



New Funding Option for Water/Sewer Projects

In its mission to continually enhance client services, the New York State Environmental Facilities Corporation (EFC) has introduced another innovative financing option for water and sewer projects. Offered through its New York Clean Water and Drinking Water State Revolving Funds (SRFs), EFC's new "Guarantee" financing program enables EFC to offer every community seeking SRF financial assistance some level of support at the most favorable market terms available.

Each year EFC receives many requests for SRF low interest financing for water and sewer projects. These projects are scored, ranked and listed from highest to lowest score in the Clean Water and Drinking Water

Intended Use Plans (IUPs). Because there is a limited amount of funding available in any fiscal year, funding lines must be established in the IUPs and projects that score above the line are eligible to receive financing. Those projects that fall below the line generally could not receive SRF financing – that is, until EFC's new Guarantee program.

The program includes General Market and Extended Term Guarantee options. The General Market Guarantee offers attractive financing rates for projects listed below the IUP funding lines. The Extended Term Guarantee offers financing with a 30-year repayment term for Drinking Water projects that score above the funding line in the IUP.

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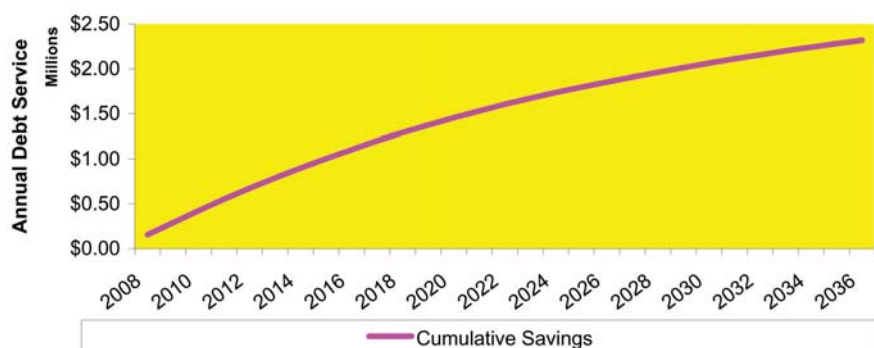
EFC's Guarantee Financing Saves Genesee County \$2.3 Million

The Monroe County Water Authority (MCWA) was the first to take advantage of EFC's new Extended Term Guarantee program.

MCWA, on behalf of Genesee County, undertook a \$21 million Drinking Water SRF refunding for a greatly needed drinking water project. In using EFC's Extended Term Guarantee financing to extend the financing term to 29 years, the rate payers will save \$2.3 million in interest costs, and annual debt service payments drop from \$1.31 million to \$1.16 million.

The project involved a major expansion and renovation

EFC Guarantee Yields \$2.3 million present value savings for Genesee County water system users



of Genesee County's public water supply system. It included eliminating or consolidating 51 systems that

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A Message from the Acting President

Welcome to the inaugural issue of EFC's *State Revolving Fund News*. I am very pleased to introduce this quarterly newsletter as part of our ongoing efforts to enhance client services and further promote the Clean Water and Drinking Water State Revolving Fund (SRFs) programs.

We have an important mission at EFC and we take great pride in our ability to offer communities throughout New York affordable financing options for their clean water and drinking water infrastructure projects. Since 1990, when the Clean Water SRF program was launched, EFC has provided over \$11 billion in low-cost loans and drinking water grants for 1,863 water and sewer projects. Through various financial innovations and effective program management, EFC has realized a notable 280% return on the State and federal government's \$3.9 billion investment in New York's SRF programs.

By participating in the SRF program, loan recipients receive interest rate subsidies that range from 33% to 100%, helping to make drinking water and sanitary projects more affordable. Since 1990, EFC has provided its clients with over \$1.3 billion in interest rate subsidies, providing direct savings to every rate and tax payer that benefit from an EFC financed infrastructure improvement.

In this issue of the *SRF News*, we discuss our latest financial innovations, the General Market and Extended Term Guarantee Programs. We also highlight the recently released DEC Wastewater Infrastructure Needs Report, which notes that communities in New York require over \$36 billion worth of wastewater and drinking water capital improvements over the next 20 years. Also in this issue, we provide a discussion of the importance of M/WBE compliance for SRF loan recipients and highlight our efforts to promote the incorporation of energy efficiency measures at drinking water and wastewater treatment facilities.

On behalf of Governor Paterson and our partners at the NYS Departments of Environmental Conservation and Health, thank you for your continued interest and support of the State's SRF programs. We hope that you enjoy this and future issues of the *SRF News*.

