

Environmental Finance Center Network Syracuse University - Region 2 Annual Reports

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[1996 Annual Report](#)

[1995 Annual Report](#)

**U.S. EPA REGION 2 - ENVIRONMENTAL FINANCE CENTER MAXWELL SCHOOL OF
CITIZENSHIP AND PUBLIC AFFAIRS
SYRACUSE UNIVERSITY**

1997 ANNUAL REPORT

TABLE OF CONTENTS

EXECUTIVE OVERVIEW:

SUMMARY OF ACTIVITIES

Conferences, Special Projects, and Presentations
On-Going Programs and Projects
Number of Meeting Attendees

PRINCIPAL PROJECT AND MEETING SUMMARIES

NYS Rural Development Council, Infrastructure Working Group (IWG)

Project Description
Background
Themes and Product
List of Rural Development Council Infrastructure Working Group Members
Outcomes

Presentation: "Water and Wastewater Rate Setting" and "Conflict Management in Intergovernmental Collaboration"

Project Description
Background
Themes and Products
Outcomes

Economic and Fiscal Impact of Onondaga County (Syracuse), New York Remediation of Onondaga Lake

Introduction
Background
Project Description

Environmental Community Assistance Consortium (ECAC)

Project Description
Background
Themes and Product
Outcomes

Maxwell Environmental Joint Working Group

Project Description
Background
Themes and Product
Outcomes

EFC NETWORK COLLABORATIVE ACTIVITIES

EXECUTIVE OVERVIEW:

The United States Environmental Protection Agency's (EPA) Region 2 Environmental Finance Center (EFC) at Syracuse University's Maxwell School of Citizenship and Public Affairs was established in October 1993. Since its establishment, the Syracuse EFC has aggressively undertaken a wide range of environmental financing projects and activities, and built a considerable record of accomplishment. A focus of the EFC has been the important issue of full-cost pricing of environmental services. The EFC has sponsored and hosted conferences to examine the issue as it impacts the sustainable provision of local water and wastewater services. The EFC has also assisted communities with the use of an EPA supported windows-based computer software program for setting financially responsible water and wastewater rates. This computerized rate model was developed for use by local water and wastewater systems.

During 1997 the EFC continued to sponsor demonstrations and training programs for environmental officials in EPA Region 2, and continued to provide environmental finance outreach services and information to local governments through presentations to professional associations and membership organizations. The presentations focused on topics of public finance, capacity development, water and wastewater rate setting, and topics relative to environmental governance. Also in 1997, the EFC increased its involvement in collaborative projects with other government-sponsored programs, institutions of higher learning, and EFC Region 10. For example, the EFC arranged for the New York State Rural Development Council to have in-kind physical space in the Maxwell School of Citizenship and Public Affairs at Syracuse University. This facilitated the ability for the EFC to work on a continuous basis with the Council's Infrastructure Working Group, particularly on capacity development for drinking water.

Currently, the EFC and the Council are proposing projects for funding by New York State to support public education in environmental policy and regulatory compliance processes. The EFC also played a central role in the Environmental Community Assistance Consortium (ECAC), a consortium of academic programs that provide assistance to communities. ECAC is currently involved in projects that focus on capacity development of community water supply systems, watershed management, and the development of strategies for Source Water Assessment Protection required in the 1996 Safe Drinking Water Act. The EFC in EPA Region 10 recently collaborated with this EFC and the Syracuse University Program on Analysis and Resolution of Conflicts to conduct a seminar workshop on rate setting and conflict management. Environmental and legislative officials from the Village of Valatie (near Albany, NY) and cities within Genesee County in western New York participated in the workshop. In collaboration with the State University of New York (SUNY) College of Environmental Science and Forestry, the Center for Environmental Policy Analysis, the Global Affairs Institute, and the Department of Public Administration at the Maxwell School of Citizenship and Public Affairs, the Syracuse EFC established a multi-disciplinary working group to address issues of environmental conflict. The EFC is currently planning discussion forums in 1998 as an avenue to identify sources of environmental conflict and is formulating activities to enhance the likelihood of resolution to those conflicts. Finally, the EFC has completed an analysis of the economic and fiscal impact of the Onondaga Lake Remediation Plans for the Onondaga Lake Management Conference. The EFC is

making information available on the World Wide Web at <http://www.maxwell.syr.edu/exed/efc>

SUMMARY OF ACTIVITIES

Conferences, Special Projects, and Presentations

Authored "Balancing Risk and Finance: The Challenge of Implementing Unfunded Environmental Mandates" in the January/February Public Administration Review (volume 57 number 1, 1997).

In April 1997, presented at the Village Clerks Association Annual Conference, "*Concepts, Practices and Tools of Rate Setting for Municipal Water and Wastewater Services*". The presentation included the following topics: basic concepts and definitions of rate setting, approaches to developing a rate setting plan suitable for municipalities, and the processes necessary to determine the appropriate rate structures for municipalities.

In May 1997, presented, "*Balancing Risk and Finance: The Challenge of Implementing Unfunded Environmental Mandates*" to the International Institute of Municipal Clerks.

In June 1997, prepared "*The Economic and Fiscal Impact of Lake Remediation on Onondaga County*" for the Onondaga Lake Management Conference. The discussion points were as follows: the economic and fiscal implications for Onondaga County of court-mandated sewer-related remediation of Onondaga Lake, the affect the remediation will have on the fiscal condition of the county, and what linkages exist between the fiscal consequences and the health of the local economy.

In June 1997, presented, "*Environmental Infrastructure Projects and the New York State Environmental Bond Act: Capital Planning and Budgeting Policy Issues*" to the New York Planning Federation, 1997 Spring Regional Training Institute, SUNY-New Paltz.

In June 1997, prepared, "*An Introduction to Local Government Finance*" for the 1997 Municipal Clerks Academy for Advanced Education.

In November 1997, presented, "*Water and Wastewater Rate Setting and Conflict Management in Intergovernmental Collaboration*" to environmental and legislative officials from the Village of Valatie and cities in Genesee and Monroe County, New York.

In November 1997, presented, "*Discussion on Capacity Development*" to the New York State Rural Development Council.

In November 1997, presented, "*The Role of the EFC*" to the Master of Public Administration Class of 1998 at the Maxwell School of Citizenship and Public Affairs at Syracuse University.

On-Going Programs and Projects

Attendance at professional association meetings and presentations on capital planning and financing; the concepts of water and wastewater rate setting; environmental governance relative to intergovernmental cooperation and collaborative planning.

Maintaining database of past EFC program attendees, potential clients, and technical service providers.

Facilitating the creation of physical space for the New York State Rural Development Council (NYS RDC) headquarters in the Maxwell School facilities. Close proximity with the NYS RDC has enabled the EFC to broaden the scope of collaborative opportunities with government and environmental service entities serving municipalities in the New York area of EPA Region 2. Collaborative projects currently underway include a two-pronged public education strategy on water system issues in western New York; a legal and policy analysis of the impact of the State Revolving Loan Fund; and the establishment of community forums dedicated to

enhancing public awareness in areas of environmental conflict.

Continued participation in the NYS RDC Infrastructure Working Group. The working group is composed of technical assistance providers, rural advocacy groups, and State and federal funding agencies. Group members are extremely valuable resources to the EFC and are particularly concerned with rural utility management, capital planning for environmental infrastructure, and the administrative capacity of small communities.

Maintained the "EFCTALK" communications network. This allows all EFCs to have an avenue of inclusive electronic communication as needed.

Completed work on the Onondaga Lake remediation plan project. The purpose of this project was to analyze the economic and fiscal consequences on Onondaga County (Syracuse), New York of court-ordered remediation of Onondaga Lake. The EFC lake remediation project provides (1) baseline projections of the county's economic base and fiscal condition for the next two decades, and (2) assesses the impact of various lake remediation proposals on the future growth of the local economy and on county finances.

Continued emphasis on collaborating with other universities, particularly through the Environmental Community Assistance Consortium (ECAC), to develop proposals addressing state environmental concerns. The EFC's emphasis has been on public policy as it relates to environmental infrastructure and environmental finance issues. The EFC will continue to coordinate this work with ECAC and other entities to develop pro-active information programs for key legislators and State agencies. The primary project to date is referred to as the "Genesee Project" and involves the expert contributions of ECAC members in the preparation of a critical analysis of two approaches to the development of a water system in western New York, in addition to providing ongoing assistance in the areas of water rate setting and public education. The most recent endeavor is collaborating on a Request for Proposal from the Catskills Watershed Corporation in the area of economic development.

Outreach and education of local government officials has been a component of all EFC program initiatives. Each of our projects is meaningful to those individuals at the local level who are charged with meeting the administrative, financial, technical, and institutional requirements of environmental mandates and environmental infrastructure needs. EFC outreach has included maintaining relationships with the NYS Conference of Mayors, the NYS Association of Towns, the New York Municipal Management Association, the NYS Government Finance Officers Association, the NYS Town Clerks Association, the NYS Environmental Facilities Corporation, the NYS Rural Water Association, the NYS Rural Development Council, the NYS North Country Local Government Association, the Central New York Water Works Association, and the City of Syracuse. Presentations on capital planning and water and wastewater rate-setting were provided to several of the above listed organizations.

Initiating collaborative opportunities with the Environmental Business Association (EBA) to explore privatization through the development of case studies. The EFC and the EBA are currently planning a joint conference that will include forums and presentations on privatization in addition to showcasing innovative projects undertaken in municipalities in EPA Region 2.

Planning a Spring 1998 conference on water quality and transboundary water issues with the College of Environmental Forestry of the State University of New York and the Environmental Law Policy Institute of the Syracuse University College of Law. The EFC plans to provide assistance with a session dedicated to public finance and regulatory compliance. Meetings dedicated to conference planning take place monthly. The group plans to establish an annual Earth Day event.

Participating as a member of a multi-disciplinary group, referred to as the "Maxwell Environmental Working Group", to address issues of environmental conflict using academic and community expertise to propose viable alternatives and solutions to conflicts as they occur. The group currently meets on a weekly basis and is preparing to write a proposal for the funding of a University program dedicated to environmental conflict.

Number of Meeting Attendees

Concepts, Practices, and Tools of Rate Setting for Municipal Water and Wastewater Services - April 1997-----	100
Balancing Risk and Finance: The Challenge of Implementing Unfunded Environmental Mandates - May 1997 -----	100
The Economic and Fiscal Impact of Lake Remediation on Onondaga County - June 1997 -----	100
Environmental Infrastructure Projects and the New York State Environmental Bond Act: Capital Planning and Budgeting Policy Issues - June 1997 -----	50
Maxwell Environmental Working Group -----	70
Environmental Law Policy Institute -----	50
Water and Wastewater Rate Setting and Conflict Management in Intergovernmental Collaboration - November 1997 -----	20
Discussion on Capacity Development - November 1997 -----	15
The Role of the EFC - November 1997 -----	25
NYS Rural Development Council - Infrastructure Working Group -----	375
TOTAL -----	905

Principal Project and Meeting Summaries**NYS RURAL DEVELOPMENT COUNCIL,
INFRASTRUCTURE WORKING GROUP (IWG)****Project Description**

In the past, the Syracuse Environmental Finance Center (EFC) hosted the Rural Resource Roundtable series with two workshops for New York State rural community technical assistance providers. The first was held in September, 1994. Workshop topics included effective financing strategies, citizen communication approaches, rural environmental finance service needs, compiling data for financial assistance, and opportunities for cooperative efforts to improve assistance to rural communities. The second workshop was held in April, 1995. Topics included the "ENVEST Volunteer Program of the American Council of Consulting Engineers, qualification-based selection for professional services, EPA Small Town Task Force recommendations, and conflict negotiations and mediation skills. The New York State Rural Development Council's Infrastructure Working Group (IWG) replaced the Rural Resource Roundtable in 1995. The group meets regularly (six-nine times a year) with smaller working groups reporting back to the full group. Through membership and participation in the IWG, the EFC forged a relationship with the New York State Rural Development Council as an entity. As a result more opportunities for collaborative planning and assistance have evolved. The EFC has worked closely with the NYS RDC and IWG in 1997 and plans to continue doing so in the future.

Background

The Rural Resource Roundtable workshops were initiated and developed, in part, due to the large proportion of

land area in New York State that is defined as rural (towns with populations less than 150 persons per square mile). In addition, New York State has one of the largest number of "small" public water suppliers in the United States. These factors in addition to the severe economic, fiscal, managerial and technical resource limitations were the impetus behind the creation of the series of workshops. The overarching purpose of the workshops, and establishing the IWG, was to bring together technical service providers for small, rural New York State communities to help facilitate and coordinate their efforts in addressing the environmental project needs of their clients. This effort has been very effective as a planning and action mechanism, particularly with respect to capacity development.

