

Long Island Regional Planning Council
Summary Minutes

Meeting of May 9, 2017 Meeting
Hofstra University Club
225 Hofstra Blvd, Hempstead, NY 11550

LIPRC Members Present

John D. Cameron, Jr., Chair
Jeff Kraut, Treasurer
Elizabeth Custodio
Barbara Donno, Mayor
Nancy Engelhardt
Margaret Martinez Malito
Edward Romaine, Supervisor
Ralph Scordino, Mayor
Michael White
Theresa Sanders

Staff and Guests Present

Richard V. Guardino, Jr.
Thomas DiNapoli, New York State Comptroller
Elizabeth Ridge Cole
Rachel Titus
Allen Kovesdy
Chris Kraft
Thom Lupo
Michael Borsuk
Magdalena Gasior
Mohinder Taneja
Matt Cohen
Chris Weiss
Marge Rogatz
Michael Harrison
Tim Rothing
Bert Patterson
Neal Lewis
Christi Kunzig
Matt Norton
Michael Petre
Lorraine Deller
Randall Bauer
David Olson
Suzanne Sullivan

Meeting Commenced:

- John D. Cameron, Jr., opened the meeting at approximately 12:00PM
- Pledge of Allegiance

John Cameron welcomed everyone to the meeting.

Roll Call

We have a quorum.

First order of business is adoption of minutes from the February 15, 2017 meeting. Approved by Michael White. Seconded by Mayor Scordino.

Chairman's and Executive Director's Reports after initial presentation.

John Cameron asks that we all remember the men and women in armed forces that put their lives at risk every day.

PRESENTATION

"Fiscal Health of Long Island Local Governments", Thomas DiNapoli, New York State Comptroller

Thank you to John and members of the LIRPC. I am going to touch on the topic the team asked me to speak about, the fiscal health of Long Island, and some state issues that impact long Island. First, thank you for revitalizing this group, it does important work. The strength of Long Island is the small towns, each with its own identity, and the school districts that we cherish. It is difficult to come up with a regional perspective to handle our issues and come up with a unified vision. The LIRPC plays a role in recognizing diversity in communities and coming up with creative solutions for concerns. The topic of property tax has been around a long time and is not easy to solve and I respect the fact that the Council is trying to make a difference and representing Long Island and improving quality of life here, it is a great place to live, work and raise a family.

Long Island unemployment rate is 4%. Our private sector job count rose by 16,000 jobs, and increase of 1.5%. We temper that positive with the fact that we lost 70,000 local, state and federal jobs, particularly local government jobs over the past couple years. Long Island's greatest gains are in sectors related to education, health, transportation, business services and professional. The same areas as downstate. Sales tax collection is an indicator of economy, which grew over 2% in Nassau, 1.8% in Suffolk. Year-to-year growth for New York state was 0.7 % overall. Sales tax revenue is a stronger picture in Nassau and Suffolk and is the second biggest revenue source for the New York, important to our localities as well.

We have seen a resurgence in the housing market – in 2016 Nassau and Suffolk have the highest median home prices in the state at \$477,000 and \$365,000 respectively. It far exceeds the statewide median of \$129,000. Our cost of living is higher but it is challenging to discuss

statewide solutions to problems because numbers are so different. Only Westchester, Rockland and Putnam sales prices are comparable to Nassau and Suffolk.

The report on the 2018 state budget will be completed in a week or so. Some highlights that have a Long Island impact, and by extension the health of local government, are that there are new initiatives in this budget responding to major concerns. Infrastructures are a big issue as we are an older state with aging infrastructures. We have more money set aside for clean water infrastructure projects, more money set aside for school aid at \$1.1 billion. Other areas that are important are criminal justice reform, raising the age of criminal responsibility which was a big debate and resolved this year. Other issues are about sanctions and testing of contaminated public drinking water supplies which is always a concern. Other items of interest to local government is the debate about an executive proposal to have counties convene shared services, discussions with localities within respective counties to come up with plan. The counties are convening with respective towns and we will see what comes out of it. If it advances there is a chance to save money without mandating it, which is a good thing.

