

**New York State Environmental Facilities Corp.
Clean Water State Revolving Fund
Financing of Environmental Projects in the
New York-New Jersey Harbor and Estuary
Connected with the New York State Thruway Authority's
New NY Bridge project**

FACT SHEET – August 2014

- The New York State Environmental Facilities Corp. (EFC) board of directors approved on June 26 two short-term loans of up to \$511.45 million to the New York State Thruway Authority for projects that protect, enhance and promote the New York-New Jersey Harbor and Estuary and are related to the New NY Bridge project to replace the Tappan Zee.
- Based on the standard short-term loan offered by EFC and the Clean Water State Revolving Fund (CWSRF), half of the estuary loan (\$256 million) will carry a zero interest rate while the other half will be set at the current market rate (not to exceed 4%).
- The New York State Public Authorities Control Board (PACB) approved the interest-free loan at its meeting on July 16. The PACB deferred action on the companion market-rate loan until those additional funds are needed by the Thruway Authority, which is expected in 2016 or later.
- Although the PACB approved only the \$256 million zero-interest portion of the loans, the scope of eligible costs remains the same. EFC's loan proceeds are available to projects only after qualifying work has been completed. Therefore, the proceeds of these loans, like all EFC loans, will come to Thruway in the form of reimbursement for eligible costs as estuary protection measures associated with the New NY Bridge project are completed.

The EFC loans will support extensive measures that were developed as part of the environmental permitting and approval process for the New NY Bridge project to protect the Hudson River and mitigate environmental impacts

- The loans will help the Thruway Authority fund costs associated with stringent environmental measures that have been put in place during the construction of the new bridge and the demolition and removal of the existing bridge, and for the protection and enhancement of the New York-New Jersey Harbor and Estuary environment throughout the entire New NY Bridge project.
- Many of the project's environmental protection measures were developed as part of the environmental review and permitting process for the New NY Bridge project, which occurred during the early development phase of bridge replacement planning.
- The state and federal government-approved environmental elements were required for a Record of Decision and Notice to Proceed to advance the project. These elements were subject to extensive public review and comment, including collaboration with interested stakeholders and environmental groups such as Riverkeeper and Scenic Hudson.

- The environmental measures were committed to very early in the project development process, long before applying for EFC loan funds was even considered.
- The environmental measures include extensive protections for wildlife as well as mitigation to address the environmental impacts of the New NY Bridge project. Governor Andrew Cuomo called for an unprecedented level of environmental stewardship as part of the New NY Bridge project, and the Thruway Authority has been committed to that goal from the start of the project.
- The projects include:
 - Bubble curtains to protect aquatic life from harmful effects of construction noise
 - Dredging and mound removal
 - Dredge material disposal
 - River bottom armoring
 - Shared use path for pedestrians and bicycles
 - Stormwater treatment at landings
 - Sturgeon monitoring
 - Oyster relocation program
 - Gay's Point channel restoration
 - Restoration of Piermont Marsh
 - Endangered Peregrine falcon nest box relocation
 - Removal of the existing bridge and its 197 piers, 18,400 timber piles, lead-based paint, asbestos, and other harmful materials – and recycling or reusing materials wherever possible.

Financing the estuary protection projects will have no impact on other clean water projects in Federal Fiscal Year 2014

- Financing the estuary projects that are part of the New NY Bridge project will have *no impact* on EFC's ability to fully fund projects anywhere in New York State in Federal Fiscal Year 2014.
- EFC expects to finance well over \$1.3 billion in more than 100 communities in the current fiscal year.
- EFC recently added five more CWSRF projects in New York City for a total of \$92,896,872, part of the more than \$400 million in CWSRF financing for New York City in the current federal fiscal year.
- After receiving and scoring projects for CWSRF financing this year, EFC had more than \$1 billion in unallocated funds remaining for the year.
- EFC operates the largest state revolving loan funds in the nation with \$8.6 billion in loans currently outstanding and net assets of more than \$5 billion.
- EFC has the highest credit ratings from all three major credit rating agencies, and the New York fund is considered one of the most active and efficient in the nation.

U.S. Environmental Protection Administration (EPA) or other federal approval is not required prior to the closing of CWSRF loans

- EPA approval is not required prior to the closing of CWSRF loans. Moving forward, EFC will coordinate with EPA and provide information on this loan, on a routine basis and as requested.