Themes and Product

The themes of these meetings have been diverse and have reflected the wide range of environmentally-related challenges facing rural communities. One key objective of each meeting has been to provide a forum where the technical service providers for rural communities can discuss among themselves and with specialists various rural community problems and strategies for dealing with these problems. The meetings have fostered an ongoing dialogue for future purposes. At the most recent meeting, in November 1997, Bill Jarocki from EFC Region 10 did a presentation on capacity development which was followed by an informal round table discussion.

List of Rural Development Council Infrastructure Working Group Members

Co-Chairs

David A. Miller, USDA Rural Development, Rural Utility Services

Patricia Scalera, N.Y.S. Rural Water Association

Key Members

David Vahue, Executive Director, New York State Rural Development Council

Bill Webb, Senior Water Resources Specialist, Northeast Rural Community Assistance

Dick Mansfield, Rural Development Coordinator, Rural Development

Diane Perley, P.E., Self-Help Support, NYS Environmental Facilities Corporation

Ronald Brach, Executive Director, NYS Legislative Commission on Rural Resources

Berry Shore, U.S. EPA Region 2 Small Community Coordinator

Larry Keefe, NYS Department of Health

Michael Merrill, HUD

Sandi Carroll, County Legislators & Supervisor's Association of NYS

Doug Ferguson, NYS Department of Health - Self Help

Ed White, NYS Department of State - Self Help

Kevin Smith, Tug Hill Commission

Kim Collins, Maxwell Environmental Finance Center

Outcomes

The most important outcome in the past year was the role of the EFC in facilitating the creation of physical space for the New York State Rural Development Council in the facilities of the Maxwell School of Citizenship and Public Affairs at Syracuse University. This effort solidified the relationship between the EFC and the Council. It has enabled the EFC to broaden the scope of its involvement to be relevant to the NYS RDC as an entire entity rather than limited to the Infrastructure Working Group within the NYS RDC.

There are plans to continue working together in the design and delivery of subsequent programs for both technical service providers and rural community representatives. The expert information provided by the participants will enhance the ability of the Syracuse EFC to offer useful technical assistance (e.g., training in capital budgeting, water and wastewater rate setting, and capacity development) to rural communities.

The EFC will also continue its work with the New York Infrastructure Working Group, a coalition of technical service providers whose purpose is to address the need for infrastructure and related financing issues that are facing the state's rural communities. The NYS RDC will fund and collaborate with the EFC to prepare and execute a two-pronged approach to in a public education strategy concerning the development of a water system in western New York. In collaboration with the College of Law at Syracuse University and the Department of Public Administration at the Maxwell School of Citizenship and Public Affairs at Syracuse University, the EFC will also prepare a series of policy and legal analysis' on issues ranging from the decision-making process of the water system to an assessment of the impact of the State Revolving Loan Fund.

Presentation: "Water and Wastewater Rate Setting" and "Conflict Management in Intergovernmental Collaboration"

November 1997

Project Description

In October 1996, "Water and Wastewater Rate Setting" and "Conflict Management in Intergovernmental Collaboration" was presented to environmental and legislative officials from the Village of Valatie, located in central New York, and Batavia, Pembroke, Oakfield, LeRoy and other cities of Genesee County and Monroe County, located in western New York.

Background

The EFC has been continuously involved in the Genesee County Water Advisory Task Force since April, 1997. The Task Force was initially formed to explore the possibility of funding collaborative county projects through the New York State Environmental Bond Act. Genesee County has a host of water procurement and distribution concerns represented by the many individual systems currently operating in the county. Among the concerns are marginal operating capacity, obsolete infrastructure, watershed protection problems, nonexistent or insufficient auxiliary sources, inadequate financial, managerial and technical capacities, and source contamination. Environmental and legislative officials recognized the potential value of combining resources and designing a water system capable of serving several municipalities within the Genesee County area. Two separate engineering consulting firms were commissioned by two separate governments to develop comprehensive water supply systems. At this juncture there are technical, political, and funding considerations at issue in the decision-making process with respect to which system approach is the most appropriate for the long term. The EFC offered to make presentations about rate setting to decision makers and citizens alike to assist in the process. The fact that up to twelve government bodies have been involved in the Task Force prompted the request for a conflict management component of the presentation.

Themes and Products

The rate setting presentation included: general policy issues, the process for setting rates, and the mechanics of establishing basic rate structures. Additionally, at the conclusion of the presentation, the rate model demonstration and training program was described and a majority of the audience viewed a brief demonstration of the model as it was displayed on a computer projector. The conflict management presentation, presented by the Program on the Analysis of Resolution and Conflict of the Maxwell School of Citizenship and Public Affairs at Syracuse University, included: an interactive exercise that promoted skills in consensus building, compromise, and working in teams to achieve goals of common need, a computer presentation of models used in managing conflict among diverse decision makers, and a round table discussion session on professional experiences of conflict in decision-making settings.

Outcomes

The 20 session participants were enthusiastic participants in the rate setting and conflict management presentations. The City of Batavia and the Village of Valatie are currently in the process of providing the EFC with data to produce rate setting scenarios with RateMod Pro. Subsequent presentations to other officials took place in December 1997 and have been arranged for February 1998. There has also been an interest expressed in "building" on the conflict management presentation to include sessions dedicated to government and citizen interaction.

Economic and Fiscal Impact of Onondaga County (Syracuse), New York Remediation of Onondaga Lake

Introduction

On July 31, 1995 the Syracuse EFC entered into an agreement with the Onondaga Lake Cleanup Corporation (the administrative service unit of the federally created Onondaga Lake Management Conference or OLMC) to conduct a 17 month, \$409,000 economic and fiscal analysis of the effects of lake remediation expenditures to be made by Onondaga County.

Background

Created by Congress in 1990, and consisting of six voting members (US Army Corps of Engineers, US EPA, Governor of New York, Attorney General of New York, Onondaga County Executive, and the City of Syracuse Mayor), the OLMC was charged with developing a comprehensive restoration, conservation and management plan for Onondaga Lake and for coordinating implementation of the plan by the OLMC members. As a result of decades of pollution from both industrial sites and Onondaga County's sewerage treatment facilities, Onondaga Lake has been labeled as one of the most polluted bodies of water in the U.S. Following a 1988 lawsuit, Onondaga County agreed to a Federal District Court consent judgment that directs the County to plan, design and construct facilities to bring its lake discharge into compliance with regulatory requirements. (A similar judgment has been entered into by the major industrial firm involved in Onondaga Lake pollution.)

Not surprisingly, determination of the exact nature, size and timing of the facilities that Onondaga County will be required to construct has been controversial. The costs associated with some of the proposals are enormous and raised several key issues:

- Will the costs outweigh the benefits?
- Will the County be able to obtain the necessary financing?
- Will the County be able to meet its other budgetary and capital obligations?
- Will county residents and businesses be able to afford the increased user charges associated with lake Remediation?

Each of these questions was profoundly important as the decision-makers work through various Remediation proposals and each is exceedingly difficult to answer. Thus, the need for the study to be conducted by the Maxwell EFC. Rather than presenting concrete answers, the study presents realistic scenarios that address each

question in a manner relative to policy making.

Project Description

The Maxwell EFC study of Onondaga Lake Remediation proposals has three major components:

- Analysis and Baseline Forecast of the Local Economy.
- Analysis and Baseline Forecast of County Fiscal Conditions.
- Policy Simulation and Analysis of Remediation Proposals.

Taken together, the results of these three components of the study will provide OLMC members with information that will help to resolve the many difficult issues involved in devising an effective and affordable plan to remediate the part of Onondaga Lake's pollution attributable to the County's sewage treatment and combined sewerage overflow discharges.

Environmental Community Assistance Consortium (ECAC)

Project Description

The EFC, the Water Resources Institute at Cornell University, the Darrin Fresh Water Institute at Renesselear Polytechnic Institute, and the Great Lakes Program at the State University of New York at Buffalo have combined their expertise and resources to further the activities of the Environmental Community Assistance Consortium (ECAC) which was formed in 1996.

Background

The motivation behind ECAC's formation were the opportunities presented by the New York Environmental Bond Act, the New York City Watershed Agreement, and other legislatively approved environmental programs. Funds from the programs are substantial and represent an unprecedented opportunity for local communities and small businesses to unite their environmental and economic goals. ECAC has been actively proposing to work with smaller communities across the State by assisting in the identification of needs and the development of proposals. The expertise ECAC is able to provide includes assistance in the financial, managerial, process and conflict resolution, and engineering processes necessary to proposals for environmental purposes.

Themes and Product

The themes of the assistance ECAC has provided are diverse and have encompassed a broad range of environmentally-related activities. The key objective to each activity pursued is to provide communities a full range of support in efforts to improve environmental conditions. ECAC meets on an as needed basis, with planning sessions among specific ECAC members generally taking place on a bi-weekly basis, depending on the project.

Outcomes

The critical analysis of the water system approaches in the Genesee County region of New York is one of the most significant outcomes. The Great Lakes Program is providing the engineering assessment portion of the analysis. The EFC is providing the fiscal impact assessment portion. The critical analysis will address the long-term viability of the alternative design approaches proposed and the long-term cost-benefit to each of the communities the approaches will affect. Information gleaned from the analysis will assist decision-makers in determining which approach is most suitable for their communities.

In addition to the critical analysis, ECAC has provided an opportunity for officials to learn the need for and mechanisms of rate setting, and to openly discuss the concerns of their individual communities in the

approaches. The officials meet on a regular basis and have expressed the desire for follow-up on the rate setting and conflict management presentations they attended in November 1997.

A second outcome is the writing of a proposal for Economic Development and Educational Programming in the New York City Watershed communities. The proposal will be submitted to the Catskill Watershed Corporation in February 1998. ECAC will propose to target key stakeholders for developing an understanding of the new context posed for economic development in the New York City watersheds and how they can enjoy new opportunities provided by the new partnership for protected water.

A third outcome is the assistance ECAC has provided the Susquehanna River Basin Coalition, which consists of government agency and community representatives to address source water problems that have affected the Chesapeake Bay region.

Maxwell Environmental Joint Working Group

Project Description

The interaction the EFC has had with faculty at the Maxwell School of Citizenship and Public Affairs and Syracuse University has been somewhat limited to specific projects that necessitate the expertise of specific faculty members. In September 1997, the EFC, Maxwell and Syracuse University faculty from several hard science and social science disciplines met to discuss the viability of forming a collaborative group to develop theoretical and applied strategies in the arena of environmental conflict. The College of Environmental Science and Forestry at the State University of New York (ESF SUNY) was also included. The EFC believes that since it is housed in an academic institution, a plethora of expert resources are available to use in a variety of capacities useful to the municipalities it serves. The disciplines incorporated into the Maxwell Environmental Working Group include engineering, economics, business management, law, public administration and social policy, anthropology, environmental science and forestry, and technology and information.

Background

The concept of faculty members from diverse disciplines combining expertise is not new or uncommon. However, in most instances expert and academic resources are pooled on an as-needed basis rather than in a continuous cycle of activity. At the initial meeting of the Maxwell Environmental Joint Working Group faculty and EFC representatives discussed collaborative efforts of the past that did not produce results, largely due to competing schedules, competing agendas, and the inadequate background many faculty members have in collaborative planning projects that extend beyond the confines of pure academic research. Of the group members, the EFC is the only entity not considered an academic department. Thus, it was decided that the EFC could be instrumental in identifying projects and administering the necessary details of the projects.

Themes and Product

The Maxwell Environmental Working Group has been meeting on a weekly basis since its inception. The current emphasis is refining a proposal to address environmental conflict in land use and land management in the Adirondacks region of New York, as well as selected areas in California and abroad. Another area of emphasis is developing seminars in which local government officials and students of the environmental study fields can broaden their knowledge and skills through the development of actual case studies and applied experiences.

Outcomes

The Maxwell Environmental Working Group is planning a Summer 1998 workshop for potential funding source officials to be introduced to the concept of environmental conflict on a domestic and international level, and explore potential activities to apply academic and professional expertise in the resolution process.

A second outcome is the development of a graduate level seminar course on Cooperative Strategies in Environmental Conflict to be team-taught and open to local officials and students of environmental studies in the Spring 1998 semester through the Maxwell School of Citizenship and Public Affairs, Syracuse University, and ESF SUNY.