In terms of specifics impacting Long Island economy: \$3.1 billion allocated for school aide for LI districts, \$20 million for MacArthur Airport renovations including new customs facility and direct access to LIRR, \$65 million put towards LIRR improvements. A report for on-time performance just came out, there is more work to be done there. \$68 million and \$26 million for Nassau and Suffolk respectively for public transportation services, specifically operating expenses, a big issue is cuts to the NICE bus routes knowing important that is to working people. There is \$6.1 million allotted for new roads and bridges, and \$15 million for a new Brookhaven facility.

Where is the fiscal stress in New York? Many municipalities are dealing with the fallout of the Great Recession. In some cases, state and federal funding was decreased, property values fell, there was significant population loss. Long Island fares better than other parts of the state. The challenge for local governments is staying within the property tax cap.

We've tried to come up with an early warning system on fiscal stress as well. We don't want any locality to end up in fiscal collapse, which has happened in other parts of the country. It would send a bad message about New York. We created a Fiscal Stress Monitoring System which uses a set of objective criteria that our staff developed to measure the fiscal health of our towns, villages and school districts. We don't want to have a Detroit or Jefferson County, AL or cities in CA, happen here in New York. Our monitoring of local government is not meant to point fingers. It is a way for us to know from state perspective who is struggling and to be sure local officials as well as taxpayer are aware. More information given to the people makes for a better dialogue. Towns have been the category with least amount of stress, only 2% of towns in the state showed stress. 20% of cities, 18.5% counties, 4% of villages showed stress. Of 238 local school districts and governments measured on Long Island, 24 out of 238 were designated in stress. Glen Cove is susceptible to stress, that's the lowest level of stress. Long Beach is in moderate stress. Only 1 of 97 Long Island villages is in stress—Valley Stream. Among towns, Hempstead is in some level of stress. Two schools, Hempstead and Wyandanch, are in significant stress. Amityville school district is in moderate stress. Another 15 schools are susceptible. The trend in towns and villages being in better shape than cities and counties seems to be the case as well as state wide.

When we see stress, we offer the opportunity to accelerate the work that we can provide from our office, financial planning, techniques, audits. We also have a structuring board which uses a different measure of stress. If you want to go to this board as part of arrangement you will get recommendations and have grant opportunities. New York is serious about turning around bad situations in our state. Last week, JFK School of Government at Harvard announced that our Fiscal Stress Monitoring System ranks in the top 25 programs in innovations in an awards competition.

When we talk about stress, we mentioned infrastructure and specifically water. We have a challenge given aging sewer systems. We put a report out earlier this year highlighting challenges of drinking water in this area. Over the years the local governments have been dealing with the fallout of the Great Recession, and one of the areas that was often dropped out of budgets was capital improvement due to more pressing needs. It is a public health issue. Local governments manage \$1.1 billion for water systems, water feeds, property taxes. As far as drinking water infrastructure, we will need \$40 billion in order to keep it in the shape it should be in. That's a real challenge and we must look for greater partnerships for local governments from the state from national government to deal with the issue. There are 82 clean water active projects now - 23 in Nassau County, 59 in Suffolk County which totals \$2 billion, that's with an existing water program. In the state budget, there is an added \$2.5 billion new infrastructure funding for clean water statewide that will be provided. This will help and hopefully more money from DC as well and it can be a benefit to us. One example of how Long Island benefits is participation of counties for septic system replacement programs. These funds are not limited to Long Island. Other infrastructure monies in budget that may be of interest are \$20 million for Smithtown improvement area and Kings Park Water Treatment Center Facility. Also, \$5 million for Bay Park Wastewater Plant, money for SUNY Stonybrook to have more research and pilot projects to treat contaminated water, \$3 million for Suffolk nitrogen project, \$1.5 Suffolk Sewer improvement projects.

