

ECONOMIC DEVELOPMENT

and

ENERGY COMMITTEE

of the

SUFFOLK COUNTY LEGISLATURE

Minutes

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, January 30, 2012.

MEMBERS PRESENT:

Legislator Wayne Horsley - Chairman
Legislator Lou D'Amaro - Vice-Chair
Legislator Thomas Cilmi
Legislator Kara Hahn
Legislator Lynne Nowick

ALSO IN ATTENDANCE:

George Nolan - Counsel to the Legislature
Bill Lindsay - Presiding Officer
Sarah Simpson - Assistant Counsel to the Legislature
Robert Lipp - Economic Development
Paul Perillie - Aide to Legislator Gregory
Laura Halloran - Budget Review Office
Renee Ortiz - Assistant Deputy Clerk
Rick Brand – Newsday
Christopher Fusco – Local 290 Carpenters' Union
Russ McCormick - Sergeant-at-Arms, Suffolk Detectives Association
George C. Truicko – Local 1298
Anthony Macagnone – Carpenters' Union

All other interested parties

MINUTES TAKEN AND TRANSCRIBED BY:

Gabrielle Skolom - Court Stenographer

(Meeting called to order at 2:00 p.m.)

CHAIRMAN HORSLEY:

Good afternoon. Welcome to the Committee on Economic Development and Energy. Please join us in the Pledge of Allegiance.

(Pledge of Allegiance)

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

(Moment of Silence Observed)

All righty. Welcome to the Economic Development and Energy Committee meeting of January 18, and we have a fairly short agenda, but that isn't to say it is not without intrigue and interest.

All righty. We'll move on to the **Public Portion**. The first speaker is Anthony Macagnone, of course, from the Carpenters' Union.

MR. MACAGNONE:

Thank you, Mr. Chairman, Honorable Members of the Committee. I'd like to speak in favor of appointing Paul Tonna to the Economic -- Industrial Development Agency. I've known Paul for over 20 years. I'm a graduate of the Energia Group. I've always -- I'm also a councilman, Town of Oyster Bay, and it's a lot easier sitting up here than standing over here.

Just -- I have known Paul for 20 years. I know what kind of person he is, his character, his integrity, his desire -- Mr. Presiding Officer, how are you, sir?

P.O. LINDSAY:

Okay, Tony.

MR. MACAGNONE:

Just, I think he'd be a wonderful choice to represent the people of Suffolk County on the IDA board. I represent the Northeast Regional Council of Carpenters. We have over 3,000 members who are residents of Suffolk County, and I'm speaking on their behalf. I think Paul would be a wonderful person to have on that board. Thank you for your time.

D.P.O. HORSLEY:

Tony, thank you very much, and we appreciate all you do for Suffolk County. Thank you.

All righty. The second speaker is Christopher Fusco concerning -- from the Carpenters, of course.

MR. FUSCO:

Good afternoon. Thank you for the opportunity to speak today. I'm the president of Carpenters Local 290. I'm also Nassau County IDA board member, and, as Tony said, we have 3,000 members that live in Suffolk County, and I'm here today to speak in favor of Mr. Paul Tonna. Paul has always been a great friend to not only labor but to taxpayers themselves who are behind everything that we do, and I'd just like to speak in favor of Mr. Tonna's appointment today to the IDA. Thank you very much.

D.P.O. HORSLEY:

Thank you very much. We appreciate you coming down today, Chris.

MR. FUSCO:

Thank you.

D.P.O. HORSLEY:

George Truicko.

MR. TRUICKO:

Mr. Chairman, Committee Members, George Truicko, Assistant Business Manager of Labors Local 1298 representing over 1500 heavy and highway laborers. We do most of the roadwork in Nassau and Suffolk Counties. Today, I'd like to speak in favor of Mr. Paul Tonna. He's been a tremendous friend. Our union and the building trades have been there 20 years, and he's been there every step of the way. Any kind of problems, you go see Paul Tonna, and he's a man who does everything he can to help you out. I can't say enough about the man. He's a tremendous friend of organized labor, and I speak in favor of him today. Thank you.

D.P.O. HORSLEY:

Thank you very much, George. We appreciate you coming down today.

Would anyone else like to speak? Rusty? Then, of course, you will fill out a card.

MR. MCCORMICK:

I did, but apparently I did it a little late. I apologize.

D.P.O. HORSLEY:

That's all right. You're forgiven.

MR. MCCORMICK:

Good afternoon to all -- actually just stopped in again. I was here a little earlier, as you know, to throw my hat behind Paul Tonna. I have known him for many years. Our organization supports him wholeheartedly without reservation, and that comes from my president Bill Plant as well, and I thank you for the time to be able to come up and allow us to show our support.

D.P.O. HORSLEY:

Thank you very much. We all good? Anyone else? Anybody else? Okay. Very good. We -- we'll close the Public Portion, and we -- I don't see Mr. Calone. Yes, he just came in. Dave, what we're going to do is we're going to take this vote and then we'll bring you up, okay? Thank you.

We have one introductory resolution.

1018, Appointing Paul J. Tonna as a member of the Suffolk County Industrial Development Agency (IDA) (Horsley). Mr. D'Amaro, would you like to make a motion?

LEG. D'AMARO:

Sure, Mr. Chairman. At your invitation, I'd be happy to make that motion.

D.P.O. HORSLEY:

Okay. Is there a second on the motion? I'll make the second on the motion.

LEG. D'AMARO:

I'd also, just on the motion, please.

D.P.O. HORSLEY:

Please, on the motion.

LEG. D'AMARO:

Thank you, Mr. Chairman. I want to just add my voice to the prior speakers during the public portion. I think that Mr. Tonna is just an excellent choice to go onto the County's Industrial Agency. As the County Executive has been highlighting, economic development is key and crucial to the economic success of the County for jobs, for our residents, and also for our County budget. Mr. Tonna doesn't just talk the talk when it comes to business development and contribution to the community, but he walks the walk.

This gentleman is not only Executive Director of Energia Partnership, which I know takes up a lot of his time, but he's also my predecessor. He's served the people of Suffolk County as a Suffolk County Legislator for 12 years. He's also worked on many, many boards and committees, organizations. He's also commissioner of the South Huntington Water District. He's run his -- successfully run his own business. I mean, this man brings to the table all of the qualifications and experience that we should be looking for in someone going on to the Suffolk County Industrial Development Agency.

So I am more than happy to support this resolution today to put Mr. Tonna on the Industrial Board, the IDA, and I think he's just a perfect fit. I think it's the right thing for the residents of Suffolk County. I think it's the right thing for economic development, and I certainly think it's the right thing for the businesses that are going to be working with our Industrial Development Agency. Thank you.

D.P.O. HORSLEY:

Well, thank you very much for your comments, Legislator D'Amaro. Why don't we do this: Why don't we bring Mr. Tonna up at this time and see if there are -- first, he can just quickly talk of himself. It's an honor to have you before us today and, again, echoing a lot of Legislator D'Amaro's comments.

P.O. LINDSAY:

You want to sit down?

MR. TONNA:

No, I'll stand.

P.O. LINDSAY:

You'll be more comfortable.

MR. TONNA:

No, I'll stand.

D.P.O. HORSLEY:

So, Paul, why don't I just turn it over to you, and tell us why you would you like to be on the IDA board.

MR. TONNA:

Really?

(Laughter)

First of all, I just want to say thank you. Mr. Chairman, thank you very much. Everybody on the committee, Presiding Officer Lindsay, thanks for being here. Thank you, and I'm sure you're going to have a number of questions.

So we're at a tipping point, right. The fact is is that Long Island's got a lot of good news, but it's also got a lot of bad news. In the last six months, I know that the governor of Virginia flew up twice to Suffolk County begging them to come to Virginia to offer them a better deal. The export of jobs from Suffolk County, from Long Island as a region, to another state. We know that our young people are leaving. We have 20 percent rentals on Long Island when Westchester has 37 percent, when all over the country our young people are flocking to jobs in other places. We know that we're saddled with over \$6.9 billion worth of debt with regard to energy and why we have a such a difficult time with our energy costs.

From a land-use standpoint, we have 901 taxing jurisdictions on Long Island. When you think about 901 taxing jurisdictions and then a company looks and says, "Why would I want to come to Long Island? Why would I want to come to Suffolk County? Tell me why." Well, we have some great news too. We have the most beautiful beaches in the world. We have, probably, one of the highest educated employment forces. We work. You hear stories about companies going down to Texas or whatever else. They work seven, six, eight hours a day at a pace -- here on Long Island, we have hard workers, fast workers, people who are dedicated to providing value.

But the story, it's not totally written. We have Hurricane Sandy. We are at challenge right now with Hurricane Sandy. Yes, we have billions of dollars hopefully coming into our region. But this is a time companies are going to look and say, "Hey, you know what? Is this an opportunity for me to leave now or to stay?" So retention is an issue; bringing jobs to Suffolk County is an issue. I had one private company come, thank goodness. The Suffolk IDA, a few months ago, signed a deal with a company to keep 3,000 jobs still on Long Island. They'll tell you the pressure that they had from states all over.

And so, from my standpoint, I have been given an opportunity. This Legislature, thank you very much for actually sponsoring the resolution, Legislator Horsley. I have talked to Steve Bellone, your county executive, and he says we have a good economic development team. We have a great person in Joanne Minieri. We have a very energetic talented young man in Anthony Manetta to serve as the executive director. We have a fantastic balanced board, and we would like you to help. We would like you to open up your Rolodex. I don't know if it's called "Rolodex" anymore. I guess it's on a phone or something like that. I just can't think of the appropriate word. We want you to use your contacts. We want you to bring deals to Suffolk County. We want you to get in and ask the companies who are considering leaving, all right, with the experience that you have. Hey, think again about Long Island. Think again about Suffolk County. If there are people -- you know what, maybe somebody -- I wish I had gray hair. I have no gray hair. I have no hair. But maybe somebody with no hair who sits in on a meeting with -- as part of the economic development team as a volunteer could talk a little about what the Legislature's about, talk a little about the municipalities, the strengths of Long Island, could network some people to make sure that they understand that they would be received and treated well here on Long Island. That's, I think, my mandate. That's what I'm willing to do.

