

**Remarks by Comptroller William C. Thompson, Jr.  
High Performance Building Academy  
The Graduate Center, CUNY  
365 Fifth Avenue (Bet. 34th & 35th)  
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6:15 PM**

Thank you for that kind introduction. I would like to thank the CUNY Graduate Center, NYC Apollo, and the Center for Economic and Environmental Partnership for hosting us here this evening.

It is a pleasure to be a part of the first annual High Performance Building Academy. This week's gathering is critical for those of us seeking ways to improve the quality of New York City's environment while encouraging job growth and overall economic development.

I would like to begin by recognizing the wonderful and absolutely crucial work that CEEP has done in this area.

A year ago, CEEP distributed a report called "Mainstreaming High Performance Building in New York City." The report, as many of you know, laid out in meticulous detail the challenges – and opportunities – in constructing "green" buildings here in New York. CEEP has taken a leadership role for which we are all grateful.

NYC Apollo has also emerged as an important leader in this arena. At a conference my office hosted last year on energy conservation, NYC Apollo made an illuminating presentation. Its ten-point plan for creating jobs, changing energy supply and demand, and improving the environment here in New York includes elements we would be wise to seriously consider.

NYC Apollo's plan is designed to cultivate a market for energy efficiency, high performance buildings, and other green technologies. At the same time, it seeks to develop training programs to ensure a ready workforce and identify innovative financing models and incentives to minimize costs. This is the kind of creative thinking we need to make progress in this area.

Indeed, this week's academy comes at a critical juncture, because the City of New York faces immense challenges.

Our economy continues to lag behind that of the nation. The City's manufacturing base is shrinking. Our local economy has long been far too reliant on the up-and-down fortunes of large corporations and Wall Street.

We need to find new and innovative ways to encourage the growth of small businesses by tapping into the City's entrepreneurial spirit, and thus diversify our economy.

At the same time, New York's energy infrastructure is in need of repair and expansion. We must find ways to address our energy needs, but we also must do more to reduce our energy consumption.

In certain respects, the development of high performance buildings is at the nexus of these two elements that are so critical to our future.

Greener buildings help protect our urban environment while offering substantial economic benefits in the form of lower maintenance costs, lower bills for tenants, and new marketing opportunities for developers.

The ways in which high performance buildings are a good thing for our environment are well-documented, but bear repeating. As many of you know, conventional buildings consume more than two-thirds of all electricity and 39 percent of all energy, and emit as much green house gases as cars.

Green buildings, by contrast, can reduce energy consumption by significant amounts. The State of California, for example, has found that high performance buildings can reduce energy use by as much as 28 percent.<sup>1</sup> Closer to home, the Solaire, in Battery Park City is projected to reduce energy consumption by 67 percent, at peak use.

The economic benefits of constructing greener buildings are perhaps less well-known, but no less important. Increased demand for the materials and systems used in high performance buildings could generate skilled manufacturing jobs throughout the five boroughs.

“Green Collar” jobs represent the next generation of technological and manufacturing jobs. Based on data from the New York State Department of Labor and interviews my office conducted with a cross-section of the City’s green manufacturers, jobs in this sector pay higher wages than other growth sectors of the economy, including the service and hospitality industries. Moreover, many of the green manufacturing jobs are more likely to provide health benefits than service sector and minimum-wage jobs.

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<sup>1</sup> The Costs and Financial Benefits of Green Buildings: A Report to California’s Sustainable Building Task Force – October 2003. By Greg Kats, principal of energy consulting firm Capital E

For example, the average job in the wood product manufacturing sector pays 45,000 dollars a year. The average job in glass product manufacturing pays 36,000 dollars a year.

Compare that to the 21,000 dollars a year the average employee in a lawn & garden store earns... or the 21,000 dollars the average grocery store employee earns.<sup>2</sup>

Let's think for a moment about the tremendous opportunities that the green supply chain represents for some of the most vulnerable members of New York City's labor force:

Sixty-three percent of workers in manufacturing are immigrants; eighty percent are people of color; and twenty-four percent have a high school degree.

