

ECONOMIC DEVELOPMENT AND ENERGY COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE
MINUTES

A 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, 725 Veterans Memorial Highway, Smithtown, New York, on Wednesday, October 3, 2012.

Members Present:

D.P.O. Wayne Horsley - Chairman
Legislator Steven Stern - Vice-Chair
Legislator Tom Cilmi
Legislator DuWayne Gregory
Legislator Lynn Nowick

Also In Attendance:

George Nolan - Counsel to the Legislature
Legislator John Kennedy - 12th Legislative District
Legislator Tom Cilmi - 10th Legislative District
Justin Littell - Aide to Legislator D'Amato
Michael Pitcher - Aide to Presiding Officer Lindsay
Ben Zwirn - County Executive's Office
Tom Vaughn - County Executive's Office
Gail Vizzini - Director/Budget Review Office
Robert Lipp - Deputy Director/Budget Review Office
Craig Freas - Budget Review Office
Joe Schroeder - Energy Specialist/Budget Review Office
Paul Perillie - Aide to Legislator Gregory
Kevin LaValle - Aide to Legislator Muratore
Greg Moran - Aide to Legislator Nowick
Ali Nazir - Aide to Legislator Kennedy
Maria Barbara - Aide to Legislator Tom Cilmi
Gordian Raacke - Renewable Energy Long Island
Anthony Manetta - Suffolk County Industrial Development Agency
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:

Gabrielle Skolom - Court Stenographer

(*The meeting was called to order at 2:00 p.m.)

D.P.O. HORSLEY:

All right. Welcome, everybody, to the Economic Development and Energy Committee. Why don't we all stand for the Pledge of Allegiance.

(Pledge of Allegiance)

May we all stand for a moment of silence for those men and women who protect our freedoms. I just heard a second ago that Presiding Officer Smith over in Nassau County apparently passed away. May we keep him in our prayers.

(Moment of Silence Observed)

All righty. We have two presentations today, but I thought before we hear our presentations, I see my good friend Jack Finkenberg is here who is one of the appointees to the Arts Council.

(Legislator Stern entered the meeting at 2:01 p.m)

All right. Resolution -- if I may take this first, I'll take Resolution Number 1934 that was reassigned to our committee.

Intro. Res. No. 1934-2012, Jack Finkenberg's appointment to the Suffolk County Citizens Advisory Board for the Arts (Horsley). Jack, why don't you stand up at the podium and just tell us a little bit about yourself and --

MR. FINKENBERG:

Thank you very much. Is there a button I have to push or anything?

MS. ORTIZ:

It stays on.

MR. FINKENBERG:

Jack Finkenberg, 25 Prospect Street in Babylon Village. I'm retired. I worked 30 years in the County Health Department. Started out as a public health sanitarian, retired as a hearing officer. Had the opportunity to go to law school at that time. And my arts background, I was a founder of the Babylon Village Arts Council. I served on the Town of Babylon Arts Commission, called BaCCA, and served as their interim director when their previous left. I started the Long Island Bluegrass Festival, which is one of my prouder accomplishments which is still ongoing. Let's see. I continue to take arts classes at Stony Brook University and Suffolk Community College, two wonderful institutions, and, very graciously, they allow me to take those courses as a senior auditor. I volunteered at the Islip Arts Museum as a docent and I'm a member of numerous arts organizations.

D.P.O. HORSLEY:

All right. Jack and I go back. It's getting to be a while now, and he is my appointee to the Board and, frankly, Jack has been involved in community activities for as long as I remember, and, both he and his wife Karen. I'm just honored that you are -- you know, you would like to be on this board.

MR. FINKENBERG:

Thank you very much.

D.P.O. HORSLEY:

Are there any questions of Mr. Finkenberg?

LEG. CILMI:

I have a question.

D.P.O. HORSLEY:

Oh, great. Mr. Cilmi.

LEG. CILMI:

Is Buddy Merriam a part of that bluegrass festival?

MR. FINKENBERG:

That's right. Buddy was the -- we worked together in getting it off the ground. He was able to contact many local bluegrass bands, and he's still very active in it also. Wonderful performer.

LEG. CILMI:

Very good.

D.P.O. HORSLEY:

I actually went to -- on my vacation this summer, I went to a bluegrass concert. That was -- I'm getting into it. I'm getting there.

MR. FINKENBERG:

It's an acquired taste.

D.P.O. HORSLEY:

It is an acquired taste, but you get to understand it.

MR. FINKENBERG:

It's a great American tradition. Real Americana music.

LEG. NOWICK:

I bet it was fun.

D.P.O. HORSLEY:

Absolutely. We were down in Virginia. We were hooting and hollering. It was good stuff.

MR. FINKENBERG:

I also spent time with the Huntington Folk Music Society. I was the president of that organization for about six years. They did some wonderful concerts up there. They still do one concert a month: One concert at the Cinema Arts Centre and one at the Congregational Church there in Huntington. Very inexpensive. Wonderful performers that you've never heard of. Great night of entertainment. Are there any further questions of Mr. Finkenberg? Okay.

That being the case, I'll make the motion to approve.

LEG. CILMI:

Second.

D.P.O. HORSLEY:

Seconded by Legislator Cilmi. All in favor? Opposed? So moved. *Approved (VOTE: 5-0)*

MR. FINKENBERG:

Thank you very much.

D.P.O. HORSLEY:

Thanks, Jack. We appreciate you serving the community.

MR. FINKENBERG:

Thank you.

D.P.O. HORSLEY:

Oh, Jack. Just quickly, just to let you know that you don't have to be there at the meeting on Tuesday. The fact that you were here today, that's good enough. They'll take our advice on the issue, not to mention it's out in Riverhead this week.

LEG. NOWICK:

No.