I just got off the Long Island Regional Planning Council that you guys have appointed me to. Thank you so much. I guess that wasn't a very controversial appointment, so I appreciate it. So my job is now to be able to take some of that time and put it to disposal of Suffolk County to work with the County Executive, to work with you as the Legislature, to work with the IDA staff and to try to do

the best that I can. So that's it in a nutshell. So that's why I want to do it.

D.P.O. HORSLEY:

Thank you very much. We appreciate your comments and certainly you have pinpointed a lot of the problems and the positives of Suffolk County. I understand Legislator Lindsay has a question.

MR. TONNA:

Sure.

P.O. LINDSAY:

Paul, this is -- this shouldn't be a controversial appointment; it really shouldn't be.

MR. TONNA:

Right.

P.O. LINDSAY:

The County Executive brought it to my attention. The first thing that I said to him is, "It isn't your appointment. It's our appointment," but he very much wants you on his team, and I said I don't really see a problem with it, and then the problems started popping up. I'm not telling stories out of school. We got -- I had several conversations with the building trades, in the head of the building trades, who is very much opposed to your appointment on the IDA, and I said to him -- it all centers around your private business, and I guess one of your clients -- Jerry Wolkoff is one of your clients?

MR. TONNA:

Absolutely, and that's part of the record. I had to recuse myself every time there was a discussion at the Long Island Regional Planning Council any time that came up. You recuse yourself, because I'm an interested party, right, so that's why you recuse yourself.

P.O. LINDSAY:

Yeah. Did you have to do that a lot when you were there?

MR. TONNA:

No, not a lot. Matter of fact, a couple of times. I have -- you know, I have clients. I have a lot of clients. You know, you got to raise seven kids, put them through college. You got to work hard.

P.O. LINDSAY:

So that's where your business is primarily now, is economic development?

MR. TONNA:

I would say yes. Billy, my job -- I have a lot of jobs, just like --

P.O. LINDSAY:

Well, you used to be in the health business.

MR. TONNA:

I sold that company in 2010 to my partners. I have a noncompete for a period of time, and I'm still working it as any business to let them pay it out over a couple years.

LEG. HAHN:

You want to run a nursing home?

MR. TONNA:

Excuse me?

LEG. HAHN:

You want to run a nursing home?

MR. TONNA:

Yeah, I know, I heard. There was a problem when I was here seven years later. It's still a problem. God bless you guys. But can I ask you a question?

P.O. LINDSAY:

Sure.

MR. TONNA:

Why is Jerry Wolkoff -- Jerry Wolkoff has nothing to do -- nothing at all to do with the Suffolk County IDA.

P.O. LINDSAY:

I agree.

MR. TONNA:

Nothing to do with it. I mean, that's the most ridiculous thing.

P.O. LINDSAY:

I mean, I think I know the answer already, but I'll ask you for the ready. Is Wolkoff going to apply for Suffolk County IDA funding?

MR. TONNA:

So I will tell you the most honest answer I can give you. If I can divine anything that Jerry Wolkoff is thinking, okay, I would tell you. To my knowledge, he has a deal with Islip, so, I guess, if there was somehow Islip stopped all action and their IDA went defunct and everything else 10 years from now and they came to the Suffolk County IDA, I would do what I have done as a legislator; I would do as I did on the Long Island Regional Planning Council; I would do as I do as a member of the Long Island State's Parks Commission; I would do as I do in the Suffolk County South Huntington Water District: I recuse myself.

P.O. LINDSAY:

Right.

MR. TONNA:

That's how we all do it, right?

P.O. LINDSAY:

Right.

MR. TONNA:

Unless some of you, God bless you, you can afford to work as a legislator and that's it, that has never been my karma, all right? I have to work, and that's why you have an ethics rule and that's why you have everything else. I've had people come to me over the years, when I'm in the legislature, I had to recuse myself, and somebody says, "Well, what do you really want?" What I really want is you don't ask me. I recused myself. That's what I want. I want you not to ask me. I don't have an opinion. That's the ethics.

So I would say to you I'm not exactly sure why the head of the Nassau Suffolk Building Trades -- because I know a lot of members of the Nassau Suffolk Building Trades support me. I know that they have come and said, Oh, my goodness. You know, it's a little embarrassing for us that there is even this controversy.

P.O. LINDSAY:

Well, it's embarrassing for us, as well, here sitting at the horseshoe, and it's very confusing for my legislators here. They -- they are getting calls from the building trades to reject your appointment, but by the same token, we've heard speakers from two building trades unions here today that support your appointment. And I see Bill Duffy in the back; do you support his --

MR. DUFFY:

Without a doubt. I apologize for being tardy.

P.O. LINDSAY:

Okay, so that's three trades.

MR. TONNA:

Well, that's three and about seven other phone calls.

P.O. LINDSAY:

And I don't see anybody here from the trades per se, the organization, and it confuses us, and I don't like to be put in the middle of this, and a lot of the legislators here don't like to be put in the middle of this squabble. I have explained to Mr. Castellane that the IDA, unless Wolkoff is applying for a loan, has nothing to do with Pilgrim State Project. And, I mean, I have my thoughts on how to deal with that because, I'll be frank with you, and if you have any influence over Wolkoff or could relay this message, and it's nothing personal, I have met with Jerry many times, and I think the he's a nice man and a gentleman, and I applaud the amount of money he's putting into Long Island and the jobs he's going to create, but I totally disagree with his policy of building nonunion.

MR. TONNA:

Well -- well, can I --

P.O. LINDSAY:

You know, it's the biggest project probably to hit Suffolk County in a long time, and for this man to think that he can do it without the benefit of union labor I think is wrong.

MR. TONNA:

So, with due respect, Billy.

P.O. LINDSAY:

Sure.

MR. TONNA:

I'm going to go on two tracks. And you know me, I'm garrulous; I'm sorry you guys are subject to this. You should've been in the Legislature when I was here. I just talk way too much. I will say this --

D.P.O. HORSLEY:

You've been well replaced.

MR. TONNA:

Lynne, there you are. Poor Lynne; she remembers. That's why she has the earpieces in; I see that, Lynne.

Anyway, I want to say two things. One is I don't speak for Jerry Wolkoff, okay? I speak to Jerry Wolkoff. I know him to be an honorable man, I know him to be a friend, and I know him to have an incredible vision. A regionally changing vision for Long Island. I know for a fact, because I have been in the conversations, that he has no intention of not building union. He has told me over and over again; Billy, we were in conversations over and over again; carpenters are in conversations. I can name trade by trade. He has said he would like to use union. He's in an urban renewal area in Brentwood. He insists, by the way, that he would like to make sure that the local talent, the legal citizens of Brentwood would like to be able to get into the trades just like they wanted to get in in Wyandanch, okay? He wants to make sure they are using local labor. He wants to make sure -- remember, this is not a jail job that takes two years to fix. This is a 15-year job. Billy, you know labor better than anybody else.

Billy, you know labor better than anybody else. By the way, you were the person, as the business manager of Local 25, you befriended me. I don't know why, okay? I have no idea why, but you befriend me, and you helped educate me to the needs of labor and what was going on. You were the one that advocated to me as a legislator to make sure, as a freshman legislator, to make sure that we had a project labor agreement language in Suffolk County; first county to do it. We did that. We did that together. You as a labor leader and me as a legislator. I'm not backing away from any of that.

But this is a private job, a \$4 billion job for 15 years. It would be suicide, according to Jerry, to be able to commit something that he can't commit to. He has to go for financing. Banks are going to look. He has to fund it. But the truth of the matter is, there's no huge labor pool except for the labor movement that can do it as professionally, as quickly, because pace at project is important. Again, I'm not a developer, but this is what I hear over and over again. How do you build this? You build it in phase one. You get everything built, right? So, then, phase one is done; you start renting. You start -- that's the fund that gets you to phase two, then gets you to phase three. This can't be done with a couple guys from Connecticut in a van. This has to be done professionally.

So all I can tell you is he says he's not for a project labor agreement, but he's never said he will not use union labor. So it's a tough time for labor unions. There's no doubt about it. I don't blame the leadership of the Long Island Federation or the leadership of the building trades. This is a very tough economic time. Flexibility, looking at work rules, looking at all the things. I know there are unions who are saying, "We need to be flexible, we need to keep our members working." I've had those conversations, and I will do everything I can for every single labor union in the world to make sure that they have an opportunity to succeed.

I can't make other decisions. I'm not Jerry Wolkoff. If I was Jerry Wolkoff, I would probably be playing golf somewhere right now. But he has decided to use his time to do something to put his own personal capital at risk to be able to build in an urban renewal area that will transform Suffolk County. It's one project, but it will become a template for others. A \$4 billion project creating construction jobs. Pearl Kamer, not me, Pearl Kamer professional economist, says it will create over 25,000 permanent jobs. We should have had this job -- we should have had this done a long time ago, okay?

All I can tell you is it has nothing to do with my appointment to the IDA. Jerry Wolkoff has nothing

to do with the Suffolk County IDA. I'm hoping to make sure that I do every trick in the book that I can use to keep jobs on Long Island in Suffolk County and bring jobs to Suffolk County, I will use. That's what I want to do. I don't know if that answers your question, Billy. Probably not.

P.O. LINDSAY:

No, it does to a certain extent, Paul. But I would just like you just to carry that message --

MR. TONNA:

Absolutely --

P.O. LINDSAY:

-- to your employer.

MR. TONNA:

Wait, wait, wait, wait. He's not my employer. He's a client. He's not my employer. I'm sorry. I don't work for Jerry Wolkoff alone.

P.O. LINDSAY:

Then I -- then I beg the difference.

MR. TONNA:

Very little, actually.

P.O. LINDSAY:

This body would like to see labor piece on that project.

MR. TONNA:

Absolutely.

P.O. LINDSAY:

And we're going to do everything in our power to see that local people are employed there and that fair wages and benefits are paid there.

MR. TONNA:

Absolutely.

P.O. LINDSAY:

And if that isn't the case, we're going to do everything we can to try and prevent him from destroying the labor community here on Long Island.

MR. TONNA:

I agree, and I hope it includes like they have done in Babylon, where they've said, "You know what? We also have people from the local community," first source. We have people in the community have proven themselves job worthy. Why aren't those people on the job? Why isn't that being done? So I would say I hope that you guys advocate for things like that. To make sure that the Brentwood community, okay, that people can get themselves an apprenticeship card and get into the union and work -- I know my union brother and sisters, a lot of them that I've talked to said, "We embrace this. We would like to see this. We want this."

