

GreenWatch

Environmental Newsletter from the Office of the State Comptroller

Vol 1 - Issue 1

Alan G. Hevesi

Spring 2004



Changing Times, Changing Focus

Dear Friend,

In 1996, State voters approved a \$1.75 billion Clean Water/Clean Air Bond Act, the proceeds of which have funded a variety of environmental programs and initiatives. To help enhance public awareness of the use of the funds provided for in the Bond Act, the Office of the State Comptroller issued a series of publications, entitled the *Clean Water/Clean Air Bond Act Newsletter*, reporting on Bond Act programs and finances.

Today, since most of the funds in the Bond Act have been allocated, the need for such reporting has diminished. There are, however, many other environmental issues in which the Office of the State Comptroller has specific involvement and which require ongoing monitoring and reporting to the public. New York's Environmental Protection Fund (EPF), created by the Legislature to provide reliable financing for necessary environmental programs, is a prime example. In addition, my

Hevesi Warns of Contamination; Provides Free Bottled Water to Redwood Residents

State Comptroller Alan Hevesi has advised residents of the Jefferson County Hamlet of Redwood to stop drinking well water because of potential contamination and has begun to provide the residents with safe drinking water at no charge.

Comptroller Hevesi has also pledged to contribute up to \$1.8 million from the New York State Environmental Protection and Spill Compensation Fund (Oil Spill Fund), to help construct a public water system in the area estimated to cost approximately \$7.3 million. The balance of the funding will come from other State and federal sources. Such a system will not only provide a permanent source of safe drinking water, but also is more cost effective than the filters currently in use. The free bottled water will continue to be provided until the new water line is completed.

"Providing access to a water supply free from contaminants is absolutely essential to protect the health of Redwood residents," the Comptroller said. "The Department of Environmental Conservation has found both lead and petroleum contamination in Redwood, and the emergency action and money we are providing should help protect residents from both of these contaminants in the water."

"Comptroller Hevesi's announcement is great news for the residents of Redwood. This is exactly the type of project that the New York State Oil Spill Fund was designed to support," said Senator James Wright.

Assemblyman Darrel Aubertine added, "The groundwater contamination in Redwood is a serious public health problem that demands immediate attention. Comptroller Hevesi's swift action will ensure families in Redwood have safe, clean public water."

The Oil Spill Fund was created in 1977 and pays for the remediation of petroleum spills across New York State. The Fund's major sources of revenue are a license fee charged on each barrel of petroleum sold in New York and reimbursements from parties responsible for petroleum contamination. Annually, the Fund spends approximately \$20 million to remediate spills when responsible parties fail to do so.

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New York State Common Retirement Fund Becomes Member of CERES

Recognizing the need to promote environmentally responsible business practices as a means of promoting long-term financial stability, Comptroller Hevesi, as sole trustee for the New York State Common Retirement Fund (CRF), has joined the Coalition for Environmentally Responsible Economies (CERES). CERES is a leading U.S. coalition of environmental, advocacy and investor groups who, with members of the business community, are working together toward a sustainable future.

Environmentalists and socially responsible investors came together in 1989 to create the CERES coalition in the wake of the Exxon-Valdez crisis. The coalition released a ten-point code of corporate environmental conduct to be publicly endorsed by companies as an environmental mission statement or ethic. Embedded in that code of conduct is the mandate to report periodically on environmental management policies and results.

Comptroller Hevesi has a long-standing relationship with CERES. During his tenure as New York City Comptroller, Hevesi worked closely with CERES on corporate and social responsibility issues in his role as manager of the New York City Pension Fund, a founding member of CERES. Once again, Comptroller Hevesi has aligned his investor responsibility and belief in corporate contribution to sustainability with CERES, making the New York State Common Retirement Fund a member of the environmental coalition.

Since joining CERES, this Office has also been active on the issue of global warming, calling attention to the long-range economic risks associated with a global climate change. It is the responsibility of this Office to evaluate those risks and their effect on economic activity. Disruptions in water supplies, changing agricultural seasons, insurance losses and rising premiums from severe storms, and other climate changes affect various sectors of the economy.

