

BOARD AGENDA SUMMARY SHEET

Committee or Board: Finance and Audit Committee	Date: March 15, 2019	Board Meeting Date: March 20, 2019
---	--------------------------------	--

For All Board Voting Items:

Title of Agenda Item: Recommendation for Approval of the Annual Report and Amendments on on the Board's Policy on Economic Development

Consent Agenda: ☒ Yes ☐ No

Accompanying Presentation: ☒ Yes ☐ No

Recommendation from Committee: ☒ N/A ☐ F&A; ☐ GP&P; ☐ Oversight & REV

LIPA Presenter: N/A

PSEG Long Island Presenter: John Keating

For Policy Reports Only:

Type of Policy / Report: ☒ Operating; ☐ Governance; ☐ Compliance; ☐ Mission

Date of Last Report: May 23, 2018

Compliance Since Last Report: ☒ Yes ☐ No

Proposed Changes to Policy: ☒ Yes ☐ No

Requested Action:	The Finance and Audit Committee is requested to adopt a resolution recommending: (i) approval the annual report for the Board Policy on Economic Development; (ii) finding that the Long Island Power Authority and its subsidiary, LIPA, have complied with the Policy; and (iii) approval certain amendments to the Policy.
Summary: (include proposed amendments to Board Policies, if applicable)	<p>By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose promoting the economic growth and vitality of its service territory and the efficient use of utility plant and equipment that furthers the mission of LIPA to its customer-owners and is consistent with LIPA's enabling statutes.</p> <p>Staff proposes the following revisions to the Policy: (i) to amend the annual reporting requirement by specifically detailing that the annual report on the Policy will be reviewed by the Finance and Audit Committee of the Board of Trustees, and to make the annual reporting requirement consistent with other Board policies; and (ii) certain other non-material amendments to the elements of the Policy for better explanation and clarification of the purpose and intent of the Policy.</p>

FOR CONSIDERATION

March 20, 2019

TO: The Finance and Audit Committee of the Board of Trustees

FROM: Thomas Falcone

REQUEST: Recommendation for Approval of the Annual Report and Amendments to the Board's Policy on Economic Development

Requested Action

The Finance and Audit Committee (the "Committee") of the Board of Trustees of the Long Island Power Authority (the "Board") is requested to adopt a resolution recommending: (i) approval of the annual report on the Board Policy on Economic Development (the "Policy"); (ii) finding that the Long Island Power Authority and its subsidiary, LIPA (collectively the "Authority" or "LIPA") have complied with the Policy; and (iii) approval of certain amendments to the Policy, which resolution is attached hereto as **Exhibit "A"**.

Background

By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose of promoting the economic growth and vitality of LIPA's service territory and the efficient use of utility plant and equipment.

Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the Policy since the review of the policy last year.

The Policy requires that "the Board of Trustees monitor performance of the Policy through an annual review of the economic development rates and programs offered by LIPA and its Service Provider with an emphasis on: (i) reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs; (ii) monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs; and (iii) monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices."

"Reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs."

- Existing and new economic development programs have helped 309 commercial customers in 2018;
 - 251 customers received lower power supply costs totaling \$21.9M.
 - 58 customers received credits lowering their energy delivery costs by \$1.76M.
- 18 economic development customers have further benefited by reducing 600,000 kWh in energy usage through the award of \$132,000 in energy efficiency rebates.

“Monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs.”

- Overall, since 2012 the existing and new economic development activities have supported businesses who have committed to add 9,300 new jobs throughout the service territory.

“Monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices.”

- PSEG Long Island maintains membership in both the New York State Economic Development Council (“NYSEDC”) and the Long Island Business Development Council (“LIBDC”). These are the two principal economic development organizations in the region. Both the NYSEDC and LIBDC assist in PSEG Long Island maintaining a network of colleagues and meetings where best practices and lessons learned are reviewed and discussed.