P.O. LINDSAY:

And my union has done that for years and years and years. But the point here is we're a legislative body. You're a consultant. The people that supply the labor are in the audience. We -- just a

simple thought -- we want peace and harmony on Long Island. We don't want this to become Wisconsin, and we don't want a precedent set here that this is a \$4-billion-dollar project that I'm going to use one crew during the week and a totally different crew on weekends.

MR. TONNA:

Billy -- Bill, but where do you get that stuff from?

P.O. LINDSAY:

Where do I get that from?

MR. TONNA:

Yeah. He hasn't started. He hasn't approved for the project. He hasn't anything.

P.O. LINDSAY:

Well, Mr. Wolkoff said that to me two years ago: "I'm not signing a project labor agreement because I want the ability to bring my people in on weekends and pay them what I want."

MR. TONNA:

Well, I would say this: I've never heard that ever in my life. I have been on a million conversations with him with labor leaders.

P.O. LINDSAY:

Certainly a lot more than I have but that conversation took place.

MR. TONNA:

But I would say this: I mean, there is -- we have a huge employment issue. My -- the way I see it is bring the jobs. First, let's bring jobs. Let's keep jobs. If we can do that, I hope we fight all we can about making sure that they go -- forget about Jerry Wolkoff. That's one small thing. You're going to let one small issue -- it's big. It's an Islip issue.

D.P.O. HORSLEY:

It's a big issue.

MR. TONNA:

It's a big issue, and it's an Islip issue, okay, with an IDA. But there's a whole bunch of other stuff, okay, and there are people hurting out there in the labor community and not in the labor community, all right? People who work other jobs and other different place, and we need jobs for everybody.

P.O. LINDSAY:

I agree.

MR. TONNA:

So all I can tell you is that's what I'm willing to do. I was asked to do this. I didn't want to do this. This was not my aspiration. I fulfilled my aspirations. I was Presiding Officer of Legislature, not as long as you, Billy; I wasn't as good.

But I will tell you this: It was great. I left that. I had a great experience, a great experience. Being in this legislative body was a fantastic experience, and you're going to look back at it -- Lynne, you're going to go through it in a couple of months. You're not going to miss it for a couple of years and then you're going to say, You know what? We did some really great things.

LEG. NOWICK:

I miss it already.

MR. TONNA:

All right. Well, I'm telling you, I don't miss it that much.

LEG. D'AMARO:

I'm glad to hear that.

MR. TONNA:

Better you than me. So all I can tell you is I would ask, because I think it's important, I'm asking you for your vote. Tom, I'm asking you for your vote. Lynne, I'm asking you for your vote. Kara, I'm asking you for vote. Wayne, I'm asking you for your vote. Lou, and as the ex-officio member of this committee, Billy, I'm asking you for your vote because I think I can help Suffolk County. I had a great time serving it as an elected official, and now I'm asking you to give me a chance to help a very good economic team. Joanne Minieri, Anthony Manetta, a good county executive, a great committee. I just wish I thought of an Economic Development Committee when I was presiding officer. It takes a genius to figure these things out. So all I can tell you is give me a chance to help Suffolk County. Thank you.

P.O. LINDSAY:

And, Paul, I'm sorry that we had to have this conversation.

MR. TONNA:

Eh, I'm not.

P.O. LINDSAY:

I'm sorry that it's really kind of a mess. You know, it's saddens me greatly when I see two different voices come out of the labor movement.

MR. TONNA:

You know, I'd say this: We're in very, very difficult times. People are under a lot of pressure.

P.O. LINDSAY:

Yep.

MR. TONNA:

People are under a lot of pressure. This is a democracy. We're not in China.

P.O. LINDSAY:

Yep.

MR. TONNA:

This isn't some type of dictatorship. Democracy isn't always. It's not always clean. You know, every day, you have to put your head on the pillow. I know that I have made mistakes as a legislator. I've made some bad votes. Sometimes I got a little scared. I thought something was really important. I felt some pressure, and I violated my conscience. I said I should've done that, and I did this. You know, these things happen. This is what democracy is about.

So I would ask you just, up or down, support me or not, but let it make sure you feel good about

your vote. Thank you.

P.O. LINDSAY:

Just a last word. You say that you sometimes have thought about some of your votes and had second thoughts.

MR. TONNA:

Absolutely.

P.O. LINDSAY:

You also had some very courageous votes and it was a pleasure serving under you.

MR. TONNA:

Thank you, Billy. Thank you very much.

D.P.O. HORSLEY:

So the term, Paul, is garrulous.

MR. TONNA:

Yeah, garrulous, right?

D.P.O. HORSLEY:

I could go with it. It works. For a clarification, before I turn this over to Legislator Hahn, who has also questions, and others, I just wanted to clarify the relationship with the Islip IDA. They were induced and approved as clients to the Islip IDA, which is, from my understanding, the Islip IDA is the town board.

MR. TONNA:

I have to tell you, I don't really know.

D.P.O. HORSLEY:

Okay.

MR. TONNA:

I know they are in negotiations. Jerry doesn't talk to me about this. I mean, I don't know. I know this --

D.P.O. HORSLEY:

Because they have made no approach to the Suffolk County IDA, to my knowledge, and I go to the meetings.

MR. TONNA:

Listen to me. I don't even know where the Suffolk County IDA is domiciled. Somebody told me it was on the third floor, somebody told me it was on the fifth. I'll find that out, hopefully, if you guys appoint me.

D.P.O. HORSLEY:

Well, it's a little of both. They meet on the third and -- whatever.

MR. TONNA:

But I would tell you this: I don't know the inner workings of Islip. Tom, I would venture to guess lately that you don't know the inner workings of Islip. But I would say, you know, I would say this:

I know, as best as I can tell you, that there is no interest. There has been no discussion. There's no inside deal. There's nothing. And if there was, if he fooled -- I would recuse myself.

D.P.O. HORSLEY:

Okay. I was looking for clarification. I understand. In other words, you don't know.

MR. TONNA:

Yeah.

D.P.O. HORSLEY:

I think they are clients but that's --

MR. TONNA:

Who?

D.P.O. HORSLEY:

That Jerry Wolkoff is a client of the IDA of Islip.

MR. TONNA:

Oh, he is now, but I think it's up for renewal.

D.P.O. HORSLEY:

Oh, that's where the status is. That's what I wanted to know, but as of right now --

MR. TONNA:

I think he is. I think so, yes.

D.P.O. HORSLEY:

Yeah.

MR. TONNA:

Yeah.

D.P.O. HORSLEY:

And, frankly, I think Suffolk would probably defer to the Suffolk IDA on that matter, anyway, unless they decline to have them as a client.

MR. TONNA:

My sense is they're working out their issues. I think he wants to stay in Islip.

D.P.O. HORSLEY:

I well understand why they would -- it makes sense for the Islip -- Legislator Hahn.

LEG. HAHN:

Hello.

MR. TONNA:

Hey, Kara.

LEG. HAHN:

And I, too, worked with you when I was working for Maxine Postal and Vivian, and I want to commend you on your, basically, exemplary record of public service. As a social worker, the causes that you took on are very important to me. And I was going to say ditto after Bill. I didn't get to

follow him exactly, but all of his concerns are concerns of mine. All of his praise for you and everything you've done, I agree with, so I don't want to repeat that. And I want to latch onto jobs, jobs, jobs, number one, no question about it, economic development, what can we do for more jobs in our county. You know, I know we're a little off topic in talking about the Heartland transformative project with incredible vision, regionally-changing, really important project. Phase job, fifteen years, four billion, all of that is so important to the trades and to workers and to our entire economy. And so that's, you know, that's why this is a big deal. That's why it's coming in as a client, but it is important, these discussions we're having. You know it, it can't be a race to the bottom, either.

MR. TONNA:

Absolutely.

LEG. HAHN:

So I kind of want to -- I'm new to this committee. I asked Bill to be on this committee. It's kind of a case of "careful what you wish for" today. But so I am new to the IDA, you know, really following it, and I want to understand in your role there how you see, because you said all the right things about union labor, project labor agreements and how they are important to you. But in your role on the Suffolk IDA, what can you do to make certain that the out-of-state workers are not getting paid for by our local taxpayers through the IDA, we're not bringing in out-of-state workers? What can you do to ensure, as a member of the IDA, to ensure that where our IDA dollars are going is for projects where it's union-only labor. I mean, I think this is a really important piece to us.

MR. TONNA:

It is, but statutorily, I can't make that -- I can't do that. Nobody can. You can't guarantee that it's union labor. You can't do that. All we would do is be paying out in lawsuits.

LEG. HAHN:

What can you do?

MR. TONNA:

So I can tell you what I would do, as I have done as a legislator and as the Presiding Officer. I think the labor movement on Long Island, especially in the building and construction trades, has a great story to tell. I think they have a great story to tell, and some unions in the building and construction trades have said, "You know what? We're looking around from a 3,000-foot view, not just in the forest, but from a 3,000-foot view, and we know that not only do we have to advocate for jobs and our workers, but we have to change ourselves. We know that." There are all of these discussions: talking about different rates, use of mix on apprenticeship programs, the ability to use dollars in their own pensions and everything to be job creators, work rules, do these work rules work today? Do these things happen? How do we do that?

That -- I'm not a union delegate. I'm not a union official. I know that they are having those conversations. Hey, just like you, sometimes in your own -- they are elected officials, many of them. Sometimes it's unpopular with their membership. Guys, the world is changing. You know what, it used to be that you had an extra. You can get double time, double time and a half. I don't know if that's really true. Now, maybe, we can negotiate for time and a half on these things.

What I'm saying to you is there is a process. It's an adjustment. It's a market correction if you want to talk about it from Wall Street. However, you want to talk about it, it's a very painful process. When you go shopping, right, Kara, when you go out and shop -- I go shop for a car; I say, I want to buy American, but I want value, I want price, I want to make sure it's the right thing; it's the same thing.

So the unions have a great story to tell. I want to tell that story. I want to help the unions tell that story, but I can't obligate anybody. We have two union-elected officials, okay, or two union officials on the IDA right now. If you asked either one of them, they would tell you the same thing: They can't make somebody do that. When your job on the IDA is to bring jobs, to keep jobs, that's what it is, I would love to be able to hit a magic wand and say everything -- we're all going to get along, everything's going to be -- it's messy. It's messy.