To illustrate his commitment, Comptroller Hevesi addressed attendees at the Annual CERES Conference as well as the Investor Summit on Global Climate Change at the United Nations Headquarters. He also supported a shareholder resolution requesting General Motors to report on and reduce its greenhouse gas emissions. Comptroller Hevesi has reiterated his commitment to environmental risk analysis. We will continue to urge Wall Street fund management firms to develop an analysis of climate change risk for portfolio companies and industries.

Shareholder Activism

As an institutional investor, Comptroller Hevesi invests part of the New York State Common Retirement Fund's assets in publicly traded corporations. The Fund is a long-term investor, generally holding company shares for ten years or more. Because of this, the Comptroller considers long-term corporate growth and survival when investing the Fund's assets. Corporate environmental practices that promote sustainability are a major part of that growth and survival.

Over 30 environmental resolutions were filed with 26 companies in 2003, mainly requesting companies to make efforts to reduce pollutants that their factories emit into the environment or to report on environmental policies and effects.

On behalf of the Retirement Fund, the Comptroller supported a shareholder resolution last year requesting General Electric (GE) to report on attorney fees, expert fees, lobbying and public relations expenses related to the health and environmental consequences of PCB exposure, and its public relations campaign against dredging. The resolution also requested a report on costs associated with remediating PCB-contaminated sites along the Hudson River. The resolution received 25.6 percent of the vote, a significant show of support for an environmental-related resolution.

The fund also supported a resolution requesting Eastman Kodak to drastically reduce the amount of chlorine, dioxins and other chemicals used at its Rochester, N.Y. headquarters.

"Adopting and practicing sound environmental policies not only preserves our natural resources, but makes good business sense. Over the long term, responsible environmental practices are more cost-efficient and improve corporate sustainability. Ultimately, that means improved profitability and greater returns for shareholders. That is why I am calling on GE and Kodak to protect the New York State communities to which they have long been an integral part and to make a long-term investment in their future profitability," Comptroller Hevesi said in announcing his votes. The Comptroller's shareholder activism continues this year.

Storm Water Permit Audit

The Office of the State Comptroller recently examined the permit process required for discharging wastewater or stormwater (the run-off from rain or melting snow) into surface or underground waterways. Sewage treatment plants, factories and people engaged in certain other activities are required to have such permits to protect New York State's waterways against contamination and environmental damage. The audit found that permits were not being reviewed as frequently as intended by the Department of Environmental Conservation and made recommendations for improving the permit process, including the use of electronic data processing technologies.

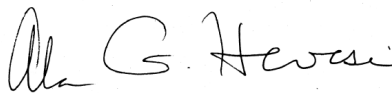
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Office performs audits on State environmental programs and reviews contracts. We invest in companies whose activities directly affect the State's drinking water and air quality, and my Office administers the Oil Spill Fund.

Although available funding under the Clean Water/Clean Air Bond Act has essentially been exhausted, the involvement of this Office with environmental issues, and my commitment to improving the environment continues to be a priority. This newsletter is intended to increase public knowledge about the different ways the Comptroller's Office monitors environmental spending and works to ensure that tax dollars allocated for environmental programs are used properly and effectively.

We will continue to provide information on the other actions taken by this Office to help protect taxpayers while also ensuring that the air we all breathe and the water we drink is as safe and healthy as possible.



New York State Legislature Looks to Clean Up New York's Brownfields

In the 2003 legislative session, the New York State Legislature passed legislation to clean up one of New York's most pressing environmental problems - contaminated sites dubbed "brownfields." The Governor signed the bill into law on October 7, 2003.

In New York State, there are thousands of brownfield sites, which are moderately contaminated sites not listed with the State Superfund program. The recently enacted "Brownfield Cleanup Program Act" is intended to facilitate redevelopment and reuse of these former commercial and industrial sites that are now abandoned or underutilized. As these sites are improved, they may act as an economic impetus in several hard-hit communities, increase tax revenues throughout the State and work to correct historic environmental hazards.

The Act lays the foundation for a broad regulatory program that will clean up brownfield sites and refinance the State Superfund. The law sets forth requirements for the cleanup of sites contaminated with hazardous waste, hazardous substances and petroleum, establishes a brownfield opportunity area program, and provides legal and financial incentives for brownfield redevelopment.