EFC Network Collaborative Activities

In 1997 virtually all EFC activities contained elements of collaboration with internal and external entities. The EFC recognizes the importance of identifying individuals, agencies, and organizations with the capacity to deliver goods, services, and assistance and coalescing with them to optimize the assistance the EFC is able to provide the municipalities it serves. Collaborative partners of the EFC include the following:

- EFC Region 10 - to build on the ability to provide expertise in the areas of rate setting and capacity development.
 - Syracuse University College of Law Environmental Law Policy Institute - to establish an annual event for Earth Day, with plans for 1998 to hold a conference on water quality and transboundary issues.
 - Maxwell Environmental Joint Working Group - for purposes of capitalizing on the available faculty expertise to address issues of environmental conflict.
 - New York State Rural Development Council - to maintain dialogue between technical assistance providers, rural advocacy groups, and State and federal funding agencies, and plan projects to assist rural municipalities in environmental services and conditions.
 - Environmental Community Assistance Consortium - for purposes of providing communities assistance in proposal development and capacity building.
 - Environmental Business Association - to address issues of privatization and pool resources to conduct conferences for officials that include case studies of privatization projects, in addition to innovative projects undertaken by local governments.
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TABLE OF CONTENTS

1996 ANNUAL REPORT

REGION 2

ENVIRONMENTAL FINANCE CENTER AT SYRACUSE UNIVERSITY

EXECUTIVE OVERVIEW

SUMMARY OF ACTIVITIES

PRINCIPAL PROJECT AND MEETING SUMMARIES

NYS Rural Development Council, Infrastructure Working Group

Alternative Funding Study: Water Quality Fees and Debt Financing Issues

Water and Wastewater Rate-Setting Model: Demonstration and Training Programs

Economic and Fiscal Impact of Onondaga County, New York, Remediation of Onondaga Lake

Opportunities for Privatization of New York State Water and Wastewater Facilities: A Conference for Local Government Officials

SECONDARY PROJECT AND MEETING SUMMARIES

Presentation: "Planning for Capital Improvements"

Presentation: "Cost Analysis for Public Water Services: A Guide for Decision- Making"

Presentation: "Concepts and Practices of Rate Setting For Municipal Water And Wastewater Services"

Article: "Rate Reviews for Public Water Services: A Critical Step to Insure the Financial Integrity of Public Water Systems"

U.S. EPA REGION 2 - ENVIRONMENTAL FINANCE CENTER AT THE MAXWELL SCHOOL OF CITIZENSHIP AND PUBLIC AFFAIRS SYRACUSE UNIVERSITY

1996 ANNUAL REPORT

EXECUTIVE OVERVIEW:

The United States Environmental Protection Agency's (EPA) Region 2 Environmental Finance Center (EFC) at Syracuse University's Maxwell School of Citizenship and Public Affairs was established in October 1993. Since its establishment, the Syracuse EFC has aggressively undertaken a wide range of environmental financing projects and activities, and built a considerable record of accomplishment. A focus of the EFC has been the important issue of full-cost pricing of environmental services. In this regard, the EFC sponsored and hosted a conference examining the issue as it impacts the sustainable provision of local water and wastewater services. The Center has also hosted and assisted with the field testing of an EPA supported windows-based computer software program for setting financially responsible water and wastewater rates. This computerized rate model has been developed for use by local water and wastewater systems. The EFC will continue the rate model program by sponsoring demonstrations and training programs for New York and New Jersey State environmental officials and EPA Region 2 officials, in FY 1997. As a third area of focus, the Syracuse Center has completed a major Congressionally-requested study for EPA's Office of Water examining a wide range of alternative financing strategies and delivery mechanisms for funding water infrastructure. The EFC jointly sponsored with the Council of Infrastructure Financing Authorities four open meetings discussing the study's findings and the initial report drafts. The Report to Congress was finalized and delivered to EPA's Office of Water in September, 1996. In April, 1996 the EFC co-sponsored and hosted a major local government conference with the New York State Environmental Facilities Corporation, "Opportunities for Privatization of NYS Water and Wastewater Facilities". The response of the over 200 local officials was extremely favorable and a follow-up seminar is being planned for FY 1997. The Center continues to provide environmental finance outreach services and information to local governments through presentations to professional associations and membership organizations. The 1996 presentations focused on the topics of capital planning and budgeting and water and wastewater rate setting. The EFC plays a central role in the New York State Rural Development Council's Infrastructure Working Group (IWG), which replaced the Rural Resources Roundtable in 1995. The IWG meets six to nine times a year to discuss rural infrastructure needs and the improvement of services and financing opportunities to meet those needs. Accessing New York State funding opportunities through collaborative efforts with the Syracuse University School of Engineering and other New York State universities will continue to be emphasized in 1997. Another major initiative of the EFC is completing an analysis of the economic and fiscal impact of the Onondaga Lake Remediation Plans for the Onondaga Lake Management Conference.

SUMMARY OF ACTIVITIES

Conferences, Special Projects, and Presentations

- In February 1996, presented at the New York State Association of Towns Annual Conference, "*Planning for Capital Improvements*". The presentation included the following topics: basic concepts and definitions, benefits of developing a capital improvement plan (CIP), approaches to developing a CIP, and the CIP process.
- In March 1996, presented, "*Cost Analysis for Public Water Services: A Guide for Decision-making*," to the Central New York Water Works Association. The discussion points were as follows: an introduction to cost analysis, uses of cost analysis, getting started in cost analysis, definition and cost concepts, and an application- rate setting for water service.
- In April 1996, hosted and co-sponsored, "*Opportunities for Privatization of New York State Water And Wastewater Facilities: A Conference for Local Government Officials*", with the New York State Environmental Facilities Corporation. This very successful conference attracted over 200 local government officials from across New York State to consider the issue of privatization as it applies to these sectors. As a result of the strong interest demonstrated at the conference, we plan to co-sponsor a follow-up seminar in 1997.
- In September, 1996 completed final report, [Alternative Funding Study: Water Quality Fees and Debt Financing Issues](#), for EPA's Office of Water. The study was prepared under a grant from that Office, using earmarked funds in EPA's FY 1995 appropriations. The EFC and the Council of Infrastructure Financing Agencies sponsored four open meetings to discuss fee options and delivery institutions. These included:
 - 1) April 25 presentation in Arlington, VA;
 - 2) July 19 facilitated panel discussion in Arlie Center, VA;
 - 3) September 21 facilitated panel discussion in Denver, Colorado; and
 - 4) October 10 facilitated stake holder discussion in New York City.
- In October 1996, presented, "*Concepts And Practices Of Rate Setting For Municipal Water And Wastewater Services*" , to the New York State Conference of Mayors Annual Public Works Training. The presentation included: general policy issues, the process for setting rates, and the mechanics of basic rate structures.
- In November 1996, authored article for **Aquafacts** - The Official Publication of New York Rural Water Association, entitled, "*Rate Reviews for Public Water Services- A Critical Step to Insure the Financial Integrity of Public Water Systems*". The article addresses fundamental questions concerning rate reviews for public water systems including: why are rate reviews important? how do you conduct a rate review? how often should they be conducted and by whom? and where can you get assistance with rate reviews?

On-Going Programs and Projects

- Attendance at professional association meetings and presentations on capital planning and financing and the concepts of water and wastewater rate setting.
- Maintaining database of past EFC program attendees, potential clients, and technical service providers.
- Continued participation in the New York State Rural Development Council s Infrastructure Working Group. The working group is composed of technical assistance providers, rural advocacy groups, and State and federal funding agencies. Group members are extremely valuable resources to the EFC and are particularly concerned with rural utility management, capital planning for environmental infrastructure,

and the administrative capacity of small communities. We plan to present a demonstration of the rate model as a break-out session of the NYS RDC annual conference in April, 1997.

- Assisted in planning the 1997 Public Finance Institute two-week program, "Financing Environmental Infrastructure: Innovations for the 21st Century". (June 8- 22, 1997) This Executive Education program is designed for senior level public finance, infrastructure finance, and environmental finance specialists. The program will provide an unique learning experience where leaders and practitioners explore the principles and practices of public finance as they apply to financing environmental infrastructure. Faculty for the Institute will include public and private sector specialists in public and environmental finance with extensive experience in both the domestic and international settings. Tuition from the program will cover PFI expenses and generate revenue for on-going EFC activities. The development of a two-day Public Finance Institute program for local government officials is under development for FY 1997.
- Created and maintained the "EFCTALK" communications network.
- Continued work on the Onondaga Lake remediation plan project. The purpose of this project is to analyze the economic and fiscal consequences on Onondaga County (Syracuse), New York of court-ordered remediation of Onondaga Lake. The EFC lake remediation project will (1) provide baseline projections of the county's economic base and fiscal condition for the next two decades, and (2) assess the impact of various lake remediation proposals on the future growth of the local economy and on county finances.
- Participation in the New York State Comparative Risk Project. The EFC is participating as a member of the public participation work group of the Comparative Risk Project : Multimedia Pollution Prevention Project for the NYS Department of Environmental Conservation. The purpose of this EPA- funded project is to develop risk-based pollution prevention strategies. All identified pollution prevention measures will be evaluated on the basis of cost, expected effectiveness, practicality, and fairness. The public participation work group is charged with ensuring public participation, generating a public opinion poll, sponsoring a "public summit" and other methods of public outreach.
- Continued emphasis on new projects with the State of New York concerning the issues of privatization and competition and through newly emerging funding opportunities (New York City Watershed agreement, the NYS Environmental Quality Bond Act, and the Safe Drinking Water Act). We are also collaborating with other universities to develop proposals addressing state environmental concerns. Our emphasis is on public policy as it relates to environmental infrastructure and environmental finance issues. We will continue to coordinate this work with the University and develop a pro-active information program for key legislators and State agencies.
- Outreach and education of local government officials has been a component of all EFC program initiatives. Each of our projects is meaningful to those individuals at the local level who are charged with meeting the administrative, financial, technical, and institutional requirements of environmental mandates and environmental infrastructure needs. EFC outreach has included the development of relationships with the NYS Conference of Mayors, the NYS Association of Towns, the New York Municipal Management Association, the NYS Government Finance Officers Association, the NYS Town Clerks Association, the NYS Environmental Facilities Corporation, the NYS Rural Water Association, the NYS Rural Development Council, the NYS North Country Local Government Association, the Central New York Water Works Association, and the City of Syracuse. Presentations on capital planning and water and wastewater rate-setting were given to several of the above listed organizations.
- Participation as a member of the Syracuse Brownfields Advisory Group. Initiated by the Mayor of Syracuse, the Syracuse Brownfields Advisory Group consists of public officials, private-sector real estate developers, attorneys and environmental engineering firms, and a member of the EFC staff. The goal of the advisory group is to assist the city in creating a program that will encourage developers to choose inner-city brownfield areas as viable alternatives to greenfield development.

Number of Meeting Attendees: .

Planning for Capital Improvements- February, 1996	35
Cost Analysis for Public Water Services- March 1996	100
Opportunities for Privatization of New York State Water and Wastewater Facilities: A Conference for Local Government Officials- April, 1996	220
Concepts and Practices of Rate Setting For Municipal Water and Wastewater Facilities- October, 1996	38
NYS Rural Development Council - Infrastructure Working Group	315
TOTAL	708

PRINCIPAL PROJECT AND MEETING SUMMARIES**Rural Resource Roundtable/ NYS Rural development Council, Infrastructure working group (IWG)****Project Description**

The Syracuse Environmental Finance Center (EFC) hosted the Rural Resource Roundtable series with two workshops for New York State rural community technical assistance providers. The first was held in September, 1994. Workshop topics included effective financing strategies, citizen communication approaches, rural environmental finance service needs, compiling data for financial assistance, and opportunities for cooperative efforts to improve assistance to rural communities. The second workshop was held in April, 1995. Topics included the "ENVEST Volunteer Program of the American Council of Consulting Engineers, qualification-based selection for professional services, EPA Small Town Task Force recommendations, and conflict negotiations and mediation skills. Additional workshops are being planned for 1996. The New York State Rural Development Council's Infrastructure Working Group (IWG) replaced the Rural Resource Roundtable in 1995. The group meets regularly (six-nine times a year) with smaller working groups reporting back to the full group.

Background

The Rural Resource Roundtable workshops were initiated and developed, in part, due to the large proportion of land area in New York State that is defined as rural. For example see the map in the Appendix indicating the land area of rural towns (towns with populations less than 150 persons per square mile). In addition, New York State has one of the largest number of "small" public water suppliers in the United States. These factors in addition to the severe economic, fiscal, managerial and technical resource limitations were the impetus behind the creation of the series of workshops. The overarching purpose of the workshops, and now the IWG, is to bring together technical service providers for small, rural New York State communities to help facilitate and coordinate their efforts in addressing the needs of their clients concerning environmental projects.

Themes and Product

The themes of these meetings have been diverse and reflected the wide range of environmentally-related challenges facing rural communities. One key objective of each meeting has been to provide a forum where the technical service providers for rural communities can discuss among themselves and with specialists various rural community problems and strategies for dealing with these problems.

Outcomes

The most important outcome of the first two roundtable sessions was agreement, in principle, between the roundtable leadership and the Syracuse EFC to continue working together in the design and delivery of subsequent programs for both technical service providers and rural community representatives. Second, the

expert information provided by the participants will enhance the ability of the Syracuse EFC to offer useful technical assistance (e.g., training in capital budgeting and in water and wastewater rate setting) to rural communities.

A third outcome of the Syracuse EFC's work with Rural Resources Roundtable was agreement that the EFC would join the newly created New York Infrastructure Working Group, a coalition of technical service providers whose purpose is to address the need for infrastructure and related financing issues that are facing the state's rural communities.

