



This Week in New York

Covering New York State and City Government

A Publication of Pitta Bishop DelGiorno & Giblin LLC

May 28, 2009 Edition



In the News – New York State

Tier V Bill Surfaces

With 13 scheduled session days remaining, Governor David Paterson this week began circulating his proposal to establish a new Tier V pension system for state and municipal employees. The sweeping reform of the state and local pension systems was included in a 92-page draft released this week to the chairs of the respective government employees committees.

The legislation is divided into three parts:

- ▶ *Part A* provides State and local government employers participating in the New York State and Local Police and Fire Retirement System with an option to enroll newly hired employees in a new Electable Service Retirement Police and Fire Retirement Plan.
- ▶ *Part B* establishes a new pension benefit (Tier V) for newly hired state and local government employees, which would affect future members of the New York State and Local Employees Retirement System, the New York State Teachers' Retirement System, the New York City Employees' Retirement System, the Education Retirement System, and the New York State and City Option Retirement Program.
- ▶ *Part C* establishes a modified pension plan (Tier 5) for members of the uniformed forces of New York City (Police, firefighters, uniformed correction officers and uniformed sanitation members). (See story on Page 3).

The new benefit structures would apply to members who first join on or after July 1, 2009.

In general, under Part B, which applies to the majority of state and municipal employees, provisions of the newly established benefit plan would include:

- ▶ An employee contribution of 3% of pay would be required for all years of service, except State correction officers which would be limited to 30 years. This would also affect members who are covered by the Optional Retirement Program.
- ▶ Retirement would not be allowed until the attainment of age 62 and 10 years of creditable service for those not covered by a 20 or 25 year plan that allows retirement without regard to age.
- ▶ The service retirement benefit for general members with less than 25 years of creditable service would be equal to 1/60th of final average salary for each year of creditable service.

- ▶ Additional service credit for accumulated unused sick leave will be limited to 165 days.
- ▶ Overtime pay will not be included in the definition of wages and final average salary.

According to a fiscal note provided by the Office of the Comptroller, Part B is expected to yield \$5 million in savings to the State in 2009-2010 and \$20 million in 2010-11. According to a fiscal note prepared by the New York City Office of Management and Budget, with respect to civilians and teachers in New York City, Part B will generate savings of \$10 million the first year, with annual savings growing \$10 million per year, as new hires replace existing employees. In 10 years, OMB estimates that NYC will realize an additional \$100 million in savings and in 20 years, the savings are estimated to be \$200 million.

At this point, there has been little public comment regarding the proposal, as legislators and labor union alike sift through the proposal. Neither Civil Service chair Diane Savino nor Assembly Government Employees chair Peter Abbate have formally introduced the legislation, as is customary for gubernatorial proposed legislation.

Copies of the legislation and sponsor memorandum are available upon request. Please request via email to tcosgrove@pittabishop.com.

Governor Paterson Announces Ethics Reform Bill

Governor David A. Paterson this week unveiled ethics reform legislation that would create an independent Government Ethics Commission to replace the existing Public Integrity Commission.

This legislation calls for the creation of both a Government Ethics Commission and a Government Ethics Designating Commission, which would receive applications and recommendations and would recruit applicants and conduct outreach to attract highly qualified individuals for the Commission.

The Designating Commission would be comprised of 10 members – four appointed by the Governor, one appointed by each Legislative leader, one appointed by the Attorney General and one appointed by the Comptroller. No official would appoint a majority of the members and the members themselves could elect the Commissioners only by the vote of a supermajority. With respect to the four gubernatorial appointments to the Designating Commission, no more than two could be of the same political party and one would be required to be a retired judge.

The Government Ethics Commission itself would include five members that would serve terms of five years. Members would select the Chair of the Commission and the Designating Commission would fill vacancies on the Commission as they occur.

The Commission would have its own enforcement power, accompanied by the power to refer cases to the Attorney General. The Commission would also take over oversight and enforcement of the State's campaign finance laws, which are currently overseen by the State Board of Elections.

The Commission would oversee the Executive Branch and the Legislative Branch and would provide an enforcement mechanism for the Open Meetings Law with respect to State agencies. One standard would apply to everyone in State government. If passed by the Legislature, this legislation

would take effect on January 1, 2010, until which the Public Integrity Commission will continue to perform its duties under the leadership of newly appointed Chairman, Michael Cherkasky.

The Governor's proposal received a lukewarm reception from leaders of the Assembly and Senate, with both acknowledging the need for reform, but promoting proposals currently under consideration in the respective houses.