Cost impacts on local government is our pension fund. The good news is we have a well-funded pension fund in NY. \$186 billion is the value of the fund as of March 31st. This important number goes into the rates that we charge local government partners later in the year. Preliminary information says we will be higher, we had a good year last year. Unlike other state pension funds, we aren't in trouble. There is a ranking of the 50 top pension funds in nation and NY as always was in top 10. In recent ranking we are #3, behind South Dakota and Wisconsin. Don't look at how big our fund it, but the real question is what assets do we have vs. liabilities. We took a hit a few years ago when we lost 25% value of the fund in just one year which is why we raised rates. The good news is we've cut contribution rates that we charged to local governments. This year the rates stayed flat. If rates can be cut a little more we will try. The investment number comes out soon and it will be a good number. Then we take our experience as to how many people are retiring, when they are eligible, mortality tables and then around Labor Day we announce the coming year's rates. To sum up, the state is heading in the right direction. In our overall review as a region LI stacks up well compared to other parts of state. View that as good news. We do need to step up efforts and partner with those facing levels of stress. Those that use our Monitoring System and the categories that we score as a roadmap to turn things around find great success. Those that ignore indicators stay stressed. Again, the LIRPC has such an important role to play to elevate issues, to be a catalyst. All issues are tied to budget, whether local or state.

So many issues represent issues of regional impact. The more that the Council can be the regional voice and help local elected official and state officials in Albany and DC so we can get the support we need.

John Cameron: The last few years the school districts have been able to stay within the cap for a number of reasons. One, they had the reserves and were able to manage that well. Also, Wall Street has helped local municipalities and school districts with pension funds and increased school funding. If we go back to 2008, if Wall Street isn't doing as well and we aren't getting extra funding, it will put a greater burden on local property taxes. How do you see things going with New York being so tied to success of Wall Street?

Thomas DiNapoli: We aren't quite as dependent on Wall Street as we used to be. The state has diversified. When you look at the post recessionary time, the bubble burst, and the tragedy of 9/11, Wall Street led the city out of the recession. That wasn't the case last time. Wall Street has lagged in terms of job creation. Firms have stayed profitable because they keep the head count down. They spent a lot on settlements and litigation, more money to that and less to head count. They are starting to hire again. Right now, Wall Street is contributing \$18.5% of revenue. That is a lower percentage than before. Overall, you are correct. If there is a shift and we can't sustain the increased state aid, some reserves were too big, but now that districts are spending reserves to stay in cap, there is no cushion. It's not doom and gloom, but we've gotten through tough times. If there is a downturn and state aid is so significant that could be a problem down the road. I can't predict. The schools are a big part of our tax property burden so while we've had these significant increases in school aid. Medicaid – we've capped growth, the percentage our counties pay is going down. The gimmick is part of the bill that NYS has to pick up all of the counties share. It may seem good, but that puts a hole in state budget if it happens. We don't know what is going to happen in Washington. I can't tell you how it will play out, but I'm concerned.

Edward Romaine: now that AIM funding has been flat in the municipalities, the governor has suggested that we share and consolidate services. Not for largest part of tax bill, but for villages, towns, counties, which constitute 25% of the tax bill he didn't include school districts. On Long Island, around 70% of tax bill is school districts. Why wasn't it included in the consolidation proposal of shared services? I live in Center Moriches which is a small school district. Right next to it is another small district, East Moriches. I've advocated why do we have two districts. But then they include fire districts.

Thomas DiNapoli: Overall point we need to look at opportunities to save money, whether administrative, shared areas, but I do think our schools are the identity of local community. Long Islanders identify with their village and our school district is most defining aspect of community. Most people don't want to see elimination of different schools. You would save some money but not as much as you think if you merge. Then there are segregated housing issues, racial issues, so we must be honest in the challenge there. My view is that encourage people to use best practices where communities have consolidated services and incentivize localities to share. We need to give credit to those doing it already.

Michael Borsuk: I'm a retired partner of Price Cooper Waterhouse. The discussion of pensions brings to mind the fact that many of my family are retired school teachers. The unions have them in a panic about the possibility that a constitutional convention is going to fix the constitution with a provision that no damage to pension is allowed. My question is do you have a point of view if Nov 7th polls will have a convention?

Thomas DiNapoli: I will vote no. Every 20 years we are required to vote on a constitutional convention. And 2017 is that year. The last time we voted in in favor of constitutional convention was 1967 and delegates were convened to come up with a new constitution to present to voters. It's a process that hasn't worked well in modern times. It will cost tens of millions of dollars to pay delegates, staff, pensions to the delegates. Is that where we want to spend money? I will vote no and I share the concerns with your family members.