List of Rural Development Council Infrastructure Working Group Members

Co-Chairs

- David A. Miller, USDA Rural Development, Rural Utility Services
- Patricia Scalera, N.Y.S. Rural Water Association

Key Members

- Bill Webb, Senior Water Resources Specialist, Northeast Rural Community Assistance
- Dick Mansfield, Rural Development Coordinator, Rural Development
- Diane Perley, P.E., Self-Help Support, NYS Environmental Facilities Corporation
- Ronald Brach, Executive Director, NYS Legislative Commission on Rural Resources
- Berry Shore, U.S. EPA Region 2 Small Community Coordinator
- Larry Keefe, NYS Department of Health
- Michael Merrill, HUD
- Sandi Carroll, County Legislators & Supervisor's Association of NYS
- Doug Ferguson, NYS Department of Health - Self Help
- Ed White, NYS Department of State - Self Help
- Kevin Smith, Tug Hill Commission
- Ginger Lynch-Landy, Maxwell Environmental Finance Center

Alternative Funding Study: Water Quality Fees and Debt Financing Issues

Project Description

In September, 1996 completed the final report [Alternative Funding Study: Water Quality Fees and Debt Financing Issues](#) for the Office of Water, US EPA. The study was prepared under a grant from the Office of Water, using earmarked funds in EPA's FY 1995 appropriations. The Syracuse EFC and the Council of Infrastructure Financing Agencies (CIFA), jointly sponsored four open meetings to discuss fee options and delivery institutions. These meetings included:

- 1) April 25 presentation in Arlington, VA;
- 2) July 19 facilitated panel discussion in Arlie Center, VA;
- 3) September 21 facilitated panel discussion in Denver, Colorado; and
- 4) October 10 facilitated stake holder discussion in New York City (see [1995 Annual Report](#))

Background

The Syracuse EFC received a grant from the US EPA's Office of Water from F.Y. 1995 appropriations to conduct a study on the alternatives to financing anticipated shortfalls in water quality infrastructure projects.

Theme and Products

The Report to Congress was finalized and delivered to EPA's Office of Water in September, 1996.

List of Presenters and Description of Presentations

Victoria Kennedy - Fee Based Models
Stuart Bretschneider - Estimating Fee Rates
Jim Smith - CIFA, Federal Fee Issues
Jim Horne - EPA Issues/Concerns

Feedback

There is a growing interest in the use of fees, especially at the state level, but also in related financing topics of pollution prevention, watershed funding, and debt financing.

Outcomes

Report to Congress, and numerous requests by state and localities for advice on establishing new fee programs. Education of EPA officials on financing techniques, both Federal, state, local and the private sector.

Water and Wastewater Rate-Setting Model: Demonstration and Training Programs October 1996 - October 1997

Description

As a continuation to the previous rate model conference and beta test work, the Syracuse EFC received a grant from EPA, Region 2 to conduct rate model demonstration and training programs in New York and New Jersey.

Background

Clearly, most local governments face a severe struggle to generate sufficient resources both to conduct their day-to-day business and to finance new infrastructure required to meet environmental regulations. But smaller local governments face another, equally severe problem, namely their limited capacity for financial management. One environmentally related area in which financial management shortcomings show up concerns rate setting for water and wastewater systems. Issues such as equity and efficiency in pricing or fee setting are complex in themselves. And when local governments must resort to debt financing in order to provide required infrastructure such as new or updated water and wastewater systems, the issue of setting rates that are both equitable to the user and adequate to finance debt obligations become even more complex. With these challenges in mind, the Syracuse EFC continues its rate model work by providing demonstration programs for state agency officials and hands-on training programs for local water system officials.

Theme and Products

The most immediate product of the training program will be increased financial management capacity for the local water system officials attending the hands-on training. The systems receive a step-by-step training in the use of the rate model software, a rate analysis is completed for each system, and at the conclusion of each training program, a copy of the software is provided to each system. The demonstration programs are designed to expose state agency officials to the rate model as a valuable tool to be utilized in their financial capacity work with local systems. The Syracuse EFC will offer to work with these agencies to assist in maximizing the use of the rate model as a financial management tool.

Economic and Fiscal Impact of Onondaga County (Syracuse), New York Remediation of Onondaga Lake

Introduction

On July 31, 1995 the Maxwell EFC entered into an agreement with the Onondaga Lake Cleanup Corporation (the administrative service unit of the federally created Onondaga Lake Management Conference or OLMC) to conduct a 17 month, \$409,000 economic and fiscal analysis of the effects of lake remediation expenditures to be made by Onondaga County.

Background

Created by Congress in 1990, and consisting of six voting members (US Army Corps of Engineers, US EPA, Governor of New York, Attorney General of New York, Onondaga County Executive, and the City of Syracuse Mayor), the OLMC is charged with developing a comprehensive restoration, conservation and management plan for Onondaga Lake and for coordinating implementation of the plan by the OLMC members. As a result of decades of pollution from both industrial sites and Onondaga County s sewerage treatment facilities, Onondaga Lake has been labeled as one of the most polluted bodies of water in the U.S.. Following a 1988 lawsuit, Onondaga County agreed to a Federal District Court consent judgment that directs the County to plan, design and construct facilities to bring its lake discharge into compliance with regulatory requirements. (A similar judgment has been entered into by the major industrial firm involved in Onondaga Lake pollution.)

Not surprisingly, determination of the exact nature, size and timing of the facilities that Onondaga County will be required to construct has been controversial. The costs associated with some of the proposals are enormous and raise several key issues:

- Will the costs outweigh the benefits?
- Will the County be able to obtain the necessary financing?
- Will the County be able to meet its other budgetary and capital obligations?
- Will county residents and businesses be able to afford the increased user charges associated with lake Remediation?

Each of these questions is profoundly important as the decision-makers work through various Remediation proposals and each is exceedingly difficult to answer. Thus, the need for the study now being conducted by the Maxwell EFC.

Project Description

The Maxwell EFC study of Onondaga Lake Remediation proposals will have three major components:

1. Analysis and Baseline Forecast of the Local Economy.
2. Analysis and Baseline Forecast of County Fiscal Conditions.
3. Policy Simulation and Analysis of Remediation Proposals.

Taken together, the results of these three components of the study are expected to provide OLMC members with information that will help to resolve the many difficult issues involved in devising an effective and affordable plan to remediate the part of Onondaga Lake s pollution attributable to the County s sewage treatment and combined sewerage overflow discharges.

Conference: "Opportunities for Privatization of New York State Water and Wastewater Facilities: A Conference for Local Government Officials"

Project Description

In April 1996, the EFC co-sponsored and hosted a conference with the New York State Environmental Facilities Corporation, "Opportunities for Privatization of New York State Water And Wastewater Facilities: A Conference for Local Government Officials".

Background

The New York State Environmental Facilities Corporation (NYS-EFC) is a public benefit corporation which is authorized to provide low-cost financing and technical assistance to municipalities, businesses and state agencies for environmental projects in New York State. The NYS-EFC administers New York's \$3 billion State Revolving Fund for Water Pollution Control and has provided tax-exempt financing for numerous private water supply companies. The NYS-EFC and its President has been involved with Syracuse EFC projects and activities since its inception. This institutional relationship led the NYS-EFC to seek the Center's co-sponsorship of a conference on water and wastewater privatization for local officials. The conference was funded through State funding and was encouraged and supported by Governor Pataki. Generally, privatization and out-sourcing of traditionally public services are supported by the Pataki Administration as opportunities for increased efficiency. Specifically, case studies of water and wastewater facility privatization efforts in Indiana and Ohio were seen as an opportunity for New York State to consider this management alternative.

Themes and Products

The conference theme was to bring together local officials with experts in the field of water and wastewater privatization to define what the benefits of privatization can be and to identify what hurdles might exist. Presentations discussed various models for privatization and focused on case studies to emphasize what works best.

Customer Feedback

The tremendous participant response was very encouraging. The topic of privatization is of great interest to New York State local government officials as articulated by the conference attendees. A majority of the local officials in attendance requested a follow-up privatization seminar.

Outcomes

The Maxwell EFC is following-up on the interest generated at this conference with two immediate responses. On the general topic of privatization, the Governor's Office is interested in working with the University on the issue and the EFC Administrative Director has taken a lead role in drafting a proposal. With specific regard to water and wastewater privatization, the EFC plans to work with the NYS-EFC in 1997 to co-sponsor a privatization seminar for local officials.

SECONDARY PROJECT AND MEETING SUMMARIES

Presentation: "Planning for Capital Improvements" - February 1996

Project Description

In February 1996, William Moore presented "Planning for Capital Improvements" at the New York State Association of Towns Annual Conference. The presentation provided an overview of capital planning and budgeting.

Background

Most small and/or rural local governments in New York State do not engage in the practice of capital improvements planning. Further, capital budgets are not required (although it is recommended) by the State as part of a local government's annual budget. Thus, many local governments are constantly reacting to one crisis after another. Planning for capital improvements would, among other things, help local governments make the most of their limited resources. By building fiscal management capacity through the practice of capital budgeting, many communities would be able to ease their fiscal stress and would be better able to finance environmental projects, mandated or locally initiated.

Themes and Products

The presentation focused on the benefits and practice of planning for capital improvements.

Description of Presentation

The following topics were discussed: basic concepts and definition, the benefits of developing a capital improvement plan (CIP), approaches to developing a CIP, and the CIP process.

Customer Feedback

This break-out session of the conference was well received and attended by approximately 35 local government officials.

Outcomes

The New York State Towns Association is a key local government membership organization. The opportunity to deliver critical information to its membership is cost-effective and beneficial to both the EFC and the Association. We look forward to future opportunities to present to this annual conference.

Presentation: "Cost Analysis for Public Water Services: A Guide for Decision-Making" March 1996

Project Description

In March 1996, presented, "Cost Analysis for Public Water Services: A Guide for Decision-Making" to the Central New York Water Works Association. The presentation provided an overview of cost analysis, why it is necessary, how to begin cost analysis, and how to apply cost analysis to public water services.

Background

The combined process of defining a service and establishing the cost of providing it is essential to sound financial management. Unfortunately, many small, rural public water systems are lacking in their financial and managerial capacity and often do not utilize cost analysis as a means of improving efficiency. Recognizing this need, the Central New York Water Works Association included a session on cost analysis in their annual spring meeting and seminar.

Themes and Products

The presentation included an introduction to cost analysis, the uses of cost analysis, how to begin cost analysis, the definition of cost concepts, and an application of cost analysis to water services.

Customer Feedback

The seminar was well received and attended by 100 public water supply managers from across central New York.

Outcomes

This invitation to present critical financial management information was another opportunity to reach local officials in a cost-effective and collaborative manner. The relationship with the Central New York Water Works Association is one the EFC will continue to cultivate.

Presentation: "Concepts And Practices Of Rate Setting For Municipal Water and Wastewater Services"

October 1996

Project Description

In October 1996, presented to the New York State Conference of Mayors (NYCOM) Annual Public Works Training School, " Concepts and Practices of Rate Setting for Municipal Water and Wastewater Services".

Background

NYCOM represents over 550 New York State municipalities. Through NYCOM s established training programs, the EFC has an opportunity to share information and expertise with a critical audience. The public works training school was particularly suited to a presentation on rate setting and an introduction to the rate model demonstration and training program.

Themes and Products

The presentation included: general policy issues, the process for setting rates, and the mechanics of establishing basic rate structures. Additionally, at the conclusion of the presentation, the rate model demonstration and training program was described and a majority of the audience viewed a brief demonstration of the model as it was displayed on a desk-top personal computer.

Customer Feedback

The 38 session participants were interested in participation in the rate model demonstration and training program. Informational mailings were sent to the complete public works training list and several immediate responses were received by the EFC.

Outcomes

The NYCOM Public Works Training School will serve as a customer base for the rate model training program.

Article: "Rate Reviews for Public Water Services: A Critical Step to Insure the Financial

Integrity of Public Water Systems" November, 1996

Project Description

The article addressed fundamental questions concerning rate reviews for public water systems, including: why are rate reviews important? how do you conduct a rate review? how often should they be conducted and by whom? and where can you get assistance with rate reviews?

Background

This article on the importance of conducting public water system rate reviews was requested of the EFC by the New York Rural Water Association for its official magazine, Aquafacts. The CEO of the NY Rural Water Association is a co-chairperson of the NYS Rural Development Council s Infrastructure Working Group.

Theme and Products

The theme of the article is the importance of conducting rate reviews and how to begin the process. The article was effective in highlighting the rate model software and training programs. to a circulation of 1500 representatives of rural and municipal water and wastewater utilities and State and legislative leaders.

Customer Feedback

The NY Rural Water Association was appreciative of the EFC's contribution to the magazine and invited future submissions.

Outcomes

The EFC may demonstrate the rate model software program to a break out session of the next NY Rural Water Association meeting.

