

ENVIRONMENTAL FACILITIES CORPORATION

MISSION

The Environmental Facilities Corporation (EFC) is a public benefit corporation whose mission is to promote environmental quality by providing low cost financing and technical assistance to municipalities, businesses and State agencies for environmental and public health projects in New York State.

The Environmental Facilities Corporation's largest program is the Clean Water State Revolving Fund (CWSRF). This program, administered jointly with the Department of Environmental Conservation, provides reduced interest rate financing to municipalities for infrastructure projects that control water pollution. EFC, in conjunction with the New York State Department of Health, also administers the Drinking Water State Revolving Fund (DWSRF), which provides reduced interest rate financing and grants to community and private water systems for safe drinking water projects. A Federal grant and corresponding State match provide funding for these programs. The Clean Water/Clean Air Bond Act provides a State match for the DWSRF. Administration of these programs is also supported with a portion of the Federal Capitalization Grant and fees charged on financings.

The Environmental Facilities Corporation also administers other funding programs including the Financial Assistance to Business, Industrial Finance, Pipeline for Jobs, Beginning Farmer, and the Clean Vessel Assistance Program (in conjunction with the Department of Environmental Conservation). In addition, technical assistance is provided through its New York City Watershed Programs and Small Business Environmental Assistance Program.

ORGANIZATION AND STAFFING

A seven-member Board of Directors governs the Corporation. Ex-officio board members include the Commissioner of the Department of Environmental Conservation, who serves as the Board Chair, the Commissioner of the Department of Health, and the Secretary of State. The four remaining board members serve six-year terms and require nomination by the Governor and confirmation by the State Senate. The Board of Directors appoints the Corporation President and Corporate Officers.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$12.7 million** for the Environmental Facilities Corporation. This is a decrease of **\$721,000** from the 2009-10 enacted budget. In addition, State funds are included in the Department of Environmental Conservation and Department of Health's capital budgets for the required match to Federal funding for the CWSRF and DWSRF programs.

The Environmental Facilities Corporation will have a 2010-11 **workforce of 97**, a continuation of the 2009-10 level, while also continuing to support approximately \$3.5 million in staffing at the Department of Environmental Conservation who are assigned administratively to the Corporation.

Corporate operations are funded by:

- Financing fees and annual fees charged to recipients that receive Revolving Fund loans and a portion of State and Federal grants made for the Clean Water and Drinking Water programs; and

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- User fees paid by businesses, municipalities, and industrial clients for the Corporation's technical and financial services.

PROGRAM HIGHLIGHTS

The Environmental Facilities Corporation currently administers seven major programs: the two State Revolving Funds, the Industrial Finance Program, Technical Advisory Services, the Clean Water/Clean Air Bond Act's business environmental compliance assistance programs, the Pipeline for Jobs Program and New York Beginning Farmer Loan Program.

In February 2009, President Barack Obama signed the American Recovery and Reinvestment Act (ARRA) that allocated \$520 million to New York State: \$433 million for the CWSRF and \$87 million for the DWSRF. EFC is combining conventional Federal funding with the ARRA allocations to provide benefits to as many eligible projects as possible. Projects that qualify for ARRA funding will receive 50 percent of the project costs as a low-cost loan and the remaining 50 percent as principal forgiveness.

CLEAN WATER STATE REVOLVING FUND PROGRAM

This program was established in 1989 to help municipalities comply with the Federal Clean Water Act by providing low-interest rate financings to build or upgrade water pollution control facilities. Since 1989, the program has received Federal and State appropriations totaling \$3 billion and \$588 million, respectively. The State Revolving Fund has made financings totaling \$14.1 billion to 489 recipients across the State. Interest rates range from as low as zero percent to no more than two-thirds of the market rate. These low-interest rate financings substantially reduce the cost of water pollution control projects for borrowers, making environmental compliance and protection more attainable.