Annual Review of the Policy

Staff proposes the following revisions to the Policy:

- To amend the annual reporting requirement so that the Policy is reviewed by the Finance and Audit Committee of the Board of Trustees, and to make the annual reporting requirement consistent with other Board policies.
- Certain other non-material amendments to the elements of the Policy for clarity.

The proposed changes are more specifically shown on in **Exhibit “B”**.

Recommendation

Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

Attachments

<u>Exhibit “A”</u>	Resolution
<u>Exhibit “B”</u>	Board Policy on Economic Development (redline)
<u>Exhibit “C”</u>	Board Policy on Economic Development (clean)

RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON ECONOMIC DEVELOPMENT

WHEREAS, the Board Policy on Economic Development (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1356, dated March 29, 2017; and

WHEREAS, the Finance and Audit Committee of the Board of Trustees (the “Committee”) has received the annual Staff report on compliance with the Policy; and

WHEREAS, the Committee has reviewed the Policy and recommends approval of the changes to the Policy, as recommended by Staff.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board of Trustees: (i) find that the Authority has complied with the Policy for the period since the last annual review of the Policy; (ii) approve the annual report to the Board; and (iii) approve updates to the Policy, as described in the accompanying memorandum.

Dated: March 20, 2019

Board Policy: **Economic Development**
Policy Type: **Operating Policies**
Monitored by: **Finance and Audit Committee**



Board Resolution: **#1356, approved March 29, 2017**
#[xxxx], amended March 20, 2019

Board Policy on Economic Development

~~It is the policy of the Long Island Power Authority to Ppromoteing the economic growth and vitality of its service territory and the efficient use of utility _plant and equipment by: t furthers the mission of the Long Island Power Authority ("LIPA") to its customer owners and is consistent with LIPA's enabling statutes. Therefore, LIPA will:~~

- ~~Assist in a~~Attractinging commercial customers to its service territory and helpinging such customers grow their businesses ~~through by offering electric~~ rates that are discounted below LIPA's average cost of service ~~(and above LIPA's marginal cost of serving new electric load or retaining existing load using facilities and investments that would otherwise be underutilized)~~¹, without which rates such businesses would not locate in the service territory;
- Offering economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry, ~~and in~~ compliance with applicable law.

~~The Board of Trustees will monitor performance of this policy through an~~Chief Executive Officer or his or her designee will report annually to the Finance and Audit Committee of the ~~Board of Trustees on efforts to attract and retain businesses to the service territory and comply with the provisions of the Economic Development Policy.~~

~~with respect to the review of the economic development rates and programs offered by LIPA and its Service Provider with an emphasis on:~~

~~Reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs;
Monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs; and
Monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices.~~

¹ The discounted rates will be above LIPA's marginal cost of serving new electric load or retaining existing load by using facilities and assets that would otherwise be underutilized.

Board Policy: **Economic Development**
Policy Type: **Operating Policies**
Monitored by: **Finance and Audit Committee**
Board Resolution: **#1356, approved March 29, 2017**
#[xxxx], amended March 20, 2019



Board Policy on Economic Development

It is the policy of the Long Island Power Authority to promote the economic growth and vitality of its service territory and the efficient use of utility plant and equipment by:

- Attracting commercial customers to its service territory and helping such customers grow their businesses through electric rates that are discounted below LIPA's average cost of service¹, without which rates such businesses would not locate in the service territory;
- Offering economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry, in compliance with applicable law.

The Chief Executive Officer will report annually to the Finance and Audit Committee of the Board of Trustees on efforts to attract and retain businesses to the service territory and comply with the provisions of the Economic Development Policy.

¹ The discounted rates will be above LIPA's marginal cost of serving new electric load or retaining existing load by using facilities and assets that would otherwise be underutilized.

Annual Report to the Finance and Audit Committee of the Board of Trustees on Economic Development

JOHN KEATING

MANAGER, COMMUNITY & ECONOMIC
DEVELOPMENT

MARCH 2019



PSEG LONG
ISLAND

We make things work for you.