1995 ANNUAL REPORT

EXECUTIVE OVERVIEW

The United States Environmental Protection Agency's (U.S. EPA) Region 2 Environmental Finance Center (EFC) at Syracuse University's Maxwell School of Citizenship and Public Affairs was established in October 1994. During its first two years of existence, the Syracuse EFC has aggressively undertaken a wide range of environmental financing projects and activities, and built a considerable record of accomplishment. The EFC opened with a focus on environmental risk and finance issues at the local government level. Its first project was a survey of nine New York communities of varying size to determine how they actually factor risk assessment and financial considerations into environmental decision-making. The Syracuse Center is using the results of this study in developing a risk and finance decisionmaking methodology, as well as a finance curriculum designed especially for state and local officials. The EFC's second area of focus has been on the important issue of the full-price costing of environmental services. In this regard, the EFC sponsored and hosted a conference examining the issue as it impacts the sustainable provision of local water and wastewater services. The Center has also hosted and assisted in the field testing of an EPA supported windows-based computer software for setting financially responsible water and wastewater rates. This computerized rate model is being developed for use by local water and wastewater systems. The EFC will continue to participate in the field testing of the computer software model in FY 1996. As a third area of focus, the Syracuse Center is conducting an important Congressionally-requested study for EPA's Office of Water examining a wide range of alternative financing strategies and delivery mechanisms for funding water infrastructure. The EFC jointly sponsored with the Council of Infrastructure Financing Authorities four open meetings discussing study findings and drafts of the report being developed. This report will be finalized and delivered to EPA's Office of Water in FY 1996. Another important EFC effort was the start of an analysis of the economic and fiscal impact of the Onondaga Lake Remediation Plans for the Onondaga Lake Management Conference. Finally, based on its operational experiences to date, the EFC is establishing a service center to directly assist communities in meeting their many environmental and financing needs.

SUMMARY OF ACTIVITIES

Conferences Special Projects, and Presentations

- In June 1994, completed draft report entitled, "Risk and Finance" looking at how communities prioritize and finance environmental mandates. The project involved two phases. First, surveys were conducted in seven New York communities of varying size facing considerable environmental capital costs. Then a day-long seminar was conducted for officials from the communities at which they discussed the results of the evaluations and participated in decision-making exercises. In addition, an article is forthcoming in the journal, Public Administration Review.
- Continued Rural Resource Roundtable series with two workshops for New York State rural community technical assistance providers.
 1. The first was held in September, 1994. Topics included effective financing strategies, citizen communication approaches, rural environmental finance service needs, compiling data for financial

assistance, and opportunities for cooperative efforts to improve assistance to rural communities.

2. The second was held in April 1995. Topics included the ENVEST Volunteer Program of the American Council of Consulting Engineers, qualification-based selection for professional services, EPA Small Town Task Force recommendations, and conflict negotiation/mediation skills.
- In October 1994, conducted a conference for New York State local governments entitled "Setting Water and Wastewater Rates: Policy and Management Issues". Conference topics included capital planning and budgeting, the concepts and mechanics of rate setting, contracting for professional services, financing alternatives, rate issues, credit analysis, and selling rate increases to the public.
 - In October, 1994, spoke at the US EPA Region X meeting on small community needs, providing information on the use of Environmental Finance Centers and the results of the EFC's "Risk and Finance Study" conducted previously.
 - In November, 1994 co-hosted the New York State Roundtable on the Future of Bio Solids.
 - In March, 1995 co-hosted a pollution prevention workshop for local governments and small businesses with the New York State Department of Environmental Conservation, Pollution Prevention Bureau.
 - In April, 1995 completed the draft report "Fee-Based Models for Funding Water Quality Infrastructure" for EPA's Office of Water. The study was prepared under a grant from that Office, using earmarked funds in EPA's FY 1995 appropriations. The EFC and the Council of Infrastructure Financing Agencies sponsored four open meetings in 1995 to discuss fee options and delivery institutions. These meetings included:
 1. April 25 presentation in Arlington, VA;
 2. July 19 facilitated panel discussion in Arlie Center, VA;
 3. September 21 facilitated panel discussion in Denver, Colorado; and
 4. October 10 facilitated stakeholder discussion in New York City.

The EFC is preparing a final report for the U.S. EPA to submit to the Congress.

- In May 1995, presented "Planning Ahead for Community Improvements" at the New York State North Country Local Government Conference. The presentation provided an overview of capital planning and budgeting.
- In June 1995, co-hosted with the Region II Office of the U.S. EPA, the regional hearing on the EPA Small Town Task Force Report.
- In July 1995, co-hosted with the Region II Office of the U.S. EPA, the Indian Nation Leaders meeting.
- In August 1995, planned, hosted and assisted with beta testing of "Utility Rate: A Rate Setting Model and Financial Planning Tool for Water and Sewer Utilities" - a computer software package developed under funding by US EPA.

On-Going Programs and Projects

- Initiated preparation of a training program on capital planning and financing for elected and appointed local government officials. The emphasis will be on planning and financing environmental infrastructure.
- Compiled and maintained a database of past attendees, potential clients, and technical service providers.
- Created and maintained the "EFCTALK" communications network.
- Assisted the Village of Chatham Development Corp. with application for funding under EPA's

Brownfields Economic Redevelopment Initiative for the project, Environmental Mitigation and Adaptive Re-Use of Railroad Yards in the Village.

- Began analysis of the economic and fiscal impact of the Onondaga Lake Remediation Plans for the Onondaga Lake Management Conference.

PRINCIPAL PROJECT AND MEETING SUMMARIES

Risk and Finance Project

Project Description

This project looked at how communities prioritize environmental activities using risk management and finance considerations. Surveys were conducted in seven New York communities of varying size facing considerable environmental capital costs. After the survey information was digested and a day-long seminar was conducted for officials from these communities at which they discussed the survey findings and participated in decision-making exercises. In June 1994, the EFC completed a draft report entitled, "Risk and Finance". In July 1994, a paper, "Balancing Risk and Finance: The Challenge of Implementing Unfunded Environmental Mandates", was presented at the American Society for Public Administration annual meeting in Kansas City. An article of the same title will appear in an issue of Public Administration Review in 1996.

Background

Complying with environmental mandates is an increasingly expensive task for communities across the nation. The challenge is made greater as demands in other service areas grow and as traditional sources of federal and state assistance become more limited. If communities are to meet environmental goals, they must prioritize spending and spend as efficiently as possible. Risk management can be a valuable tool to prioritize environmental problems and selection of the right financing technique can cut costs and/or maximize resources. Do communities use these tools in making environmental decisions, and if so, how? The goals of the Risk and Finance Project were to understand how communities prioritize and finance the many environmental mandates they face, and to educate and train local officials in using objective risk management and financing criteria in setting such priorities in the future.

Community Profiles

City of Albany

Albany, the capital of New York State, is located on the northern shores of the Hudson River. Its population has remained relatively stable for several decades at slightly over 100,000. The greater Albany area has continued to grow and includes a number of large industries such as General Electric and BASF. Albany is noted for its strong mayoral system of government and an active city council. The mayor has few administrative staff operating through the city departmental organizations.

There is no special environmental staff. The City Planning Commissioner exercises the greatest integrative environmental authority, but true responsibility for environmental activities and services are fragmented across many departments, boards, and authorities throughout the city and the county. Solid waste disposal is considered a problem because of pollution from a garbage burning plant and the high cost of all alternatives.

City of Auburn

Auburn is a community of just over 31,00 located between Lake Skaneateles and Lake Cayuga near Syracuse.

Industries include American Locomotive, General Electric, Auburn Steel, and the state prison. Unemployment is low for the area (under 10%) and the city is attempting to attract major manufacturers. Auburn has a strong city manager form of government and a history of resisting environmental mandates. The new city manager is very proactive spending 35% of his time on environmental issues. The Department of Municipal Utilities handles water and sewer programs and there is a Department of Solid Waste. The community has drinking water and illegal dumping problems.

City of Binghamton

Binghamton is located on the banks of the Susquehanna River in south-central New York State in Broome County. In the past 25 years, its population has declined from 80,000 to 53,000. The city is the home of a state university and private businesses such as Crowley Foods, Dover Electronics, Anitec (a division of International Paper), and Triple Cities Metal Finishers. The city owns a wastewater treatment plant with CSO problems and a water filtration system which badly needs upgrading. The county owns the landfill. The city's budget is very tight.

Lowville/Lewis County

The Village of Lowville is located in rugged Lewis County 90 miles northeast of Syracuse near the Canadian border. Lowville has 3,600 people and the county 26,700. The area is rural with an economy based on agriculture, paper mills and tourism. Unemployment is high and annual income low. The people are rugged individualists who do not look for help and spend carefully. The county government is the largest single employer.

The county is run by a Board of Supervisors and professional county manager. The village has a part-time mayor/council system. The village's Department of Public Works handles drinking water and sewage. The county's Department of Public Works/Solid Waste is responsible for transfer and recycling. The other key organization, the Development Authority of the North County, operates the regional landfill. The state believes the drinking water must be improved.

City of Rochester/Monroe County

Rochester is the state's third largest city with a population of 250,000. It is the county seat. The county has 750,000 people. The area is a major manufacturing, cultural, and commercial center. It lies along the Genesee River 70 miles northeast of Buffalo near the river's outlet into Lake Ontario. There is a high technology tone to Rochester with Kodak, Xerox, and Bausch and Lomb, as well as two major universities.

Both jurisdictions have strong mayor/county executive governments, as well as strong career, professional bureaucracies. The county government dominates. Environmental responsibilities in the county reside in the Departments of Environmental Services (sewage and solid waste), the Department of Engineering (manages the hardware part of sewage and solid waste), and the Department of Health (assesses risks to environmental health). The county water authority is independent. Within the city, the Department of Environmental Services handles garbage collection, drinking water and hazardous waste cleanup. Air pollution, a problem, is handled by the state.

City/County of Oswego

Oswego is located in Oswego County along the Oswego River on the shores of Lake Ontario. The city's population is around 19,195. The city owns a water supply plant and two sewage treatment plants. The city also owns a water power plant that is leased to the Niagara Mohawk Power Corporation. The county owns the landfill. Finally, the city is located nine miles from a nuclear power plant. Industry includes the Hammermill Paper Company and the Alcan Rolled Products Company. Air pollution is a problem, as is water pollution in both the river and the lake.

Village/Town of Ticonderoga

Ticonderoga is a small community in upper New York State located on the western edge of Lake Champlain and the tip of Lake George. Its location on the lakes and the presence of the famous Fort Ticonderoga attract many visitors/vacationers. The village has 2500 permanent residents, the town about 5000, and there are an additional 3000 summer visitors. The village has merged with the town. Ticonderoga has one major industry, International Pulp and Paper, situated on the banks of Lake Champlain. The company handles its own waste.

The population is stable and unemployment high. The village mayor and town supervisor exercise hands-on management of environmental issues and work closely together. There are no environmental staff or departments. The main environmental services involve drinking water, wastewater treatment and municipal solid waste. Combined sewer overflows are a problem and sewer separation is very expensive. Water filtration needs are also costly.

Customer Feed-back

The Risk and Finance Project continue to be a topic of considerable concern to communities who seek to prioritize their environmental spending. In addition to the widely distributed paper and upcoming article, a continuing liaison with the Northeast Center for Comparative Risk and EPA's Region X Small Communities Clearinghouse will help define new opportunities for communities throughout EPA Region II.

Findings

- Local responsibility for multi-media environmental programs is very fragmented and no general pattern of division of responsibility is discernable.
- The communities viewed environmental spending in economic terms -- improving infrastructure, attracting industry, or saving for future investment (a new landfill).
- Local officials ranked risks on an ad hoc basis, but perceptions were site-specific. While communities did not formally link risk and financing in setting environmental priorities, they see the value in doing so given Federal/State approval.
- The split between different jurisdictional delivery systems and the complexity of risk prioritization are impediments to integrating risk and finance in decisions.
- In prioritizing environmental activities, the communities must also consider technology, institutional issues (revenue financing authority) and the political need to "sell costs" to citizens.
- The potential public health risks associated with surface drinking water ranked higher than those relating to combined sewer overflows and landfill leachate.
- Financial priorities were more easily evaluated by the local authorities than risks.
- No financial impediments hindering access to financing for environmental activities were observed. No communities were near their debt capacities or had excessive liability problems.
- In these communities, combined sewer overflows (CSO) were rated the most expensive problem to address.

Risk and Finance Project

Finance Innovations in Decision Making Meeting

February 1994

Meeting Description

On February 24-25, 1994, the EFC planned and hosted a meeting for New York state local governments on innovations in environmental financing decision making.

Background

This meeting grew out of the EFC's work on the Risk and Finance Project. The meeting was designed to educate local officials about ongoing efforts to prioritize environmental programs and activities. The discussion focused on meeting the many requirements of the "Safe Drinking Water Act".

Themes and Products

Paralleling and building upon the Risk and Finance Project community case studies, the EFC staff prepared a hypothetical case study of the "City of Maxwell" for local environmental and budget officials, and legislators that was used by meeting attendees. An article on this hypothetical case study will appear in Public Administration Review later in 1996.