Chairman's Report

The Council has been busy with a number of initiatives. Two you will hear about today. One is LINAP, which we are commissioning with the DEC, as well as our Property Tax Alternatives Study, which the Comptroller referenced from our earlier meeting. Randy Bauer from PFM is here to present.

We have another Suffolk County initiative which is the Water Quality District Management project. We met with Senator Flanagan earlier this week, we are meeting with Senator LaValle as well. It is an important initiative, \$2.5 billion in state water quality funding, infrastructure funding in this year's budget. He alluded to \$40 billion price tag to deal with water infrastructure and we are very short. The purpose of the Water Quality District Management is to empower and enable Suffolk to control its wastewater infrastructure and water quality. It is important, we've been working hard and will keep you posted.

Executive Director's Report

John mentioned that we will have a report from Randy on Tax Alternative Study and Liz will talk about LINAP. Tom talked about the advocacy of the Council, and we have examples of outreach and advocacy. Mike White spoke at a planning session for municipal planning and zoning on behalf of LINAP. There were 300 people in the room, it was a great presentation, the word is getting out. John Cameron spoke at a Sustainability Conference here, he gave an address at Hofstra, also well received. There have been hearings on two projects that have been designated as Projects of Regional Significance by the Council. One is the 3rd track. There was an environmental impact meeting where I spoke in favor. Also, Heartland Square has been designated as a Project of Regional Significance. I appeared on behalf of Council at the Islip Town Board meeting. Additionally, both Liz and I appeared on the Pine Barrens TV show speaking about LINAP. We were preceded by Ed Romaine speaking about energy and what we can do in terms of energy on the island. That is some of the outreach we are doing, please let us know if there are other opportunities. We will turn it over to Liz for a LINAP update.

PRESENTATION

“Long Island Nitrogen Action Plan Update”, Elizabeth Cole, Deputy Director, Long Island Regional Planning Council

To give the background on LINAP: Responding to the water quality crisis on Long Island, New York State appropriated \$5 million in the 2015-2016 State budget to be utilized by the Department of Environmental Conservation and the Long Island Regional Planning Council to develop the Long Island Nitrogen Action Plan or LINAP as we like to call it.

LINAP is charged with determining how best to reduce nitrogen loading to groundwater and surface water. Put simply LINAP will be looking at the sources of nitrogen, how it is getting into the water and how much nitrogen removal is necessary to make our water healthy again.

Nitrogen is the leading cause of water quality deterioration on Long Island. It comes primarily from wastewater and fertilizer--stormwater is also responsible for a part of the nitrogen load. Long Island's water quality issues related to nitrogen have developed over many years of reliance on a large number of simple on-site septic systems. More so in Suffolk County where over 70% of all houses have septic tanks or cesspools. And these systems are simply not designed to remove nitrogen---so the effluent from the cesspools and septic systems reaches our groundwater, which ultimately reaches our bays and estuaries.

Excess nitrogen causes include: Harmful algal blooms (red tide, brown tide, rust tide), fish kills, degraded wetlands and marine habitats. Nitrogen also contaminates the groundwater that becomes our drinking water.

Excessive nitrogen fueled algae growth leads to many areas having poor marine habitats that do not adequately support fin fish and shellfish populations. Landings of clams and scallops have declined 99% since 1980. Excessive nitrogen is also a key contributor in wetland degradation. Degraded marine wetlands reduces our coastal areas' natural storm buffering capacity, making our shores less resilient to storms. Wetlands protect coastlines during storms by dampening wave energy and lowering water velocities and reducing erosion. Which is critical in today's extreme storms.

Eel grass is also vital to our shores. It stabilizes bottom sediments, improves water quality and provides a critical habitat for numerous marine species. It improves our water clarity by filtering polluted runoff and by absorbing nutrients like nitrogen and phosphorus. Over the years we have seen a great decline in eel grass.

LINAP is a collaborative effort—we are working with Suffolk and Nassau County, local governments, area scientists, numerous environmental organizations and consultants in developing the LINAP. We have a Project Management Team (PMT) lead by the DEC and the LIRPC with members from both counties that meets every other week and is responsible for the administration and management of LINAP, including: scope, budget, schedule, contract, consultant oversight, coordination, outreach, reporting and implementation.

