



Group advises overhaul at NYPA

CITIZENS BUDGET COMMISSION:

Report says nine economic development programs need refocusing

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MASSENA — A New York City think tank wants to see the New York Power Authority's economic development programs receive more scrutiny.

According to the nonpartisan Citizens Budget Commission, the nine NYPA programs are ineffectual and need to be overhauled. That includes the preservation power program, which provides 478 megawatts of low-cost hydropower to Alcoa, one of the north country's largest employers.

"They're basically going to preserve 900 jobs and make an investment of \$600 million over 30 years in exchange for an annual allocation worth \$150 million a year," said Elizabeth A. Lynam, one of the report's authors and deputy research director of the Budget Commission. "That trade-off is a questionable one. We're not saying it should never have been made, but is there another equation that should be applied in this situation?"

The 30-page report recommends that NYPA's economic development programs should be phased out in favor of a comprehensive strategy managed by the Empire State Development Program. It also recommends that conservation and development goals and programs be linked. The current programs are managed separately.

Many of the beneficiaries of NYPA programs have received subsidized power for decades and are not as vital to the economy as they once were, the report says. Instead, NYPA should be giving subsidies targeting high-tech, clean-tech and other emerging industries.

Manufacturing industry gets 61 percent of the subsidized power allocations through the nine programs, though it accounts for only 19 percent of New York's jobs.

"We aren't saying in some cases these benefits aren't justified," Ms. Lynam said. "I know (Massena) is

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very difficult economically and that (Alcoa) is the mainstay employer there, but we do recommend a more strategic analysis of the benefits."

It is time, according to the report, to delve deeper into why the various allocations are being made and how important they are to the state.

"The report seems to be concerned with economic development and investment," said Laurie A. Marr, Alcoa spokeswoman. "We can state emphatically that the entire operation was in jeopardy without a new power contract. The 960 jobs that we currently provide, as well as hundreds of millions of dollars the plant contributes both directly and indirectly — that would have been gone."

There have been efforts in the past to reform NYPA's economic development programs. Former Gov. George E. Pataki recommended that more information about them should be available to the public, and bills have been introduced in the state Legislature to require performance plans and evaluations. The most recent bills, passed earlier this year, were vetoed by Gov. David A. Paterson.

NYPA officials say they are willing to work on reforming the programs.

"Since becoming president of NYPA nearly one year ago, I have repeatedly stated publicly that the programs reviewed by the CBC need to be reformed to make them more effective," NYPA President and CEO Richard M. Kessel said in a statement. "In the meantime, during these difficult economic times, the New York Power Authority will continue to provide jobs with its current programs that support businesses across the state."

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