Bill Requires Companies Seeking State Subsidies to Disclose Wage, Hire Plans for Projects

State Senators George Onorato and Neil D. Breslin, and Assemblyman Tim Gordon are promoting legislation to require companies seeking taxpayer-financed economic development subsidies from the State to disclose their plans for paying prevailing wages, consulting with area labor organizations, and using – to the greatest extent possible – local workers on their construction projects to help boost the local economy.

The legislation (S5464/A8235) is designed to ensure that companies undertaking economic development projects in a particular area, with the use of state funds, make clear their wage and hiring plans before subsidies are granted – helping to make sure that every effort is made to offer jobs to local workers. The bill also provides that the State Labor Department will aid companies in identifying skilled workers in the area who may be used in the construction of the project.

Speaking at a press conference in Albany today with other legislative supporters and representatives of building trades unions, the lawmakers pointed out that the continuing rise in New York's unemployment rate is hurting construction workers throughout the State. In the last year, New York has lost 25,400 construction jobs, so it is quite clear that there is an abundance of skilled trade workers throughout the State who are ready, eager and in need of work.

In New York City

Governor's Tier V: 50/25 for City Uniformed Forces

Newly hired members of the City's uniformed forces (police, firefighters, uniformed correction officers and uniformed sanitation members) would come under a new age 50/25 years of service retirement program under Governor David Paterson's recently released Tier V proposal

Under Part C of the draft legislation, new uniformed members would be "mandated" into separate 50/25 programs administered by NYCERS, POLICE and FIRE which would have the following provisions with regard to eligibility for SR Allowance and vesting:

- ▶ Eligibility for Retirement: Attainment of Age 50 and completion of 25 years of Allowable Service.
- ▶ Eligibility for Early Retirement: Completion of 20 years of Allowable Service.

- ▶ Retirement Allowance: 2% of Final Average Salary multiplied by credited service.
- ▶ Early Retirement Allowance: 2% of Final Average Salary multiplied by Credited Service reduced by 5% per year before the SR 50/25 Date.
- ▶ Eligibility for Vesting: Completion of 10 years of Allowable Service.
- ▶ Vested Benefit: 2% of Final Average Salary multiplied by Credited Service.

In addition, the automatic cost-of-living adjustments (COLAs) currently provided would not be available to new members under the 50/25 programs. Also, variable supplements fund benefits currently available to members of POLICE, FIRE, and corrections would not be available to new members under the 50/25 program.

The proposal is accompanied by a 10-page actuarial discussion by City Actuary Robert North of the assumptions that could be made in determining cost. The overview indicates that “the ultimate employer cost of this proposed legislation would be determined by the changes in benefits paid.”

Copies of the legislation and sponsor memorandum are available upon request. Please request via email to tcosgrove@pittabishop.com.

Democrats Borough City-wide Endorsements

If you are keeping track of the races for Comptroller and Public Advocate, below is a list of the Democratic County endorsements:

Bronx

Comptroller – Melinda Katz
Public Advocate – William De Blasio

Brooklyn

Comptroller – David Yassky
Public Advocate – William De Blasio

Manhattan

Comptroller – David Yassky
Public Advocate – No Consensus

Queens

Comptroller – John Lui
Public Advocate – Eric Gioia

Staten Island

Comptroller – David Yassky
Public Advocate – William DeBlasio

In Brief

Governor Taps Budget Director

Governor David A. Paterson this week announced the appointment of Robert L. Megna as the Director of the Budget. Mr. Megna previously served as Commissioner of the State Department of Taxation and Finance. Before joining the Department of Taxation and Finance, Mr. Megna was the head of the Economic and Revenue Unit of the New York State Division of Budget.

Mr. Megna has served as Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He has served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly.

Mr. Megna is a graduate of Fordham University in New York and holds Masters Degrees in Public Policy from Fordham University and in Economics from the London School of Economics.

Mr. Megna will begin his duties as Budget Director on Monday, June 15, 2009. This appointment does not require Senate confirmation. Current Budget Director Laura Anglin will serve as an advisor through a transition period ending on July 15, 2009.

Power for Jobs Program to Get Temporary Extension

Governor David Paterson and legislative leaders agreed this week to temporarily extend the Power for Jobs program. The Power for Jobs program sends low-cost hydropower to businesses in return for job expansion.

The state began the Power for Jobs program through the state Power Authority in 1997. It was intended to be a three-year bridge to continue supplying relatively low-cost power to energy-intensive industries. The program has been extended in several stages and is currently set to expire on June 30.

Water bottle deposit put off Judge stays recycling law that would extend nickel deposits on containers

U.S. District Court Judge Thomas P. Griesa issued a preliminary injunction this week staying the implementation of New York's Bigger, Better Bottle Bill which was included in the recently enacted 2009-2010 budget plan. A 5-cent deposit on water bottles was scheduled to go into effect on June 1st.