- The EFC board of directors approves loans as long as EFC has the resources available, has determined the project to be eligible, and the applicant demonstrates an ability to repay the loan.
- EFC executives traveled to Washington D.C. on May 20, 2014 to meet with EPA State Revolving Fund administrators and staff. The administrators and staff concurred with EFC's assessment that the estuary projects proposed for the New York-New Jersey Harbor and Estuary are consistent with and eligible for CWSRF financing Section 320 of the federal Clean Water Act.
- New York State and EFC do consult regularly with EPA staff on matters concerning new or innovative CWSRF financing.
- For example, EPA was consulted last year prior to EFC's first-in-the-nation financing of a clean energy program offered by the New York State Energy Research and Development Authority (NYSERDA). This marked the first time ever that Clean Water funds were used to help finance a clean energy program that was linked to water-quality protection. NYSERDA's Green Jobs Green New York Home Energy Efficiency program was recapitalized by \$24.3 million through a guaranty by EFC.

The PACB-approved loan will save Thruway about \$35 million, and will help keep tolls on the new bridge as low as possible

- The \$256 million zero interest loan approved by EFC and PACB will save the Thruway Authority about \$35 million in interest costs through 2019 compared with traditional Thruway bonds, thereby helping to keep tolls on the new bridge as low as possible.
- EFC's board of directors has approved two loans for the New NY Bridge project. The PACB must act on the second, market-rate loan, most likely in 2016 or later.
- There is *no cost to state taxpayers* connected with the CWSRF loan.
- The loan will be fully repaid by the Thruway Authority.
- The Thruway Authority is expected to begin drawing funds from the EFC loan starting in late August or early September of 2014.

The CWSRF loans to support environmental measures connected with the New NY Bridge project are an appropriate and legal use of these funds

- The loans will be made from EFC's CWSRF on the basis of supporting costs that align with the environmental priorities outlined in the New York-New Jersey Harbor and Estuary Comprehensive Conservation and Management Plan (CCMP).
- The EFC loans will support environmental measures that will protect water quality and marine life in the Hudson River estuary, including protection of endangered Atlantic sturgeon, oyster beds and other habitats, during and after construction of the New NY Bridge.
- The laws governing the Clean Water State Revolving Fund authorize financial assistance for:
 - Point Source Projects (Clean Water Act Section 212)

- Projects that assist in the implementation of the state’s Non-Point Source Management Plan (Clean Water Act Section 319)
- Projects that assist in the development and implementation of an EPA-approved National Estuary Comprehensive Conservation and Management Plan (Clean Water Act Section 320). The NNYB lies within New York-New Jersey Harbor and Estuary, which is a federally designated estuary of national significance and has an EPA-approved CCMP.
- The EFC loans will go toward environmental projects that will protect, enhance and promote the New York-New Jersey Harbor and Estuary, which are objectives of the CCMP and are therefore eligible for CWSRF financial assistance.

Financing of estuary projects was an original goal of the CWSRF

- The laws governing the CWSRF authorize financial assistance for projects that are consistent with and which implement an EPA-approved federal estuary Comprehensive Conservation and Management Plan.
- Numerous environmental components of the NNYB – including underwater noise protection for aquatic species during construction, removing deteriorated structures, and restoring oyster beds – advance the objectives of the CCMP and are therefore eligible for CWSRF financial assistance.
- The New NY Bridge vehicular roadway and the foundations structures supporting it are ineligible and *are not* being financed by the CWSRF.
- Like all other projects financed through the CWSRF, these estuary projects were ranked and scored by EFC and under the same priority scoring system.

The EPA has in recent years urged states to expand use of loan programs to support estuary protection

- For the past fifteen years, the EPA has been urging states to expand the use of their SRF programs to support funding for estuary protection, using the authority granted by Congress when it created the Clean Water State Revolving Fund in 1987.
- Although other states have used CWSRF funds to benefit estuaries, the short-term loan package for environmental measures connected with the New NY Bridge project approved by EFC represent the largest series of estuary protection and enhancement projects ever financed by the CWSRF.
- The projects planned for the New York-New Jersey Harbor and Estuary restore and maintain important ecosystems, remove toxic contamination, reduce storm water impacts, and incorporate environmentally-protective construction techniques into the New NY Bridge project to replace the Tappan Zee Bridge, and also improve public access to the estuary.