

# Economic Development Update

JUNE 2020



**PSEG** LONG  
ISLAND

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# Agenda

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- 2019 Year-End Snapshot
- Program Growth through 1<sup>st</sup> Quarter 2020
  - Vacant Space Revival
  - Main Street Revitalization
- New Offerings

# 2019 Program Results

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- Large Business rate programs have provided over 1200 jobs
  - Business Development Rate (Attraction/Expansion): 27 customers with \$1.89M in incentives
  - Empire Zone (grandfathered): 15 customers with \$407K in incentives
  - Excelsior Jobs Program: 18 customers with \$421K in incentives
  - Recharge New York (hydro and market commodity):
    - 262 customers with 64.2 MW delivered, providing over 2,600 jobs
- Small Business programs continued to ramp up:
  - Vacant Space Revival:
    - Assisted 36 customers in 2019
  - Main Street Revitalization:
    - 14 projects approved during 2019 for \$273K in incentives

# Program growth through 1Q2020

Increasing participation and community impact

- Vacant Space:
  - Assisting 75 customers since inception in 2018
- Main Street Revitalization:
  - \$891K in grants approved since inception in 2018
  - Average capital investment \$4.5M
  - Includes 5 projects in early 2020 for a total of \$90K



"PSEG Long Island is proud to provide Noble Savage Brewing Company with a \$25,000 'Main Street Revitalization' grant for improving the economic stability and growth of Glen Cove's business district," said John Keating, manager of economic development for PSEG Long Island. "We created this grant program to support Long Island's small businesses because our economy thrives on them. In addition to the grant, we also gave Noble Savage rebates totaling nearly \$600 for installing energy efficient lighting fixtures and bulbs."



# New program offerings targeted to specific needs

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- **New program: Small Business First:**
  - Enhanced energy efficiency program targeted to small businesses, jointly funded by EE and Eco Dev
  - No-cost / low-cost upgrades of lighting through network of Prime Efficiency Partner (PEP) contractors
  - Lower operating costs going forward with minimal investment
  - Stimulate work for contractors
- **Promote Air Source Heat Pump Program**
  - Up to \$1000/ton
  - May help businesses that need to change airflow due to social distancing
- **New category of Main Street Revitalization Program**
  - \$5,000 grants to be offered to Chambers of Commerce, Business Improvement Districts (BIDs)
  - Assist with facilitating outdoor commerce
  - Can be used to purchase tables, chairs, stanchions and rails, portable lighting, etc.
  - Pre-approval and Reimbursement basis, consistent with current program
- **Enhanced Vacant Space Revival Program**
  - Expectation to launch later in 2020

# Questions?

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**BOARD AGENDA SUMMARY SHEET**

<b>Committee or Board:</b> Finance and Audit	<b>Date:</b> June 19, 2020	<b>Board Meeting Date:</b> June 24, 2020
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**For All Board Voting Items:**

**Title of Agenda Item:** Recommendation to Approve the Annual Report and Amendments on the Board's Policy on Economic Development

**Consent Agenda:**  Yes  No

**Accompanying Presentation:**  Yes  No

**LIPA Presenter:** Justin Bell

**PSEG Long Island Presenter:** John Keating

**Enterprise Risk Management Discussion:**  Yes  No

**For Policy Reports Only:**

**Type of Policy / Report:**  Operating;  Governance;  Compliance;  Mission

**Date of Last Report:** March 20, 2019

**Compliance Since Last Report:**  Yes  No

**Proposed Changes to Policy:**  Yes  No

<b>Requested Action:</b>	The Committee is requested to adopt a resolution recommending that the Board: (i) approve the annual report on the Policy; (ii) find that LIPA has complied with the Policy; and (iii) approve certain amendments to the Policy.
<b>Summary:</b> <b>(include proposed amendments to Board Policies, if applicable)</b>	<p>By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose of promoting the economic growth and vitality of its service territory and the efficient use of utility plant and equipment, consistent with the mission of LIPA to its customer-owners and consistent with LIPA's enabling statutes and applicable law. The Board last reviewed and approved updates to the Policy by Resolution #1470, dated March 20, 2019.</p> <p>Staff proposes the following revisions to the Policy: (i) Renaming the Policy from the Board Policy on Economic Development to the Board Policy on Economic Development and Community Engagement; (ii) expanding the scope of the Policy consistent with its new name; and (iii) 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**

June 24, 2020

**TO:** The Finance and Audit Committee

**FROM:** Thomas Falcone

**REQUEST:** Recommendation to Approve the Annual Report and Amendments on the Board's Policy on Economic Development

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**Requested Action**

The Finance and Audit Committee (the "Committee") of the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution recommending that the Board: (i) approve the annual report on the Board Policy on Economic Development (the "Policy"); (ii) find that LIPA has complied with the Policy; and (iii) approve 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 its service territory and the efficient use of utility plant and equipment, consistent with the mission of LIPA to its customer-owners and consistent with LIPA's enabling statutes and applicable law. The Board last reviewed and approved updates to the Policy by Resolution #1470, dated March 20, 2019.

