical district in the County. Very scary. Legislator Stern.

LEG. STERN:

Legislator Cilmi.

CHAIRMAN HORSLEY:

Legislator Cilmi, back to you.

LEG. CILMI:

Just one quick question. Under -- to Counsel. Under New York State's Public Authorities Law, which I assume this type of organization would fall under, they have the authority to levy taxes, don't they? Isn't that how we got the MTA tax that we all jumped up and down about and --

MR. NOLAN:

I don't think that's an across-the-board thing, and I don't know that this entity would have the authority to impose taxes. I'd be surprised by that. Maybe to float bonds, but --

LEG. CILMI:

I don't see it in the State law, nor do I see it in the bylaws, but --

MR. NOLAN:

Yeah, I'd be very surprised if they had that authority.

LEG. GREGORY:

Excuse me, Counsel. If I may, through the Chair.

CHAIRMAN HORSLEY:

Please.

LEG. GREGORY:

This -- being the land bank legislation is -- was an amendment to the State Not-For-Profit Law, so this is a not-for-profit entity, not a --

CHAIRMAN HORSLEY:

Authority.

LEG. GREGORY:

-- public authority or public benefit corporation.

CHAIRMAN HORSLEY:

Okay. Legislator Stern.

LEG. STERN:

Do you have more?

LEG. CILMI:

No, I'm fine.

CHAIRMAN HORSLEY:

Oh, I'm sorry.

LEG. STERN:

Thank you, Mr. Chairman. Just to the map, I'm just looking at the map here again. This is really just for identification purposes as to properties throughout Suffolk County that a land bank may apply to, where you think that there may be opportunity. This doesn't -- this doesn't identify properties that would necessarily be part of the land bank when we pass this law. These are opportunities that are out there, and when we create the entity, then we would deal with all of these properties on a case-by-case basis; is that how that works?

DIRECTOR LANSDALE:

Yes. So these are properties. The map that you're looking at are the properties that the brownfields Inter-Agency Task Force of the County has decided not to take for fear of environmental concerns, so -- and there is a corresponding key that is being photocopied right now that will show you the specific tax map I.D., the address, and the reason for the environmental concern. But you're right, there -- these properties could be transferred to the land bank, but not all of them have to be transferred. But these are properties that are accruing taxes that the County's paying still. And, you know, we're not able to sell these because we, the County, are concerned about entering into the chain of title for fear of environmental liability. So these are probably the best properties before us that could be considered to be transferred to the land bank.

LEG. STERN:

And then procedurally, how would that happen? Your department would identify each of these properties as perhaps being appropriate to be transferred to the land bank? Is that done administratively? Does each and every property then come back before this Legislature for consideration and approval for transfer to the land bank? How does that work?

DIRECTOR LANSDALE:

I would have to get back to you on the specific mechanics of transferring the properties into the land bank, and I'd be more than happy to get back to you on the details on that.

LEG. STERN:

Okay. Maybe we can have some of those details in anticipation --

DIRECTOR LANSDALE:

Prior to the meeting, yes.

LEG. STERN:

-- of our meeting coming up. You had mentioned before that establishing a land bank provides opportunities for various grants. Are these grants that you mentioned, are they not available? Is there no opportunity to access those grants for these properties unless we have a land bank? Are those grants specifically for land bank property use?

DIRECTOR LANSDALE:

There is funding specifically for land banks, and there is -- also because this land bank would be a not-for-profit entity, it opens up funding for foundations, private foundations, like, for instance, the Ford Foundation, or some foundations that only fund nonprofit corporations. The other funding that I mentioned, the Environmental Protection Agency funding, the Brownfields Assessment Grant, or the brownfield Opportunity Area Grant is available to the County right now, but the County has not been historically successful in receiving those grants. They've applied for them in the past through the Department of Health Services.

LEG. STERN:

So in what way, then, would the creation of this land bank enhance our ability to receive that funding?

DIRECTOR LANSDALE:

Through -- there's been growing recognition through the Environmental Protection Agency that land banks are a successful tool in disposing of these properties. Many times in the past municipalities have received funding to remediate a brownfield, and then, for whatever reason, have not been able to successfully transfer that to a private entity. And so the EPA has just come out with a fact sheet endorsing the creation of land banks as recently as the summer as a tool to facilitate the transfer of these properties back to the private sector.