D.P.O. HORSLEY:

Yes.

LEG. NOWICK:

It is?

D.P.O. HORSLEY:

Educating my fellow colleagues.

LEG. CILMI:

(Inaudible)

D.P.O. HORSLEY:

Though I always listen to the Presiding Officer, I don't believe that is the case. Okay. I'd like to -- we have a presentation today -- actually, two presentations today. I'd like to introduce Anthony Manetta, who is the executive director and CEO of the Suffolk County IDA. Anthony, why don't you come on up? I just wanted to before -- preface this that Anthony, the workload and the number of businesses that have been outreached to and are now participating with the IDA has grown substantially since Anthony's been there, which has been a fairly short time. It's impressive, the numbers of new clients that are coming to the IDA, and I can only think it be attributable to one of two things: one, the economy is getting better, maybe a little bit; but Anthony is out there, and he's hustling, and I'm appreciative, and I think Suffolk County is as well, and we applaud the fact that you're here today, Anthony. Why don't you just tell us a little bit about the IDA and how it works and where we're at with your division?

MR. MANETTA:

Thanks for having me here today. It's great to be able to provide everyone with an update on the new IDA and how and what our new approach is to talking and communicating with Suffolk County's businesses. I prepared a seven page (indiscernible). I believe everyone should have it. If you want to follow along, you can. I'm just going to go over a couple points on each page. So the IDA

traditionally has done a good job of working on the deals that have come through the door, but I want to note, you know, that the agency really didn't have any core planning in marketing and communications and the expansion of the economic development toolset. Because of that, the lack of outreach really focused -- the results of that was the broad -- the broad-based business community was many times ill-informed of what the IDA can provide and afford their company as part of their strategic planning.

As we know, all the while, out-of-state economic development agencies, including New Jersey and Pennsylvania and Florida and the Carolinas continually pitch our companies to move out of the County and State. Now, the IDA is taking an aggressive proactive approach to communicating to the business community. Our major focus is retaining and growing our local companies which I like to call an "RNG" (ph).

So over the last couple of months, we've had a lot of progress being made. We rolled out Phase I of the marketing plan that has successfully been rolled out. This laid the needed foundation for more wide-reaching effort. We launched a new website a couple of days ago at Suffolk IDA.org. The website provides tools for companies whether they are in Suffolk looking to expand or looking to move into the County, provides comprehensive overview of services and a listing of valued partners, success stories. We also include a number of transparency documents to the website including meeting minutes, agendas, agencies' policies. We also put together an aggressive social network and online newsletters, newswire page that continuously makes the website and the agency dynamic.

We rolled out a new collateral marketing kit with brochures that highlight Suffolk County's assets, as well as our services and success stories. We have a new logo, a new tag line. We have a mailer that went out to all the Suffolk County employers that have 100 plus more employees that communicate with them letting them know the IDA is here and can help them as part of their strategic planning.

So what we did was we rolled out a modern, consistent look and feel across the IDA's marketing mediums. We also created strategic relationships, which I feel is key to developing the IDA services and promoting that. We created a relationship and strategic partnership with the Hauppauge Industrial Association, and that will provide us the ability to go into the Hauppauge Industrial Park and talk with the CEO, C-level executives and the companies there and let them know about the IDA's services. We've had continual and ongoing outreach, the commercial real estate brokers, the commercial bankers, the accountants, lawyers, chambers of commerces and trade groups. I've had several speaking engagements talking about the County's economic development and the IDA and how we're here to help businesses. I view them, those groups as the eyes and the ears of what's going on out there in the community. They know who's looking to stay, who's looking to move, who's looking to come in, and those could be good valued partners for us.

So one of the things we also have now is we have, you know, a good, close, synergistic relationship with various County departments, including Department of Economic Development and the County Department of Labor where we're really working as a unit in terms of communicating the programs that we have on the County level, not just with the IDA, but bringing in the partners and being able to communicate to the businesses on what we have to offer as a county.

So traditionally, the IDA has, you know, serviced large multimillion dollar projects for terms of 10 years or more. One of the first things that I did when we came in was say, "How could we now be more encompassing to small businesses?" And what we did was we rolled out what we called a boost program that focuses on Suffolk County's growth sectors and information technology, life and

biosciences, green technology and energy. What we did, we slashed the IDA fees 60 to 75 percent across the board and now have more flexible lease terms with the IDA transaction from three years and five years. We've had two successful boost program participants already: Work Market and ViAlign North America in Huntington. They are both software development firms. Collectively, they are creating 50 well-paying jobs for Suffolk County in the high-tech space, and average salaries range anywhere from 80 to \$90,000 per employee for those two companies.

As the Legislator said, you know, we've had, just in the last couple of months, several really good success stories, and some of them, you could see here, are from Peconic Bay Medical Center, GSE Dynamics, so we just closed our IDA transaction this morning with Anne Shybunko; A and Z pharmaceuticals; Work Market; L&K International; DRI Relays. These companies, you know, not only retain our workforce, but they all add new jobs to our local economy. And as you could see, they are from a diverse cross-section of industries. Just some highlights from these particular success stories are the re-shoring of jobs from India back into Suffolk County through one of our clients. The moving of out-of-state facilities down south, which they closed in order to bring those jobs back here to Suffolk County; we helped make that happen. And L&K International, which is one of the largest generic pharmaceutical companies where they -- the likes of retail private label branding. We were able to retain 1500 jobs with L&K, and over the next few years, they'll be creating over 250 new jobs for Suffolk County.