**Compliance with the Policy**

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

The Policy requires that LIPA 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 service, without which rates such businesses would not locate in the service territory."

- 60 large business accounts receive discounted power through our Business Development Rate, and legacy NY State programs, such as the Excelsior Jobs program. These businesses have received approximately \$2.32 million in discounts during 2019 and provide over 1,200 jobs.



“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.”

- 262 large business accounts received power through the Recharge New York program, with commodity delivered by LIPA and its agent, PSEG Long Island. Collectively, since inception, the Recharge New York program has developed over 2,600 jobs.
- 36 small business customers opened new accounts through the Vacant Space program, which encourages new businesses to occupy spaces that have been vacant for at least one year. Total incentives awarded during 2019 were \$31,000.
- A total of \$274,000 in incentives were awarded to support 14 community projects through the Main Street Revitalization program. These projects leveraged over \$1.5 million in private investment, while creating over 300 jobs.

Additionally, LIPA and its service provider are considering additional programs that may be necessary to support economic growth on Long Island in the wake of the COVID-19 pandemic.

### **Annual Review of the Policy**

Staff proposes the following revisions to the Policy:

- Renaming the Policy from the Board Policy on Economic Development to the Board Policy on Economic Development and Community Engagement;
- Expanding the scope of the Policy consistent with its new name; and
- Certain other non-material amendments to the elements of the Policy for better explanation and clarification of the purpose and intent of the Policy.

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**

- Exhibit “A”** Resolution
- Exhibit “B”** Board Policy on Economic Development (redline)
- Exhibit “C”** Board Policy on Economic Development (clean)

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

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**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 Policy was last reviewed and amended by the Board pursuant to Resolution No. 1470, dated March 20, 2019; and

**WHEREAS**, the Finance and Audit Committee (the “Committee”) has conducted an annual review of the Policy and affirms that the Policy has been complied with and the changes to the Policy recommended herein are due and proper.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has complied with Policy for the period since the last annual review and recommends that the Board approve the annual report; and

**BE IT FURTHER RESOLVED**, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board adopt the changes to the Policy that are reflected in **Exhibit “B”**.

Dated: June 24, 2020

Board Policy: **Economic Development and Community Engagement -**  
Policy Type: **Operating Policies**  
Monitored by: **Finance and Audit Committee**  
Board Resolution: **#1356, approved March 29, 2017**  
**#1470, amended March 20, 2019**  
**[#xxx], amended June 24, 2020**



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## **Board Policy on Economic Development and Community Initiatives Engagement**

It is the policy of the Long Island Power Authority ("LIPA") to promote the economic growth and vitality— of itsour service territory— ~~and efficient use of utility plant and equipment by:~~

This Policy furthers LIPA's mission and is directly related to its powers and duties. In addition to benefitting LIPA's customers, this Policy encourages the efficient use of utility plant and equipment and attracts— personnel to LIPA and its service provider who are mission-oriented and dedicated to Long Island and the Rockaways. LIPA and its service provider will:

- ~~Attracting~~ commercial customers to ~~its~~-LIPA's service territory and ~~helping~~ such customers—grow their businesses through electric rates that are discounted below LIPA's average cost of service<sup>1</sup>, without which rates such ~~companies~~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.~~
- Engage in community events, volunteerism, and educational programs consistent with the purpose of this Policy<sup>2</sup>.

The 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~~consistent with the this Economic Development Policy.

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<sup>1</sup> 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.

<sup>2</sup> The policy does not promote the use of customer funds for charitable causes unrelated to a power, duty or purpose of LIPA granted pursuant to applicable law.

Board Policy: **Economic Development and Community Engagement**  
Policy Type: **Operating Policies**  
Monitored by: **Finance and Audit Committee**  
Board Resolution: **#1356, approved March 29, 2017**  
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### **Board Policy on Economic Development and Community Engagement**

It is the policy of the Long Island Power Authority (“LIPA”) to promote the economic growth and vitality of our service territory.

This Policy furthers LIPA’s mission and is directly related to its powers and duties. In addition to benefitting LIPA’s customers, this Policy encourages the efficient use of utility plant and equipment and attracts personnel to LIPA and its service provider who are mission-oriented and dedicated to Long Island and the Rockaways. LIPA and its service provider will:

- Attract commercial customers to LIPA’s service territory and help such customers grow their businesses through electric rates that are discounted below LIPA’s average cost of service<sup>1</sup>, without which rates such companies would not locate in the service territory;
- Offer economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry;
- Engage in community events, volunteerism, and educational programs consistent with the purpose of this Policy<sup>2</sup>.

The Chief Executive Officer, or his or her designee will report annually to the Finance and Audit Committee of the Board of Trustees on efforts consistent with this Policy.

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<sup>2</sup> The policy does not promote the use of customer funds for charitable causes unrelated to a power, duty or purpose of LIPA granted pursuant to applicable law.