LEG. STERN:

So it's been shown that, at least in other jurisdictions, there is a better opportunity, there's an enhanced shot at being able to access this funding if we're utilizing a land bank for that purpose?

DIRECTOR LANSDALE:

Yes.

LEG. STERN:

All right. Thank you.

CHAIRMAN HORSLEY:

All righty. Thank you very much. Is there anything else? We're all good? Sarah, thank you very much for coming down today and giving us this report, because it is not only timely, but, as I say, you got my whole district here with little numbers all over it, so --

DIRECTOR LANSDALE:

Thank you so much for the opportunity.

CHAIRMAN HORSLEY:

There you go.

DIRECTOR LANSDALE:

And I look forward to responding with the questions.

CHAIRMAN HORSLEY:

We're game. Thank you. All right. My next -- my next presentation is from Wayne Gutschow from Nextek Power Systems, Incorporated. Guys, would like to -- and how are you?

MR. GUTSCHOW:

Very good.

CHAIRMAN HORSLEY:

Wayne is one of the brightest guys I've ever met. He's going in about 50 different directions at once with 50 different inventions. I went to his office one time and just bowled over by the complexity of some of the stuff he's working on. So, Wayne, why don't you enlighten us? And thank you very much for being here today.

MR. GUTSCHOW:

Thank you for inviting me. I just want to give you a brief overview of some exciting technology that's very timely right now. We're all familiar with the solar panels that are out on the carports here. And Nextek, a homegrown Long Island company, has come up with a means of utilizing the energy that comes off those solar panels in a more efficient way than what has conventionally been done. We have patents on this technology since 1995, when the company began. The inventor actually came out of Brookhaven National Laboratories and founded a private company. We have offices now in Detroit, as well as an engineering office here in Long Island and a manufacturing incubator. We're a founding member, just one of four companies, that started the EMerge Alliance three years ago, and this is an alliance to standardize DC micro-grids in commercial buildings such as this one. And we were nominated for the World Technology Award network in 2010. And we have several DOE and DOD grants that we're working under right now to help bring this technology to market.

It really goes all the way back to the beginning of electricity. Briefly, if you remember, the current wars between Thomas Edison and George Westinghouse, AC versus DC. AC won out because it was found that it was able to go long distances with very little loss. And for the next 50 years or so, that worked out very nicely because that electricity was being used to operate incandescent lights and induction motors, which utilize AC very effectively. But in the '60's, '70's and on into the '80's, as semiconductors began to replace that technology, such as electronic lighting and computer systems, all of those devices now required a transformer or a power supply to turn that AC into DC so it could further be utilized. And today we're left with that legacy of AC distribution within a building, because that's the way it's been done. So what that ends up looking like is approximately 80% of the electricity that comes into a modern building today is turned into DC before it can actually perform some work.

This is what it looks like. We have AC coming from a power plant flowing into a building. It goes into a power distribution panel, and it might go up onto the roof and go into a variable frequency drive, which is what runs our air conditioning and heating systems and it gets turned into DC so that the speed can be selected. Likewise, you'll have a branch circuit coming through a building and going to the lights, such as the compact fluorescent lights over our heads here and the linear fluorescent lights behind me. There's transformers in there that turn the AC into DC so that it can be turned into high frequency to operate the compact fluorescent light.

This laptop that I'm working on here, along with all the other ones down the table here all have those little black bricks that are laying down on the floor. Those are turning AC into DC to be utilized by the computer, as well as the amplifier down at the end of table here and the LED signs by the door. So most modern, in fact, all of your office equipment has a power supply in it, televisions and so forth. And, of course, as electric vehicles start to come onto the market with their batteries, they, of course, require DC. And, again, if this was back in the 1900's, this is all that you would have, was a power supply -- power station bringing this AC source in, distributing it into the building. But now that we're starting to utilize renewable sources, such as the solar panels out on your carport, that has to go into an inverter to turn that newly collected DC into AC just so that it can travel through the wires of the building, only to be converted back into DC the way it started in order to do some work.