Matthew J. Millea, *Acting President*
Email: Millea@nysefc.org

Guarantee Financing, *continued*

relied on individual ground water sources, many of which were severely contaminated. The City of Batavia's water treatment plant was renovated, and new water towers, chlorine booster pumping stations and water mains were constructed. Aging water towers in Batavia and the Village of Oakfield were removed.

The Authority will receive a subsidized interest rate for the first 20 years of the 29 year financing. While the interest rate will not be subsidized in the final years of the loan, EFC structured the financing in a manner that provides for level debt service over the entire life of the loan. □

2008 First Quarter Loan Closings

Short Term Loan Closings - 0% Interest

Loan Recipient	DW/CW	Loan Amount	Grant Amount
Town of Marcellus	DW	\$ 6,287,000	
Town of Indian Lake	DW	675,000	\$2,000,000
Livingston County	DW	964,150	327,950
Erie County	CW	4,274,781	
Onondaga County	CW	<u>37,788,890</u>	
Total		\$49,989,821	\$2,327,950

Long Term Loan Closings

Loan Recipient	DW/CW	Loan Amount	Interest Rate	Projected Interest Savings	Interest Savings per household*
Village of Mayfield	CW	\$ 1,882,133	0%	\$1,375,000	\$2,560
Town of New Hartford	CW	<u>3,901,000</u>	0%	\$2,750,000	\$8,308
Total		\$5,783,133			

*Household savings determined by dividing projected interest savings by community's Equivalent Dwelling Units (EDUs).

Funding Option, *continued*

General Market Guarantee

With its new General Market Guarantee financing, EFC can make its preferred AAA interest rates available to communities whose projects score below the funding lines. While SRF subsidy assistance is not available for this financing option, loan guarantees may help communities proceed with projects sooner and less expensively than if they attempted to get financing on their own or delayed their projects for the possibility of receiving an SRF subsidized loan.

Guarantee financing borrowers can keep their projects on the Clean Water IUP Annual List or Drinking Water IUP Readiness List, allowing their projects to continue to compete for subsidy assistance in future years.

Extended Term Guarantee

Non-hardship Drinking Water SRF projects, which previously have only been eligible for financing with 20-year repayment terms from project completion, can now obtain 30-year financing through EFC's Extended Term Guarantee. Generally, this structure provides borrowers with the traditional subsidy assistance benefit for the first 20 years of principal repayment while allowing the option of repaying the financing over 30 years. Borrowers will benefit from an SRF payment guarantee through debt repayments in 21 years and beyond. This guarantee will secure Aaa/AAA ratings on the related SRF bonds, resulting in the most favorable financing terms for borrowers.

For more information on EFC's new Guarantee financing program, call us at 1-800-882-9721.

\$36 Billion Needed for NYS Sewer Systems

The Department of Environmental Conservation (DEC) recently issued a report on New York State's aging sewage treatment infrastructure, which needs an estimated \$36.2 billion in repairs over the next 20 years. The report points out that federal funding, historically the main source of financial assistance for sewage system improvements, has steadily declined, delaying critical maintenance and repairs.

While federal funding is being cut, however, new federal standards push the need for enhanced wastewater treatment systems, as well as the sometimes costly programs to address stormwater, combined sewer overflows (CSOs) and separate sanitary overflows.

The report, *Wastewater Infrastructure Needs of New York State*, provides a comprehensive overview of the State's wastewater infrastructure needs, identifies the factors that have led to the current problem, and establishes a context for assessing and determining the steps needed to address wastewater infrastructure needs.

Visit www.dec.ny.gov/docs/water_pdf/infrastructurerpt.pdf to read the report.

EFC Provides M/WBE Guidance

All Clean Water and Drinking Water SRF recipients must meet the established Minority and Women's Business Enterprises (M/WBE) and Equal Employment Opportunity (EEO) Program goal objectives, attainable through project specific strategies and geographic location. These programs, and their related outreach activities, greatly enhance contracting, subcontracting and business growth opportunities for M/WBEs across the State. In 2007 M/WBE firms received \$138.4 million from SRF project subcontracting opportunities.

Contracts for SRF eligible projects are subject to the requirements and provisions of Article 15-A of the New York State Executive Law and EPA mandates. Utilization Goals are established, and Good Faith Efforts to achieve the goals must be made and documented. Upon execution of a project financing agreement, all projects in excess of \$100,000 must comply with M/WBE Program criteria to maintain eligibility for financial assistance. Most SRF projects offer a diverse array of M/WBE opportunities.

