

ENVIRONMENTAL FACILITIES CORPORATION

MISSION

The Environmental Facilities Corporation is a public benefit corporation established to help local governments, State agencies, and private industry comply with State and Federal environmental laws and regulations. The Corporation works with these entities to design, construct, operate, and finance air pollution control, drinking water and wastewater treatment, and solid and hazardous waste disposal facilities. The Environmental Facilities Corporation's largest program is the Clean Water State Revolving Fund. This program, administered jointly with the Department of Environmental Conservation, provides reduced-interest rate financings to municipalities to construct water pollution control facilities. The Corporation, in conjunction with the New York State Department of Health, jointly administers the Drinking Water State Revolving Fund, which provides reduced-interest rate financings to community and private water systems for safe drinking water projects. Funding for these programs is provided by a Federal grant and a corresponding State match. The State match for the Drinking Water Revolving Fund is provided from the Clean Water/Clean Air Bond Act. Administration of these programs is also supported by fees and interest generated through program operations.

ORGANIZATION AND STAFFING

The Environmental Facilities Corporation is governed by a seven-member Board of Directors who serves without compensation: the Commissioner of Environmental Conservation serves as the chairman, the Commissioner of Health, the Secretary of State, and four members nominated to six-year terms by the Governor with Senate confirmation.

The Corporation is operated by a President appointed by the Board of Directors and will have a 2006-07 workforce of 98, including 6 staff of the Department of Environmental Conservation who are assigned administratively to the Corporation.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The operations of the Environmental Facilities Corporation are funded by:

- Financing fees and annual fees charged to municipalities that receive Revolving Fund loans and a portion of State and Federal grants made for the Clean Water and Drinking Water programs; and
- User fees paid by businesses, municipalities, and industrial clients for the Corporation's technical and financial services.

For fiscal year 2006-07, a total of \$13.1 million is recommended for operations of the Corporation. 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 Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs.

PROGRAM HIGHLIGHTS

The Environmental Facilities Corporation currently administers six 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 and the Pipeline for Jobs Program.

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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 \$2.8 billion and \$551 million, respectively. The State Revolving Fund has made loans totaling \$11.2 billion to 458 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 totaling \$1.5 billion and grants totaling \$184.7 million to 288 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 been supported by \$569.7 million in Federal awards, requiring a State match of \$113.9 million. 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 \$1.58 billion in low-interest rate loans and \$217.3 million in loan refinancing to businesses and State agencies for environmental improvement projects. Projects eligible for loans include solid waste management facilities, hazardous 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 provides \$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 Environmental Facilities Corporation works with village, town, and city governments to identify businesses in need of assistance.

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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 \$6.3 million in reappropriations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	11,570,500	12,774,500	1,204,000	0
Aid To Localities	0	0	0	0
Capital Projects	6,542,000	343,000	(6,199,000)	6,305,000
Total	<u>18,112,500</u>	<u>13,117,500</u>	<u>(4,995,000)</u>	<u>6,305,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Administration			
Special Revenue Funds - Other	88	88	0
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	4	4	0
Total	<u>92</u>	<u>92</u>	<u>0</u>

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
Special Revenue Funds - Other	11,570,500	12,774,500	1,204,000
Total	<u>11,570,500</u>	<u>12,774,500</u>	<u>1,204,000</u>

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

Program	Available 2005-06	Recommended 2006-07	Change
Administration			
Special Revenue Funds - Other	11,570,500	12,774,500	1,204,000
Total	<u>11,570,500</u>	<u>12,774,500</u>	<u>1,204,000</u>

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STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	12,774,500	1,204,000	7,737,000	669,000
Total	12,774,500	1,204,000	7,737,000	669,000

Program	Nonpersonal Service	
	Amount	Change
Administration	5,037,500	535,000
Total	5,037,500	535,000

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

Comprehensive Construction Program	Available 2005-06	Recommended 2006-07	Change	Reappropriations 2006-07
Pipeline for Jobs Program	6,250,000	0	(6,250,000)	6,305,000
Capital Projects Fund - Authority Bonds	6,250,000	0	(6,250,000)	6,305,000
Clean Water - Clean Air Implementation	292,000	343,000	51,000	0
Clean Water Clean Air Implementation Fund	292,000	343,000	51,000	0
Total	6,542,000	343,000	(6,199,000)	6,305,000