So our founder, Bill Wilhelm, again came out of Brookhaven National Laboratory, came up with the

idea of a DC microgrid for a building where you start off with the hierarchy, being the renewable energy source. You start with this. DC is collected on a solar panel, passes into, not an AC, but a DC distribution panel. This is going a short distance now, so we're not competing with what George Westinghouse tried to do all those years ago. This is all being done locally within -- oh, I'm sorry -- within the building here.

The DC can now go to the variable frequency drive on the roof and be utilized. The DC can go into DC fluorescent ballasts and be utilized directly. The DC can come right into this laptop and supply all the electronic devices in the cubicles in the office, as well as going right to the battery chargers in the electric vehicles. We've eliminated this conversion, and what Nextek provides is this block out here that, when a cloud comes by or the sun starts to set and this voltage begins to drop, we blend in AC from the local power station to maintain the DC load in the building on into the evening, so there's no disturbance to the loads. So you have an extremely efficient path between the solar energy or the wind generator to the loads. And then, only when necessary, we make up the difference with AC. So it's a complete -- it's a paradigm shift in the way of utilizing renewable energy sources.

And the solar panels can stay out on the carport just the way they are. There's no change there, it's just a matter of how they're utilized. The electrical wiring in buildings, most of it can stay, because we can carry DC over the same AC wires. So there's very little disturbance to the infrastructure.

Just as a quick example of an interesting installation, this Fort Huachuca down in Arizona. They wanted a demonstration, so we set up metering systems that measured their fluorescent lighting load. They were using T8 fluorescent, similar to the ones behind me here. And because they were using the older magnetic ballasts, they came in with a 73% efficiency ratio. That means electricity being turned into light, that's 73%. And we put the Nextek DC ballasts and power supplies in, and without any renewable energy at all, just brought them up to 85%. When the PV was added, the increase would have been 59%, had they left the old magnetic ballasts in. But with a combination of the solar and the DC ballasts, you've gotten rid of two conversions. There was an overall 32% increase in efficiency.

Here's another example closer to home, the Hempstead Town Hall. We retrofitted this building in 2006. The solar panels you see up here on the roof are part of the south facing roof, and there's another set of arrays on the flat part up here. There's 40 kilowatts overall. What's unique about this installation is that none of this energy goes back onto the grid. They have a 30 horsepower and a 40 horsepower blower system that moves air continuously through the building during all the occupied times, and this solar energy is running those motors directly to the point that at points in the day, when the sun is at its peak, there's no energy draw from the grid for operating the air conditioning and heating circulation blowers in the building. So it's just another example of what we call direct coupling.

These are a few installations that we have around the country as pilot projects. Some of them that might stand out would be the GSA Headquarters in Washington D.C. We have a pilot installation there. The U.S. Green Buildings Council, this is an actual photograph of the conference rooms. These are DC fluorescent lights, and there's no difference. No one would ever know that they're running on DC because the fixtures are the same, the bulbs are the same, it's just the ballast that gets changed to DC. The next energy facility here in Detroit, I should say there, is the headquarters currently for Nextek. The University of California, San Diego is utilizing the system in their Sustainable Energy Center. So these are all early adopters of the technology, all proving out the feasibility to move on to bigger installations.

We've incorporated the services of DSA, the Dynamic Supplier Alignment, to help bring this product

to market. And what they were able to do was set up Nextek in the Telegence Incubator, which is located over by MacArthur Airport in Bohemia. DSA brings to Nextek the services of supply chain management, operations management, and overall workforce development, so that we can focus on continually developing the product line. As an example, they were able to bring to us some graduate services from Stony Brook University. What you see is a screen shot of an actual AutoCAD developed enclosure for a product that Nextek is developing to regulate solar energy coming from solar panels as it comes into the building.

Now, with respect to us having to go out and hire contract engineers, we're able to use the graduate students and get them into an apprenticeship to help prepare them for the workforce. DSA would also align us with suppliers here on the Island, such as Arrow Electronics locally. These people would be supplying all the components, the transformers, the PC wiring boards. Metal fabrication, Tatra Metals and B&H Precision over in Bohemia are all in the running to work from those AutoCAD designs that the students put together to actually fabricate the enclosures for us.