I'm not going to make a promise that I can't keep or that I don't have the power to do. How many times in your district offices somebody comes to you and says, "New York State is doing this. I need you to do this," and you say, "I'm a County Legislator; I can't do that. I can't do this. That's a town jurisdiction." What I'm telling you is that my limited knowledge of how the IDA works statutorily, and I'm not an attorney, you can't obligate anybody to use anybody. You can present the best case, and the unions are good enough at presenting their own case. They are pretty successful at it.

LEG. HAHN:

Again, so you have limited knowledge of how the IDA works. I probably have --

MR. TONNA:

Well, a little more than limited.

D.P.O. HORSLEY:

Maybe I can help you a little bit. All IDA projects have to pay -- it has to be paid prevailing wage. There's also over \$5 million in apprenticeship program that has to be included. We were one of the first ones to jump on board with that from Suffolk County, and there are -- and we have to use local labor; at least, we encourage to use the use of local labor in decisions.

LEG. HAHN:

Right, but in --

MR. TONNA:

So those things are there. Whether I'm for them or not, they are already part of the statute. I'm for them, but if I wasn't --

LEG. HAHN:

But my question is there are going to be projects that are lining up for benefits. When you're weighing those projects, these pieces have to be -- what I want to ask is how do you feel about prioritizing what we're talking about here?

MR. TONNA:

So I would say this: I'm not on the IDA yet, and I think it would be somewhat irresponsible of me to be able to tell you how I would vote on any particular application --

LEG. HAHN:

Of course.

MR. TONNA:

-- because there are a million factors involved in an application. But I will tell you this: My record is clear. I have always advocated for unions because they pay a fair wage, because they pay fair benefits. It's a tough time right now, and I know the reason why some of my sister and brother

unions are here to support me is because they've called me, they've used me. I have called them. It's all about problem-solving to create really good jobs. Billy knows. Billy, I haven't changed. We did it when you were a business manager, and except for about a month when I walked three houses in a special election against you, because you decided to be a democrat and not a republican, I can't help that --

P.O. LINDSAY:

You really turned a tide.

MR. TONNA:

I walked only three houses, by the way. But after that, we worked together. I haven't changed. I haven't changed. Nothing has changed. So all I can tell you is, Kara, you should feel safe. Some people, maybe they don't know me. Head of the building trades, I didn't know them when I was a legislator. I don't have the relationship that I have with the men and woman here today or with many of the leaders in the building trades. I don't really know them. What can I say? It's only going to get -- I'm only going to talk more and more. Keep asking.

D.P.O. HORSLEY:

He's garrulous.

LEG. HAHN:

Clearly, I'm echoing -- I want to echo Bill's comments earlier about the confusion here in terms of, you know, what's coming at us from the trades and what that means exactly about this --

MR. TONNA:

Can I ask you a question?

LEG. HAHN:

I don't know. Is he allowed to ask us questions?

D.P.O. HORSLEY:

No, I don't think that's appropriate.

LEG. HAHN:

And we have Dave Calone waiting in the audience for his presentation, and I'm sorry, Dave, that I dragged this on a little longer by asking.

But I do feel an incredible -- when we're talking jobs, and that is the most important thing, and we mean union jobs, you're right, and we mean the jobs that are going to be created that are permanent jobs, 25,000 is an extraordinary number to throw out there.

MR. TONNA:

Absolutely.

LEG. HAHN:

And so this has to happen. It has to happen right, though, if it's ever going to happen. If we're ever going to, you know, hook up to the sewers or whatever we're going to do, we got to all be in -- have a comfort level.

And I would also argue that when we're giving out taxpayer dollars, those are important pieces, too, and encouraging companies -- we want --

MR. TONNA:

I agree. I'm in a hundred percent agreement with you. But why aren't you asking me about Hurricane Sandy. That has as much relevance as the Heartland's project has with regard to a Suffolk IDA. I have said it once, I'll say it a million times: I've always advocated for local unions. I have always -- Kara, before you knew how to spell "legislator" --

LEG. HAHN:

I'm not that young.

MR. TONNA:

-- I was here advocating for them. I still don't know how to spell apprenticeship language. We were the first county to do it. I sponsored that law. Every single thing, there's not one thing that I did in municipal government in advocating for unions that I feel any different about, okay? So you're in a difficult position because you're getting calls.

But, you know what, on the on the other hand, you're a legislator. This is what you've asked. You have to make difficult calls.

LEG. HAHN:

No question. So I hope that in your role, you can help to bring peace and harmony as well to, you know, maybe sit down with some of these groups --

MR. TONNA:

Which groups?

LEG. HAHN:

-- that have questions.

MR. TONNA:

I've offered to sit down with every one of them. That's why they're here. Well, some of them; they already had to go.

LEG. HAHN:

Okay.

MR. TONNA:

Anyway, all I'm telling you is I am doing it, I will do it. You call me anytime, you say, "Paul, I have a problem," I'll be there, okay? It's simple. Good luck.

LEG. HAHN:

Thank you.

D.P.O. HORSLEY:

You done, Kara?

LEG. HAHN:

I am.

D.P.O. HORSLEY:

Good. Legislator Nowick, she wanted to pass?

LEG. CILMI:

Yeah, she's fine.

D.P.O. HORSLEY:

That's what I thought. Okay. Legislator Cilmi.

Oh, by the way, I just want to add that Mr. Zarcone is in the room, and he is a member of the IDA board who is representing the laborers, and I know Mr. Hervey (ph) is also on the board who is representing IBEW, so there is labor representation; that's because of the wisdom of this board.

Legislator Cilmi.

LEG. CILMI:

Thank you. Thanks for being here, Paul.

MR. TONNA:

Thanks, Tom.

LEG. CILMI:

And thank you for offering to serve on the board. I have some questions that are completely different. My questions relate to the activities, actually, of the Suffolk County IDA. And let me just sort of lay as a foundation to my question to you, the statement that -- my questions comes less from a concern for what the IDA is doing but more of a concern for this state of fiscal affairs in our county and the taxpayers, commercial and otherwise, in our county. In many respects, the IDA is an -- applies band-aids to problems.

What do I mean by that? We have energy costs which are completely ridiculously high. We have a tax structure that's completely ridiculously high. As you articulated in your opening remarks, there's a myriad of other issues that make it very difficult from a regulatory, from a tax point of view for businesses to do business here on Long Island and New York State.

And so what do we do about it? Well, we have some tools, then, at our disposal. One of those tools is the IDA. So we select certain companies, certain industries, and we choose companies to get some benefit from tax breaks.

MR. TONNA:

Right.

LEG. CILMI:

You can make the argument that that's the detriment of other taxpayers in the County because our taxes have to be paid. My concern is this: Number one -- I have two concerns. Number one, that we're choosing those winners with the utmost of respect for those who haven't, you know, come to you and said "We want help," and that we're choosing them in the most ethical of ways. And number two, that -- and this is what really, to me, supports your nomination to this -- your appointment to this board. That we do so cognizant of the financial difficulties that this County faces, the fiscal difficulties that this County faces.

So I know that once you're appointed, you're appointed, and the IDA board operates exclusively of any authority of this body; and yet, within the realm of your responsibility is to effectively reduce the tax revenue that this county collects. So I hope you can sort of speak to that a little bit and give me some comfort that in doing the things you're going to do, that you do so recognizing that.

MR. TONNA:

So I'd say three quick things, Tom. One is, yes, there's power in the IDA. There's no silver bullet to turn this economy around. There's no one thing. If there was, hopefully we would've thought of it already. The truth of the matter is there are many different items, one of them being an IDA. It's a tool. It's a business tool. First of all, job creation does help our taxes. Whether we exempt a company from taxes for a period of time, job creation helps the county in sales tax revenue, right?

It creates confidence. Instead of Suffolk County and Long Island exporting fear about our region, we should be exporting confidence. You can't believe how much confidence has been derived from having a cannon that's fully used -- I don't know who, where, or when. I don't know the deal, but I know that has been a huge accelerator of economic development. Hotels are gropping (sic) up everywhere. They know, when that thing is kicked in, all union labor, when that kicks in, that's going to be a huge, huge push for us.

So the IDA is a tool. I have looked at some of the votes in the past. We're a conservative IDA generally. This is not an IDA that just gives out favors to friends. If I'm on the IDA board, you guys know me; there's just no chance of that, okay? My reputation as a person -- look, you go through 12 years as a legislator and you have your reputation intact, that's a miracle, all right? That's a miracle. I'm not going to give it up, you know, for some weasel deal somewhere or would any of the other board members. That's why it's so attractive to be with this board. They're ethical people, they're professionals, they have a really good broad base of understanding, so I'm excited to serve with them. I'm excited to serve with them. So that's the first thing.

The second thing is, remember, it's just as much about retention as it is about attracting new companies. We will derive the benefits, and in long run, 10 years down the road, 15 years down the road, they're going to pay taxes, generally speaking, all right?

So I hear another thing, though, that I think I hear you saying, which is, "Hey, we give over to the IDA board and then we don't really have much say in the matter." And all I could say is commitment to you, as long as you are willing to listen to a longwinded person, that at any time, call me. I'll always give you a straight story. I'll sit down. I'll do anything else. I know that's the tenor that the executive director, Anthony Manetta, has already set. I know he's eager to talk to you, eager to hear your ideas, eager to hear your leads. I don't know -- maybe you should be evaluated. How many leads have you given to the IDA to get business? So maybe that should be something that you also check off.

So, Tom, I'm here. You can always get a straight answer from me. It will be done, at least on my part; it will always be done ethically, and I have nothing to believe otherwise knowing the people that are already on the IDA board. It's kind of exciting to be working as a team. So thank you.

D.P.O. HORSLEY:

All right. Are there any further questions from the legislature? All right. We're good. We have a motion to approve. Any other motions? I don't know if I asked that before.

MR. TONNA:

There's a motion by -- and seconded by you.

D.P.O. HORSLEY:

No, no. We got the motion to approve. Was there any other motions? We're good? Okay. All those in favor? Opposed? So moved. **Approved (VOTE: 6-0, P.O. voting)**

Congratulations, Mr. Tonna. I think it might be a good idea for you to stop by on Tuesday.

MR. TONNA:

I wish I could.