Now that you have an idea of how the LINAP began I'd like to give you an update on some of the initiatives currently underway: Suffolk County has been instrumental in addressing water

quality—many of Suffolk County’s initiatives predate the LINAP— Important to note that there will be no duplication--Rather, LINAP will work in parallel with these efforts with a goal of filling in information gaps and evaluating additional alternative solutions to mitigate nitrogen.

The County’s Subwatersheds Plan is evaluating nitrogen loads from wastewater, fertilizer, stormwater, and atmospheric deposition to the groundwater and receiving waters of nearly 189 subwatersheds. The plan will develop nitrogen load reduction goals for groundwater and surface waters and identify the subwatersheds most in need of nitrogen reduction. A draft is expected in summer 2017.

Suffolk is leading the way in Innovative Alternative Onsite Wastewater Treatment Systems- Pilot program: Passage of Article 19 in July, 2016 permits the use of Innovative and Alternative Onsite Wastewater Treatment Systems which are designed to significantly remove nitrogen from wastewater. A pilot program in Suffolk has two phases—and a total of nearly 40 homes will have these systems installed—the program is designed to test the viability of these systems in local conditions. These systems can potentially provide an environmentally sound alternative to sewers in portions of Suffolk County.

Proposed updates to Article 5 and Article 6 of the Sanitary Code are looking at requiring I/A systems in certain situations i.e. require I/A OWTS for new construction, require I/A OWTS in priority areas and upon property transfer, modify grandfathering for commercial properties, develop requirements for replacement of conventional systems and cesspool.

Septic Incentive Improvement Program: The Suffolk County Septic Incentive Improvement Program will offer grants and low interest loans to homeowners to purchase an approved Innovative Alternative Onsite Wastewater Treatment System. Proposed legislation will go before the legislature for a vote next week and if approved could be operational in July.

Nassau County: Subwatershed planning is also underway in Nassau County, spearheaded by Stony Brook University’s School of Marine and Atmospheric Sciences. There will be a Nitrogen load model to understand the quantity and sources of nitrogen. Hydrodynamic models to understand the movement of surface and ground waters, and identification of priority areas, and nitrogen load reduction strategies. Pipe Diversion Study: Engineering study has started to examine the feasibility of diverting treated effluent from Bay Park to the Cedar Creek ocean outfall. The effluent from the plant would be pumped through an unused pipe located beneath Sunrise Highway. 19,000 linear feet of the pipe has been evaluated and so far, there has been no change in the condition of the pipe since the last inspection in 1977. Final report is due this June. County to consider approval of Suffolk County approved I/A systems.

RFP for a Bioextraction feasibility study will be posted this month. We need to analyze barriers and opportunities for nitrogen removal from surface water through the wild harvesting of shellfish and seaweed and the economic feasibility of such an industry. An RFP for Stormwater nitrogen load modeling for Nassau County is in the planning phase. A separate model is needed that estimates nitrogen loading to surface waters from stormwater runoff.

We have developing advisory workgroups to provide input and support in the development and implementation of LINAP. Fertilizer Management Workgroup: which began meeting in

December. The group will evaluate existing strategies, and identify actions that can be taken to further reduce nitrogen pollution from fertilizer use. Bio-Extraction Workgroup: The group was established to assist in formulating a scope of work for the RFP that we will be posting within the next week or so. The first workgroup meeting was just held last month. Nassau County Subwatershed Advisory Workgroup met for the first time in April to provide input and support in the development and implementation of the LINAP in Nassau County.

Citizen Science Initiative is still in the planning stage. Identify water quality monitoring data gaps, engage environmental organizations and the north shore protection groups who are already doing sampling, and involve local colleges and universities. We may engage graduate students to assist with sampling design and implementation

Lastly I'd like to give an update on outreach and education. Education and positive stakeholder engagement is a key goal. Outreach efforts are currently underway with numerous presentations having been given all over Long Island to local civic groups, industry groups, environmental groups and the like.

We have also begun to distribute monthly newsletters to over 700 stakeholders.

The LINAP web page is in the process of being updated with a technical resources page including pertinent documents, reports and presentations. We have linked the LINAP webpage to our partners' websites so that we have a fully integrated social media plan with easy access from multiple sources. A calendar of relevant events will be maintained on the webpage including symposiums, hearings, public meetings, workshops related to water quality.