Agenda – Economic Development Annual Update

- Legacy Programs: Brief Review
- Overview and Status of Small-Medium Business Programs
- Non-traditional program:
 - Overview of Jones Beach Energy & Nature Center

Legacy programs continue to support economic development on Long Island

- PSEG Long Island Business Development Rate:
 - 27 customers with \$796K credits awarded
- Excelsior Jobs Program:
 - 13 customers with \$334K credits awarded
- Recharge New York:
 - 251 customers saved \$21.9M through discounted NYPA commodity
- PSEG Long Island Energy Efficiency Program:
 - 2018: 17 projects completed, saving 600,000 MWh and awarding \$132,000 in rebates
- Other programs:
 - Economic Development Zones – replaced by Excelsior, grandfathered participation
 - 16 customers with \$630K credits awarded
 - SC-13 negotiated rate option:
 - 2 customers with contracts expiring this year
- Total Customers who Receive Support through these Programs
325 Customers - \$1.8M in credits - \$21.9M savings in commodity costs, \$132K in EE rebates

New Small-Medium Business Revival Programs are in progress and gaining traction

- Vacant Space Program
- Main Street Revitalization Program

[View as Web Page](#)



Our downtown business districts are vital to the economic well-being of Long Island and the Rockaways. That's why PSEG Long Island is delivering an economic boost with two new programs:

Vacant Space Revival

Electric bill discounts for businesses that breathe new life into local economies by taking over a commercial space that has been vacant for more than one year.

Main Street Revitalization

Incentives to support projects that restore underutilized business communities – available to property owners, developers, nonprofit organizations and others.

Applications are now being accepted. Let's work together to help our

Vacant Space Revival

- Vacant Space Program
 - Vacant properties detract from the vibrancy of business districts
 - This program is designed to encourage occupancy of commercial space in a business district that has been vacant for a period of one year or more
- Incentives:
 - Offers credit of a portion of energy delivery charges for first year (100% first quarter, then declining over three successive quarters)
 - Rate 280 credits up \$1,500
 - Rate 281 credits up to \$10,000
- 2018 Results
 - 30 participants
 - \$31,000 incentives paid

[Show video of AR Workshop](#)

Main Street Revitalization

- Main Street Revitalization Program

Program is designed to offer incentives with other community partners to encourage projects that will revitalize under-utilized business districts or benefit the local economy of a business district

- Program Goals:

- Offer financial incentives to support projects that benefit the local economy of a business district, or revitalize under-utilized properties
- Optimize the existing electric infrastructure
- Add jobs and leverage capital investment

- Incentives:

- Up to \$100,000
- Reimbursement of approved expenditures
- Vary based upon evaluation by a PSEG Long Island project team, according to economic benefits of each specific project

[Show video Riverhead B.I.D. Grangebel Park](#)

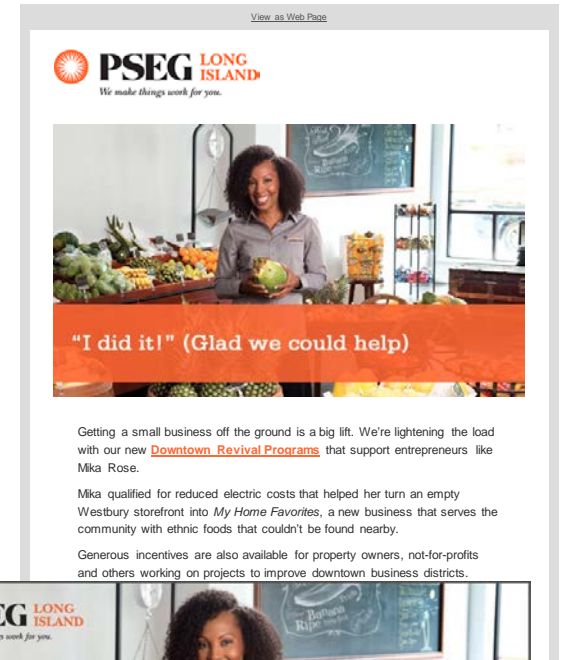
Our Main Street Revitalization has awarded \$225K in incentives for projects investing \$7M