D.P.O. HORSLEY:

Oh, you can't? That's all right. Generally, we don't -- we don't ask you to but because of the nature of how many questions there were. But that's all right; we understand.

MR. TONNA:

If you have a question, you have my cell number.

D.P.O. HORSLEY:

I know you're always available, so I've heard.

MR. TONNA:

Right.

D.P.O. HORSLEY:

And just call you anytime.

MR. TONNA:

And I will do my best to make sure that you are proud about your vote.

D.P.O. HORSLEY:

Thank you very much. It has been approved. Thank you.

All righty. That being the case, that is the only -- we have a presenter. Okay. That concludes our introductory resolutions.

At this point in time, I'd like to invite up Dave Calone. Dave, my apologies for the length of that. It happens. If I can start by saying that Dave is the president and CEO of Jove Equity Partners. He is literally one of the first and only venture capital groups out there, and it has now since been growing, and he's been encouraging others to bring in venture capitals. He chairs the Suffolk County Planning Commission. He has been involved with energy and smart growth and housing. And, as I said to the papers the other day when I called him, he was a brother in sewers. He is in the sewerage of Suffolk County. So, Dave, why don't you give your presentation, and thank you very much for being here today.

MR. CALONE:

Thanks, Wayne.

LEG. CILMI:

He also, by the way, was 40 under 40 award -- one of the 40 under 40 award winners. Thank you.

D.P.O. HORSLEY:

That's right, and I'm very jealous at that.

LEG. CILMI:

Picture looked great in Long Island Business News, Dave.

D.P.O. HORSLEY:

Yeah, I'm very jealous at that.

MR. CALONE:

First of all, in talking about Suffolk's economic future, I certainly would commend the Legislature. One important thing you did today was putting -- moving forward Paul Tonna's nomination to be on the IDA. I think that's a good thing for Suffolk County's economic future. So congratulations, and I just echo my support for that.

As Wayne said, I do business around the country, and I have been involved in the venture capital field now for a number of years. I'm also one of the organizers of the congressional caucus on innovation and entrepreneurship in the U.S. House of Representatives. And so I have been exposed to a variety of ways that other places around the country are financing infrastructure and promoting an innovation economy. And so Wayne had suggested that -- the bulk of my presentation actually relates to sewers, and part of the work that we're doing on the blue ribbon panel on sewer financing and so I wanted to sort of share with you some of the things we've learned from that, some of the financing ideas that are possible that are being done in other places but then also talk a little bit about growing the economic capacity of Suffolk County and how we might be able to learn from some of the things that are happening elsewhere that I have been exposed to through some of my business work around the country.

So first, first I want to talk a little bit about, first, principles. There are many different ways of doing economic development. For me, I've filtered this presentation by, sort of, my principles which are, you know, economic growth clearly comes from the interaction of the private investment of public policy, but that government's role, at least in my mind, is not to do but enable, and so that kind of rules out different kinds of economic development. But I think the most important thing for us to remember is what the government can do and needs to do is to help build capacity for economic growth.

And the ways to do that are really four main ones. One is establishing coherent rules and the other is creating enabling tools with relation to enhancing the different drivers of economic capacity, and those are physical capital capacity, intellectual capital capacity, and financial capital capacity.

So based upon sort of the work I've done around the country, I'm going to share with you some thoughts on those. There's a phrase that's being used more and more around the country called "economic gardening." Economic gardening is a theory of economic development, which is definitely not only gaining popularity around the U.S. but works particularly well in high cost areas that have strong core economic assets. And I think Long Island clearly meets that definition. We know we have high costs. We just want all the things, as Mr. Tonna said. We do have a lot of challenges, but we also have a lot of assets: our educated workforce, research assets, and a great location. From a local perspective, what that means is, what "economic gardening" means is focusing less on spending tax dollars wooing companies to come here and instead focus on giving businesses that are already here and are looking to start here the resources they need to thrive and grow and to stay. And the basic premise of economic gardening is that we want to create big companies because they create a lot of jobs; but at the end of the day, every big company started as a small company. And so what we need to do is to create a lot more or help encourage a lot more new, smaller companies to get going.

So when we talk about the four things, one of the first is rules and how government can play a role in the rules for development. We all know that business needs regulatory permitting and tax certainty. It is very difficult, I can tell you as a business person, to make decisions when large decisions are being made about your business, whether it's tax policy, et cetera, and you don't know what the rules of the game are going to be, and they do change from time to time. So the more that the Legislature and the County can do to create consistency is critical. And we all, as was mentioned even earlier, that historically, it's been difficult to get consistency and rules on Long

Island because we have so many jurisdictions. But I think there's some good news here in the County; in particular, we have, the County recently -- we started on the planning commission about two years ago, something called "SUPP," which is the Suffolk Unified Permitting Portal, and County Executive Bellone has really blossomed that into the SST, which is the status and -- the submission and status terminal, which allows electronic applications to be submitted, allows them to be tracked, et cetera. This is really, in talking to folks around the country, this is -- we are starting to get in the vanguard here in terms of actually moving in this direction. A lot of places are, but thanks to some of the recent efforts among the cutting edge on permitting, the County Health Department now has "how-to apply" videos and those kinds of things, which help just reduce the friction that businesses face as they approach the County, have to go through the County.

And under the County Planning Commission guidelines, we've actually reduced by 80 percent the number of projects that need to be reviewed, trying to really focus in the review, letting the localities focus in on the vast majority of the review that needs to be done of the big developing projects and really narrowing the focus that the County Planning Commission looks at to -- to the most narrow projects pertinent to the ones that have the biggest impact but getting out of the business of telling towns how many parking spots they should have or where their curb cuts should be or those kinds of things.

We've also recently moved towards trying to create standard codes and I think I have told some of you about our efforts with solar and wind, or you're aware of them. We actually won a National Association of County Award for that last year for our solar initiative; and, in fact, we were contacted by the Chicago area counties, and I actually went to Chicago a few months ago to brief them on how we were able to help standardize the permitting processes here in Suffolk county. So far, maybe for once, Suffolk County was actually looked at as a beacon for doing something with regard to permitting.

But, of course, the County is not -- there's plenty of room for improvement. I think we're going to see that with the SST. The SST allows us -- will ultimately allow us to know how long things are taking to get through our departments, and that's critical in terms of resources, how much resources need to be put to alleviate bottlenecks and those kinds of things on that. As I said, the County Executive has been leading on that.

The towns also have been hearing the call for better permitting efforts, and e-permitting is taking off in a number of towns: Islip, Brookhaven, Southampton, Southold are just -- probably the ones at the vanguard -- all of them are working on it now to some degree. Islip's now has printers where, for some permits, they'll actually print out your permit, just like you can print out a boarding pass. That's ultimately the role -- or the goal, is to make permitting as simple as possible, to reduce the friction for businesses who are trying to develop and are trying to get things done.

One of the issues, then, that the towns have is how do you fund this, and one thing that I think we need to think about as a county is whether there might be a small revolving fund that can but help fund some of these initiatives. They pay for themselves in terms of the efficiency and reducing business regulatory hurdles, so it's something I'm just throwing out, you know, for y'all to think of.

Another thing that we're doing is some of the developers have expressed concern about commercial interior alterations. So when you're changing your interior of a -- of a -- of a storefront because a tenant, maybe, has moved in -- sorry, a tenant has moved out and a new one wants to move in, you actually have to go through the whole building department process even though you might just be moving some walls around, and that has led to some significant delays. So New York City has put together a way that you can actually get your permits immediately in that situation, and what we're trying to do is allow some of the towns out here in Suffolk County to pilot that, see if it makes sense

for them.

Unfortunately, it turns out we need to actually get State legislation to do that, so we're work with the ABLI on making that change -- tweak in state law to allow some of our towns here to try that out and see if that will be helpful to developers and those who own properties.

Another big thing when it comes to development rules, of course, is zoning. One of the biggest impediments to development in our county, in our region, is the need for developers to go through the local zone change or variance process. Zoning is meant to be a tool to reach an end and not an end in itself. And yet, once zoning is put in place, as Mr. D'Amaro knows from Babylon times, often it gets set in place and becomes very difficult politically to change that zoning. So one thing that we need to look at, and I'll talk about in a second, is some of the ways that we might be able to approve that and some other places have started looking at this. I'll note, though, that, you know, look, many of the zoning rules are obviously important. They are designed to protect our sole-source aquifer, which, as I note in the slide, is one of our biggest competitive advantages, and our environment in and of itself is an economic engine, so we need to be careful if we're going to propose zone changes, where we propose those zone changes, how much we're burdening the land.

But there are certainly some kinds of zone changes that are much needed here in Suffolk County and in many of our towns. And that includes, we all know, as has been mentioned even earlier by Mr. Tonna, we need more, sort of, apartments, we need more multi-family developments, we need more mixed-use developments, particularly in areas where we think it makes sense to cut down on traffic in our downtowns, near our transit hubs, et cetera. So we need to create more flexible zoning classifications to allow that to happen. And then, once you create those zoning classifications, they actually have to be applied by the town board to the areas where you want them to be implemented. So it's a two-step process: We need to create new zoning classifications, and then we need to actually apply them to land. Those aren't easy steps, but they're critical. What we're hoping to do with the County Planning Commission is develop some model codes based on some of the efforts that are just now starting at Brookhaven and Islip to actually come up with flexible zoning classifications. We want to take that and spread that to the other towns.

But then, the critical step, and perhaps the most difficult step politically, is actually applying those zoning classifications to land, and so I think we need to think a little bit about how the County might be able to incentivize towns to update their zoning codes for things that the County cares about, for regionally important things, and that will tie to sewers, as we'll talk about in a minute. But developments that are done as of right now go through the process much easier. Most of the fights we have about developments here on Long Island relate to zoning changes and variances and those kinds of things. For certain kinds of projects, it makes sense where we want them, for the kinds of things we want to grease the skids for that to be able to happen much more effectively and quickly. So that's my take on rules and how some of the things we can do as a region, working the towns, to improve permitting and to improve zoning and make development simpler and easier here in Suffolk County.

