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Prevailing debate stalls IDA projects

By David Winzelberg

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A battle over a prevailing wage provision in Albany has tied up more than \$50 million in funding earmarked for not-for-profits on Long Island.

The provision, tied to the state's industrial development agency law, expired in January and until a deal is reached, IDAs can't fund development at schools, hospitals and other not-for-profit agencies.

And observers of the state Legislature aren't optimistic a deal will get cut before June.

On Long Island, that means IDA funds set to aid new construction at Adelphi University in Garden City, a dormitory and campus center for Molloy College in Rockville Centre, and a new autism education center for Community Services for the Mentally Retarded in Brookville, will not be doled out.

Some state legislators are demanding that a prevailing wage provision be attached to the new IDA law, which would require all workers on IDA-funded projects be paid according to union pay scales.

The Nassau and Suffolk IDAs already require developers of funded projects that eclipse \$5 million to pay prevailing wages.

But most IDA executives are against adding the wage provision because it will put them at a disadvantage in competition with areas that have much lower building costs.

Brian McMahon, director of the New York State Economic Development Council, said if the prevailing wage provision becomes law it will have a "significant impact on economic development."

McMahon said statistics from the Center for Governmental Research show that the proposed prevailing wage requirement would increase the cost of salaries by 96 percent and add 55 percent to the overall cost of a project.

"We strongly believe this is a local issue," McMahon said. "IDAs are local. They give out local tax abatements. It is a local decision."

Labor unions are "very much in favor" of the prevailing wage mandate for IDA projects, according to Roger Clayman, executive director of the Long Island Federation of Labor.

"Businesses need housing and people who can afford to live here," Clayman said. "Driving wages down doesn't help them recruit a workforce."

But Fred Parola, executive director of the Hempstead IDA, said the prevailing wage provision is "hostile to business." Parola said "two monstrous projects" at Hofstra University in Hempstead would be in limbo if the IDA law doesn't get renewed soon.

"The perfect time is now during the budget," Parola said.

Another big project, the Town of Islip's \$11 million sports bubble, a 162,000 square-foot sports center on a 10.6-acre site in Central Islip, is also delayed until the passage of the new law. The indoor park, to be built by a not-for-profit group called the Long Island Partnership for Sports, was supposed to open this spring, but construction can't start until Islip IDA bonds can be secured.

Joe Gioino, director of the Nassau County IDA, said he has put 14 projects on hold for Community Services of the Mentally Retarded, including a new autism education center in Brookville. Gioino said another \$20 million to \$25 million in IDA money also won't be released to finance an extension project at an unnamed school in Nassau.

"It's stuck in politics," Gioino said.