Project	2018 Paid Incentives	Total Project Investment	Permanent Jobs Added	Approx. Community Impact
Argyle Theatre	\$75,000	\$2,750,000	38	>\$1,000,000
Riverhead B.I.D.	\$11,250	\$30,000	-	\$280,000
Baked by the Ocean	\$25,000	\$420,000	7	\$400,000
Garden Social	\$25,000	\$1,200,000	31	>\$3,000,000
Denise Cohen DMD	\$25,000	\$550,000	5	\$600,000
Restoration Kitchen	\$18,750	\$200,000	15	\$180,000
Plessers	\$18,750	\$1,000,000	3	\$2,000,000
GVCS II	\$26,250	\$892,000	12	>\$100,000
Totals	\$225,000	\$7,042,000	111	>\$7,500,000

Note: above includes 2018 paid and accrued incentives

We continue to build awareness of our economic development efforts through multiple channels

- Direct outreach by Economic Development Specialists and Business Customer Advocates
 - Chambers of Commerce
 - Business Events
 - Vision LI Smart Growth Summit
- Mail postcard to Small-Medium Businesses
 - March 2018, October 2018
- Email blasts to Small-Medium Businesses
 - February 2018, June 2018
- Business Connect e-newsletter sidebar promo
 - May 2018, September 2018, October 2018
- Social Media placements (various)