And then we're going to focus on near-term planning. What we're going to do is continue to foster strategic relationships to effectively communicate our pro-growth message. We're going to promote the Long Island First policy, where we implore all of our IDA clients to use local suppliers, local laborers, and not just for the IDA project but on an ongoing basis and make them aware and sensitive, you know, to continue to promote the Suffolk County and Long Island economy. We're going to be fine tuning and implementing a Phase II marketing campaign that's going to build awareness amongst the business community for the IDA service, and that includes the recruitment of new companies to open up here in Suffolk County.

We're going to have aggressive outreach to prospective Boost Program participants. We're going to be hosting IDA networking and roundtable events with CEOs and talk about how the IDA can continue to help foster their business development. And then we're going to develop new creative initiatives that are going to spur economic growth here in the County, like we did with the Boost program and these partnerships.

And so that's the update that we have.

D.P.O. HORSLEY:

Thank you very much, Anthony, and I just have a couple quick questions to come to the top of my head. One of the things that I appreciated that you instituted when you first came on board was the expansion of our benefits to corporations extending the length of time in which a pilot would be -- could be given to assist businesses that were coming into the County or expanding. I just want to, maybe -- you might just want to touch on that a little bit. You know, what are some of our now new capabilities? I, frankly, always likened it to some of the stuff we were doing over in Babylon a couple years ago and still continue to do it, which really give you some tools that could compete with some of those states that are sending up their governor to visit our CEOs and stuff. Maybe just give us a little briefing on that.

MR. MANETTA:

I think that's critical. At our June meeting, we officially adopted the new UTAP, Uniform Tax Exempt Policy. And what that now allows us to do is, you know, become more aggressive in terms of

retaining our companies here and attracting new ones to Suffolk County and how do we do that, and that's by, you know, getting more aggressive with our tax incentives. For years, you know, we had situations where a company was looking to leave Suffolk County and there was really not much that can be done for them because there really wasn't an increase on assessed value on their property. There was no abatement that was available. So now what we have are these tools to get us on the playing field. And, you know, I'm a very competitive person. We're all competitive, and we want to make sure that our companies, you know, stay here and thrive when we bring new companies here. And, you know, having South Carolina and New Jersey as other states being able to offer substantial amount of money to them, now we're able to have the tax incentives to do that. And for employers, we can now go 10, 12, 15, and 20 years out in terms of our tax incentives that we can provide for major employers with 500 or more employees. We can go out to the 20-year mark. Traditionally, it was always an increase on the assessed value of what the abatement of the IDA could provide. Now, we have the tools to be able to freeze property taxes and reduce an overall property tax bill to make it more attractive and economically viable for companies to stay and grow here.

D.P.O. HORSLEY:

Frankly, that's huge. You know, that is the reason why, you know, as much as, you know, Anthony's marketing and sales abilities that these companies are now saying this is a big deal and we are now on the playing field, and I want to thank you for that because it was a Board changer. I always thought that maybe we're a little too conservative in our policies, and you brought new life to economic development, and I'm appreciative of that. Legislator Cilmi, I just had a feeling that you might have a few questions. Is that true?

LEG. CILMI:

What gave you that idea?

D.P.O. HORSLEY:

I don't know. It just --

LEG. CILMI:

I actually do.

D.P.O. HORSLEY:

I knew you would.

LEG. CILMI:

Anthony, how are you? And congratulations on your appointment and the work that you're doing. I guess my questions relate to the -- more the retention aspect of your work. How do we come to the conclusion -- it's got to be very difficult from your point of view. How do we come to the conclusion that a company that comes to you and says, you know, "*We're exploring other opportunities in other areas,*" how do we know if they are telling the truth? When do we know when to say yes, and when do we know when to say no?

MR. MANETTA:

Yeah. That's -- I like to say that's a game of almost chicken, so to speak, I never want to be on the wrong end of. You know, it's in terms of doing your diligence, and with each company, I do a tremendous amount of diligence and the staff does diligence as well in terms of talking with them, learning about their company, learning about what opportunities they do have. Sometimes they actually have written proposals and letters of offer from out-of-state jurisdictions, and obviously that will be very relevant in the decision-making process.

However, also times, you know, they are getting calls from -- I'll use L&K International as an example, where they were getting out-of-state economic development agencies. They don't have a written offer per se, but their main competitor is based in Michigan, and they are on a penny's margin in their business. And in order for them to not just maintain 1,500 employees but make the investment to grow the company by adding another couple of hundred. You know, it was the IDA that helped provide that benefit for them to do it and to make their environment more cost-effective.

LEG. CILMI:

So are you in a position to, and do you provide benefits to companies without receiving some commitments from those companies in terms of growth of either facilities or employees?

MR. MANETTA:

I always encourage and like our benefits to be tied to job growth. There could be a situation where, you know, there's a major employer and they don't have substantial job growth but they're making a capital investment of millions of dollars into their facility. That could be an example, but I always like to say the retain and grow is we're going to provide benefits for you, work with us in terms of increasing your work for us.

LEG. CILMI:

And then what -- I mean, would you consider that a rule or a --

MR. MANETTA:

It's a guideline that I use.

LEG. CILMI:

It's a guideline. Once the benefit is extended to the company, does the IDA then go back and, you know, ensure that the growth that they promised is, in fact, happening? Is there something in the contract that we sign with these folks that requires that they do that? There's some significant criticism of the Empire Program that the New York State --

MR. MANETTA:

Empire Zones Program.

LEG. CILMI:

Empire Zones, Empire Zones Program that New York State had that, you know, companies weren't following through with their commitments. What does the IDA do in that regard?

MR. MANETTA:

We have an annual reporting that the IDA clients have to fill out, and it's also part of our State reporting requirements. We also have the ability to have clawback on our benefits. We have clawback provisions in our contracts that within a certain amount of years, we have the ability to clawback the benefits, and that's if they -- whether if they don't meet their job requirements, it's up to the IDA board. They could use discretion in terms of clawing back on the job requirement aspect. If they leave Suffolk County or get acquired and move out of state or something along those lines, that's out of our control, then we have the clawback ability. It's written into the contract.