List of Presenters and Description of Presentation

- Terri Agriss, President of the New York State Environmental Facilities Corporation (the organization that operates New York's State Revolving Loan Fund Program), spoke on the accomplishments of her organization and on a number of new and expanded funding opportunities that it was making available to communities
- Victoria Kennedy, a consultant to the Syracuse EFC, gave a comprehensive overview of the EFC's risk and finance project case studies of seven New York state communities
- Michael Curley, a private merchant banker and member of EPA's Environmental Financial Advisory Board, led a discussion on the use of capital budgets, consent orders, waivers and multi-media agreements to prioritize and manage local government environmental compliance activities
- Michael Burke, with the New York State Division of Environmental Health, reviewed national drinking water legislation and discussed state views/concerns.
- Jonathan Z. Cannon, U.S. EPA Assistant Administrator for Administration and Resources Management, provided an overview of the Agency's Environmental Finance Program focusing on the new Environmental Finance Center concept
- Kathryn Hulshof, EPA information systems contractor, demonstrated operation of the U.S. EPA's Environmental Financial Information Network, an electronic multi-media database of case studies and abstracts on environmental finance

Customer Feed-Back

The communities, particularly those with populations under 20,000 are interested in the concept of budgeting for environmental programs using risk considerations. However, they are skeptical of how Federal and State definitions and requirements might differ, as well as how complex and expensive any such effort might prove. The communities were also very concerned about long-term EPA commitment to such an effort.

Outcomes

Following this meeting, EFC staff traveled to EPA Region X and briefed a number of universities and small

communities on the results of the EFC's risk and finance work, particularly with regard to drinking water legislation. Subsequently, a group of Idaho universities working with the regional office established a Region X EFC focusing on small systems viability issues. And as mentioned previously, the Risk and Finance Case Studies together with the hypothetical "City of Maxwell" case study have led to an article that will appear in an upcoming issue of **Public Administration Review**

Rural Resource Roundtable Workshops
September 20, 1994
April 26, 1995

Project Description

The Syracuse EFC hosted the Rural Resource Roundtable series with two workshops for New York State rural community technical assistance providers. The first was held in September, 1994. Workshop topics included effective financing strategies, citizen communication approaches, rural environmental finance service needs, compiling data for financial assistance, and opportunities for cooperative efforts to improve assistance to rural communities. The second workshop was held in April 1995. Topics included the ENVEST Program of the American Council of Consulting Engineers, qualification-based selection for professional services, the recommendations of EPA's Small Town Task Force, and conflict negotiation and mediation skills. The EFC is planning to hold additional workshops in 1996.

Background

The Rural Resource Roundtable workshops were initiated and developed, in part, in response to the large proportion of land area in New York State that is defined as rural. For example, see the attached map indicating the land area of rural towns (towns with populations less than 150 persons per square mile). In addition, New York State has one of the largest number of small public water suppliers in the United States. These factors coupled with the severe economic, fiscal, managerial and technical resource limitations facing rural areas were the impetus behind the creation of the series of workshops. The overarching purpose of the workshops is to bring together technical service providers for small, rural New York State communities to help facilitate and coordinate their efforts in addressing the needs of these clients with regard to environmental projects.

Themes and Products

The theme of the workshops have been diverse and have reflected the wide range of environmentally-related challenges facing rural communities in New York State and around the country. A key objective of each workshop has been to provide a forum where the technical service providers for rural communities can discuss among themselves and with specialists (from universities, governments, etc.) the many rural community challenges and problems, as well as realistic strategies for dealing with them in a cost-effective manner.

List of Presenters and Presentation Topics

Bill Webb, Senior Water Resources Specialist,
Northeast Rural Community Assistance
Financing Strategies: Success Stories in Environmental Finance

Susan Senecah, Ph.D., Board of Directors,
New York State Forum on Conflict Resolution and Consensus
Working with the Community: Approaches to Effective Citizen Communication

Dick Mansfield, Rural Development Coordinator,
Rural Development Administration/Farmer's Home Administration
Where Do Rural Communities Need Help with Environmental Finance Services?

Diane Perley, P.E., Self-Help Support,
New York State Environmental Facilities Corporation
Consolidating Information Sheets Needed for Financial Assistance

Ronald Brach, Executive Director, New York State Legislative Commission on Rural Resources
What can we do as a coalition? How can we work better together for improved assistance to rural New York State?

Bill Webb, Senior Water Resources Specialist,
Northeast Rural Community Assistance
Open Discussion of Small Community Needs

John Franz, President, Eagle Engineering P.C.
American Council of Consulting Engineers ENVEST Volunteer Program

Bruce Clifford,
QBS Council of Central New York
Qualification Based Selection of Design Professionals

Berry Shore, Small Community Coordinator
U.S. EPA Region 2
EPA Small Town Task Force Recommendations

Neil Katz, Professor,
Program on the Analysis and Resolution of Conflict, Syracuse University
Interpersonal Conflict and Communication Skills

Jim Palmer, Professor,
State University of New York
College of Environmental Science and Forestry
Environmental Conflict and Negotiation

Susan Senecah, Professor,
State University of New York
College of Environmental Science and Forestry
Citizen Participation in the Environmental Policy-Making Process

Customer Feedback

All of the participants expressed the desire for the Syracuse EFC to continue offering the workshops. Most recommended offering them at least twice a year. They were interested in having the focus expanded to cover the full range of environmental issues facing rural communities and in bringing in community representatives for relevant sessions.

The aspects of the roundtable sessions that the participants found to be the most valuable were:

- Contact with peers;
- Information sharing;
- Networking opportunities;
- Ideas that were generated from discussion;
- Ability to talk with EFC staff about the role the EFC should play; and
- Opportunity to assess the current situation and suggest ideas on where to go in terms of action to be taken in small communities.

A workshop exercise in which the participants were asked to rank small community environmental finance needs in priority order produced the following information.

- The highest priority was given to water system and wastewater system finance issues.
- Funding issues led the list in terms of specific needs of rural communities. More specifically, the top finance-related needs of small communities were:
 - acquiring funding for purposes of compliance with new regulations;
 - training to enable them to assess their current financial status, and to help them to maximize use of existing resources;
 - finding funding sources and developing financing plans to improve existing systems which are currently in compliance so that they do not deteriorate;
 - financing feasibility studies;
 - funding long-term improvements; and
 - increasing the level of technical assistance resources.
- Other major needs identified were:
 - more personnel in the areas of service and technical assistance to communities;
 - streamlining the information gathering done by agencies;
 - training and education to communities to prioritize improvements;
 - reducing duplicative paper work (for research and grant applications); and
 - coordinating communication among service providers.

Outcomes

The most important outcome of the first two roundtable sessions was agreement, in principle, between the roundtable leadership and the Syracuse EFC to continue working together in the design and delivery of subsequent programs for both technical service providers and rural community representatives. Second, the expert information provided by the participants will enhance the ability of the Syracuse EFC to offer useful technical assistance (e.g., training in capital budgeting and in water and wastewater rate setting) to rural communities.

A third outcome of the Syracuse EFC's work with Rural Resources Roundtable was agreement that the EFC would join the newly created New York Infrastructure Working Group, a coalition of technical service providers whose purpose is to address the need for infrastructure and related financing issues that are facing the state's rural communities

**Seminar on Setting Water and Wastewater Rates:
Policy and Management Issues
October 19, 1994
Syracuse, New York**

Description

On October 19, 1994, the Syracuse EFC conducted a one-day seminar for New York State local governments entitled "Setting Water and Wastewater Rates: Policy and Management Issues". Seminar topics included capital planning and budgeting, the concepts and mechanics of rate setting, contracting for professional services, financing alternatives, rate issues, credit analysis, and selling rate increases to the public.

Background

Many local governments face a struggle to generate sufficient resources both to conduct their day-to-day business and to finance the new infrastructure required to meet environmental regulations. But smaller local governments face another, equally serious problem, namely their limited capacity for financial management. One environmentally related area in which financial management shortcomings show up concerns setting rates for water and wastewater systems.

Rate issues such as equity and efficiency in pricing or fee setting are complex in themselves. And, when local governments must resort to debt financing in order to provide required infrastructure such as new or updated water and wastewater systems, the issue of setting rates that are both equitable to the user and adequate to meet debt obligations become even more complex. With these challenges in mind, the Syracuse EFC developed and conducted a conference designed to assist local government officials, particularly ones representing small to medium-sized jurisdictions, deal with the wide range issues associated with setting rates for water and wastewater systems.

Theme and Products

This conference introduced the basic theory underlying rate setting for municipal water and wastewater utilities and outlined good practices needed to ensure sustainable systems. It was designed to help both local government officials and municipal utility managers better understand and improve their rate setting policies and practices. The conference showcased a new computerized rate-setting tool being developed and tested in conjunction with U.S. EPA, as well as the many technical facilities available to New York state communities through the Syracuse University's Maxwell School.

List of Presenters and Description of Presentations

- **John Petersen**, President of Government Finance Associates Inc., reviewed capital improvement programs and capital budgeting focusing on the process of local government authority capital and financial planning.
- **James Fagan**, a Principal with Northbridge Environmental Management Consultants, presented the concepts of rate-setting with an emphasis on alternative rate structures and the importance of community-based goals on rate structure decisions. He also spoke on contracting out for professional services explaining how to prepare Requests for Proposals and management contracts.
- **Michael Siegel**, a government finance consultant, explained the mechanics of rate-setting procedures and demonstrated a computerized rate-setting software model being developed under EPA funding. He also discussed how land use and development related to growth influence environmental service rates.
- **David Liebschutz**, Director of Marketing and special Projects for the New York State Environmental Facilities Corporation, outlined the many financing alternatives available to New York communities for state and local capital financing through his organization.
- **Dinah Bellis**, Vice-President of the Municipal bond Investors Assurance Corporation, explained rate issues and credit analysis with a focus on how to evaluate rate systems.
- **Paul Bringewatt**, Director of the Monroe County (NY) Water Authority, talked about the increasingly real and difficult issue of rate shock and discussed ways to sell rate increases to the public.

Customer Feedback

Feedback from seminar attendees was positive and voluminous. The city manager for one medium-sized community said he was going to insist that the rate information presented at the seminar be added to a training session already planned for his city employees. A small community official bluntly noted that while he did not like EPA, the EFC training was great, exactly what communities needed, and the type of thing EPA ought to do more often. Criticisms included that the conference was too short, with additional time needed for more detailed

presentations and more opportunities needed to discuss issues in greater depth. Conference attendees made twenty-one suggestions for future meeting topics, including more rate-setting, funding sources, regional planning, environmental equity issues, small municipality concerns, choosing and working with consultants, etc.

Outcomes

This conference had two primary outcomes. First, the responses from the local government officials who participated confirmed the need by such officials for training in the basic concepts of capital budgeting and financing as well as in the more specialized area of water and wastewater rate setting. Second the Syracuse EFC resolved to begin designing and offering suitable training programs to help local government officials raise their level of competence in these important areas.

As described in more detail elsewhere in this report, the Syracuse EFC is now engaged in developing a full package of capital budgeting and financing training materials that will be used in connection with training seminars that will be offered on a periodic basis to local government officials. Second, the Syracuse EFC has begun working with the EPA and with Michael Siegel, an EPA consultant who is designing micro-computer rate setting software, to develop a training program for local officials who have responsibility for the financial management of water and wastewater facilities.

Fee-Based Models for Funding Water Quality Infrastructure Project

Project Description

In 1995, the Maxwell Environmental Finance Center undertook a major, year-long project for the Office of Water at U.S. EPA. The purpose of the effort was to evaluate the potential use of new Federal, State, and local fees to supplement existing State Revolving Fund financing for local wastewater treatment and related projects. The fee study contemplated additional financing for drinking water projects as well.

Background

Over the past decade, States have increasingly turned to fee-based systems to finance water related programs in an effort to closely link the costs of public environmental services with the financing mechanisms. Likewise, interest in leveraging limited revenues to maximize spending impacts led to creation of the State Revolving Fund (SRF) loan program for wastewater related facilities. Recently, extending this SRF concept to drinking water and attracting more private sector investment have been steady themes in environmental financing. The fee project grew out of the deep and ongoing concern to maintain environmental progress in this country by enhancing the capability of State and local governments to finance mandated national clean water objectives.

In particular, U.S. EPA's Office of Water received an earmarked sum in its FY 1994 appropriation to examine innovative financing approaches which itself grew out of H.R. 2188 in 1993 called the "Polluter Pays Clean Water Financing Bill." Grant funds were subsequently awarded to Syracuse University's Maxwell School EFC, which over the past year has conducted the major portion of this study.

A working assumption of the study has been to examine fees designed primarily to raise revenue at a national target level of \$2 to \$3 billion annually. Only secondarily, if at all, would such fees serve as market incentives to reduce polluting behavior. Another assumption is that all fee revenues must be dedicated to financing water related construction, and such fees would supplement existing funding sources. In considering fee-based programs, the EFC looked more broadly than federal fee-based systems. EFC staff were interested in fee programs that might be nationwide in scope, but might rely mainly on State and local institutions.