As the green industry in New York grows ... and the research and development sectors that design the materials and develop the technology used in green buildings grows along with it ... it will support creation of more and more of these better paying jobs.

New York City is home to some of the most innovative thinkers in science and design, and our city remains financial center of the world. With our talent and resources, we are poised to play a central role in the growing movement toward the construction of high performance buildings.

We have already begun to make substantial progress.

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<sup>2</sup> NYS Bureau of Labor Statistics

Later this week, led by NYC Apollo, many of you will tour shining examples of this fact. The Whitehall Ferry Terminal in Lower Manhattan, which opened in February, proves that we can achieve the redevelopment we need while ensuring the energy efficiency we absolutely require.

You will also see 4 Times Square, also known as the Conde Nast Building.

There are other examples on the way. In June of next year, The Hearst Corporation will complete its new headquarters on Eighth Avenue. When completed, the Hearst building will likely become the first commercial office building in the City's history to achieve a "Gold Rating" from the United States Green Building Council's LEED (or Leadership in Energy and Environmental Design) Certification.

Last August, the Bank of America and The Durst Organization broke ground on the Bank of America Tower on Bryant Park.

Its sponsors say the new building, which will serve as BofA's global headquarters, will be the world's most environmentally responsible high-rise office building. They expect the building to be designated "Platinum," the highest LEED designation.

Once it is complete, the building will save millions of dollars in energy costs and conserve 3 million gallons of potable water. In addition, construction of the BofA Tower will utilize 50 percent recycled materials. Half of those recycled materials will be purchased within a 500 mile radius of New York City.

One of the most intriguing aspects of the BofA building is that the project is considering using materials from a company called IceStone.

This company, whose operations are based in the Brooklyn Navy Yard, manufactures building materials that are made from 75 percent recycled glass and concrete.

IceStone produces beautiful materials that rival the strength of quarried stone, yet actively reduce the waste stream by redirecting glass from landfills to be cleaned and sorted and used in its product. The company's product has been installed in buildings constructed by Starbucks, Whole Foods and Equinox Fitness Clubs.

Ice Stone is by mean no means alone.

Other local players have emerged which manufacture products that help builders and developers improve their energy efficiency, water management and indoor air quality – all of which are elements necessary to gain LEEDS certification.

Take Fire and Water Lighting. This Lower East Side firm designs and manufacturers high-end and energy efficient light fixtures, and furniture composed entirely of recycled, organic and renewable materials including metal and paper. Then there is Bettencourt Wood, which makes high-end wood furniture from recycled, reclaimed and organic wood and natural products.

Innovations Wall Coverings in Tribeca produces an alternative to vinyl composed of natural, renewable, and recyclable materials. Innovations' broad product line is used in commercial offices, high-end residential buildings and hotels.

At a time when New York City's manufacturing base continues to shrink, the emergence of companies like those I've mentioned is fantastic news. We need to do all we can to encourage their growth and the emergence of companies like them.

Yet when a firm like Ice Stone buys the recycled material it uses to make its product, it must use producers from outside New York to do it.

This is because the City commingles its recycled glass. As a result, it is cheaper for IceStone to buy recycled glass from elsewhere than attempt to sort through the recycled glass it gets here.

The City has long been a national leader in recycling. More than fifteen years ago, we launched one of the nation's most ambitious recycling programs. In 2002, however, the Bloomberg administration suspended glass and plastic recycling collections. At a time when the City faced huge budget deficits, the Mayor claimed this would save the city 40 million dollars in Fiscal Year 2003.

Along with many of you in this room, my office played a role in demonstrating that Mayor Bloomberg's decision to suspend New York's recycling program was a mistake. In a report we issued in May 2003, we concluded that reinstating the City's full recycling program could have saved the City 16 million dollars in Fiscal 2004. Last year, the Mayor decided to reinstate the City's full recycling program, a decision for which he deserves credit.

