

**Performance Measurements Report
April 1, 2023 - March 31, 2024**

1. Implement creative financial solutions for recipients with diverse demographic profiles to address water quality and public health needs.

Consideration of Environmental Justice Areas / Disadvantaged Communities

In the Federal Fiscal Year (FFY) 2021-22, the Clean Water and Drinking Water Intended Use Plans, and the Hardship Policies were updated to make interest-free financing more widely available. Municipalities that would otherwise not be eligible for hardship financing may be eligible if their project serves, protects, or benefits a Potential Environmental Justice Area (PEJA). Three communities pursued this option in FFY 2022-23. One of the applicants was determined to be eligible, because they provided a 50% benefit to the PEJA area. Increased federal funding is expected to raise interest in this program because more grant funding is available to those that are eligible for hardship.

Since the enactment of the Infrastructure Investment and Jobs Act of 2021, also known as the Bipartisan Infrastructure Law (BIL), EPA has encouraged state revolving fund (SRF) programs to evaluate their definitions of “affordability” and “disadvantaged community” to ensure that SRF programs are reaching the communities that most need funding. Such evaluation should also help ensure that the SRFs are meeting the requirements of the federal Justice40 initiative, which, like the State’s Climate Leadership and Community Protection Act (CLCPA) and the Clean Water, Clean Air, and Green Jobs Environmental Bond Act of 2022, has the goal of delivering at least 40% of the overall benefits from certain federal investments (including the SRFs) to disadvantaged communities.

In December 2023, EFC awarded \$309 million in Water Infrastructure Improvement (WIIA) and Intermunicipal Water Infrastructure Act (IMG) grant funding to 82 projects benefitting PEJAs or Disadvantaged Communities (DACs), which equaled 69% of the total funding provided, and 53% of the projects awarded. Eight of the 10 Green Innovation Grant Program (GIGP) grants awarded in February 2024 were awarded to projects in PEJA communities.

Updated Hardship Policy

During 2022, EFC revised the clean water SRF (CWSRF) Hardship Policy and affordability criteria in an effort to focus BIL interest-free financing and grant to those that need it the most. In 2023, EFC again updated its policy and definition of affordability to reflect adoption of a final definition of disadvantaged community (DAC) for purposes of the CLCPA.

The revisions to the Hardship Policy also allow small, rural, and disadvantaged communities to receive higher BIL and WIIA/IMG grants because CW WIIA/IMG grants are no longer net of other EFC grants.

Consideration of Impact to Ratepayers

EFC has evaluated how it may assist communities whose demographics (median household income and poverty rate) on their face do not evidence a need for hardship funding but for whom available census data may not reflect an accurate demographic picture, or where the project cost must be borne by a small number of ratepayers. EFC has been collecting information regarding user costs and the impact of EFC-funded projects on user costs. This information may be used to adjust the eligibility criteria for hardship and grant in the future, especially for systems with a low number of ratepayers. EFC has also engaged technical assistance providers to examine ways to address impacts to ratepayers. This effort is ongoing.

2. Deliver distinctive value through technical and programmatic expertise in various aspects of all financed projects.

\$150 million State Commitment to the City of Mount Vernon

Since the April 15, 2022 announcement that the State will direct \$150 million to the City of Mount Vernon to replace aging water and sewer infrastructure, EFC has been dedicating significant financial, technical, and legal resources to support the City and ensure they have the technical, financial, and managerial assistance they need to expedite critical projects to protect the environment, public health, and residents' quality of life. EFC committed \$2 million in administrative funds to the City to support managerial, engineering, and staff capacity. To date, EFC has executed 6 contracts totaling \$17.77 million related to this initiative and has disbursed \$8,362,789.34 to the City. The contract to construct a pump station to correct continuing blockage issues at 3rd Street was substantially completed this year. Remaining contracts include lead service line inventories and storm/sanitary sewer system investigations and spot repairs. The investigations are anticipated to lead to significant construction and repairs in SFY 2024-25.

EFC Bond Issuance

EFC closed three series of bonds in SFY 2023-24. Series 2023 A was closed in May 2023. This transaction refunded EFC's Series 2012 B, 2012 E and 2013 B with a true interest cost (TIC) of 3.17% and provided a benefit of \$25 million to 93 recipients.

