

Long Island Business NEWS

July 21-27, 2006

Where Business Gets Down To Business

Vol. 53 No. 30 • \$1.50

Pall: Let the bidding begin

Filter maker marketing two sites with hopes buyers take one

By **DAWN WOTAPKA HARDESTY**

EAST HILLS – In what could be a scene from reality television, the marketplace gets to decide if Pall Corp. moves its headquarters.

Pall, the world's largest filtration company and one of the Island's biggest employers, operates locally from two Nassau buildings totaling more than 550,000 square feet. But after years of winnowing its local manufacturing operations, both buildings are about half empty. So Pall recently put them on the market and plans to part with the one that gets the best deal.

"Pretty smart, huh? We don't miss a trick," Chairman and Chief Executive Eric Krasnoff joked Monday. "It's a question of consolidation. We have too much."

The company's current 320,000-square-foot headquarters occupies 18 acres at 2200 Northern Boulevard in East Hills. Pall also has a 234,000-square-foot building used for offices, labs and warehouse space on 16 acres in nearby Port Washington.

Krasnoff said the company plans to remain in Nassau and that few, if any, of its 800 local jobs will be cut. No other Island space, including Pall's Hauppauge plant, is up for grabs, added company spokeswoman Marcia Katz.

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New York drops insurance edict

State seeks firmer ground in opposing discretionary clauses

By **JEREMY HARRELL**

The state's insurance regulator has pulled back on a new rule intended to give employees a fairer shot at securing coverage payments from their health insurers.

Late last month, New York's Insurance Department distributed a letter withdrawing an edict issued in March forbidding health-maintenance organizations and other insurers from writing discretionary clauses into their policies. The original

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Down the Drain

Thirty years after the Southwest Sewer District scandal, the pols still fear that new projects could, ahem, flush their careers

By **JEREMY HARRELL**

Most people don't like to think too much about what gets flushed down the toilet – or, more specifically, where that stuff goes.

They should. Sewers are a powerful force on Long Island.

Thirty years ago, sewers ruined the career of then-Suffolk County Executive John Klein and decimated the Babylon Town Republican Party for decades, and the Island is still dealing with the aftermath.

The memory of the Southwest Sewer District scandal is so potent that candidates who dare to mention sewers still go down in defeat. Health laws that emerged after the Southwest Sewer District have made it virtually impossible to build a new restaurant in many parts of Suffolk County.

Most importantly, the fear of sewers has slowed the construction of workforce housing. Developers need density to make an acceptable profit on affordable housing, but developers can't get that density without sewers.

"Lack of sewers is the single biggest detrimental factor to economic development – whether it's housing, commercial activity, retail, you name it," says Jim Morgo, Suffolk County's economic development chief.

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Sewers: Lack of capacity has led to a significant

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'It's like you're talking about witchcraft'

John Roland, a former news anchor for Fox 5 New York, and Tim Laube found out firsthand the lethal power of sewers when they ran last month for the Westhampton Beach Village Board.

Laube, an incumbent, had spotted an opportunity. Two local landowners wanted to develop 40 acres of property for housing, and Main Street commerce was choked off because the village had reached its cesspool limit.

So Laube proposed the Village create a sewer district by tapping into excess capacity at a county treatment facility at nearby Gabreski Airport. The landowners could add 60 units of workforce housing to their 40-acre project – especially important since the East End is losing young adults at a rate five times the national average – and downtown could get a shot at transformation with new restaurants and even a new hotel.

Sewers would also remove the stench of overflowing cesspools during high tide in the summer and help the village clean up Moniebogue Bay, which is “polluted to an obscene level,” Roland says.

The district's only paying customers would be the businesses that tied into the sewer line. Laube and Roland thought they had a winning platform.

“The builders are going to develop that property anyway. They have that right,” Roland says, mulling over the election loss. “So it was a terrific plan and a terrific idea. But it wasn't popular.”

At information sessions, residents told Roland and Laube that they wanted to make Westhampton Beach into another Southwest Sewer District. Their opponents, who ran an anti-development campaign, bought an ad in the local paper claiming that the sewer district would cost taxpayers millions of dollars. The sewer proposal also fed into the perennial NIMBY fear of affordable housing's catastrophic effect on property values.

“It's like you're talking about witchcraft or something,” Roland says of the sewer district proposal. “It's a little battle that we have to continue to fight.”

Unfortunate inheritance

So how bad was the Southwest Sewer District?

“It was basically the beginning of the end of the Republican Party in Suffolk,” says Desmond Ryan, executive director of developers' group Association for a Better Long Island and a political veteran. “It split the party so badly that the wounds have never healed. Babylon is lost to the GOP for generations because of sewers.”

H. Lee Denison, the legendary Suffolk County executive of the 1960s, recognized the connection between economic development and sewers – along with their environmental importance – and began drawing up plans for a massive sewer district on the South Shore.