LEG. CILMI:

What about the extent of benefits as a whole on the aggregate, not to any one individual company?

But if you're successful in your mission, I would assume that the level of tax abatement, let's say, that the IDA extended over the past several years would now increase over the next several years as a result of what you're doing. Is there a ceiling to that? I mean, how do we decide, or how do you decide when you've given out too much or when you have to start to be a little more conservative in terms of your -- in terms of those deals?

MR. MANETTA:

Yeah. I think we are conservative in our approach in terms of doing the diligence on the deals. And we want to make sure that each deal is analyzed on its merits, on its job growth potential, on its narrative, on its story about how Suffolk County could help faucet their growth in terms of the overall amount of deals and deal size and pilot payments. Right now, the best I could say is, you know, it's going to be on a deal-by-deal, case-by-case basis. We'll see -- approach the aggregate of that in the future.

LEG. CILMI:

Okay. So, I mean, I would be surprised if you don't have some sort of an annual budget in mind as to how much you can extend. Because what happens, once you extend that, what's the mechanism -- essentially, all the taxing jurisdictions lose some, at least, tax revenue as a result of the benefits that you're extending. So, I mean, how does that -- surely, you must have some level of comfort in terms of where you can extend those benefits and where you have to stop. Otherwise, you could just extend benefits to everybody and we would be in big trouble.

MR. MANETTA:

Yeah. I mean, this is all done in a measured degree in terms of -- you know, again, it's on a project-by-project basis. You know, in terms of what the overall impact is, you know, we weigh all the factors. We weigh the factors on how many jobs are going to be lost for the community; how many kids are not going to be going to the school district anymore in terms of if people leave the area; what are the decrease in the sales tax receipts going to be; how's it going to effect the local downtowns if we lose. Right now, we are focused on the core mission and the retain-and-grow philosophy in terms of the bigger picture, as you like to say. I could certainly give more thought into that.

LEG. CILMI:

I think that would be wise. I mean, sometimes we get into this, I guess you could say, rut where we're thinking about only what's important to us, and it happens sometimes in government where you will have one department or another focused on one specific thing. Let's say our Health Department is focused on health, but yet, what they do has an impact on economic development. So while, you know, we would all appreciate your focus on doing your job as best as you can do it, I think there still needs to be some concern for the implications of the growth that you're experiencing to local governments. So if you could give that some thought and at some later date how you plan on addressing that, that would be terrific.

MR. MANETTA:

Thanks.

LEG. CILMI:

Thanks, Anthony. Appreciate you being here.

D.P.O. HORSLEY:

Thank you very much, Legislator. Legislator Gregory.

LEG. GREGORY:

Thank you, Mr. Chair, and thank you, Anthony, for coming here today. Appreciate your efforts and what you've have been able to do, the new affiliation with the IDA, the Suffolk IDA. I know generally when we think about economic development, we tend to think about tax abatements and financial resources and things like that, but I don't think enough focus or attention is given to development of human capital or resources for our future.

Just the other day -- I'm the Chair of the Human Services Committee -- we had an organization called Mentoring Partnership before us, and what they do is they go and they try to develop relationships. They actually provide technical assistance to mentoring programs. They have programs affiliated with school districts; they have programs affiliated with local businesses; and, actually, your name came up -- the name of your organization came up, so I would just, kind of, like to gauge what your interests would be. And maybe collaborating with programs that inspire kids to enter into fields, you know, mentoring programs, internship programs, because that's also important, particularly as we look to our future, as a business you want to make sure that we have the resources in the future of personnel to fill the needs where we have them. The best way, I think, one of the best ways to do that is to provide internship programs or mentoring programs for students. Maybe we can talk about that a little bit more offline, but I just wanted to kind of put that out there, and I'd appreciate any feedback that you can give.

MR. MANETTA:

That's a wonderful idea. I would love to explore that. We have many companies that we interact with and work with, and by all means if we can do some joint venture partnerships with non-profits in order to get students and either mentoring or internships within these companies, I think that's a great idea.

LEG. GREGORY:

Great. Thank you.

D.P.O. HORSLEY:

Thank you very much, Legislator. Is there any further questions from the Legislature? I thought, just as an aside, one of my favorite -- which you didn't mention -- companies that we've had recently come to the IDA is the Greenport Brewery. Why don't you tell us a little story on this guy and what that was all about?

MR. MANETTA:

Oh, yeah. He's a -- I believe he's a former lawyer who ended up starting a local brewery in Greenport, and he wanted to purchase a, I believe it's a old firehouse, and he's going to retrofit it and renovate it and put a local brewery there, and I think the name of his company was *Mmm Beer*, I believe it was, after Homer Simpson or something along those lines; I'm not sure. But you could see it's another diversity of projects and companies that we work with. It's not just large industrial type companies, but it's across the gamut, across industries, small businesses and large businesses.

D.P.O. HORSLEY:

I thought that was exciting. Anthony, is there anything else you would like to add to the conversation, your thoughts? How do we work together? What can this Legislature do to make your job better and easier?

MR. MANETTA:

Yeah. I think, you know, continue our dialogue is great, work individually in terms of any type of

constituent concerns that any of your businessowners might have; by all means, let me know. I'd be more than happy to attend meetings. If the IDA cannot be of help to them, by all means, whatever we could do to foster their corporate development, if it's an introduction to one of our clients or if there's something that we might be able to help them in terms of referral to Empire State Development Corporation, LIPA, National Grid, we'd be more than happy to do that. So I'm completely accessible and open to whatever constituent concerns your constituents might have, so by all means, just let me know.

D.P.O. HORSLEY:

Legislator Stern piqued his interest as well.