Now, finally, the assembly would be done by companies such as Precision Assembly Technologies, you know, which is part of the Telegence Incubator, SRI North America. These are companies that are all currently bidding on projects for Nextek. So I show these slides because I want to bring out the idea that this is more than just an energy benefit for the municipal buildings that we're addressing here, this is a closed loop system where we're actually bringing together the resources that we have here on the Island and utilizing all of these services together to make this product work.

Finally, lighting contractors such as Vision Quest are bidding on the actual installations of coming in and changing out the ballasts and the lighting systems, and running the wiring throughout the building, and putting the metering systems in.

So, ultimately, this is what it looks like. We envision the product benefitting the municipal buildings from an energy standpoint. The services of Stony Brook University and the like, with their apprenticeships programs, bringing them in, the companies such as Nextek, flowing through the manufacturing incubator and ultimately utilizing all of the supply change economics that we have on Long Island to help stimulate growth, we see this as a win-win situation for everybody. Thank you very much.

CHAIRMAN HORSLEY:

Thank you very much, Wayne, and we appreciate it. I just wanted, you know, to give a hint to this committee about the entrepreneurship that is going on in Suffolk County, that -- you know, that these guys are out there. And, you know, what you're talking about to me sounds like changing the whole electrical system for the world. I mean, that's -- what an open market that could be.

MR. GUTSCHOW:

It's time for a change.

CHAIRMAN HORSLEY:

I like that, that's good. Are there any questions? Would anyone like --

LEG. CILMI:

Yeah, I have a question.

CHAIRMAN HORSLEY:

Legislator Cilmi.

LEG. CILMI:

Thanks for sharing.

MR. GUTSCHOW:

Thank you.

LEG. CILMI:

It sounded to me like you were suggesting that there might be an opportunity to utilize some of the solar carports that we have installed in the parking lots with this technology, but my understanding is that we don't -- you know, we don't own those carports. We lease the space, the parking lot space, to a private company.

MR. GUTSCHOW:

Right.

LEG. CILMI:

Who, in turn, has a power purchase agreement with LIPA for the energy that's generated. And so I think it's -- I think they're sort of off limits to us.

MR. GUTSCHOW:

Yeah, that's fine. It's really agnostic to the system.

LEG. CILMI:

Right.

MR. GUTSCHOW:

Anyplace that you can put a solar panel, if we can match it to the --

LEG. CILMI:

Right.

MR. GUTSCHOW:

-- capacity of the load for the building, it's just better utilization.

LEG. CILMI:

If you -- just go back, if you could, to the slide with the building in Hempstead.

MR. GUTSCHOW:

It's coming up. There we go.

LEG. CILMI:

And my question is, how long ago did you do that installation?

MR. GUTSCHOW:

That was 2006.

LEG. CILMI:

Okay. So you have a good five years or so of experience with it.

MR. GUTSCHOW:

Yes.

LEG. CILMI:

Do you have comparisons in terms of the energy costs prior and the existing energy costs? And, you know, what's the ROI on the investment, etcetera?

MR. GUTSCHOW:

We do, yes. The immediate savings as a result of introducing the variable speed drive was 40%, and that's not because of necessarily Nextek, that's because a variable speed drive can turn down the speeds of the motors when they're not necessary, so it's demand control ventilation. So --

LEG. CILMI:

That's savings that's, you know, conventional energy to this? That's just the monthly savings, if you will, of energy usage?

MR. GUTSCHOW:

Right, yeah. So the --

LEG. CILMI:

Okay.

MR. GUTSCHOW:

So the HVAC system is drawing 40% less right away. Then, when we incorporated the 40 kilowatts of solar, that picked up the load that would have been drawn to cover the balance of the energy. So now you basically took that load off the grid during the day, which also helps with peak demand charges.

LEG. CILMI:

Okay. So, if you compare the -- again, if you compare their costs, give me some real numbers for an example. What was their average monthly bill prior to and what's their average monthly bill now?

MR. GUTSCHOW:

I don't have those numbers in my head, but I do know that the ROI was down in the five-year range, just based on what they were spending for the HVAC system.