In addition, EFC closed on Series 2023 B in June 2023. This transaction on behalf of the New York City Municipal Water Finance Authority (NYCMWFA) refunded EFC's Serie 2013 A, with a TIC of 3.53% and provided a savings of \$23.5 million to NYCMWFA.

In the last transaction of the SFY, Series 2023 C closed in December 2023. This transaction included financings for 21 recipients and had a TIC of 4.69%. This transaction will provide an estimated \$57 million in subsidy to the participating recipients.

During SFY 2023-24, EFC maintained the AAA/Aaa credit ratings for the 2010 Master Financing Indenture and the senior and subordinate NYCMWFA Indentures.

Project Impact Dashboard

During SFY 2023-24, EFC has been developing a “Project Impact Dashboard” using maps and other graphics to show the number of projects that have closed with EFC funding and those that have completed construction. The dashboard is intended to show the impact of both state and federal funding on water infrastructure projects across New York State. EFC expects the dashboard to be public in June 2024.

3. Engage communities to maximize use of EFC funding to protect the environment and public health.

State Water Grants

EFC awarded nearly \$450 million in Water Infrastructure Improvement (WIIA), Emerging Contaminant (EC), and Intermunicipal Water Infrastructure (IMG) grants to support 156 projects, totaling over \$1.5 billion in project costs. This included the first funding awarded through the Bond Act in the amount of \$200 million.

On February 5, 2023, EFC announced a new round of the WIIA/IMG program which includes an enhanced WIIA award for clean water projects. Projects serving small, rural, and disadvantaged communities with a population of 3,500 or less may qualify for up to 50% of net eligible project costs. To qualify for the enhanced WIIA award, the community must meet the hardship criteria as defined in the 2024 Clean Water Hardship Policy or the project (without the grant) would result in residential user rates exceeding 1.5% of the Median Household Income (MHI) of the community. This would allow for a municipality to potentially receive 100% grant on a project if they receive an enhanced WIIA grant and a BIL grant.

Since the inception of state water grants in 2015, EFC has awarded 1,049 grants to 560 communities for drinking or clean water infrastructure projects. These grants have saved recipients over \$5.9 billion dollars in potential financing costs associated with water and wastewater projects.

Engineering Planning Grant (EPG) Program

In 2023, \$3 million was made available for another round of the EPG Program. Seventy-eight applications were received through August 11, 2023. On February 15, 2024, EFC awarded \$3,004,900 to support 62 projects that submitted complete applications.

Since the inception of the EPG Program in 2012, EFC has disbursed \$21.2 million to fund 623 EPG Program projects, which has led to over \$920 million in CWSRF financings for clean water infrastructure projects.

Clean Water State Revolving Fund (CWSRF)

In SFY 2024 EFC closed \$1.5 billion in CWSRF financial assistance agreements for 191 clean water infrastructure projects.

Since inception of the program in 1987, the CWSRF has provided over \$38 billion in financial assistance to over 600 distinct municipalities for clean water infrastructure projects that protect and improve water quality and public health throughout the State.

As of March 31, 2023, the total net position of the CWSRF was \$6.2 billion.

Implementation of Bipartisan Infrastructure Law

The BIL is a federal infrastructure funding package that was signed into law on November 15, 2021. In part, the law provides the US Environmental Protection Agency (EPA) with funds to be awarded through states' SRFs to strengthen the nation's wastewater and drinking water systems. The BIL will provide additional funding to the State SRFs annually for five years, starting in Federal Fiscal Year (FFY) 2022. The State will receive approximately \$501 million for these purposes under BIL for FFY 2023. This funding will allow the SRFs to support a greater number of water quality and infrastructure improvement projects throughout the State.

In SFY 2024, EFC closed 8 financial assistance agreements that included BIL funding. The financial assistance agreements totaled approximately \$115 million, including approximately \$96 million in BIL funds.

Drinking Water State Revolving Fund (DWSRF)

In SFY 2024, the EFC closed \$757 million in financial assistance agreements for 78 drinking water projects, including \$3.5 million in DWSRF grants to 4 disadvantaged communities.

Since inception of the DWSRF program in 1996, the DWSRF has provided \$9.8 billion in financial assistance to public water systems throughout the State, including \$404 million in DWSRF grants, to over 500 recipients.

As of March 31, 2023, the total net position of the DWSRF was \$1.4 billion.