But I want to talk a little bit about increasing capital capacity because that, at the end of the day, is how we really drive our economy forward. When we talk about physical capital capacity, we're going to talk about sewers, housing, and transit, and I'm going to spend the bulk of the time, actually, on sewers 'cause that's where we're all doing a lot of work. I don't -- I probably don't need to tell you why sewers are important. Obviously, they allow us to protect our water resources. They allow us to grow in places where we want to grow. I'll mention this, that, you know, increasingly, studies are showing that economic activity in dense centralized nodes, what we're calling -- and we're certainly call in the venture capital community -- entrepreneurial density is critical. So the good news is not only is it good for traffic and good for cutting on sprawl, but it's

actually really good for the economy for economic activity to be centralized, and, again, sewers allow us to do that in addition, of course, as I said, to protecting our waterways.

Where are we with sewers in Suffolk? What can we do to improve our financing options when sewer -- new infrastructure or upgrades may be needed? Legislator Horsley has impaneled the Blue Ribbon panel, which is working on this right now, just a very quick update. I'm just using some hypothetical numbers. But, you know, when you look at cost for new sewers, there are 22 sewer studies being conducted. I think we now expect them to be done in the next month or so --

D.P.O. HORSLEY:

It's right here.

MR. CALONE:

-- give or take, and that's going to be really able to hone in on these numbers. But if we picked -- there are sort of 13 or so that are probably among the higher viability locations of where we want to do sewers, and if we assume the average cost of doing those sewers is about \$50 million each, give or take, we're talking about needing about \$650 million of new funds to provide sewers in the areas where we might want to expand or put new sewers. Again, we'll have much better numbers in just a few months, but that's, at a very high level, helps us to do some thinking about what might be possible.

Now, of course, that doesn't count the existing cost for upgrading of our existing infrastructure. You all know Bergen Point, for instance, you know, the Alpha Pipe, et cetera, significant capital needs, and that's going on through the County's capital budget.

We also, particularly on the East End, have the potential for upgrading onsite septic. We're not going to sewer the East End. I think everybody knows that's not something that's either desirable or politically possible. But, you know, the septic systems on the East End are impacting our waterways out there, and you're seeing red tides, you're seeing impacts on beaches, aquaculture, et cetera, so we also need to be thinking about how we would fund, as part of any new kind of funding mechanism, onsite septic that would particularly be focused on the East End.

We do have an existing source, right? We have the County Capital Fund. We have the ASRF -- the Assessment Stabilization Reserve Fund -- which, thanks to the Legislature, we can use the money that's over the \$150 million cap. It's not a lot of money, but it at least gets us going, and it's the first, by the way, renewable source or recurring source, I should say, of sewer funding that Suffolk County has ever really had for new sewers. But it's really just the first step and when we get the information about where our capital needs are, there's a bunch of other things we can explore.

And that's what I want to show to you in the next few slides, because there are some basic ways you can fund sewers, and this is the things we're talking about on the Blue Ribbon Panel, and I wanted to -- because we talked about this in the Committee -- share with you at a high level some of the things we're thinking about. Obviously, general obligation bonds, those go without saying; of course, they're the full faith of credit. There are obviously limitations on capacity there, and we all know that Suffolk has done a lot of bonding for a lot of different reasons, so there's significant limitations there.

Revenue bonds, when they are backed by revenue from a facility that's constructed, usage fees, connection fees, et cetera, are a very typical way that municipalities around the country fund sewers; also qualified private activities bonds, which have a little less applicability because of some various federal limitations. There's a new technique that's now available in New York State called "tax increment financing." The way tax increment financing works is it takes tax revenue from development and takes that tax revenue and uses it to pay the bonds that were issued to actually make that development possible in the first place. There's no full faith and credit involved here.

The bondholders are paid back by future tax revenue, and it's not subject to a full faith and credit of the county. In some ways it's like a twist on revenue bonds, the more you think about it, but instead of revenue being, you know, a user fee, revenue is the future tax receipts that are being driven by the fact that this development exists in the first place.

TIF is something that is used in virtually every state across this country and has never been used in New York State. And the reason for that is because New York State's law -- basically have a law that made it completely unviable, and, without getting into details, it had to do with school taxes.

But New York State, in the last year, passed legislation that allows TIF to be a functional reality here in New York. The County Planning Commission hosted, along with Ken Adams, the Empire State Development Head, the -- you know, the State's economic developments are about seven months ago now -- we hosted a County TIF forum to educate the IDAs and developers about TIF and how they might start to use it. We haven't seen any developments yet, but it's a process that's been used around the Country, and it could and should be used here in Suffolk County.

I'll jump back up to the process because I skipped over that, but basically, you designate an area where TIF will exist, an area that's, let's say, undeveloped, bonds are issued, infrastructure is built, development is built that would not have been possible before, and then the new property taxes that are possible because of the new development you have there, instead of paying that to the municipality, the county, the town, or the school district, you actually pay that back to the bondholders, and here, there's a good little diagram that actually explains that. So the blue is your base asset -- assessed value for a particular area; let's say the Ronkonkoma train station just for someplace we all know, not a lot of development rights near there, but we can create -- we can draw a line around different parcels and we can say, All right, we're going to fund sewers. How are we going to fund the sewers to go there? We're going to pay -- we're going to issue bonds. The bonds are going to be paid back by the new development that would be possible all around the train station --

LEG. HAHN:

And they use this all around the country to also not only fund sewers but road expansion, highways, bridges. They really do it to make all infrastructure possible, not just the sewers, but that's a very costly piece of it but --

MR. CALONE:

You're absolutely right. And one of the issues with roads -- at the end of the day, what's paying back is new development. So that light yellow piece is that -- if you could on the left, it's times zero. Once the development is built, now you're building up taxes every year that would be paid as development happens. And the idea is when that light yellow piece is done at the end of -- this example is 25 years -- then the new taxes from the increased value goes to, you know, the towns, the counties, et cetera.

LEG. D'AMARO:

Could I interrupt you and ask you a question about that?

MR. CALONE:

Sure.

LEG. D'AMARO:

Just, in theory, I understand it, but in terms of dollars and cents, when you're looking at the enormous cost of some of these projects, could the development that's actually being serviced by the area that, let's say, is getting sewers, could they really afford to pay back those bonds? I

mean, isn't that why government needs to step in and issue the bonds itself? Because I don't see how you have a deep enough pool to service that type of debt just from, let's say, the 50 acres that might get the sewers or the area, the downtown that's getting the sewers. I mean, how are the mom and pop businesses going to service that kind of debt? So --

MR. CALONE:

Yeah. At the end of the day, it does involve -- significant increases in density would be needed to pay it back, so that's an important piece.

LEG. D'AMARO:

Has that model ever been used anywhere?

MR. CALONE:

Yeah. I mean, at the conference that we had, we had -- I don't know -- they showed slides of about 20 different projects that were done -- that were sewered using TIF financing.

LEG. D'AMARO:

I mean, for example --

MR. CALONE:

Kansas City. It's been six or seven months.

LEG. D'AMARO:

I just don't see how that would work here on Long Island or in Suffolk County because you have, basically, full development at this point, at least going from western Suffolk going all the way into the City, of course, obviously, and if, let's say, you know, as we know in my district, for instance, so much of it is not sewered. Okay. And we already did a study to show how we could bring sewers in and what the cost would be, and we went through a year-long process in doing that -- Legislator Horsley, myself, and a few other legislators -- and the cost at the end of the day, even to just do the most prioritized area was extremely, extremely costly, and that would be going into residential neighborhoods. Now, the folks that live in those residential neighborhoods cannot possibly afford to finance the bonding necessary, and that's why you need to turn to State, Federal government. The County can't afford to do it, either.

MR. CALONE:

Absolutely. For residential, this doesn't make sense. This only makes sense in dense commercial areas. Let's say --

LEG. D'AMARO:

Well, maybe if you're building skyscrapers, but when you're putting up a strip center, how are you going to service that kind of debt? I don't see that happening.

MR. CALONE:

Okay. Well, I mean the math will play itself out.

MR. D'AMARO:

Or even a mall, you know, even a large development.

MR. CALONE:

Yeah, no, it has to be dense.

LEG. D'AMARO:

I don't even think that Roosevelt Field today, if you were going to build it from scratch, could service

the debt that would be required to bring that type of infrastructure into that area. That's why government would have to pay for that, and you would have to use a broad tax base to spread that cost out because everyone's benefitting from that. So I'm just curious how we could apply that here.

MR. CALONE:

There are different -- TIF clearly works in certain locations. It hasn't worked in other places. I mean, just a couple of examples where TIF has worked, and I don't have the -- because this is only one piece of the financing, I didn't bring all the pictures. But, no, the pictures -- the developments that were done, for instance, the power and light district in Kansas City, which is a -- it's not a downtown, but it's sort of a very dense, sort of, commercial and industrial area. You can picture places like Heartland where it could work potentially. Again, it has to be more commercial. It's paid out over an extended period of time. I absolutely, certainly agree that TIF would not work for residential. It has to be involved significant density where -- and so it's right in certain places, and we have to play out the math. One of the tricky things, of course, here is our school taxes are a significant piece, so that was -- part of the New York State legislation was allowing school taxes to be included in that. But you can't actually -- if you have residential, then the schools actually need to get some of that money back because they're going to have school kids.

LEG. D'AMARO:

I'm sure it gets very complex in how you divvy up the numbers --

MR. CALONE:

Absolutely.

LEG. D'AMARO:

-- but even in development like Heartland, the cost of the improvements alone -- you know, I understand the developer kicking into that as long as it makes sense with a profit to incentivize that, but, you know, if government is going to support that type of project, I don't see how you can support that without this broad tax base paying for it. I just don't see that as a viable model.

MR. CALONE:

Okay. Well, bottom line is we haven't had any proposed in the last six or seven months since it was rolled out, but it has worked other places. So I know that the conversation going on with some of the developers, the folks in Ronkonkoma, et cetera, are to look and see whether this is possible. Now, it may not be possible, but it is one tool that we never had here before, certainly, to use, and so we'll see if the math plays out, and we'll see if we get a project coming along. But certainly, TIF is one piece of the puzzle. If you were to do it, you would create TIF districts. You can also create TIF districts, through Legislator D'Amaro's perspective, actually can cross municipal lines and actually can actually include the entire county if you actually wanted to do it that way.

So there's different ways of broadening the denominator, if you will. And, in fact, doing it Countywide or you could picture doing it in places around the county, a number of conglomerated spaces spread out actually is better from an investor perspective because you actually get increased diversification across a number of different projects. It also depends upon, you know, water table tissues, of course, how expansive the sewers need to be, how much infrastructure is already there. In some cases, we may be talking about expansions to plans. That's a very different thing than putting a new plant in, et cetera, so this is one new tool.