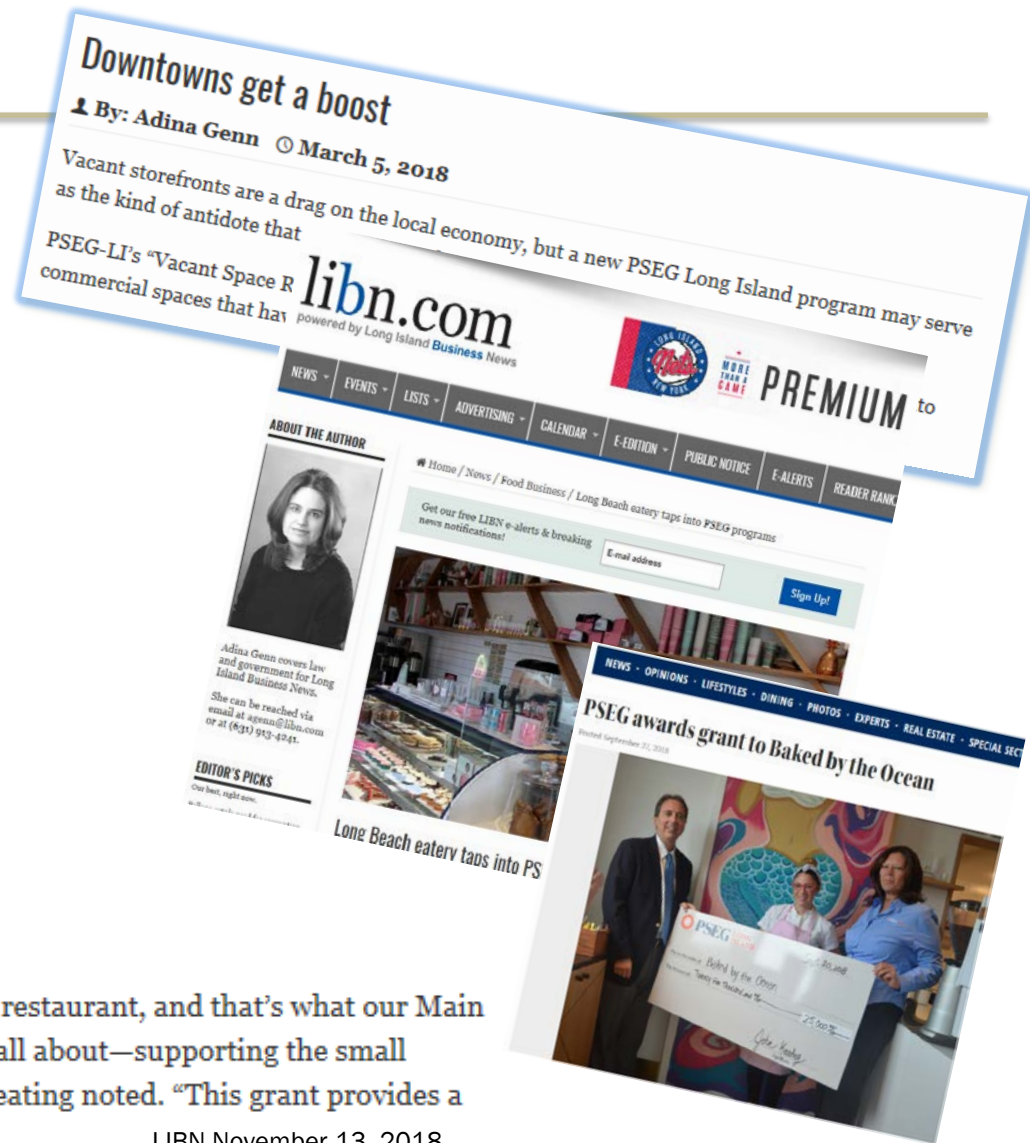


Press events are used to highlight the program's successful projects

- Long Island Business News:
 - March 5, 2018
 - September 21, 2018
 - November 13, 2018
- Long Island Herald:
 - September 27, 2018
- Patch – Riverhead:
 - September 14, 2018
- Fios1 News:
 - May 1, 2018

“He chose to support his hometown by opening this beautiful restaurant, and that’s what our Main Street Revitalization and Vacant Space Revival Programs are all about—supporting the small business owners who are supporting their neighborhoods,” Keating noted. “This grant provides a head start toward a successful future.”