LEG. CILMI:

And what about maintenance and, you know, replacement costs, etcetera?

MR. GUTSCHOW:

The system that went in for them, the solar panels have a 25-year warranty, and they've had no problems with those, other than some bird problems. So there's some cleaning to do, but their staff takes care of that. And Nextek has provided service contracts for the equipment that we provided. In fact, we're in the process now of upgrading the equipment that's there, because the efficiencies have improved over the six years, so we're going back now to upfit the system.

LEG. CILMI:

Okay. But there's additional costs to that, obviously, right? So --

MR. GUTSCHOW:

Correct, yep. And they will benefit still from further savings.

LEG. CILMI:

I mean, it's -- one of the challenges with this industry is that it's advancing so quickly --

MR. GUTSCHOW:

That's right

LEG. CILMI:

-- that there's constantly new technologies that have to be reinvested in and reinvested in.

MR. GUTSCHOW:

Right, yeah. At the time, we didn't have the means to provide the DC bus voltages that the variable speed drive needed to operate, so we put in a system that would -- similar to putting batteries in series to make a higher voltage, we put in systems that would do that, not at the best efficiency, but it was a proof of concept, and, you know, that's what they wanted to see. So now they anticipated us coming back at some point in the future for a final solution, and that's where we are today.

LEG. CILMI:

You know, one of the interesting -- one of the interesting things that we've done is with respect to something totally different. There was a company that came to us and said, "Well, you know, we can save you "X" amount of money," on whatever the service was. I won't get into the details, but, "We're not going to charge you anything. You pay us as a percentage of the savings that we can" -- "that we can, you know, show you." Do you have that sort of arrangement with any of your customers at this time?

MR. GUTSCHOW:

Yes, we do. Yeah, that's typical power purchase agreement. We're doing that with a Target store in El Cajon, California, right now, that is correct

LEG. CILMI:

Okay. So they're not -- so they didn't pay you in advance, that there was no capital cost associated with the -- with the retrofitting or installation of whatever was necessary, but, rather, you're taking a percentage of what they're saving from when they used to pay conventional and what they're paying now?

MR. GUTSCHOW:

That's correct, yeah. Yeah, yeah, that's getting more and more popular.

LEG. CILMI:

Interesting. Thank you.

MR. GUTSCHOW:

Great. Thank you.

CHAIRMAN HORSLEY:

Joe, do you have a comment that you'd like to make?

MR. SCHROEDER:

Yeah. I just wanted to point out that this technology affords a transformational opportunity for the development of distributed generation from solar and wind across Long Island and across the country. Where most of those installations are heavily dependent on utility incentives and rely on net metering to bolster the economics of the installations and reduce the payback period, this technology allows for the appropriate sizing of a system to dedicated loads within a specific building for the purpose of reducing demand. And it puts solar in a DG market, the distributor generation market, so that there's an alternate incentive for businesses in particular -- this is not necessarily applicable to residential structures yet, but for business people who have significant demand loads, this is a vehicle for them to realize genuine energy savings and not oversize the capital investment

that's required under the current strategy, which is put as many solar panels on the roof as you can fit, which drives up the capital cost of the installation. This is something that you do to a dedicated specific load within a building, and you can reduce your demand footprint on the grid and reduce your annual bills accordingly. So, if you wanted to go above and beyond with a larger system, you could do that, but this offers an alternative to the current business model for developing renewables on Long Island.

LEG. CILMI:

If I may, what's the gain in efficiency from -- you know, from the system where you have the DC converting to the AC, converting back to the DC, as compared to this, where you don't have to do that conversion?

MR. GUTSCHOW:

Typically, 15% by the time you go from source to load. And in many cases it's hard to measure that with an inverter system, because you're only looking at the inverter conversion, you're not looking at the efficiency of AC loads throughout the building. So it does take some additional resources to come up with those numbers. You have to -- in fact, we're doing that in Detroit. We're setting up part of a building in AC and part of it in DC, and monitoring both sides. You have side-by-side comparisons. That's the best way to do it.

LEG. CILMI:

Yep. Joe.

MR. SCHROEDER:

If I may, we're also looking at side-by-side comparison opportunities here on a Suffolk County building. We did meet with DPW and have an idea on some good target buildings.