I'll move on to some of the other ones, though. Public-private partnerships, I won't go through all the details of that. You all are fairly familiar with how those work. The challenges and benefits are fairly straightforward. There are challenges relating to privatizing anything. Some of the benefits

will lead to potentially faster delivery time, upfront payments to municipalities, et cetera. But I think one of the more interesting aspects of it -- of public-private partnerships that we're seeing a little bit is access to expertise and technological solutions that basically give the freedom to innovate with new technologies. One example of that is In-Pipe. In-Pipe -- is it Bergen Point that used In-Pipe? Yeah, had to go through a whole RFP process just to do that pilot. If you had a private sector operator running that, they would be able to most likely do some more experimentation a little bit easier than when it's government-owned.

But I think one of the most interesting things, and this is really a topic for -- I'm throwing it out there because there's some new thinking about this, but can you put a price on the cost of nitrogen? Much like -- there was the idea of putting a price on the cost of carbon. The idea behind carbon, the cap and trade thing, which ultimately failed nationally, but was what's the cost of carbon and people who generate carbon would have to either pay that amount, or they would be incentivized to find cheaper ways to get rid of that carbon, so you actually create a market where private industries incentivize to find cheaper ways to solve a societal problem. Can you do that with nitrogen? To my knowledge, it hasn't been done anywhere, but there's just been some talk about is there a way we can say, Okay, this is what nitrogen costs us as a society, whether it's the impact on our watersheds, whether it's how much it costs to take that nitrogen out by the water authority at the end of the day, and then sort of encourage private sector innovation and new technology development because you could say, Look, if you, private sector, can figure out a way to do this cheaper, we'll split the cost with you. So you have an incentive to innovate try new technological ways of sewers or nitrogen remediation, and it's good for government, good for society, and, potentially, it would create a market for this stuff in a way that doesn't exist now. Right now, there's a couple of packaged sewer plants that are approved and that work decently. They're certainly very expensive, et cetera, but new technology is -- you know, might be able to be spurred by some kind of creating a market opportunity.

LEG. HAHN:

Wouldn't lowering the standard do that too?

MR. CALONE:

Well, we could lower the standard -- yes, we could also lower the standard, but I think ideally we'd find ways to more cheaply achieve the standard as best we can. So I won't go through all the details, but you know, public-private partnerships have been working in many places.

LEG. HAHN:

Or increasing the standard; you know, however you want to look at it. But 2 parts per million versus 10 parts per million, when I say lowering the standard.

MR. CALONE:

Oh, okay, gotcha.

LEG. HAHN:

Sorry. Being tougher, tougher standards.

MR. CALONE:

Sorry, sorry. Yes.

D.P.O. HORSLEY:

Lowering the standard would mean the cost would go up. Supply and demand.

LEG. HAHN:

Yes. I meant lowering the parts per million, not -- while increasing the standard.

MR. CALONE:

Yes. Sorry. I should've known that's what you meant. It's all good. That's much cheaper.

LEG. HAHN:

I was like, "What does he think I was saying?"

(Laughter)

MR. CALONE:

Anyway, I won't go through all the private PPP opportunities for Suffolk, but it sort of, you know -- you know, sort of basically implementing that through our system. Infrastructure bank is another thing that's been used elsewhere. Usually they are used in conjunction with other things, so to the Legislator's point, they are sometimes used with TIF financing. They are sometimes used to partner with or backstop private bond issuances. The advantage of an infrastructure bank is you can actually, you know, do bond issuances but sort of remove it from the annual budgeting process or take it off of the capital -- the capital -- weighing against the County's sort of capital -- the cap on bonding, and it can be capitalized in a number of different ways. These are a couple of examples. There's a National Infrastructure Bank Act, which is -- they did not pass but I believe is being proposed to the new congress. North Dakota has its own bank. The European Investment Bank model is somewhat similar where the country is actually capitalized initially, and after that, it operates like a bank and gets revolving in interest. You could certainly envision ways that can work here in Suffolk County. Oh, sorry, California has an iBank that they use, they can give to certain cities and counties to tap into and it's a loan facilities, but it's capitalized by the state. You know, you can do that here in Suffolk in a number of different ways, but, you know, you need to figure out how to capitalize it. It can be done with County funds. It can be done with State funds. It can be done with union pension funds have been talked about, other endowments. You can use portion of a quarter-cent sales tax revenue. You need to have a referendum to do that. Water use fees is another way that infrastructure banks can be capitalized and et cetera. But it would basically issue bonds and loans directly for sewer projects, can provide those kind of guarantees for lower interest rates potentially for private activity.

And one of the cool things, I think, about an infrastructure bank that sort of controlled -- you know, has the counties informant or oversight over it is you can actually, then, tailor development or support developments that are consistent with county and town or regional goals. You can make sure that those developments were sustainable if they're going to get the financing from the bank. You can make sure that they're consistent with the County Comprehensive Plan or others.

One possible twist -- I just want to throw this out there -- on an infrastructure bank idea is actually to create a revolving fund that would finance both sewer infrastructure and ultimately fund future open space preservation. The way the quarter cent works now is, you know, it's sort of split off, and a piece of it goes to buy land and a piece of it goes to stabilization, et cetera. But one of the issues is when you buy land with the first dollar -- or as the first use of a dollar, you sterilize that dollar and you're never using it again. So one of the ideas is, actually, to use the money more than once rather than sterilizing it, and in a way, you would have growth, funding of infrastructure, which has a positive economic return, pay for future revenue to do land preservation, and you could -- just to make sure I'm explaining this right, what you would do is you could be capitalized, let's say, by a quarter cent or whatever -- and I'll talk about that in a second -- but money can be pushed out to development projects infrastructure, et cetera, and then when it gets paid back, a piece of that being paid back could then be used for environmental protection and that kind of thing.

At the end of day, we're running out of money for land preservation. How do you get more of it while also growing in ways that you need to grow, it might be to use the money twice -- is to have it fund infrastructure and then take a piece of the repayment of that as user fees come in and use that as your new funding for environmentally-sensitive protection.

Now, you can't do that if you have a lot of environmentally-sensitive -- land that you want to preserve quickly. So the way that Suffolk County did it was actually the right way, right? You preserve the environmentally-sensitive stuff quickly and fast. But if there's more to, sort of, open space, we're trying to take development pressure off, one way to do it might be to do this sort of protect and grow infrastructure fund. So in a way, if you think about it, you're incentivizing development to be in places where you have sewers. You're avoiding sprawl; you're promoting some of that green sustainable growth; and you're actually taking pressure off those lands that are, you know, currently open space because the incentive is to develop in your areas where you have sewers, anyway.

So, then, if you do want to buy that land as a county, it's actually cheaper because there's not as much development pressure related to it. And in some ways, I know with the County Planning Commission, we sometimes think about Suffolk County as, in some ways, two different counties, and I know you guys, I'm sure, sometimes have that ethos. I know some of the members from the East End have that feel. But, you know, the Suffolk County west often wants growth, and Suffolk County east often wants preservation, and those aren't monolithic sentiments, but, you know, we have two different, sort of, sides of our county. And I think the neat thing about doing something like this is you actually could accommodate both of those goals through the same funding mechanism, so it's something to think about for you guys as we move forward here.

And how would you capitalize a fund like that? I mean, there's a handful of options. You could reallocate, extend, or increase the existing quarter cent and bond against that new future revenue stream. You can implement new water impact fees. Dorian Dale, the County Sustainability Director, has done a lot of research, and Virginia is an example where the county -- the water impact fees are actually used for sewers. You could do the same thing here.

Just to give you a sense of magnitude of what a fund would cost, I just ran a couple of examples, thanks to Bob Lipp -- Robert Lipp from the Budget Office. What if you had an eighth of a cent additional sales tax; what does that mean? It's actually -- an eighth of a cent additional sales tax, which equates to about \$3 per family per month, or, as I said up there, it's about the cost of a slice of pepperoni pizza or \$7 extra on your water bill each month. Those equate to about the same thing, about \$32 million a year. If you bonded that today at about four percent for 20 years, you'll yield about 12.5 -- actually be able to put together a fund of about \$400 million in some sort of a protect-and-grow infrastructure fund that, because of its revolving nature, user fees, et cetera, over time, you could help meet some of the sewer needs in our sewer areas that we've been looking at. And, then, as I said also, as part of that payback, use some of that for open space environmental protection.

So, anyway, the good news here is that we're not talking about huge dollars that, actually, because of the interest rates now, it doesn't take huge dollars to actually put together a large size fund, but we do need a new core source of revenue to capitalize that fund, so that's the challenge -- the political challenge, et cetera. But just to give you a sense of that there are solutions that aren't necessarily too far out there.

Of course, this would require Albany approval on the referendum. As I said, the financing environment is very favorable for now. As I said, to be clear, new revenue would be needed to capitalize this, but quite frankly, you know, from a business perspective, you know, as someone who

owns, you know, eight or nine companies, this is sort of exactly the kind of strategic investment that will enhance economic capacity and that only regional government can make at the end of the day, so this would have to be a county thing if it were to be possible. And, as I said, now if it were to be done -- doing it now or soon in the low interest rate environment allows a pretty significant multiplier, and that cost -- that multiplier is going to decrease as interest rates rise, you know, as they most likely will over the next year or two.

I'm going to buzz through a couple last things, if it's all right with you, Mr. Chairman. That was sort of sewers, but there are a couple other things I want to touch on.

D.P.O. HORSLEY:

Just quickly.

MR. CALONE:

Sure. Housing was mentioned earlier. We have a housing mismatch. We don't have enough multi-family apartments and there are some consequences to that, as I indicated above. We had our County housing summit this last year -- and I'll send Wayne these slides so you can look through them -- but there's some thought among the role the County should take coming out of that with regard to housing. And if we look at housing as one of our key economic capacity limitations, there are things that the County can do to help improve housing. I'd be happy to talk in more detail about that at some point if that's of interest to the committee. But I'll leave it at that for now.