DRINKING WATER STATE REVOLVING FUND PROGRAM

In 1996, Congress enacted Federal legislation authorizing the Drinking Water State Revolving Fund program. This program, modeled after the Clean Water State Revolving Fund program, provides reduced interest rate financings to community and private water systems to finance safe drinking water projects. In cases of financial hardship, funds are also available from the Clean Water/Clean Air Bond Act to make grants for the construction of drinking water facilities. The Drinking Water Program has made loans and grants totaling \$2.6 billion to 334 recipients across the State. Federal funding provided for the Drinking Water State Revolving Fund requires a 20 percent State match. Since 1996, the program has received Federal and State appropriations totaling \$649 million and \$265 million, respectively. The State's share of the Drinking Water State Revolving Fund is provided from the Clean Water/Clean Air Bond Act.

INDUSTRIAL FINANCE PROGRAM

Since 1976, the Industrial Finance Program has provided more than \$2.6 billion in low-interest rate loans to businesses and State agencies for environmental improvement projects. Projects eligible for loans include solid waste management facilities, hazardous

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waste management facilities, and water supply and wastewater management facilities. Loans under the program are financed from the proceeds of special obligation revenue bonds issued by the Corporation.

TECHNICAL ADVISORY SERVICES

The Technical Advisory Services Program advises businesses, industrial clients, State agencies, and municipalities on pollution prevention, waste management, and compliance with environmental laws and regulations. The Corporation also provides fund management and loan and grant servicing to its clients. The Environmental Facilities Corporation addresses such issues as air pollution control and compliance, multi-media waste management, inactive hazardous waste site remediation, water and wastewater management, and solid waste management and landfill closure. This program is funded by fees paid by Corporation clients who contract for these services.

FINANCIAL ASSISTANCE TO BUSINESS

The 1996 Clean Water/Clean Air Bond Act provided \$60 million to assist businesses in achieving compliance with environmental laws and regulations pertaining to air and water quality. The air and water quality programs are funded at \$30 million each and are used to assist businesses in targeted sectors to achieve environmental compliance including procurement of new capital equipment. The Corporation works with village, town, and city governments to identify businesses in need of assistance.

PIPELINE FOR JOBS

The Pipeline for Jobs Program was created in 1999 to provide low-cost loans and financial assistance to municipalities, public utilities, public benefit corporations, and businesses. The purpose of the program is to encourage and support water supply and cold water supply improvement projects which provide an economic development benefit to the State. The recommendation for this program includes \$1.3 million in reappropriations.

NEW YORK BEGINNING FARMER LOAN PROGRAM

The New York Beginning Farmer Loan Program provides low interest loans of up to \$250,000 to individuals for the purchase of agricultural property and equipment. The purpose of this program is to attract and support New York's next generation of farmers.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2009-10	Appropriations Recommended 2010-11	Change	Reappropriations Recommended 2010-11
State Operations	13,031,000	12,310,000	(721,000)	0
Aid To Localities	0	0	0	0
Capital Projects	343,000	343,000	0	1,648,000
Total	13,374,000	12,653,000	(721,000)	1,648,000

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ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2009-10 Estimated FTEs 03/31/10</u>	<u>2010-11 Estimated FTEs 03/31/11</u>	<u>FTE Change</u>
Administration			
Special Revenue Funds - Other	94	94	0
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	3	3	0
Total	<u>97</u>	<u>97</u>	<u>0</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

<u>Fund Type</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>
Special Revenue Funds - Other	13,031,000	12,310,000	(721,000)
Total	<u>13,031,000</u>	<u>12,310,000</u>	<u>(721,000)</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>
Administration			
Special Revenue Funds - Other	13,031,000	12,310,000	(721,000)
Total	<u>13,031,000</u>	<u>12,310,000</u>	<u>(721,000)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2010-11 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	12,310,000	(721,000)	7,429,000	(415,000)
Total	<u>12,310,000</u>	<u>(721,000)</u>	<u>7,429,000</u>	<u>(415,000)</u>

<u>Program</u>	<u>Nonpersonal Service</u>	
	<u>Amount</u>	<u>Change</u>
Administration	4,881,000	(306,000)
Total	<u>4,881,000</u>	<u>(306,000)</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Comprehensive Construction Program</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>	<u>Reappropriations 2010-11</u>
Pipeline for Jobs Program				
Capital Projects Fund - Authority Bonds	0	0	0	1,305,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	343,000	343,000	0	343,000
Total	<u>343,000</u>	<u>343,000</u>	<u>0</u>	<u>1,648,000</u>