Program Outreach / Technical Assistance

EFC expanded its community and public outreach efforts during SFY 2023-24. EFC provided nearly 50 presentations, both in-person and virtual, to communities across the State. These presentations provided information about EFC's funding programs, program requirements, and ways for communities to access financial assistance related to their water infrastructure projects. EFC proactively searches for potential venues and events where EFC may participate to reach as diverse and large an audience as possible.

In February 2023, the Governor announced EFC's Community Assistance Teams (CATs) initiative. This initiative works with small, rural, and disadvantaged communities to help them access water infrastructure funding. Coordinating with DOH and partner agencies including the Departments of Environmental Conservation (DEC), State, and Homes and Community Renewal, and Regional Economic Development Councils, EFC has and will continue to increase the accessibility of available funding by holding community assistance events, providing direct one-on-one consultations, and offering ongoing support to municipalities.

Since the inception of the CATs program in 2023, the CATs have held 20 regional webinars attended by 550 local government officials and had 95 one-on-one consultations with municipalities.

4. Provide funding assistance to improve water quality and mitigate the effects of climate change through green infrastructure, energy efficiency, water efficiency and environmental innovation.

Green Innovation Grant Program (GIGP)

GIGP encourages communities to undertake green infrastructure, energy efficiency, water efficiency, and environmentally innovative projects. Green stormwater infrastructure projects provide multiple benefits, including reduced CSO and SSO events, flood protection, habitat restoration, improved air and water quality, and reduction in urban heat island effect. The installation of water meters has been shown to reduce water use by residents thereby reducing operation and maintenance costs for both drinking water and wastewater treatment systems.

In May 2023, up to \$15 million was made available for another round of the GIGP Program. EFC received 61 eligible GIGP applications for over \$82 million in total project costs. On February 15, 2024, EFC awarded \$15 million to 10 projects.

Since the inception of the GIGP in 2009, EFC has disbursed over \$158.8 million to fund 220 green infrastructure projects. 8 projects were closed out during this reporting period.

Green Resiliency Grants (GRG)

In 2024, EFC will administer up to \$60 million in Bond Act funding through the upcoming Green Resiliency Grants (GRG) program, which funds green infrastructure projects, including green roofs, green streets, and permeable pavement. Areas most susceptible to the impacts of climate and extreme weather events will be prioritized for funding. Eligible projects will bring transformative benefits for the communities they serve. Green practices have multiple benefits, including flood protection, habitat restoration, improved air and water quality, reduction in urban heat island effect, and street and neighborhood beautification that can spur economic development and community revitalization.

Asset Management Program

During SFY 2023-24, EFC continued to work with DEC's Division of Water to implement the Asset Management Program for wastewater infrastructure.

In 2022, EFC issued a Request for Proposals, and 10 engineering firms were selected to work with 27 volunteer communities under the direction of the lead engineering firm previously selected. The 10 engineering consultants will develop asset management plans for these communities of varied sizes using the State's Asset Management Guide that includes recommended procedures and best practices to evaluate the resiliency of wastewater infrastructure assets to storm events and measures for resilience assessment to protect critical assets. It is expected that the engineering consultants in the Program will learn a consistent approach to asset management plan development that can be applied for municipalities across the State. To date, 14 asset management plans are in various stages of development, 4 additional plans are in the start-up phase and the remainder will be started as the plans under development are completed.

Since the inception of the Asset Management Program in 2023, EFC has disbursed \$2.5 million, including \$2.2 million in SFY 2023-24.

5. Enhance organizational resiliency by embedding strong internal processes and quality review in our corporate strategies.

Succession Planning/Employee Retention

In SFY 2023-24, EFC continued its review of staffing levels and evaluation of anticipated employee loss in the upcoming year due to retirements and other factors. During the year, EFC hired several employees and is in the process of hiring several additional employees. These additions address anticipated increased workload due to BIL, the Bond Act, CATs, and the new Green Resiliency Grant Program, as well as

implements our succession plan that considers the number of retirements expected within the next five years.

EFC continues to enhance its processes to ensure that every member of our team feels heard and valued as part of our efforts to retain employees and maintain high morale among all staff. In the third quarter, an employee satisfaction survey was undertaken. In January 2024, an all-staff meeting was held to discuss the results of the survey. We also discussed what Executive Staff had done over the year to implement all the commitments it had made in response to the prior year's survey.

The President and Executive Vice President continue to meet with each Division quarterly to have an open discussion on any topics staff want to discuss. In addition, EFC has instituted quarterly manager's meetings where all staff in a management role gather to employee wellness, diversity, equity and inclusion, program implementation, and other emerging issues.