LEG. STERN:

Thank you for being here today, and congratulations on all of the good work, exciting times, exciting things going on. And we all think about the importance of economic development and what we can and should be doing within and out of our own offices and our communities to be of assistance to businessowners, and I could tell you just personally because we've been hearing such great things, because we're picking up the newspaper, and we're watching the news, and we're seeing the good things that you are doing, yes, we all think about economic development, but specifically, I know certainly for me, thinking about the IDA. And so continuing to raise awareness, not just among the business community but those of us that represent our neighbors in the business community, I know that's been very helpful. It was able to bring Anthony together with someone involved in business in my community that wants to relocate and expand. Exciting things.

So what you've done is not just come up with some good accomplishments but to continue to raise an important awareness. So when the Chairman asks the questions, "What can and should we be doing," Mr. Manetta is doing exactly that: Putting points up on the board but making sure that it's a conversation that we continue to have so that's if we identify a need that we're able to bring that to you and see what we can do together.

D.P.O. HORSLEY:

Thank you very much, Legislator Stern. Legislator Cilmi.

LEG. CILMI:

Just a quick follow-up. I just want to be clear that the Suffolk IDA operates in towns where the towns themselves don't have IDAs. Is that correct? Is that a policy? Is that a law? Is it not a policy?

MR. MANETTA:

We have jurisdiction over the entire County. We mainly do IDA projects in towns where they don't have IDAs, like you just said. However, I'd always encourage potential applicants and clients to talk to their town IDA first, and we can work in collaboration together. That's great.

LEG. CILMI:

So it's not a prescribed -- you can do business in towns that do have their own IDAs. It's just, you would encourage them to explore opportunities with their town IDAs first.

MR. MANETTA:

Correct.

LEG. CILMI:

What towns have their own IDAs?

MR. MANETTA:

Town of Babylon, Islip, Brookhaven, and Riverhead.

LEG. CILMI:

All right. Thanks again.

MR. MANETTA:

You're welcome.

D.P.O. HORSLEY:

Okay. Are there any further questions? Anthony, thank you very much for being here today, and we appreciate it. You're always welcome to come to these committee hearings and share with us what's going on, and, frankly, the closer we are to the IDA, the better it is for the growth of everybody. Thanks.

MR. MANETTA:

You're welcome. Thank you.

D.P.O. HORSLEY:

All right. We have a second presentation today from an -- I guess it's a company, the Synapse Energy Economics whose executive director is going to be talking to us -- I think he's the executive director -- of Renewable Energy Of Long Island. Gordian Raacke is my -- we've been friends for quite a while, and I remember we've stood on both sides of issues at different times. I remember the days when we were dealing with Jones Beach windmills, because you are the foremost expert on windmill technology probably on Long Island, and I disagreed with you on that particular project, but it was for monetary reasons, not because it was not the renewable energy issue. I'm sure that windmills belong on Long Island, just we've got to make them affordable so we're not hurting our residents and our ratepayers.

But Gordian is a terrific guy, and he's touting a report, my understanding, he says, that by the year 2020, it appears technically feasible to meet 100 percent of residential electricity needs for renewables by 2030 to have 100 percent renewable and zero carbon electricity supply, which is a laudable goal, and I guess what we're here to hear from you today is how do we do that and is it feasible?

MR. RAACKE:

Thank you. And, first of all, thanks for inviting me. I appreciate having an opportunity to present this to you. I should say as a disclaimer that I didn't write the report. We retained consultants. Synapse Energy Economics' a very respected firm that has done studies for the federal government, state governments, public utility commissions, et cetera, to put this report together. I wanted to start with -- and I should say we couldn't have done it without funding from the Rauch Foundation or the Long Island Community Foundation because consultants cost money, sometimes quite a bit. Before we get into the nitty-gritty of the study itself, I wanted to take a few minutes to put it into perspective for you. It was a learning process for me for Renewable Energy Long Island and I think for a lot of other energy -- clean energy organizations in the region, and I wanted to show you a little bit of that context and learning process that we went through.

So to start out with, to take a very global and broad view, I wanted to just remind ourselves that this seems to be our business model when it comes to running our economy. We put 90 million tons of carbon dioxide to achieve greenhouse gas into the atmosphere every day, and as a result of

that, we've seen a dramatic increase in carbon dioxide concentrations in the atmosphere. What you're seeing here in the blue curve to the left, 800,000 years. Talk about big picture, right? Zooming out here, where carbon dioxide concentrations used to be between 180 and about 300 parts per million, we are now way outside of that band at 394 points per million. If we continue business as usual, we'll be off the charts. Scientists predict we'll be at 600, some even say at 1,000 parts per million. The impacts of that are going to be disastrous to say the least. We need to do something about that. Scientific communities says essentially that we need to bring those emissions and those concentrations down to about 350 parts per million, possibly less, to avoid catastrophic climate impacts and economic and environmental impacts, of course, and that will be a huge job. Make no mistake about it, this is not going to happen easily, cheaply, or quickly. This is probably the largest challenge that humanity has ever faced.

The Europeans have a government policy to reduce carbon emissions 80 to 95 percent by mid-century. These are some of the scenarios they're looking at, essentially phasing out fossil fuels, carbon-emitting fuels over time and bringing in clean, non-carbon emitting fuels primarily renewable energy during that timeframe. They, actually, over there see its as an economic development tool, creating new jobs, retaining jobs, and taking a leadership role in these things, which I find interesting.

The New York State has a similar goal. We have 80 percent carbon reduction goal by 2050, which, again, is no easy task, and mind you, this is not just in the electric sector, where it would be relatively easy, relatively speaking, but it is economy-wide, so in pretty much everything we do, we emit greenhouse gases, and we need to reduce those emissions dramatically, whether it's in agriculture or in the industria; sector, many other sectors.