An alternative funding innovation is to reduce the demand for new water related project financing in the first place through regulatory changes, pollution prevention, watershed protection, preventive maintenance. While these approaches are not addressed specifically in this report, the need for them was raised repeatedly during the

public consultative process.

Theme and Products

The goal of the fee study was to generate several intergovernmental funding models based on new or existing fees. Three major questions form the basis for the fee report.

1. What criteria should be used to evaluate fee-based funding systems?
2. What specific types of fees are workable and acceptable?
3. What water quality policy, fee-based funding goals should be pursued?

Among the most important study criteria were: public support, revenue size and predictability, equity and impact, close cost/benefit linkage, fee collectibility, and meeting environmental goals. The study concluded that several types of federal/State fees would be most effective, including public water supply withdrawal fees, green product fees, direct water use fees, and watershed protection fees. Existing financial delivery mechanisms such as the U.S. EPA, Treasury Department, and State Revolving Funds could be used to make available fee-based financings to localities.

The study will result in a two-part report to EPA in early 1996 that will be forwarded in a report to the Congress. The first part is entitled, "Fee-Based Funding Models for Funding Water Quality Infrastructure." The majority of study research and public consultation occurred in this area. Part two of the EFC's report is entitled, "Debt Financing Strategies for Funding Water Quality Infrastructure."

List of Presenters and Description of Presentations

Four public meetings involving almost 150 persons were held between April 1995 and October 1995. A facilitated panel discussion technique involving expert "stakeholder" persons was used. In this public consultative process, the Maxwell EFC was ably assisted by the Council of Infrastructure Financing Authorities (CIFA). Major presenters at the facilitated sessions included: Victoria Price Kennedy and Dr. Stuart Bretschneider of Syracuse University; Jim Horne of the Office of Water, U.S. EPA; Jim Smith, Executive Director of CIFA; and John Petersen, President of the Government Finance Group, Washington, D.C. A comprehensive list of panelists and attendees is attached.

Customer Feedback/Outcomes

There is growing interest in using fees, especially at the State level, but also in the related financing areas of pollution prevention, watershed management funding and debt financing. The EFC has had many requests from States and localities for advice on establishing fee programs. The debt financing topics in particular engender great interest on the part of potential private sector investors in water related facilities. We anticipate that over 1000 copies of the report will be distributed in the near future.

Beta Test
Municipal Water and Sewer Utility Rate Setting Model
August 15, 1995

Project Description

In August 1995, the Syracuse EFC - using the extensive facilities of the Maxwell School of Citizenship and Public Affairs - planned, hosted and assisted with the first field (beta) testing of newly developed, windows-based, computer software entitled, "Utility Rate: A Rate Setting Model and Financial Planning Tool for Water and Sewer Utilities". Development of this pathbreaking software is being funded by U.S. EPA and is being tested using the Agency's nationwide network of six university-based environmental finance centers.

Background

The U.S. EPA has previously supported development of a multi-media financial planning and rate setting model to be used as a training, application and financial management tool by public water and wastewater providers. Other uses for this model include evaluation of alternative financing mechanisms and public-private partnerships, training Environmental Finance Centers and not-for-profit technical assistance providers in establishing full-cost recovery, fair and equitable financial management practices for small and medium public water and wastewater providers. The initial efforts were directed toward design and development of methodologies, and compilation of a prototype ("Beta") microcomputer based model. Those activities were accomplished and the Beta tests described below were conducted.

Themes and Products - Field Testing

This project was specifically designed to accomplish field testing of the prototype, previously developed, by persons responsible for the financial management of local water, wastewater, or combined systems. Field tests were coordinated by the Syracuse University EFC in conjunction with U.S. EPA, The University of New Mexico EFC, and the model developer, Mr. Michael Siegel. Field tests were conducted at two sites, one at Syracuse University and one in New Mexico.

The Syracuse University EFC provided overall coordination and planning of field testing and administrative functions, as well as implementing the field test at the Syracuse site. The University of New Mexico EFC implemented the field test at the New Mexico site. The model developer, Mr. Michael Siegel, worked with both EFCs in planning and other activities in support of the field tests at each site, and played a lead role in delivery of the field test at each site.

Each field test utilized between 5-10 "testers". Testers were individuals responsible for the operation or financial management of a local water, wastewater or combined system. Testers participated as a group in a one-day, real-time, field test of the model and related materials by applying it to their respective systems. These systems and their representatives (testers) were selected by the Syracuse EFC in close consultation with the U.S. EPA, and the model developer. They reflected a cross-section of communities and community characteristics.

Each field test lasted approximately 8 hours, and was conducted at a pre-arranged site. The EFCs provided suitable space and computer equipment. Each tester had their own computer terminal so they could work at their own pace. The field tests were designed to provide testers with the opportunity to work with the model individually, "hands on", in a supported environment. Testers were supported by water and wastewater system experts and the model developer as they apply the model. Testers were responsible for bringing to the test site information about the actual operational and budgetary conditions for their respective systems.

Each field test started off with an introduction to the model and a limited explanation of how the model works. The developer of the model, and the EFC staff were present to observe the testers as they operated the model. While testers were operating the model, the developer of the model and at least one EFC staff person was serving as "prompters" by assisting users having operational or technical questions.

At the end of each field test, testers were able to develop a full rate and financial forecast for their systems, and the developer, EFCs and U.S. EPA acquired written, verbal and observational feedback based on "real time" application of the model by its target users. This feedback informed revisions and editing of the model and its supporting documentation. Further, two EFCs gained valuable experience in the operation of the model to enable them to evaluate how the model may be integrated with their other programs.

List of Presenters

Michael Siegel - Government finance consultant, water and wastewater rate expert, and software developer

Bernard Jump, Jr. - Professor of Public Administration and Executive Director, Environmental Finance Center,

Maxwell School of Citizenship and Public Affairs, Syracuse University

William S. Moore, Staff Assistant at the Environmental Finance Center, Maxwell School of Citizenship and Public Affairs, Syracuse University

Customer Feedback

Participants were impressed by the rate model software modules that they were able to see and use. All agreed that the model needed more testing and refinement. They especially noted the need for the accompanying written guidebook materials that are being developed. The local officials expressed the hope that the cost of the software be kept as low as possible

Outcomes

The Beta tests were designed to insure that the final software and documentation reflect technical, operational and practical requirements, and is capable of "off-the shelf" use by typical small and medium-size public water and wastewater service providers.

These activities were accomplished by the model developer working in conjunction with EFCs at Syracuse University and the University of New Mexico. Indicated revisions are being made in consultation with US EPA, and are limited to those that can be accomplished within the budget. Also accomplished under Phase I activities is the development of training materials and protocols to be used in field testing locations. These training materials provide the foundation for development of further training materials and manuals for independent use by small and medium size water and wastewater service and technical assistance providers.

Subject to the availability of additional funding, the next phase of this project will involve three additional tasks:

1. designing programming and testing of a block rate module to be integrated into the existing Utility Rate Model;
2. training trainers and developing training materials; and
3. developing and producing a rate model training video.

Economic and Fiscal Impact of the Remediation of Onondaga Lake Onondaga County (Syracuse), New York

November, 1994

Description

On July 31, 1995, the Syracuse EFC entered into an agreement with the Onondaga Lake Cleanup Corporation, the administrative service unit of the federally created Onondaga Lake Management Conference (OLMC), to conduct a 17 month \$409,000 economic and fiscal analysis of the effects of lake remediation expenditures to be made by Onondaga County.

Background

As a result of decades of pollution from both industrial sites and Onondaga County's sewage treatment facilities, Onondaga Lake has been labeled as one of the most polluted bodies of water in the United States. Following a 1988 lawsuit, Onondaga County agreed to a Federal District Court Consent Judgement that directs the County to plan, design, and construct facilities to bring its lake discharges into compliance with regulatory requirements. A similar judgement has been entered into by the major industrial firm involved in Onondaga Lake pollution.

Created by the U.S. Congress in 1990, the OLMC consists of six voting members:

- U.S. Army Corps of Engineers;
- U.S. EPA;
- Governor of New York;
- Attorney General of New York;
- Onondaga County Executive; and
- Mayor of the City of Syracuse.

The Conference is charged with developing a comprehensive restoration, conservation and management plan for Onondaga Lake and for coordinating information on the plan.

Not surprisingly, determination of the exact nature, size, and timing of the facilities that Onondaga County will be required to construct has been, and remains, controversial. Furthermore, the costs associated with some of the proposals are enormous, financing challenges complex, and raise a number of key issues and question:

- Will the costs outweigh the benefits?
- Will the County be able to obtain the necessary financing?
- Will the County be able to meet both this and its other budgetary and capital obligations?
- Will county residents and businesses be able to afford the increased user charges associated with remediation of the lake?

Each of these questions is profoundly important as the decision makers work through the various remediation proposals and alternatives. And each is exceedingly difficult to answer. Thus, the need and the impetus for the study now being conducted by the Syracuse EFC.

Project Description

The Syracuse EFC Study of Onondaga Lake Remediation proposals will have three major components:

1. Analysis and Baseline Forecast of the Local Economy;
2. Analysis and Baseline Forecast of County Fiscal Conditions; and
3. Policy Simulation and Analysis of Remediation Proposals.

Taken together, the results of these three components of the study are expected to provide OMLC members with information that will help to resolve the many difficult issues and questions involved in devising and effective and affordable plan to remediate the part of Onondaga Lake's pollution attributable to the County's sewage treatment and combined sewer overflow discharges.

Principal Project Staff

Bernard Jump, Jr., Professor of Public Administration and Executive Director, Environmental Finance Center, Maxwell School of Citizenship and Public Affairs, Syracuse University

ADDITIONAL PROJECT AND MEETING SUMMARIES

Pollution Prevention Workshop for Local Governments and Small Businesses March, 1995

Description

In March 1995, the EFC co-hosted a pollution prevention workshop for local governments and small businesses with the New York State Department of Environmental Conservation.

Background

The workshop was designed by the Pollution Prevention Unit of the New York State Department of Environmental Conservation. Pollution prevention (P2) is a new approach to protecting the environment and public health from toxic and hazardous substances. For local governments and businesses, P2 looks to:

- prevent or reduce waste before it is created;
- reduce raw materials, waste removal and disposal costs;
- save money, resources and landfill space;
- reduce toxic and hazardous discharges and emissions;
- enhance efficiency and productivity;
- reduce environmental liabilities; and
- improve health and worker safety.

Theme and Products

The workshop seminar was designed to help local governments and small businesses understand environmental requirements, identify environmental compliance problems, learn the benefits of P2, recognize P2 opportunities, and find out how to obtain technical and environmental regulatory assistance.

Workshop Agenda Topics

- What is pollution prevention?
- Pollution prevention case studies
- Pollution prevention guidance for governments and businesses
- The environmental ombudsman
- The Small Business Assistance Program
- The environmental self-audit for small businesses
- Working with small businesses
- Other resources available to local governments and small businesses

Customer Feedback

The co-sponsor, the New York State Department of Environmental Conservation, was very pleased that the Syracuse EFC could host and help support this event because of the serious resource constraints faced by local governments and small businesses in New York State. The meeting attendees were interested in learning about this new approach and appreciated the outreach efforts made by both the State and the Syracuse EFC. They indicated their hope that the P2 approach will prove to be a more efficient way to maintain and improve environmental health and safety.

Outcomes

The EFC is exploring future opportunities to work with local governments, small businesses and the New York State government on pollution prevention activities. The EFC has also increased its efforts to incorporate pollution prevention approaches as part of its ongoing training and educational materials and courses.

Attendee List

The official meeting list is maintained by the New York State Department of Environmental Conservation's Pollution Prevention Unit.

Presentation: "Planning Ahead for Community Improvements"
May 1995

Project Description

In May 1995, presented "Planning Ahead for Community Improvements" at the New York State North Country Local Government Conference. The presentation provided an overview of capital planning and budgeting.

Background

Most small and/or rural local governments in New York State do not engage in the practice of capital improvements planning. Further, capital budgets are not required (although they are recommended) by the State as part of a local governments annual budget. Thus, many local governments are constantly reacting to one crisis after another. Planning for capital improvements would, among other things, help local governments make the most of their limited resources. By building fiscal management capacity through the practice of capital budgeting, many communities would be able to ease their fiscal stress and would be better able to finance environmental projects, mandated or locally initiated. Recognizing this need, the New York State Tug Hill Commission during their annual North Country Local Government Conference included a session of the conference on capital improvements planning.

Themes and Products

The session focused on the benefits and practice of strategic planning for water, sewer, recreation and tourism improvements. The presentations centered on viable techniques to establish environmental priorities, link plans to finances, and review of the practices of creating official reserves.