While this long-awaited legislation is a positive development, remediation and redevelopment of brownfield sites will still require substantial investments of time and money. Additionally, a few of the more contentious issues in the State's long debate on brownfields have yet to be fully resolved, including cleanup levels for specific contaminants of concern. Stakeholders have indicated that they will seek technical amendments to the new law.

Recognizing the successes of the Oil Spill Fund, the new law retains the Comptroller's long-established independence and flexibility for petroleum spills. The Fund retains its integrity as a "polluter-pays" system, with industry financing the cleanup program. The new law requires DEC to submit all brownfield applications to the Oil Spill Fund. The Fund Administrator has 30 days to review each

application and determine whether the applicant is liable under the current law for petroleum contamination at the site.

The Legislature's efforts to enact a credible, effective brownfields program are to be commended. A strong brownfields program that enhances, rather than compromises, development is an exciting prospect in New York. The new brownfields program presents an opportunity to benefit the health and economy of New York State.

Comptroller's Office Adopts a Highway

Every spring and fall employees of the New York State Comptroller's Office have traded in their calculators and business suits for hardhats and reflective vests. The change in equipment and attire is necessary for staff volunteers and their families to pick up trash along a two-mile stretch of highway in Rensselaer County. This Office has participated in the State Adopt-a-Highway program since 1998, ridding Route 9J in the Towns of East Greenbush and Schodack of litter and debris. Route 9J runs parallel to the Hudson River, just south of the City of Rensselaer.

If you would like to receive this semi-annual newsletter electronically, please contact EnvironmentalUpdates@osc.state.ny.us or write to:

Office of Budget and Policy Analysis
Office of the State Comptroller
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15th Floor
Albany, NY 12236

You can also find more information on our programs at the Office of the State Comptroller's website at: <http://www.osc.state.ny.us>

New York City Council to Protect NYC Children from Lead Poisoning

This winter, political and environmental leaders pushed for the passage of New York City Council legislation aimed at protecting New York City's most vulnerable population, children under the age of 7, from lead poisoning. The proposal, known as Intro 101A and endorsed by a majority of New York City Council members and City Council Speaker A. Gifford Miller, passed late in 2003. After a veto by Mayor Michael Bloomberg, the Council overwhelmingly voted to override on February 4, 2004. The legislation was introduced to replace Local Law 38, a previously enacted lead paint law struck down by the courts.

Comptroller Hevesi has long been an advocate for higher clean-up standards. As New York City Comptroller, Hevesi supported efforts to develop a comprehensive lead paint law that addressed the needs and concerns of tenants, but at the same time gave landlords an incentive to provide a healthy and safe environment to those tenants. "I maintain, as I have in the past, that the main responsibility for making apart-

ments safe rests with landlords. Inspection requirements are essential to ensure the absence of lead paint risks. This bill, however, appropriately provides an incentive for landlords," stated Hevesi.

Studies indicate a microscopic trace of lead contaminated dust can make a child so violently ill that the child could suffer a coma, convulsions, or even death. The cognitive deficits due to lead exposure are irreversible. Additional academic studies address the irreversible reduction in IQ levels associated with lead poisoning and its translation to a loss of lifetime earnings.

"The secondary impacts of lead poisoning and its long-term effects, both economic and social, are substantial. Lead poisoning causes billions of dollars in future lost productivity and millions of dollars for medical care. In addition, juvenile misbehavior and delinquency that have been linked to lead can drive up additional human and financial costs affecting our criminal justice and social service systems," said Hevesi.

Environmental Protection Fund

Of primary concern to many environmental groups and other stakeholders across the State is the Environmental Protection Fund (EPF) and the funding it provides for a number of programs and initiatives in the areas of open space acquisition, farmland protection, parklands and recreation, recycling, and more. Over the past several months, stakeholders have expressed interest in the generation of a report detailing EPF spending.

Beginning in the next issue and appearing in future issues of this newsletter, regular reports featuring EPF funding and disbursements will be presented in a spreadsheet format. This information will detail program disbursements within each of the three EPF sub-funds. Quarterly summary data also will be available upon request.