In an oral ruling on Wednesday, U.S. District Court Judge Thomas P. Griesa agreed that the requirement that all returnable New York containers carry a state-specific UPC bar code is likely unconstitutional, according to published reports.

In addition to extending the nickel deposits to bottled water, the legislation increased the handling fee paid to retailers to 3.5 cents per container. The bill also requires large retailers to install certain vending

machines for container redemption and requires distributors and bottlers to pay 80 percent of unclaimed deposits to the State.

Bills to amend the new law have been proposed by the Governor and members in both houses of the Legislature. However, there is no agreement at this time.

Stimulus Jobs to be Posted on the Internet

Governor David A. Paterson announced this week that every firm that the State hires with American Recovery and Reinvestment Act (ARRA) funds is required to post any jobs created by these funds to the New York State Job Bank, which can be accessed at www.labor.ny.gov. The Governor directed State agencies to work with contracted firms to ensure that the created jobs are posted.

The Working Families Party Candidates

The Working Families Party (WFP) this week announced its endorsement decisions in dozens of New York City Council races, as well as District Attorney and Borough President contests. A list compiled by the *Politicker NY* can be found at <http://www.politickerny.com/3760/working-families-party-candidates>.

Coming Up

New York State

Monday, June 1st

Real Property Assessments

Joint Hearing -Senate Local Government Committee & Assembly Real Property Tax Committee on Local Hamilton Hearing Room B, Legislative Office Building, 2nd Floor, Albany, 11 a.m.

Wednesday, June 3rd

Update and Reform the State's Campaign Finance Laws

Senate Committee on Elections

Hamilton Hearing Room B, Legislative Office Building, 2nd Floor, Albany, 10 a.m. to 1 p.m.

Friday, June 5th

Examine the Judicial Nomination Process for Nominees to the Court of Appeals

Senate Standing Committee on Judiciary

Brooklyn Bar Association, 123 Remsen Street, Brooklyn, 2 p.m.

New York City

Monday, June 1

Finance, Council Chambers - City Hall, 10 a.m.

Budget Hearings

10:00 - 11:00 Finance

11:00 - 12:00 Design & Construction

12:00 - 12:30 Comptroller

12:30 - 1:00 Independent Budget Office

Environmental Protection; Finance, Council Chambers - City Hall, 1 p.m.

Budget Hearings

1:00 - 2:30 Environmental Protection

Tuesday, June 2

Zoning & Franchises, Committee Room - City Hall, 9:30 a.m.

Landmarks, Public Siting & Maritime Uses, Committee Room - City Hall, 11 a.m.

Waterfronts; Task Force on Infrastructure, Council Chambers - City Hall, 11 a.m.

Oversight - Modernizing New York's Waterfront Infrastructure

Dispositions & Concessions, Committee Room - City Hall, 1 p.m.

Fire & Criminal Justice Services, Council Chambers - City Hall, 2 p.m.

Int 986 - By Council Member Baez and the Speaker (Council Member Quinn) (in conjunction with the Mayor) - In relation to hydrostatic pressure testing of standpipes and sprinklers.

Int 1002 - By Council Member James and the Speaker (Council Member Quinn) (in conjunction with the Mayor) - In relation to prohibiting smoking at construction sites.

Int 1004 - By Council Member Sanders, Jr. and the Speaker (Council Member Quinn) (in conjunction with the Mayor) - In relation to an air pressurized alarm system for standpipes.

Int 1007 - By Council Member Vacca and the Speaker (Council Member Quinn) (in conjunction with the Mayor) - In relation to inter-agency notification.

Wednesday, June 3rd

Lower Manhattan Redevelopment, Committee Room - City Hall, 11 p.m.

Oversight - Update on Rebuilding of the World Trade Center Site

Youth Services; Public Housing, Council Chambers - City Hall, 2 p.m.

Oversight: The Department of Youth and Community Development's Corner Stone Initiative Concept Paper on the use of the New York City Housing Authority's Community Centers

Thursday, June 4th

Land Use, Committee Room - City Hall, 11 a.m.

Civil Service & Labor, Committee Room - City Hall, 2 p.m.

Int 714 - By Council Members Brewer et. al. - In relation to healthcare expenses for certain 9/11 workers.

Education, Council Chambers - City Hall, 2 p.m.

Oversight: Mayoral Control of New York City Schools

If you have any questions regarding any of the matters addressed in this newsletter, or any other lobbying or government relations issues in general, please contact the Pitta Bishop Del Giorno & Giblin LLC representative with whom you usually work.

This Week in New York is a publication of Pitta Bishop Del Giorno & Giblin LLC, 120 Broadway, 28th Floor, New York, New York 10271, (212) 652-3890.