If you want to sign up for newsletter please see me after the meeting.

Summaries from each of the workgroup meetings are posted on the LINAP webpage for the public to continue to be aware.

PRESENTATION

“Property Tax Alternatives Study Update”, Randall Bauer, PFM Group Consulting LLC

Essentially, I will cover the topic of the project approach and timeline. I will summarize activities to date and next steps. In terms of project approach, it was set as a 4 phase approach.

First phase is the data collection process. We completed each identified task. Initial data collection, scheduling onsite meetings with key stakeholders, determining benchmarks in local government in regions we are using. The metropolitan areas that we are using and the counties within them are San Mateo, CA, San Francisco, Bergen County in North New Jersey, Middlesex, MA, Montgomery, PA, Philadelphia, Oakland, MI.

The second phase we are in right now which is research and model development. The activities to date are part of 2035 report done by PFM; modeling of finances related to local governments on LI. That has been updated and a copy of the model and an update to the Council has been given and we will be continuing to use it for this project. We are in the process of completing the benchmarking in next week or so. We have been conducting stakeholder interviews and met with

State and local elected officials and representatives of key stakeholder groups. There are a couple that are still in process. We have done best practice research analysis and will continue to do so. The models have been developed and we work toward populating them as we move to next phase and then do necessary follow up with stakeholders as we build out models as we look at different alternatives as part of the study.

Next phase of the project is the third phase, High Level Findings. As you would gather, that will take the information that we gleaned from interviews from data collected and form them into findings. Within findings we look at relationships of tax burden, capacity, impact on economy and possible changes, and opportunities for levels of local governments. Ultimately, we weigh qualitative and quantitative factors in developing those findings.

That leads to the final phase, the actual reporting and developing of final reports and recommendations. Those will be communicated to stakeholders, it will be a powerpoint and written report to explain options and recommendations. We are working with Hofstra University and the Center of Suburban Studies to explain visually the current state of tax burden and sources of revenue for local governments and how that may change as it relates to options.

The timeline is presented in our report. You will find we are on week 8 of the project, close to completing activities in the first two sections, then to high level findings which is week 10-12, then final report and recommendations. We will stick with timeline essentially, some parts move over from section to section, but we are generally on time in terms of expectations.

Next steps are completing subject matter interviews and benchmarking. Next week we should have completed that and move to actual modeling and identification of opportunities on the operational side and high level findings.

The recap on last page says we are on schedule. We have benefited from excellent cooperation from the Council. Liz, Rich and John have participated in most of the meetings with stakeholders and have been helpful in scheduling meetings. The models that are to be used in terms of updates to 2035 study have been done, models in place, I'm confident that they will be put to use in the timeframe identified.

We appreciate the Council's help. The project is at a changing point from collection of data to actual analysis and we will continue to provide updates on a bi-monthly basis. We have been updating John, Rich and Liz and will be happy to present to Council as appropriate.

John Cameron: We know this is difficult stuff. The two largest issues are lack of diversity in housing compared to other suburban communities and unsustainable property tax burden. We have trouble holding on to young people in the work force. Nassau and Suffolk are getting older. We also have empty nesters that want to stay. We have a big challenge so we are taking it on. We don't feel that status quo is viable.

Michael White: It is important that the next meeting gets into our midyear content meeting. I think that the Council needs to take a close look at how we are reporting, disclosing, including

budgets, financials. I'd like to request that the Council look to scheduling a meeting in June. I am concerned about form and function.

John Cameron: There are certain things that the Council is intimately involved in and have offered to participate. You are on the list for the bi-weekly LINAP, certain people are needed to vote. There are different committees, we had the morning meeting of which the Council was invited. A few members came. A lot is going on and it is up to the Council members to be involved or not involved. We provide reports.

Nancy Engelhardt: Let's maybe organize an executive session.

Richard Guardino: We will put together a small session to discuss.

Nancy Engelhardt: We see from Elizabeth's report how much work is being done. She scheduled an hour call with me updating me about the initiatives. It's a matter of communication.

Richard Guardino: I will get dates. Everyone should be informed.

Next meeting: To be decided

Meeting adjourned at 2:10PM