Today, we're going to talk about the electric sector, and you might remember the carbon footprint project that some of you were engaged in, also, by the way, funded by the Rauch Foundation. You see here that the emissions, the residential emissions come primarily from electricity on Long Island, 47 percent of that; and in the commercial sector, even more so, 68 percent of that. So looking at the electricity sector is extremely important. It's pretty clear, I think, that we need to make a transformation over time from 20th century technologies to 21st century renewable and carbon free technologies.

The good news is we have everything we need to do this. These are Professors Pacala and Socolow at Princeton who studied this issue for many years. The question is what do we need to do; how quickly can we do it; and what is that new picture going to look like? You've heard about the smart grid. You see some of the elements of that here. The learning process for me and for many others here has been that there are actually a number of studies now worldwide and regionally the world over that look at a hundred percent renewable energy scenario. You see just a little sampling of that here. Some of them look strictly at electricity. Some of them look at doing that economy-wide and transportation and heating and cooling. Some of them look at a shorter time horizon; some of them at a longer time horizon. I want to just -- I'll give you one study in very brief detail here, the Jacobson Delucchi study, University of Stanford, who looked at worldwide renewable energy supply, again, economy-wide and found it essentially possibly or feasible as soon as 2030, in some scenarios by 2050. They actually looked at a number of things including whether we would have enough materials to make all these wind turbines and solar panels and geothermal plants, et cetera, and found that the answer is we do have the materials for that. And they also looked at the footprint, which is an important consideration; could we power this world from those types of resources: solar, wind, and water resources. Would it cover every little bit of open space that we have and treasure, of course, and the answer is it's actually relatively little, about -- as you see here, about a half a percent of additional land required compare to what's already covered today

with renewable resources.

And the cost, surprisingly, according to this study and several other studies, is more or less the same as what we're paying today for a fossil generation scenario. So they find that the barriers are primarily social and political, and that's where we all come in, I suppose. They actually figured out how many of these devices would be needed worldwide and in the U.S. These are just the U.S. numbers.

And what you see here, what generates all the energy required, not just the electricity, that the U.S. would need. So when we looked at some of these studies, the obvious question was, "*Hey, what does that mean for Long Island? Could we actually do something here?*" We retained Synapse Energy Economics, as I mentioned, to do a very first look, high-level study, which is certainly not to be misunderstood as an implementation plan or anything like that. This is really just the first look as to whether this would be feasible, and many more studies have to be done to see how that could be done and how that could be implemented.

So the three questions, very basic questions we asked were could we meet Long Island's electricity supply with 100 percent renewables. The answer appears to be feasible in consultant language. I take that as a yes, more or less. The second question was how soon can we do it; will we still live to see it, or might not we be around anymore. The answer is, surprisingly, we could do this in pretty short a timeframe. By 2020, according to the consultants, we could be meeting the electricity needs of all households on Long Island or in the Long Island service territory, I should say; by 2030, all of the electricity needs, commercial, institutional, and residential. What would it cost? That's probably the most important question on anybody's mind; it certainly was for me. It's technically doable. We could do it relatively soon, within one or two decades, at least theoretically.

Now, would it be so cost prohibitive that we might just forgot about it? As you mentioned, wind turbines might be a very interesting technology, but if we can't afford them, it doesn't do us much good. The question -- the answer to that, of course, comes with a lot of caveats. I'll give you the numbers first, and I'll talk a moment as to what kind of assumptions went into that. By 2020, compared to the reference case, or the business-as-usual case, continuing to supply electricity to LIPA -- LIPA is currently in its energy plan. The average bill impacts would be 12 percent higher than in that reference case by 2020. By 2030, it would actually get a little less expensive. It would go down to about eight percent as the average bill impact.

Now, that, of course, depends on what assumptions you make. It depends on what you assume gas prices are going to be 10 and 20 years from now. It depends on what the costs of solar panels are going to be then. It depends on the cost of what wind turbines are going to be. It depends on a lot of other factors.

The consultants made some very cautious and also some very conservative assumptions. I disagreed with some of those assumptions, for example, on the projections on gas price, but they wanted to err on the safe side. They are very cautious in protecting their professional reputation, and with those assumptions, they came to these numbers. It does include one assumption that I should point out, which is they are assuming in the future, there will be some kind of price put on carbon emissions. In other words, they assume that we will not be able to emit carbon dioxide from our power plants and dump that into the atmosphere, if you will, for free. That is, I believe, a reasonable assumption, but we don't know, of course, what the future holds, neither in terms of fossil fuel pricing, renewable pricing, or regulatory environment such as the price of emissions.

Of course, what's important and what's completely outside of the scope of this study are the benefits

of such the scenario. There are obviously health benefits, environmental benefits, and job creation and economic development benefits. They are not included in the study. They are not included in the cost estimates. So while we're looking at potentially somewhat higher cost, this study did not quantify the economic benefits that would come from such a scenario.

I wanted to quickly walk you through what the resources mix would like. What you see here on the left is the business-as-usual scenario, as in LIPA's current energy plan basically. The column on the right is the clean electricity vision, which is this study. What you see first is that the bar in total is lowered by 2020 than the business-as-usual bar, and that means that the consultants are using more aggressive energy efficiency programs. They believe that we could ramp up our efficiency efforts on Long Island, and, therefore, actually reduce demand somewhat.

And then you see a dramatic shift between the red on the left and the red on the blue. The red is conventional generation, primarily gas-fire generation, which would be ramped down significantly by 2020. You'll see a similar picture by 2030. Again, the overall demand has been reduced. The overall energy usage, as a result of greater energy efficiency efforts making our homes and our businesses more energy efficient and other things. And then ramping up photovoltaics, solar energy, wind energy, some landfill gas, some biomass, some hydropower, and reducing the amount of conventional generation, conventional fossil generation that we would still need.