The compliance process begins with the submission and approval of the M/WBE work plan to EFC, which includes a policy statement, the designated M/WBE Officer contact information, a project description and appropriate goals. EFC's professional M/WBE staff provides assistance and guidance in reaching

these goals through personal field visits, telephone consultations, pre-bid and pre-construction meeting attendance, and training M/WBE officers and prime contractors.

Other services EFC's M/WBE Representatives provide are assistance in accessing the Empire State Development's Directory of Certified M/WBEs at <http://www.nylovesbiz.com/Small and Growing Businesses/mwbe.asp> for locally approved firms and suggesting additional types of work opportunities for subcontractors. EFC Representatives also help the municipalities by reviewing the Ineligible Bidders List and offering tips on innovative outreach activities to identify reputable M/WBE firms.

Technical assistance and contractor compliance reporting mechanisms include a project description, Utilization Plan, demonstrated Good Faith Efforts and Quarterly Reports which are monitored and reported to the EPA. Periodic compliance reviews are conducted via phone conferences and on-site meetings.

To speak with an EFC M/WBE Representative call 518-402-7455. Program information and forms are available on the EFC website at <http://www.nysefc.org/home/index.asp?page=32>. □

SRF Financing Saves Town \$2.7 Million

In March Acting President Matthew Millea (third from right) traveled to the Town of New Hartford in Oneida County to present Town Supervisor Earle Reed, (third from left) and other Town officials with this ceremonial check for \$3.9 million in Drinking Water SRF interest-free financing for the Town's drinking water project. The financing will save the Town more than \$2.7 million in interest expense.

"Without the long-term, no-interest loan provided by EFC, this project that improves the health, welfare and safety of the district's residents would not have been affordable," said Supervisor Reed. "We look forward to working in concert with EFC on other projects within the Town." □



Energy Efficiency: the Key to Sustainability and Savings

The municipal water and wastewater sector in New York State is energy intensive. This sector annually consumes more than 3 billion kilowatt hours (kWh) of electricity, roughly equivalent to the energy expended by 500,000 households – more than the number of households in the cities of Buffalo, Rochester, Syracuse, Albany, Binghamton and Yonkers combined.¹

Typically, processing (treatment) and collection/distribution (pumping) comprise the bulk of energy consumption in the water and wastewater sector. The greatest energy saving potential for wastewater facilities is typically found in the processes of aeration, pumping and solids management. In water treatment facilities, pumping is typically the largest energy consumer.

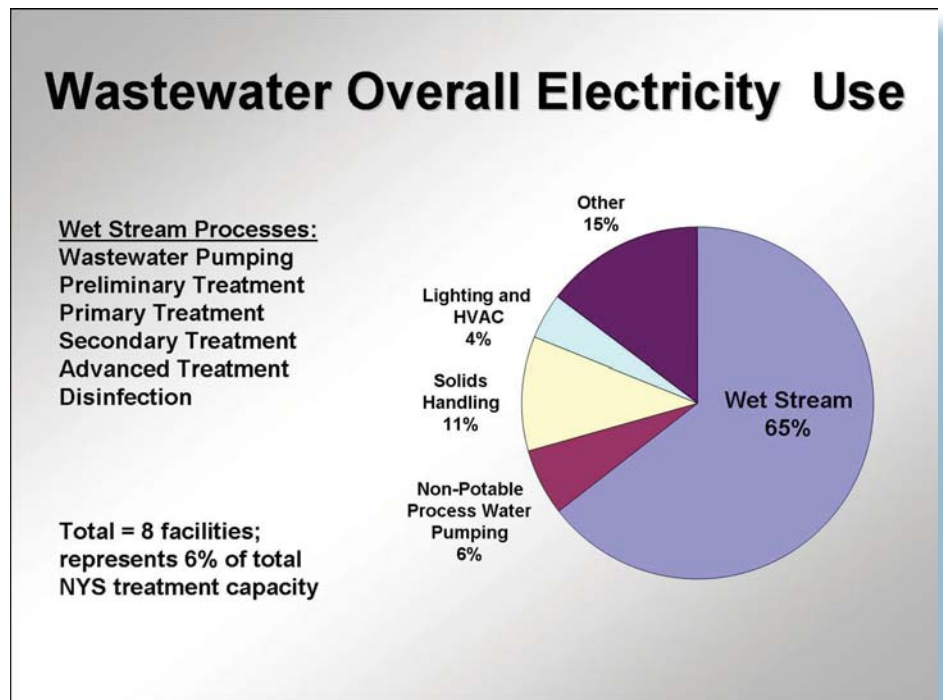
Owners of New York's water and wastewater facilities have found energy efficiency improvements to be the key to sustainability and savings. When evaluating energy efficiency opportunities, start with the processes that consume the most energy, and focus on the largest equipment with the longest run times. Owners should consider the installation of premium-efficiency motors, variable speed drives, re-sizing of pumping systems, aeration system upgrades and automated dissolved oxygen control.