The low-lying area presented an ideal candidate for sewage, since cesspools in the shallow earth threatened the groundwater. With a sewer district, the county could strike a twin blow of laying infrastructure for commercial and residential development



TIM LAUBE: His plan to bring sewer service to downtown Westhampton Beach failed to resonate with voters.

and protecting the environment, according to Lee Koppelman, director of the Center for Regional Policy Studies at Stony Brook University and Dennison's chief planner.

The actual construction of what became the Southwest Sewer District fell to Dennison's successor, John Klein, and it was a disaster.

Streets were torn up in Babylon and Islip for years. The project ran nearly five times over budget to more than \$1 billion in all, and when the treatment plant at Bergen Point in West Babylon finally belched into life, it stank and made loud noises.

The chief private engineer, a self-described “natural-born master criminal,” died in jail. The chief public engineer was murdered by his girlfriend the night before he was to testify before a grand jury convened to root out fraud in the sewer project.

Klein, a gifted two-term incumbent who many thought could have made a run for governor or U.S. senator, ended up losing a re-election primary in 1979. His opponent, Peter Cohalan, rallied the Republicans of Suffolk County with signs reading “Flush Klein in '79.”

“Politically, it was the kiss of death. It clearly ended my political career, to which I say, “Thank God!”” muses Klein, now a partner with Meyer Suozzi English & Klein in Melville. “It was a political nuclear detonation. This was such a high-profile and damaging event.”

Klein is quick to point out that no one was ever convicted in connection with the project. Charles Walsh, the private engineer, died in a New Jersey prison, serving time for a Newark project gone bad.

But institutional political memory on Long Island runs long and deep. Koppelman says the fallout from the Southwest Sewer District is still “an obstacle we haven't over-

come. It's not a question of what's rational and economic and environmentally responsible. It's politics.”

Ryan agrees, even while suggesting that, 30 years later, the district has achieved its mission. The county has fostered enormous growth in its western end, and the environment is better off. But the memory persists, Ryan says.

“You can talk about sewers, but it's become very difficult for an elected official to step up to the plate,” he says.

As proof, Ryan and Klein note that the Southwest Sewer District was envisioned as the first phase of a sewer network that would extend north through Melville and east through Brookhaven to the Hamptons. That never happened. There are pump stations in Great River that are designed to handle much more effluent than they do, Ryan says.

More proof arose last September, when Suffolk County Executive Steve Levy phoned Nassau County Executive Tom Suozzi with a plan to expand sewer capacity in Western Suffolk by buying the right to send sewage to Nassau's Cherry Creek plant, which doesn't operate at capacity. Facing re-election in November, Suozzi balked at the idea, reportedly telling Levy that he wasn't going to let Levy “dump Suffolk's shit in Nassau” two months before Election Day.

Levy waited until January to announce his plan.

No restaurants allowed

In 1981, still stinging from the Southwest Sewer District, Suffolk government drafted new wastewater treatment regulations that require a half-acre for every home not connected to a sewer. The same goes for com-

mercial properties.

Since sewers became a political impossibility, that law generated an enormous land grab, says Frank DeRubeis, Smithtown's planning director.

“You use up land at an incredible rate,” he says. “There's a point at which planners bang their heads against the wall, because we know that's not the way to do it.”

With help from the county, Smithtown is installing sewers throughout the Hauppauge Industrial Park, the town's economic base. Meanwhile, however, downtowns are withering, DeRubeis said.

It's impossible to build a new restaurant in Smithtown village, and the town has no choice but to reject most mixed-use developments.

The town's only successful smart-growth project took nearly six years because the developer and county health department had to work out the details of an onsite wastewater treatment system, DeRubeis says.

“We can't take five-and-a-half years on every project like this,” he says. “You're doing downtown revitalization with one hand tied behind your back.”

In Shirley, the William Floyd Summit, a local civic organization, is facing similar obstacles. J&B Restaurant Partners Inc. spent four years haggling over nitrates and square footage with the Suffolk County Health Department before the company was finally granted permission earlier this year to build a Friendly's on Montauk Highway.

But other restaurant owners aren't willing to fight that fight, either because it takes too long or there's no guarantee of success at the end, says Beth Wahl, president of the William Floyd Summit.

The problem extends beyond restaurants. Without sewers, the civic group has had to shelve plans, finished in 2002, to build a new

waste of usable property

town center on Montauk Highway, complete with such mixed-use staples as apartments over storefronts. That would replace the current lineup, which looks like a postcard for the fast-food franchising industry.

The civic association's engineer even drew up plans for a new sewage treatment plant on the grounds of Brookhaven Calabro Airport in Shirley. That plan is sitting in Brookhaven Town Hall, and Wahl is convinced that a fear of sewage has stopped the downtown renewal project in its tracks.

"Unless we get a sewer district, we won't move forward with any commercial revitalization in this community," she says. "I think maybe my granddaughter might live to see this. I always thought this would happen in five years. But you take one step forward and 87 back."

Suffolk's problem

Sewers, or lack thereof, are primarily a Suffolk phenomenon. Nassau County is almost 100-percent built out, and the parts of the county that should have sewer service already do.