Now, one thing that's extremely important, and I want to point this out here, even though we are calling this the hundred percent renewable vision, it does include conventional and power generation. There is some battery backup storage in this one model that the consultants ran, and they only ran one model; we didn't have enough money to pay for several models. But that energy storage would not be enough to provide electricity at all times, so there needs to be some backup generation, and that's about 25 percent of what you see here in red. So we are not talking about shutting down all of Long Island's conventional power plants. We're merely talking about here reducing the amount of electricity generated from them.

So what would need to happen? Of course, first of all, as I said earlier, a lot of additional study and work needs to go into it. This is just the first level look, but obviously, the first and most important thing and the most cost-effective thing is energy efficiency and ramping that up. This scenario includes quite a bit of offshore wind power and also some land-based wind power, but most of that really would not be able to be located on the Island but off Island, upstate and other places. A lot of large, medium, and some smaller rooftop solar arrays -- I believe about 150,000 rooftops on Long Island would be in this study generating their own electricity from solar panels. I have such an array on my home, and some of you know that my electric bill is essentially zero; I just pay the basic meter charge. The technology certainly works, but while we have made some tremendous progress on that, and LIPA has rebated over 5,600 solar rooftop systems so far, we need to go a lot further on that, and this includes about 150,000 such roofs. Some more biomass and hydro -- I mentioned energy storage already. We would also need to upgrade some of our transmission and distribution capabilities.

I mentioned earlier that there would be about 25 percent conventional energy generation still in the mix. We would be, in this scenario, offsetting the carbon emissions from that generation with the purchase of renewable energy credits, thereby being able to claim a hundred percent carbon-free electricity supply, and the cost of purchasing those credits is included here.

So, just like any other studies, it appears technically feasible. It will not happen without us collectively making that happen. That, in other words, means we need the political will. I can run through these very quickly. These are -- on the left, you see 2020; on the right, 2030, and you

see, juxtaposed, the business-as-usual scenario to the outline in red, the Long Island Clean Electricity Vision scenario. You see that whether it's an energy efficiency or an offshore wind and onshore wind to some extent, a tremendous amount of investments would be needed, a tremendous amount of economic development would likely result from that. You see it here on solar. Again, on the left side, 2020, comparing the reference case scenario in 2020, the left bar, to the reference case in 2030 -- to the Clean Energy Electricity Vision in 2020 on the left and in 2030 on the right. Some of the lesser resources again shown here, hydropower, a little bit of that, landfill gas, and biomass.

So that's it in a nutshell. Again, I would love to go on and on about this, but I think you've seen the study here, essentially. It is available on our website, of course, if you go to RenewableEnergyLongIsland.org/100percent, you can peruse the numbers. I think we have a bright future in front of us. There are a number of places around the world where this is actually happening. We will not be the first ones if we embark upon this journey. This island in Denmark went 100 percent renewable within 10 years. There's an interesting website that actually shows areas around the world that are already doing this or are on their way or are planning to do this. I just listed a few areas here where they are committed to that. Scotland, for example, has committed to 100 percent renewables by 2020. The City of Munich, where I have some family and go over there sometimes, is planning to meet, and well on its way of meeting, 100 percent of their households' electricity needs from renewables by 2015, and all of it by 2025. So this is not some kind of far out there idea that nobody has ever tried. This is actually being done as we speak, and I hope that this clean electricity vision may be an impetus to consider this kind of a scenario. I think the future is bright, as you can see here, and thank you for the opportunity to be here.

D.P.O. HORSLEY:

Thank you, Gordian, and I appreciate you coming down today and providing us this vision, and it is a vision. I have a quick question. As you know, LIPA recently within the last couple of years has requested an RFP for 2500 megawatts of electricity particularly with an emphasis on renewables, and then they seem -- seemed to have been backed off because of the governor's involvement in electricity and the like. Was there a project that you thought was maybe the best of that lot? Is there, you know, one of those things that either the County or others should be, you know, lobbying for or going with, or what is your feeling on that?

MR. RAACKE:

Well, let me, as a disclaimer, let me say I have no, of course, no involvement and no knowledge of the workings of that RFP process internally at LIPA, but I know LIPA had, as you say, had that 2500 RFP out. They have received a number of proposals; I think that was reported in the press. Among them, proposals that are of interest to us at Renewable Energy Long Island, for example, an offshore -- actually, I think it was two offshore wind farm proposals from a company called Deepwater.

D.P.O. HORSLEY:

Yeah, we had them here as well.

MR. RAACKE:

So that was a proposal that I found interesting. There's a battery storage proposal, I believe, that was submitted. Again, that's based on press reports. I believe that would be a very interesting proposal to evaluate. I tend to think that LIPA is or has evaluated those proposals. I'm not sure -- I believe LIPA has postponed the decision on that right now. I'm not sure when that decision on that RFP may be made. Even the decisions yesterday, which are for conventional power supply, I'm not sure what the plans are over there.

D.P.O. HORSLEY:

We don't, either. We're all kind of anxiously awaiting what's next --

MR. RAACKE:

Same here.

D.P.O. HORSLEY:

-- and, you know, what's LIPA's future and the like. But I just thought it would be interesting to find out what you thought was in the better of the proposals that seem to be floating about. Are there any questions from the Legislators?

LEG. GREGORY:

I do.

D.P.O. HORSLEY:

Yeah, Legislator Gregory.

LEG. GREGORY:

Thank you, Mr. Chair. You had mentioned New York State's plan to reduce their 80/50 plan. Now, where are they? Are they on target to meet their goals?

