



The New York Water Environment Association, Inc.
The Water Quality Management Professionals

525 Plum Street • Suite 102
Syracuse, New York 13204
(315) 422-7811 • Fax: 422-3851
www.nywea.org • e-mail: pcr@nywea.org

July 10, 2014

Robert L. Megna, Chairperson
New York State Public Authorities Control Board
State Capitol
Albany, NY 12224

Commissioner Joe Martens
New York State Department of Environmental Conservation
625 Broadway
Albany, NY 12248

**RE: NYS EFC Proposed \$511 Million Loan to NYS Thruway Authority;
NYWEA's Comments**

Dear Chairperson Megna and Commissioner Martens,

The New York Water Environment Association (NYWEA) would like to offer the following comments on the proposed \$511 million Clean Water State Revolving Fund (Clean Water SRF) loan package to be provided by the New York State Environmental Facilities Corporation (EFC) to the New York State Thruway Authority for the New NY Bridge Project to replace the Tappan Zee Bridge. Having reviewed the currently available information associated with this loan, we recommend that the Public Authorities Control Board (PACB) reject the request by the EFC to approve this loan at the PACB's July 16th meeting next week.

NYWEA is a statewide nonprofit educational organization founded in 1929 and has over 2,500 members, consisting of water professionals dedicated to the preservation, protection and enhancement of New York's water resources. A significant number of our members are municipal professionals who regularly use EFC loans to provide efficient wastewater collection and treatment services for more than 15 million New York State residents, thereby protecting public health and the quality of our lakes, rivers, streams and open water bodies; hence we have a unique perspective on this issue that we would like to share with you.

As New York water professionals we understand the importance and support the need to maintain and improve the quality of the entire State infrastructure, including water and wastewater pipelines, manholes and treatment facilities, as well as roads and bridges. We are, however, concerned that using dedicated wastewater infrastructure funds to fund the loan package that includes four expensive construction projects (ranging from \$29.9 million to \$66.7 million), six less expensive environmental projects (ranging from \$0.1 million to \$14.4 million) and two construction related dredging projects (\$40.4 million and \$69.8 million, respectively), may create a bad precedent that could open the door for future borrowing of EFC CWSRF funds for other non-wastewater infrastructure or non-water quality related projects. We believe that a long-term loan of \$511 million to the New York State Thruway Authority would lead to a sizeable reduction of CWSRF assets for the duration of the loan (typically 30 years), effectively making fewer funds available for loans for wastewater infrastructure projects in the upcoming years.

We reference the New York State Department of Environmental Conservation's 2008 report prepared with input from EFC staff and entitled Wastewater Infrastructure Needs of New York State that estimated over \$36 billion will be required in the next 20 years for upgrading the State's aging and deteriorating wastewater infrastructure. These costs will primarily be shouldered by local ratepayers as there is no sustainable grant program available for wastewater infrastructure similar to the Highway Trust Fund or "gas tax" for roads and bridges. While there is clearly a significant need for wastewater infrastructure funding, municipalities are frequently reluctant to take additional loan obligations as they are subject to "2% Tax Cap" fiscal constraints that limit their ability to borrow funds for critical wastewater infrastructure projects.

We recognize that in the current fiscal climate, the proposed \$511 million loan may appear as an out-of-the-box approach to public financing; however, NYWEA would like to recommend other creative ways to use unallocated Clean Water funds to directly benefit local municipalities, i.e., to consider providing additional subsidies to eligible New York State communities with documented wastewater infrastructure need in the form of grant, loan forgiveness, or no interest loans, to enable them to build or upgrade wastewater treatment facilities and systems. We know there is a tremendous need for infrastructure improvements at a majority of the aging wastewater treatment plants throughout New York State.

We are very grateful for the EFC recent Storm Mitigation Loan Program (SMLP) that is expected to provide over the next four years a total of approximately \$340 million in funds (consisting of 25% grant and 75% no interest loan) for eligible wastewater infrastructure resiliency improvement projects for 14 of New York's counties affected by Superstorm Sandy; however, since the amount of funds requested under this program by municipalities significantly exceeds the amount of available SMLP funds, this would be an appropriate area for additional funding consideration that would immediately benefit our communities.

Furthermore, NYWEA is supportive of funding New York-New Jersey Harbor and Estuary projects with Clean Water SRF funds, as long as these projects directly lead to water quality improvement and such funding does not affect the ability of municipalities to undertake extremely needed water infrastructure improvement projects. Based on NYWEA evaluation and questions raised in the June 25, 2014 letter of the Environmental Protection Agency (EPA) Regional Administrator Judith Enck, the eligibility of several projects in the loan package as environmental projects undertaken to advance the Comprehensive Conservation and Management Plan of the New York-New Jersey Harbor and Estuary Program is questionable.

These questions raised by the EPA need to be answered in further detail and the information should also be shared with the professional water and wastewater community as well as the public. Without this information, the members of the Public Authorities Control Board would not be in the position to review the proposed \$511 million loan.

Based on these comments, we respectfully recommend that the New York State Public Authorities Control Board reject the request to approve the \$511 million EFC loan to the New York State Thruway Authority at the PACB's July 16, 2014 meeting.

If you would like to discuss our comments on the proposed loan further please contact our Executive Director, Patricia Cerro-Reehil at 315-422-7811 or the undersigned at 516-364-9890.

Respectfully,



Steven Fangmann, P.E.,
President

cc: Assemblyman Sheldon Silver
Senator John DeFrancisco
Assemblyman Joseph Giglio
Senator Bill Perkins
Judith Enck, Regional Administrator, EPA Region 2
Basil Seggos, Deputy Secretary for the Environment
Matthew Driscoll, President and CEO of EFC
James Tierney, Assistant Commissioner, NYS DEC
Joseph DiMura, NYS DEC
Julie Tighe, NYS DEC
NYWEA Board of Directors