Transportation, obviously we know we've sprawled. Growth now will tend to centralize because we've reached some of our limits as an island in most places with regard to how far we can keep sprawling. The good news is that we'll never be more decentralized than we are right now and that as we increase some centralization with regard to economic activity, particularly driven by the need for sewers and transit-oriented development, transit will become increasingly a part of Long Island's economic future. And I think that's why County Executive Bellone's connecting bus route for transit land is critical. It's a long-term vision, but you need to start on that now, and creating that mobility between critical economic nodes in a capital light way, which buses do -- you don't have to lay tracks, you don't necessarily have to do set-asides in terms of lanes, though some places do, is a fairly capital light way to actually create transit. Other regions where I do business between Denver and San Diego found BRT to be great economic drivers.

I'll also note that there's some private sector bus things starting up here, including the new Bolt Bus project, which is based in Ronkonkoma and just launched in the last month that are, I think, very exciting about bus on Long Island.

So we had physical intellectual capital -- physical capital capacity increases, we've been talking about. Intellectual capital capacity is another key aspect of economic gardening. It's making sure the local workforce is prepared to fill those jobs that are created by the local economy. There are a lot of examples of how other regions around the country are using community colleges, et cetera, to meet those needs. I'm just going to throw out a few very quickly. Some community colleges around the country are now offering entrepreneurship education. That's relevant because, you know, a lot of people have business and don't actually know the skills about how to develop a business, whether in -- all small businesses -- I know all of mine -- often have the same problem, right? We gotta do marketing, how do we do hiring, how do we do HR, how do we do et cetera. Community colleges focusing on entrepreneurship education is a relatively new phenomenon, critically important.

Michigan has this No Worker Left Behind program, which started, I believe, about three years ago. Community college waived for two years for unemployed workers who agree to be trained in certain

needed skills.

Non-matriculation-based online course development. Online course development is exploding in the last year, and it is going to be key to enhancing skills development and lifelong skills development. It's very important that our local -- community college, et cetera, focus on that.

Local industry partnering with the community colleges are very important. Other companies are making a big deal of work they're doing at other places. Chicago has this college-to-careers curriculum that Mayor Rahm Emanuel has set up, and I have actually been able to see that, doing some of my work in Chicago, that they actually work with local companies to say what you need and train people to those needs.

An idea that's been bouncing around the venture capital community for the last two months -- some guy came up with this idea, and it's been bouncing around. It's kind of interesting. When I graduated from high school, I had to learn a language, foreign language. Why shouldn't kids in the future -- Kara, I think, agrees -- why shouldn't kids in the future have to learn at least one computer language in order to graduate from high school or, for that matter, community college? So interesting idea and maybe there's a supporter right here.

LEG. HAHN:

Yeah. I was just talking with Jim Morgo, 'cause when Jim Morgo got appointed -- it was a very friendly appointment that time -- when he got appointed to the community college board, I asked him to be our liaison and make sure that the community college is part of Accelerate Longs Island, and so him and I have been working. We just met with Mark Lesko two weeks ago at the community college trying to make sure that Suffolk Community College is integral to what's going on at Accelerate Long Island.

But also, what came up in those discussions was, you know, why when we're talking -- you know, we're trying to get, make sure that the most high-tech training is happening there for a tech, and, you know, the new revolution that's going on in both technology and mobile, and why does it seem to start at the college level, even if it's the two-year college level? It's like the basic computer training should be much more -- should be just part of the curriculum that's required at the high school level or even earlier. And it's very -- you know, I think we need to push down the whole technology learning and it's -- obviously, the stem -- all the movement towards stem and education is all part of this.

But at the very basic level -- and I'm -- you know, and I'm -- we're still trying to figure it out at Suffolk Community College, but I think that you're definitely on to something there.

MR. CALONE:

Well, I mean to the extent we can certainly share some of these ideas with Jim and others, that's great --

LEG. HAHN:

Hence my excitement.

MR. CALONE:

-- and there is definitely a movement, again, like I said, amongst, sort, of venture capital folks about this and, you know, needing to train people early. We all know that kids are good at adopting technology. I was very disturbed the other day when my one-and-a-half-year-old took my iPhone and knew how to swipe it open, and it's clearly where we need to start, but I think the idea of actually requiring a computer language, you know, for high school graduation is unique and

something that, you know -- it's something we wanted to -- obviously, I know the school districts are different, but, you know, we could work with the community college on that as well, so that's a thought.

I'll also just mention Michigan's Work Force Intelligence Networks. They actually use spidering technology, and spidering technology, for those who don't know, is basically what Google uses to index the web every day. It's a technology that goes and comes realtime through the inner working of the World Wide Web. They basically go through local want ads, and, using keywords, they determine what skills and education the employers are seeking and then feed that back to determine, sort of, where the gap is. If you ran that here on Long Island, we would know that some of our local manufacturers are having a very hard time filling the tool and die positions because these machines are complex, and no one is being trained on it. So an example of how, sort of, workforce intelligence and new technology can work together.

Last point, by the way, on intellectual capacity, you know, only 10 percent of our high school valedictorians stay on Long Island for college. The reason I know that is because I'm a dork and I count the pictures in Newsday every year. And if you do that, they pick -- there's pictures of all some-odd high schools' valedictorians, and I always look to see how many stay on Long Island. It's usually right about 10 percent. And, hey, look, there's a lot of great institutions elsewhere and that's fine, but the key is getting people to come back here. And so I think the County can play a role in that, perhaps working with you all, working with the LIA and others, you know, how do we get, sort of, some of those folks who are going away to provide internships, make sure they come back here in the summer?

You know, I just had my high school -- my 20th high school reunion from Port Jeff High School, and a lot of us -- you know, the number of us who still live on Long Island is relatively small. Mostly 'cause people went away and they either met someone or they got a job somewhere, and they wound up staying there, and that's part of life, but if we can do what we can to try to attract people back here with jobs and other things, that's key.

I have two more slides that relate to financial capital capacity. Financial capital capacity is the third of the capital capacities where government can play a role: physical, intellectual, and financial. It's a critical piece of economic gardening. But here, the news is fairly good. We do have some good things happening on Long Island. One of those things, actually, is our IDA. We have the new Boost Program that Anthony Manetta has put in place to provide tax incentives to new startup technology companies in Suffolk County.

I do sympathize with Legislator Cilmi's general proposition that -- but at the end of the day, we're actually increasing the cost on everyone else by subsidizing, you know, individual companies that get chosen for IDA benefits. But I think the Boost Program makes a lot of sense.

The other thing, County Executive Bellone has a proposal about innovation zones. Those are -- there are some of those that exist in other places around the country to get the entrepreneurial density that I was talking about happening. Entrepreneurial density is very key. I own a -- investments in a couple companies in Boulder, Colorado. You walk down the street in Boulder, Colorado, you're constantly bumping into people who either started or moving from one company to another. Why? Because they are able to take risks to fail because there's other companies starting they know -- I mean, look, I had a company that failed. We had 30 employees. We went out of business. Every one of those folks, because it was based in Boulder, Colorado, got jobs within a few weeks because there were constantly new technology companies coming up.

A few last points. Brookhaven has a retention program that could be -- expanded Countywide. We need to enhance access of our small businesses to the hundreds of millions of dollars that our local

governments are issuing every year. LIPA has an effort, as of last year, to seek out and encourage local companies to bid on contracts. I think it's important.

Also, Wayne's been a key on Long Island First. Why can't we create incentives for Long Island First companies to continue to contract with other Long Island companies?

Three last ideas. One, planning departments can release data and analysis about the local economy to help market research. It's data that's actually sitting in our planning departments.

Another interesting thing, you know the Olympic Village in London? We all watched the Olympics six months ago; it was filled with athletes. It is now completely filled with startup companies. The entire startup village has been turned over for startup companies. An example of how underutilized buildings can be used to help startup companies get going.

Lastly, crowd funding. Can the County work with the private sector to develop local investment vehicles to allow Long Islanders to invest locally? Each of us has probably, in some retirement portfolio or something, and ETF or a mutual fund invest all around the country, all around the world. It is very difficult to figure out a way to invest locally. When people started having money to invest -- a hundred years ago, some folks had some money. You put money in your local bank or your local bakery or whatever. It's almost impossible to do that now.

But now with the crowd funding legislation that's come from the Feds in the last six months, you are able to develop new vehicles. No one has done this yet. I think it's an interesting idea, and it's worth talking about.

My final slide is this one, and that is that we do have a lot going for us. We know the positive things that we have. We have a lot of new private sector initiatives, we have government initiatives, and a lot of these economic gardening ideas that we just mentioned really do require little or no government money. But, you know, I think if you take a capital market's approach to government spending, you look at where you get your ROI as a region. And the way to do that is to focus on physical capital capacity, intellectual capital capacity, and financial capital capacity. And the large investments, like the sewer ones that we've been talking about, while they do require new revenue, from a business perspective, they are the game changers. They can drive the economy and really provide substantial ROI.

So that's my -- in a nutshell -- I know I breezed through things. If there's any interest in sort of delving in on any of them in the future, I'm happy to come back or speak privately about it. Thanks.

LEG. HAHN:

Thank you.

D.P.O. HORSLEY:

Thank you very much. You know, I can see why you're 40 under 40, one of the 40 under 40. Any questions? I just didn't want to gloss over that. I know we've been here for a while.

LEG. HAHN:

I do want to talk to you about some of ideas that were there in a little more depth.

MR. CALONE:

Great.

D.P.O. HORSLEY:

Great. That's good. Dave, I like the local venture fund. That's an interesting concept. I don't know if people would invest in it, but -- and the mutual fund status.

MR. CALONE:

Sort of way. I mean, you have to work on the structure. We created the Long Island Emerging Technologies Fund, which I --

D.P.O. HORSLEY:

That I knew, yeah.

MR. CALONE:

-- to invest in high-risk technology companies, but the question is, for lower risk things, are there things that people would -- you know, can you put together a vehicle to invest locally?

D.P.O. HORSLEY:

Right.

MR. CALONE:

It's something to think about and --

D.P.O. HORSLEY:

It is interesting. I hadn't thought about that before. Okay. Anything else? Dave, thank you very much. We appreciate it. Good job, and, again, thank you on behalf of Suffolk County for all you do to lend us a helping hand.

MR. CALONE:

Happy to work with you.

D.P.O. HORSLEY:

And I assume the house is going well.

MR. CALONE:

I miss you, Wayne.

D.P.O. HORSLEY:

Always.

LEG. HAHN:

He's now my constituent. Glad to have him.

(Meeting adjourned at 3:42 p.m.)