

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 loans 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 loans and grants for community and private water systems to finance 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 serve without compensation: the Commissioner of Environmental Conservation who 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 has a workforce of 108, including 10 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 2002-03, a total of \$9.5 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 small 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 loans to build or upgrade water pollution control facilities. Since 1989, the program has received Federal and State appropriations totaling \$2.17 billion and \$434 million, respectively. The State Revolving Fund has made loans totaling \$6.2 billion to 387 municipalities 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 loans substantially reduce the cost of water pollution control projects for municipal 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 loans 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 \$662.4 million and grants totaling \$114.5 million to 178 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 \$299.5 million in Federal awards, requiring a State match of \$59.9 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 \$993.6 million in low-interest rate loans and \$188 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; multi-media waste management; inactive hazardous waste site remediation and compliance; water and wastewater management; and resource recovery and recycling. 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 small 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 small businesses in targeted sectors to procure new capital equipment necessary to achieve environmental compliance. The Environmental Facilities Corporation will work 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 \$14.5 in reappropriations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	8,055,800	9,528,000	1,472,200	0
Aid To Localities	0	0	0	0
Capital Projects	292,000	292,000	0	14,500,000
Total	<u>8,347,800</u>	<u>9,820,000</u>	<u>1,472,200</u>	<u>14,500,000</u>

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

Program	Full-Time Equivalent Positions (FTE)		
	2001-02 Estimated FTEs	2002-03 Estimated FTEs	FTE Change
	03/31/02	03/31/03	
Administration			
Special Revenue Funds - Other	92	92	0
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	6	6	0
Total	<u>98</u>	<u>98</u>	<u>0</u>

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
Special Revenue Funds - Other	8,055,800	9,528,000	1,472,200
Total	<u>8,055,800</u>	<u>9,528,000</u>	<u>1,472,200</u>

Adjustments:

Transfer(s) From	
Environmental Conservation, Department of	
Special Revenue Funds - Other	(135,800)
Appropriated 2001-02	<u>7,920,000</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
Special Revenue Funds - Other	8,055,800	9,528,000	1,472,200
Total	<u>8,055,800</u>	<u>9,528,000</u>	<u>1,472,200</u>

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STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 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	9,528,000	1,472,200	6,060,400	757,500
Total	9,528,000	1,472,200	6,060,400	757,500

<u>Program</u>	<u>Nonpersonal Service</u>	
	<u>Amount</u>	<u>Change</u>
Administration	3,467,600	714,700
Total	3,467,600	714,700

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

<u>Comprehensive Construction Program</u>	<u>Available 2001-02</u>	<u>Recommended 2002-03</u>	<u>Change</u>	<u>Reappropriations 2002-03</u>
Pipeline for Jobs Program				
Capital Projects Fund	0	0	0	14,500,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	292,000	292,000	0	0
Total	292,000	292,000	0	14,500,000