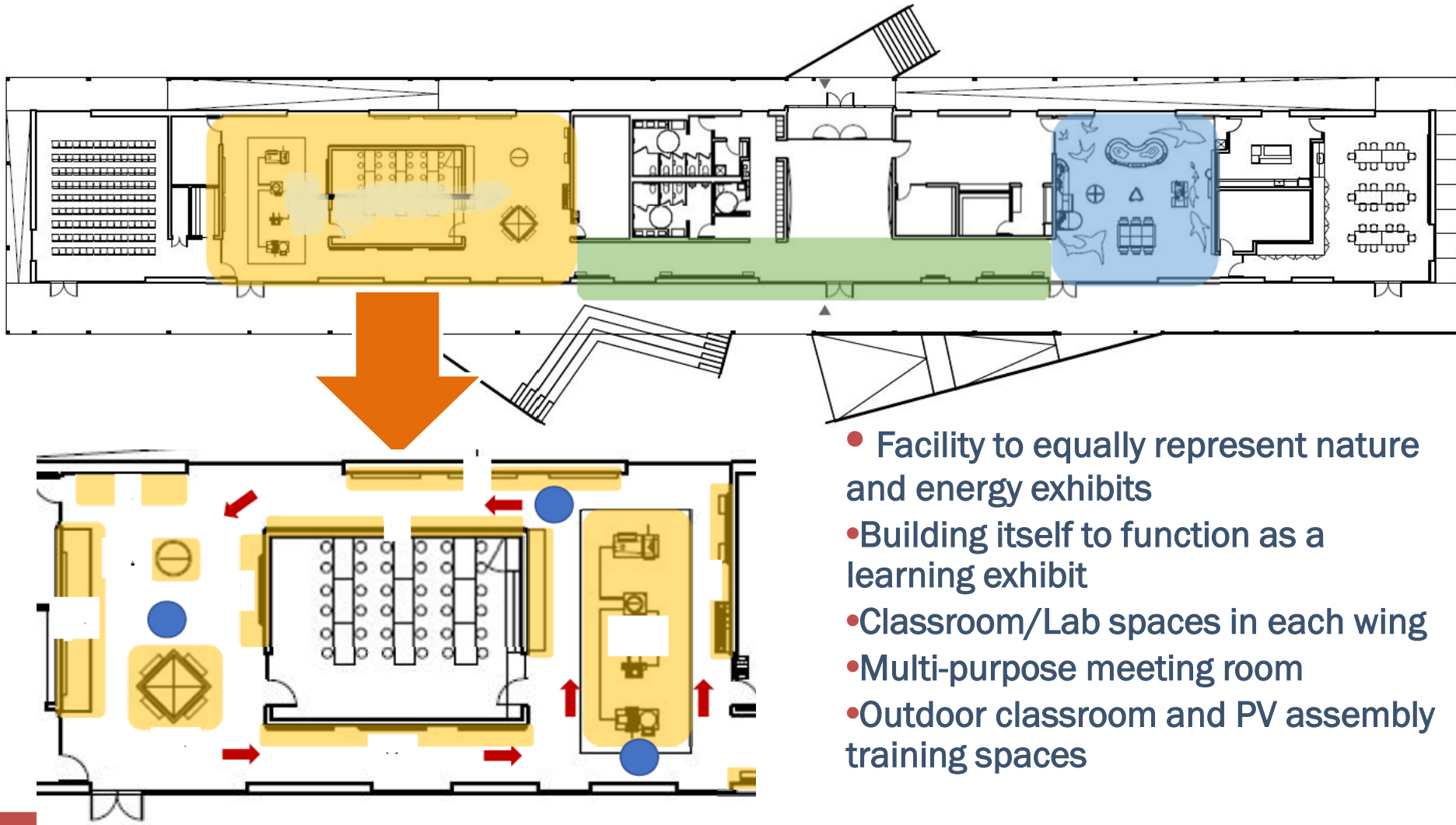
LIBN November 13, 2018



Jones Beach Energy & Nature Center

- Collaborative effort between LIPA, PSEG Long Island, and NY State Parks, with sponsorships also expected from NYPA and NYSERDA, and additional fundraising
- 13,000 sf, net-zero energy use facility with hands-on learning exhibits to promote energy efficiency and renewables, stewardship of energy and natural resources, and critical NYS initiatives:
 - REV initiative
 - Clean Energy Standard (40% emissions reduction by 2030, etc.)
 - Offshore Wind
 - Climate Smart Communities
- Approx. \$18M facility with \$9M LIPA/PSEG Long Island support

Jones Beach Energy & Nature Center



- Facility to equally represent nature and energy exhibits
- Building itself to function as a learning exhibit
- Classroom/Lab spaces in each wing
- Multi-purpose meeting room
- Outdoor classroom and PV assembly training spaces

Jones Beach Energy & Nature Center

- Energy Exhibits to include topics such as:
 - Basic Electrical Concepts
 - Photovoltaics
 - Wind Generation (land-based and Offshore)
 - Electric Safety
 - Electric Grid and evolution of REV and Smart Grid
 - Geothermal Heating and Cooling
 - Building energy usage dashboard
 - Demo of Energy Efficient Construction Methods
 - “Build Your Own Grid”
 - NYS Parks and LIPA/PSEG Long Island EE and Renewable Successes

Next Steps

- Continue to expand participation in the programs:
 - Example Main Street Revitalization projects in progress:
 - YMCA expansion – Huntington
 - Restoration Kitchen and Cocktails - Lindenhurst
 - Boutique hotel – Northport
 - Example Vacant Space Revival projects:
 - Mi Viejito Pueblito – Huntington Station
 - Acai Beach Bowl – Long Beach
- Continue development of Jones Beach Energy & Nature Center
- Expand promotional efforts:
 - Incorporate into mass media campaign
 - Develop and incorporate 'Signage Sponsorship' into all initiatives