We should now take the next step in improving our recycling process. To better utilize our recycled products, we must be smarter about how we recycle, and we must do a better job of discerning the needs of those who actually use our recycled goods.

The City's recycling office should devote more of its thinking to better serving those businesses which buy the City's recyclables.

Let me put this in dollars and cents. In the case of IceStone, the firm spends \$10,000 dollars per week buying glass. Over time, it projects spending as much as \$10,000 dollars per day. We can keep those those dollars and jobs here, and save millions of dollars in fees.

As the private sector becomes more creative in how it utilizes recyclables, we must become more creative in marketing them.

More broadly, this speaks to the larger need for a robust green local supply chain here in New York. If manufacturers are to truly flourish here, they will need local companies to supply them the raw materials they need.

The fact is, however, the majority of products installed into New York City's green buildings, including everything from energy efficient windows and light fixtures to cabinets manufactured with recycled content, are purchased from manufacturers outside of the City. And let's be clear, developers of green buildings, both residential and commercial, want to see a thriving and diverse green supply chain in New York City.

For instance, in one building, the windows were purchased from a manufacturer in Missouri; the cabinets from a Canadian firm; and, the light fixtures from a Chinese company. In another building the cabinets come from Canada, and the window components from firms in New Jersey, Ohio and Pittsburgh.

New York City's green building pipeline represents in excess of 4 billion dollars in total development costs, according to the U.S. Green Buildings Council. The national pipeline, which New York City firms can also supply, is in the trillions of dollars.

Our lack of a network of suppliers to meet this obvious source of demand represents a tremendous economic loss to the City. Nurturing the development of a green local supply chain is critical if we are going to keep companies like those I've mentioned, and to encourage the emergence of more companies like them.

The New York City Retirement Systems, to which I am chief investment advisor, are in the midst of significantly increasing investments in private equity. Since I took office, we have more than doubled our target asset allocation to private equity, from two percent to five percent of our 88 billion-dollar pension fund portfolio. That amounts to nearly 4.5 billion dollars.

Investing in this young and vibrant industry, especially in New York-based companies, would be a win-win for the pension funds, the sector and, above all, the City itself.

The affordable housing sector represents another source of potential growth for high performance buildings.

The Enterprise Foundation has launched the "Green Communities" program.

Working with its partners, including Merrill Lynch and Fannie Mae, Green Communities represents a 5-year, \$500 million dollar effort to build more than 8,500 environmentally friendly affordable homes across the country.

Here in the City, green residential buildings providing everything from low-income to luxury housing have begun sprouting up throughout the five boroughs.

This burst of green affordable housing developments represents another opportunity.

One of the most successful programs ever launched by the Comptroller's office is the Economically Targeted Investment program. The ETI program is a debt-based investment program that enables the City's pension funds to invest in financing for low- and middle-income housing. The objective of the program is to achieve market rates of the return for the pension funds while investing in the City.

We have opened up the program to accept proposals from every conceivable type of entity, including financial institutions, insurance companies, not-for-profit corporations and foundations. To that end, my office has an open-ended request for proposals for the ETI program.

The idea behind this RFP is to significantly expand the scope and the depth of the ETI program. We are seeking the most innovative and creative means we can find to build the affordable housing New Yorkers so desperately require.

Why not finance the construction of affordable housing that also respects the environment and reduces energy costs? It is only logical that we build housing in high-performance buildings.

The growth of New York City's green building pipeline provides the City's investment community, environmentalists, manufacturers and housing and real estate developers with a common agenda.

I am deeply committed to fostering a dialogue about this agenda among city leaders in the private, public, and non-profit sectors and concerned community members, so that we can work together to develop a shared vision for the future of our city.

I am eager to hear your ideas and your suggestions as to what more we can do to push the City forward, and to ensure that we claim our rightful place as a global leader in this critically important area.

Thank you. I am happy to take some questions.