Improving processes that consume the most energy typically leads to the greatest savings. It is important to keep in mind, however, that each treatment facility is unique.

The New York State Energy Research & Development Authority (NYSERDA) has \$1.5 million in funding available to the municipal water and wastewater treatment sector for projects that result in quantifiable energy, economic and environmental benefits. Those who wish to apply for funding should submit a proposal to NYSERDA by September 25, 2008.

For more information contact NYSERDA's Kathleen O'Connor at 518-862-1090, ext. 3422 and refer to Program Opportunity Notice No. 1171, or go to www.nyserdera.org/funding/1171pon.asp.

EFC is partnering with NYSERDA to promote energy efficiency in planning and designing wastewater and drinking water projects. EFC encourages communities seeking SRF assistance to undertake energy audits of their planned facilities and incorporate energy efficient technology.



Look for an article on energy audits in the Summer issue of *State Revolving Fund News*. □

NYSERDA contributed to this article and can be contacted at water@nyserdera.org. Visit <http://water.nyserdera.org> for a listing of NYSERDA's many programs that can bring your facility financial, environmental and operational benefits.

¹ *New York Household Electricity Report*. 3 January 2006. Energy Information Administration. 21 January 2008. http://www.eia.doe.gov/emeu/reps/enduse/er01_ny.html

Upcoming Events

2008 Co-funding Workshops Set

The 2008 Water & Sewer Infrastructure Co-funding Workshops and Individual Project Consultations schedule has been set. This year, this popular workshop will be held at the:

- Holiday Inn (Downtown) in Buffalo on October 7;
- Holiday Inn in Utica on October 16;
- Queensbury Hotel in Glens Falls on October 29.

The free, full-day workshop includes a presentation on available government funding programs for water and sewer projects, and a choice of two concurrent workshop tracks. Track 1 will focus on financing

sustainable infrastructure while Track 2 will feature presentations on the role of water/sewer projects in upstate economic development.

Pre-arranged Individual Project Consultations will be held throughout the day. Funding program staff will meet one-on-one with community representatives to discuss their particular water and/or sewer project.

Registration for the workshop and consultations is required. Watch your mail for more information and visit the Co-funding website at www.nycofunding.org for future details. □

EFC Presentations

Look for EFC's presentation on *Financing for a Sustainable Future* at the following conferences:

- **Public Management & Finance Program**
April 16, Blue Mountain Lake
- **NYS Town Clerk's Association**
April 28, Saratoga Hotel & Conf. Center
- **Office of Parks, Recreation & Historic Preservation**
 - Cornell Cooperative Ext.**
May 5, Rochester
 - Reinstein Preserve**
May 6, Depew
 - Jamestown Community College**
May 7, Olean
 - The Park Church**
May 8, Elmira
 - State Fair Grounds**
May 9, Syracuse
 - Adirondack Park Agency, DEC Complex**
May 12, Raybrook
- **Locust Grove, Samuel Morse Hist. Site**
May 13, Poughkeepsie
- **Saratoga Spa State Park, Admin. Bldg.**
May 14, Saratoga
- **Central NY Environmental Breakfast Club**
May 7, Double Tree Hotel, Syracuse
- **Southern Tier West Local Gov't Day**
May 7, Houghton College
- **Genesee Finger Lakes Local Gov't Day**
May 9, Burgundy Basin Inn, Pittsford
- **NY Rural Water Association**
May 20, Hudson Valley Resort, Kerhonkson
- **NYWEA**
June 4, Sagamore, Bolton Landing

For more information on these events visit EFC's website at www.nysefc.org and click on *Calendar*. □

The Clean Water State Revolving Fund (SRF) is administered by the New York State Environmental Facilities Corporation (EFC) and the State Department of Environmental Conservation. The Drinking Water SRF is administered by EFC and the State Department of Health. For more information visit the EFC website at www.nysefc.org or call **1-800-882-9721**.