MR. RAACKE:

Very good question, Legislator Gregory. Well, at this point, I think it's a goal, and there is a State -- I believe it's a committee. I'm not sure what the exact name of the body is, but there is a committee or working group or panel that is looking at the implementation as to how we can actually reduce carbon emissions that much by 2050, because, again, it's not in the electricity sector alone. It's economy-wide. So there is a climate action plan that the State is formulating, and several working groups on that. They have begun to formulate some of that, begun to look at that. In fact, there is a professor here at SUNY Stony Brook who is deeply involved in that planning process, and I could put you in touch with him. But there's no firm plan -- no firm implementation plan on that 80 percent carbon reduction goal yet.

LEG. GREGORY:

So it's a stated goal, but there aren't benchmarks, and there's certainly not a plan, and there's no benchmarks that could be met because there is no plan, so it's just a statement at this point.

MR. RAACKE:

Well, I would tend to think that the State would say that that is under development, and I can't speak for the State, obviously. But, yeah, we need to -- I believe we need to get going on that because 2050 seems far, far away, but when it comes through energy infrastructure decisions, these are far-reaching decisions, and also some of that infrastructure takes a long, long time to be phased in and old infrastructure to be phased out and there are billions and billions of dollars of investments needed and also of investments that are at stake. So these are gigantic and very, very important decisions, and it cannot be done within a few years. So we need to start planing today in order to get there by 2030 and 2050 and so forth.

LEG. GREGORY:

Okay. One last question: What has Suffolk County done to meet these goals, or is there something we can do to meet these goals?

MR. RAACKE:

Well, Suffolk County has done a number of things, the people here, and your predecessors have been quite proactive on energy issues and on clean issues. I think it's clear that this job is so big that it cannot be done by one entity, and sometimes people just like to point a finger at LIPA and LIPA will certainly need to play an important role, but it is much bigger than just our electric utility company. It will involve, of course, all utility providers on Long Island, including LIPA, National Grid, and others, heating, oil suppliers, et cetera. But it will also include the private sector because how we build homes and buildings makes a tremendous difference in how we use energy. We essentially need to rebuild or re-retrofit, revamp our entire building stock in order to make this transition, which you can see is a tremendous challenge, but also I would see it as a tremendous opportunity for the building trades.

So I think the Legislature and really everybody in Suffolk County and on the Island needs to be a partner, needs be at the table here, needs to develop policies, and work together to make this great transformation happen and to take advantage of these great economic development opportunities. Because rather than sending our money off Island to pay for fuel, we could invest a good chunk of that money in our economies here, spending it with local contractors to create jobs and keep those fuel dollars, a greater portion of these fuel dollars here in a local economy.

LEG. GREGORY:

Thank you for your time.

D.P.O. HORSLEY:

Legislator Cilmi, are you okay? Because I've got a question from Mr. Schroeder.

LEG. CILMI:

I'm okay.

D.P.O. HORSLEY:

Okay. Legislator -- Joe?

MR. SCHROEDER:

Thank you for the promotion. Not a question, actually. To your question, Legislator Gregory: What the County's been doing, in addition to implementing some renewable projects of our own, we have a very aggressive energy efficiency program and at our targeted buildings, we had been reducing energy consumption by 25 to 30 percent, in some cases by 50 percent, which is well on the path to achieving some of the efficiency gains we need to attain in order to get to a better place. To start with, building new infrastructure with lower capital costs because we don't need to build as much of that infrastructure for using less energy.

D.P.O. HORSLEY:

Thank you. I just -- I have an -- I don't know who else -- this has nothing do with anything, except it's anecdotal. I teach. Gordian, I don't know if you know that. Every year, whenever I start talking about renewables and stuff like that to classes, I always brought up, "Well, what do you think causes the dioxide in the air? Is it something that's manmade, or is it something, you know, as the more recent people have been saying, it's more cyclical and climate changes is more cyclical, what's changing the earth to warm up? It used to be that 90 percent of the class used to think it was manmade issues and the like, but I'm seeing a dramatic shift in the young people's thinking that -- that climate change is now something that is cyclical, and it's because you hear that out there. You hear it in the press; you hear the other arguments, and it's a little -- it's disturbing to

me, and, you know -- but I'm monitoring it and watching it. But I think its might be something that's in the body politic out there to move away from this.

MR. RAACKE:

You're right. I've noticed that, and I think we've got a huge job in front of us educating people because the science is very, very clear on that. There's just no scientific doubt about this anymore. There's something that actually is analogous to finding fingerprints on carbon molecules. So we can actually now look at a certain carbon molecule, detect it in the atmosphere, and find out whether that came from a fossil fired power plant just a few years ago or it came from some natural cause 100,000 years ago. You can actually use CSI on this, and that wasn't possible some years ago, but the public education level has unfortunately declined on that, it seems.

D.P.O. HORSLEY:

Do you think its, you know, the mystic aura is no longer on the scene or hasn't been as vocal as he used to be or I don't know why that's occurred, and maybe it's conservative talk shows or something like that; different agendas; I don't know. That was for Mr. Cilmi.

(Laughter)

MR. RAACKE:

You know, I saw Mr. Gore about a month ago --

LEG. CILMI:

Sorry to hear that.

(Laughter)

MR. RAACKE:

I was trained by him to give that presentation, and others asked that question. He, of course, points out there is a disinformation campaign by some of the fossil fuel interest that rather would stick with business as usual and not see a change, so we don't know.

D.P.O. HORSLEY:

I don't know. I have just noticed a difference in the class. I try not to take sides on classroom issues. Are there any further questions? We're good? Gordian, appreciate you being here today and thank you very much for your continued efforts.

MR. RAACKE:

Thanks for inviting me.

D.P.O. HORSLEY:

Meeting adjourned.

(The meeting was adjourned at 3:06 p.m.)