List of Presenters and Description of Presentations

Facilitator:

June O'Neill, Executive Coordinator for Training and Intergovernmental Affairs, New York State Office of the State Comptroller

Speakers:

William Moore, Staff Assistant, Syracuse University EFC - *Overview of the Issues, Common Practices and Problems, What is a Capital Program and Budget, and the Benefits of Developing a Capital Program.*

Richard Hersey, Main Street Circuit Rider for Catskill Mountain Region (NYS), - *Community Involvement and Participation in Capital Planning.*

Joseph Sarno, Chief Examiner of Municipal Affairs, NYS Office of the State Comptroller - *The Legal and Regulatory Framework for Capital Budgeting.*

Customer Feed-Back

The session was well attended (approximately 100). The audience was very involved and enthusiastic discussions took place. These interrelated topics continue to stimulate substantial interest from technical service providers and local government officials.

Outcomes

Partly as a result of the conference, the Syracuse University EFC has continued and intensified work on developing training programs capital planning and budgeting for local governments and utilities. The EFC is currently working with Cornell University's Local Government Program in developing computer software and a handbook on capital budgeting for small, rural governments. It is anticipated that a computer-oriented training program will available sometime in the spring of 1996.

List of Attendees

(not available)

Regional Hearing on the EPA Small Town Task Force Report June 1995

Project Description

In June 1995, the Syracuse EFC in close cooperation with EPA's Region II Office hosted the regional hearing and roundtable discussion on the Small Town Task Force Report being developed by U.S. EPA's Small Town Task Force Advisory Committee.

Background

The Small Town Task Force Advisory Committee was formally established as a federal advisory committee on October 6, 1992 under Public Law 102-386. This law gave the advisory committee five major responsibilities. These responsibilities are to:

- identify regulations developed pursuant to federal environmental laws which pose significant compliance problems for small towns;
- identify means to improve the working relationship between the Environmental Protection Agency and small towns;
- review proposed regulations for the protection of the environment and public health and suggest revisions that could improve the ability of small towns to comply with such regulations;
- identify means to promote regionalization of environmental treatment systems and infrastructure serving small towns to improve the economic condition of such systems and infrastructure; and
- provide such other assistance as the U.S. EPA administrator deems appropriate.

The Small Town Task Force Advisory Committee is comprised of fourteen members. The advisory committee's members include municipal, township, state, and federal officials, as well as individuals who do not occupy a governmental position, but work in this area.

The law also assigns several responsibilities to the U.S. EPA administrator or to the Agency. Perhaps the most important such responsibility is that the Administrator shall establish a program to assist small communities in planning and financing environmental facilities.

At the first meeting of the Small Town Task Force Advisory Committee on March 3-4, 1994 in Washington, D. C., a finding and four principles were discussed to be presented to the United States Environmental Protection Agency. In August 1994, these early thoughts were compiled in the report, **Initial Recommendations of the Small Town Task Force Advisory Committee** and presented to U.S. EPA Administrator Carol Browner. Shortly thereafter, Administrator Browner directed each EPA Region to conduct a public hearing to solicit comments on the report from small community local officials.

Customer Feed-Back

Comments were recorded and are maintained by the U.S. EPA Region II Office.

Outcomes

The results of this and the other hearings were compiled and reported to the EPA Administrator for further analysis. On November 29, 1995, U.S. EPA Administrator Carol Browner announced a new policy that gives states more flexibility in helping small communities address their environmental problems. EPA's Small Town Task Force Advisory Committee is developing a final report for release to the Congress.

Chatham Brownfields Redevelopment Project

Project Description

Assisted the Village of Chatham Development Corporation with its application for grant funding under EPA's Brownfields Economic Redevelopment Initiative for the "Environmental Mitigation and Adaptive Re-Use of Railroad Yards in the Village of Chatham, NY Project.

Background

Village of Chatham (pop 1920), Columbia County, Hudson Valley, New York. The Village of Chatham straddles the Towns of Chatham and Ghent. It is situated fifteen miles from the intersection of I-90 (NYS Thruway) and the Taconic Parkway and approximately twenty miles from Albany

"Chatham, long a transportation crossroads, is at a turning point in its history. Built on a 19th Century industrial base of mills, manufacturing and railroads, it has been making a gradual transition to modern industries. Its future most likely will be based upon developing a broader mix of small businesses of many different types. Some of these new enterprises will be brought by newcomers seeking the small town atmosphere that Chatham still offers. The Village faces the difficult challenges of making an economic and social transition without losing its special character."

"The first railroad system was built in 1831. Chatham quickly become an important station on the Boston and Albany Line. It was also the northern terminus of the New York and Harlem Line and the Hudson and Berkshire Railroads, as well as the southern end of the Harlem Extension Line (later the Rutland Railroad). More than 100 trains a day from all over the northeast passed through or stopped at Chatham, where each company had its own station." - Excerpted from the Comprehensive Master Plan (3/95)

For the past three years, the Village of Chatham has been vigorously engaged in a visioning process to address and direct future growth. The process has involved annexation of a new shopping plaza, a building moratorium, a three-day community planning charrette, revision of the Master Plan and the Zoning Code. The creation of the Village of Chatham Development Corporation is the most recent step in this process and will oversee the implementation of the local vision.

The brownfield is sixteen acres abutting the historic downtown, also sixteen acres. Future development or nondevelopment of this site will greatly impact the future of the village core. The community consensus is to adapt the site for housing and compatible commercial development with lands reserved for parks, parking, and linkages to schools and county fairgrounds.

Project Overview

The overall goals for this "Brownfield" EPA submission are:

- Clarify the degree of contamination at the site;
- Determine the appropriate mitigation measures necessary to encourage
- adaptive re-use;
- Estimate the costs for remediation;
- Identify and evaluate financing alternatives; and
- Ascertain the economic impact of the possible future redeveloped site.

Intermediate steps will include:

- Meetings with ConRail and other cooperative partners;
- Preparation of an environmental impact statement;
- Preparation of an economic impact statement;
- Preparation of a financing plan; and
- Development of an inclusive downtown design strategy.

The EPA award will be used to:

- Support the administrative costs of the applicant;
- Cover services provided by the Syracuse University Environmental Finance Center;
- Convene meetings of interested parties (banks, landowners, government development officials, etc.);
- Sponsor a design competition;
- Prepare real time computer simulation visual model depicting design build-out;
- Employ land use experts, as necessary, to supplement the technical assistance offered by the cooperative partners; and
- Print and distribute multiple copies of a final report.

Participants

The Village of Chatham Development Corporation intends to contract with the Environmental Finance Center of the Maxwell School of Citizenship and Public Affairs at Syracuse University, for assistance in:

- Project administration;
- Preparation of economic impact study;
- Preparation of financing plan; and
- Provision of other technical support services as appropriate.

In addition, the following have agreed or are being sought for participation in project implementation:

- Village of Chatham;
- ConRail;
- Columbia Economic Development Corporation;
- New York State Department of Transportation;
- New York State Department of Economic Development;
- New York State Department of State, Office of Local Government Services;
- New York Rural Development Council;
- New York Main Street Alliance;
- New York Planning Federation;
- National Main Street Center National Trust;
- Mid-Hudson Patterns for Progress;
- Columbia Land Conservancy; and
- Greenway Heritage Conservancy.

Outcomes

A grant was not awarded for the project in the first round; however, the application remains active for subsequent rounds of awards

APPENDIX

OTHER EFC ACTIVITIES

I. New York State Roundtable on Biosolids

In November 1994, the Syracuse EFC hosted the second meeting New York State Roundtable on the Future of Biosolids. This group is comprised of New York state and local officials, and representatives from the private sector. Their intention is to meet regularly to discuss issues relating to the beneficial uses of municipal sludge; e.g., agricultural fertilizer, composting, environmental concerns. The roundtable was grateful for the EFC's help in hosting the meeting. The group plans to meet quarterly and is looking into developing publications.

II. Indian Nations Leaders Meeting

In July 1995, the EFC co-hosted with U.S. EPA's Region II office the Indian Nations Leaders Meeting. At the request of the Region, the EFC provided meeting space and administrative support for this important session.

III. Cornell Local Government "Capital Plus" Project

Syracuse EFC staff are working with this project which involves the development of computer software and a written handbook for multi-year financial planning and capital budgeting. These products are being designed for use by small, primarily rural local governments in New York, Pennsylvania and Ohio and project funding comes from the Appalachian Regional Commission.

EFC staff member, Bill Moore has written a section of the handbook entitled, "The Benefits of Developing A Capital Improvements Program." He has also reviewed and commented on the computer software and other sections of the handbook. He will be pilot testing the software with an area local government. The EFC is working with the Infrastructure Working Group of the New York State Rural Development Council to stimulate interest in this effort. The EFC plans to use the computer software and handbook as the cornerstone of a seminar on capital budgeting planned for the spring of 1996.

IV. Capital Budgeting Work

EFC staff made a presentation on capital budgeting to the New York State Association of Towns at their 1996 Annual Conference on February 20. The EFC hopes to meet and work with groups such as the New York State Conference of Mayors and Municipal Officials, the New York State Office of the Comptroller and Department of State and the New York State Finance Officers Association to promote these capital budgeting efforts and seek financial assistance.

SUMMARY OF PROJECTS AND ACTIVITIES RELATED TO CAPACITY DEVELOPEMENT FOR DRINKING WATER SYSTEMS

During the past three years, the Syracuse University Maxwell School Environmental Finance Center (EFC) has engaged in numerous projects and activities directed at supporting the local financial capacity necessary to provide and maintain environmental systems and services. These projects and activities include:

Risk and Finance Project

This project looked at how communities prioritize environmental activities using risk management and finance considerations. Surveys were conducted in seven New York communities of varying size facing considerable environmental capital costs. After the survey information was digested, a day-long seminar was conducted for officials from these communities at which they discussed the survey findings and participated in risk and finance decisionmaking exercises. Discussions centered on meeting the numerous requirements of the "Safe Drinking Water Act". In June 1994, the EFC completed a draft report outlining its project findings entitled, "Risk and

Finance".

New York State Rural Resource Roundtable

The EFC hosted the Rural Resource Roundtable series with two workshops for New York State rural communities and technical assistance providers. The first was held in September, 1994. Workshop topics included effective financing strategies, citizen communication approaches, rural environmental finance service needs, compiling data for financial assistance, and opportunities for cooperative efforts to improve assistance to rural communities. The second workshop was held in April 1995. Topics included the ENVEST Volunteer Program of the American Council of Consulting Engineers, qualification-based selection for professional services, EPA Small Town Task Force recommendations, and conflict negotiation and mediation skills. The EFC is planning to hold additional workshops in 1996.

Full-Cost Pricing

This project has focused on the full-price costing of environmental services. The EFC hosted a conference examining the issue as it impacts the sustainable provision of local drinking water and wastewater services. The EFC also hosted and assisted in the field testing of an EPA supported windows-based computer software for setting financially responsible drinking water and wastewater rates. This software is being developed for use by small and medium-sized water and wastewater systems. The EFC is continuing to assist in the field testing of the software in FY 1996.

Rate Conference

In October 1994, the Syracuse EFC held a one-day conference for New York State local governments entitled "Setting Water and Wastewater Rates: Policy and Management Issues". Conference topics included capital planning and budgeting, the concepts and mechanics of rate setting, contracting for professional services, financing alternatives, rate issues, credit analysis, and selling rate increases to the public.

Rate Model Software

In August 1995, planned, hosted and assisted with field (beta) testing of "Utility Rate: A Rate Setting Model and Financial Planning Tool for Water and Sewer Utilities" - computer software package developed under funding by US EPA. The Beta testing was also coordinated with the University of New Mexico EFC in Region 6. Both EFCs will conduct "train the trainers" sessions on the rate model for EFC staff this summer, followed by training sessions for local officials beginning in the fall.

Region X Outreach

In October, 1994, Syracuse EFC staff spoke at the US EPA Region X meeting on small community needs, providing information on the use of Environmental Finance Centers and the results of the EFC's "Risk and Finance Study" referenced above. One important result of this meeting was the development of a Region X EFC now located at the Idaho Universities Policy Group. This EFC focuses on small systems viability issues.

Funding Environmental Infrastructure Study

In another project, the Center conducted an important Congressionally-requested study for EPA's Office of Water examining a wide range of alternative financing strategies and delivery mechanisms for funding drinking water and wastewater water infrastructure. As part of this effort, the EFC jointly sponsored with the Council of Infrastructure Financing Authorities four open meetings with interested parties to discuss the report being developed. The final report will be delivered to EPA's Office of Water in 1996.

Capital Budgeting and Planning

Outreach

In May 1995, presented "Planning Ahead for Community Improvements" at the New York State North Country Local Government Conference. The presentation provided an overview of capital planning and budgeting.

Training Program

Initiated preparation of a training program on capital planning and financing for elected and appointed local government officials. The emphasis will be on planning and financing environmental infrastructure.

[attendee count for conferences and workshops exceeds 650]

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