LEG. CILMI:

Great. Thank you.

CHAIRMAN HORSLEY:

All right. Thank you very much. And, Joe, thank you very much for bringing Wayne today. Maybe -- Tom, maybe you could hook up at some point and take a look at his operation, it's really interesting.

But, anyway, thank you very much, and we appreciate you coming down here today. And again, one more time, it shows that Long Island is the place to be. So thank you.

INTRODUCTORY RESOLUTIONS

All right. Let's go to the agenda. We have Introductory Resolutions: ***1069 - Adopting Local Law No., 1069, A Local Law to establish the Gabreski Airport Conservation and Assessment Committee (Schneiderman).***

LEG. STERN:

It has to be tabled.

CHAIRMAN HORSLEY:

It has to be tabled?

MR. NOLAN:

Public hearing.

CHAIRMAN HORSLEY:

Oh, I didn't know that. Okay. Motion to table. It needs a public hearing. Second by Legislator Stern. All in favor? Opposed? So moved. *(Vote: Tabled for Public Hearing 5-0-0-0)*

1112 - Appointing Peter Fox Cohalan to the position of County Historian to the County of -- Suffolk County (Presiding Officer). I had the honor of talking to His Honor the other day, and he is, unfortunately, going to be out of the country for the next month or so, and he'll be here on May 2nd, so -- but he is very interested in the appointment and he looks forward to being our County Historian. So we'll table that, and we'll table that again until May 2nd. 1160, authorizing --

MR. NOLAN:

You need a motion.

LEG. STERN:

Motion.

CHAIRMAN HORSLEY:

Oh, I'm sorry. Yes, good point. Motion by Legislator Stern, second by -- I'll second the motion. All those in favor? Opposed? So moved. Thanks for that. *(Vote: Tabled 5-0-0-0)*

1160 - Authorizing a lease agreement with the Village Marine of Westhampton Ltd. d/b/a South Shore Boats for use of the property at Francis S. Gabreski Airport (County Executive). Is this all ready to go? Okay. Is there any questions on this?

LEG. STERN:

The only question --

CHAIRMAN HORSLEY:

Okay. Legislator Stern, before we -- maybe I'll make a motion to approve and --

LEG. STERN:

I'll second the motion.

CHAIRMAN HORSLEY:

Second the motion. On the motion?

LEG. STERN:

If I remember correctly, this was the -- this was the one that we kept considering over and over again and kept tabling, because we were going through the transition. It was really nothing more than that, was my recollection. So I guess the question is to the Administration. What, if any, concerns are there? And if not, I think we should be ready to proceed.

MS. FAHEY:

We're ready to go.

CHAIRMAN HORSLEY:

All right. We have a motion to approve on the table -- on the -- motion to approve. All those in favor? Opposed? So moved. *(Vote: Approved 5-0-0-0)*

Okay. Moving over to 1173. I understand that 1173 and 1174 has either been.

MR. NOLAN:

Adopted.

CHAIRMAN HORSLEY:

Adopted.

MR. NOLAN:

Or withdrawn.

CHAIRMAN HORSLEY:

Or withdrawn. So we'll move beyond that, 1173, 1174.

MR. NOLAN:

Move on to 1175.

CHAIRMAN HORSLEY:

Thank you. All right. We are -- we're not doing 1173 and 74. They've already been passed over.

1175 - Appointing Kevin M. Harvey as a member of the Suffolk County Industrial Development Agency, the IDA (Presiding Officer). I don't -- Kevin? Kevin's not here, I don't see him. I suspect my -- is that we probably did not call him to let him know he was on the agenda today. I hate to -- so we'll table this motion and we'll pick him up and make sure that he gets phone-called on -- next time around. So motion to table, second by Legislator Nowick. All those in favor? Opposed? So moved. ***(Vote: Tabled 5-0-0-0)***

And 1189 has also been --

MR. NOLAN:

Adopted by CN.

CHAIRMAN HORSLEY:

That has been adopted by CN. So we will -- we will pass on that. And as far as I can see, that's all we have on the agenda. Motion to close.

(*THE MEETING WAS ADJOURNED AT 3:29 P.M. *)