Suffolk Executive Levy is aware of the problem, but he's not about to repeat the Southwest Sewer District fiasco and hook up existing homes to a new network. The

county would consider expanding districts to fuel commercial growth – as with the Hauppauge Industrial Park project – and might possibly approve construction of new sewer lines to serve new housing stock.

"We understand you can't have economic development without it," Levy says.

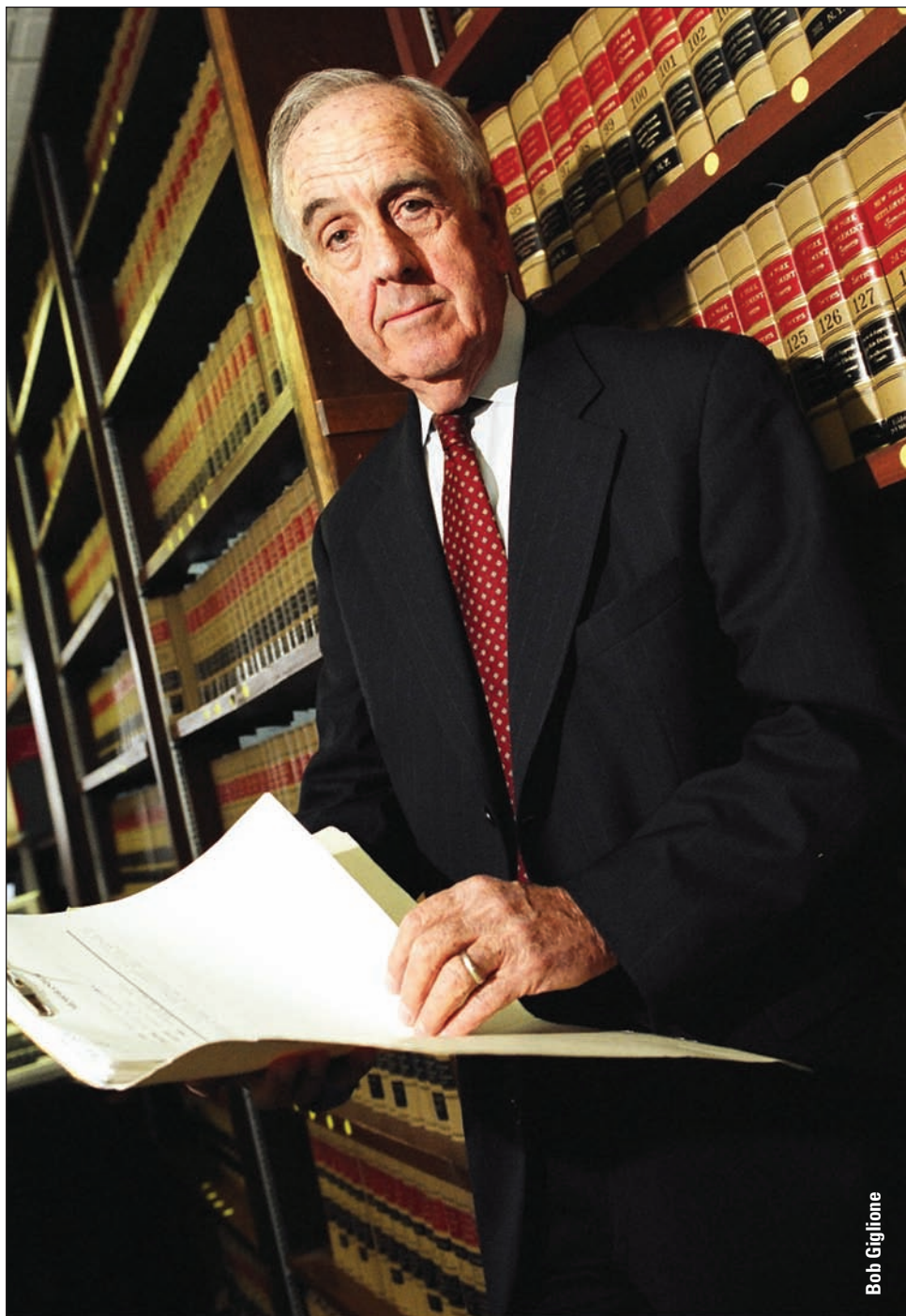
But the county is looking first to tap Nassau's capacity – the plan is still alive, Levy maintains – and then to expand what the county already has, perhaps through an addition to the Bergen Point plant.

It shouldn't come as much of a shock if Levy isn't jumping out of his chair to propose new sewer lines. But Klein thinks political memory of 1979 might finally be fading.

"I think there is that residual fear, but it's of a dimension much, much smaller than two decades ago," he says. "I'm not sure that mellowing has reached elected officials."

Ryan and the builders he represents hope elected officials have developed the requisite "testicular fortitude" because developers are anxious to build the projects that only sewer service can provide.

"You want affordable housing?" he says. "Give us density and height and housing around train stations and sewers. If you're going to strike that balance between economic growth and environmental protection, sewers are crucial."



Bob Giglione

JOHN KLEIN: Southwest Sewer District "clearly ended my political career."

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