During the past year, our exit interview protocol was revised to better understand the experiences and insights of separating team members. We recognize the value in understanding the reasons behind departures and are eager to implement changes that foster a culture of continuous improvement. We continue to solicit input from new employees, and our existing six-month survey for recent hires remains in place, providing us with valuable insights into their onboarding experience and initial impressions of working at EFC.

In addition, we have introduced a three-month performance evaluation for new employees. This evaluation will only assess performance to ensure appropriate early feedback is provided to the employees. The evaluation also provides a platform for soliciting feedback from new team members, ensuring their voices are heard and they feel valued at EFC.

Site Visits/Document Collection

EFC uses its site visit and document collection program to ensure that recipients are meeting CWSRF program requirements. Construction-related documents must be provided to EFC and a site visit conducted prior to closing a long-term financing.

During the SFY, EFC requested construction-related documents for 71 projects and conducted 57 site visits for the CWSRF program. EFC also collected documents for 11 additional DWSRF projects.

From a broader standpoint, EFC staff from all divisions have been encouraged to attend site visits periodically. EFC leadership has determined that these visits foster a greater understanding of the impact of EFC's work on the communities we serve and broadens

the knowledge of our staff. Staff that attend site visits have overwhelmingly positive feedback on the experience.

Internal Controls

EFC annually assesses the effectiveness of its internal control structure and procedures. In the last year, EFC improved its system of internal control to enhance its ability to assess inherent and residual risk. EFC has measured, and periodically remeasures, the level of risk associated with each of its functions. The highest risk functions are reviewed annually, while all functions are reviewed at least every three years. EFC reviews and tests the internal controls associated with functions to ensure the controls mitigate risk to a level at or below EFC's risk tolerance. When exceptions are identified, corrective action plans are developed to sufficiently mitigate the risk. For example, EFC revised its procedures related to how municipalities can submit and change wire instructions for payments. These changes will help prevent attempts by unverified individuals or entities from fraudulently submitting changes to municipal account information.

Information Technology (IT) Improvements

EFC enhanced its secure backup and recovery software solution with Rubrik Cloud Vault. Rubrik Cloud Vault is a fully managed cloud service that enables organizations to have isolated, immutable copies of their protected data in the cloud. These copies support recovery from cyber-attacks, natural disasters and other interruptions.

EFC developers are continuing to redesign legacy PowerBuilder applications and functionality into the Microsoft Blazor framework. Recent successes include the WIIA application, loan application, finance credit report and EFC investments. GIGP and EPG application modules are currently replacing consolidated funding application (CFA) functionality. Work is currently underway to redesign the EFC loan servicing system.

EFC added CrowdStrike Falcon Spotlight to its Endpoint Security Services (ESS) offered by the Center for Internet Security (CIS). CrowdStrike Falcon Spotlight is a cloud-based vulnerability management tool that offers real-time assessment of vulnerability exposure on endpoints. This feature allows EFC IT staff to identify and prioritize software patching.

EFC completed another three-phase phishing assessment for all staff, provided by the NYS Division of Homeland Security and Emergency Services (DHSES). The assessment consisted of two phishing campaigns and a five-module training course for each staff member. This exercise will be conducted quarterly with critical training being provided to recently onboarded staff at the onset of employment. All staff continue to receive DHSES cyber training, and mandatory statewide cyber training on an annual basis.

EFC continuously manages end-of-life hardware and software replacement in order to maintain operational efficiency and reduce security risks. EFC replaced or eliminated a number of switches, UPS units connected to mission critical systems, and Windows Domain Controllers no longer receiving software support.

EFC ran new fiber cables from the ITS Datacenter to EFC's server room in preparation for a follow-on network upgrade project. The rewiring eliminated numerous points of failure and end of life hardware associated with the legacy configuration.

DHSES conducted a tabletop exercise with key EFC management and personnel. The three-hour exercise walked EFC through a mock incident and tested our cyber incident response plan and preparations. The exercise was customized by DHSES staff to reflect our organization's unique structure and resources, which will help drive improvements in existing plans and procedures. The scenario used in the exercise was based on a real-world incident that has impacted government entities in New York State in the past. EFC has begun implementing the recommendations provided by DHSES, including updating the incident response plan, after hours contact information and providing a clear chain of command in the event of a cyber incident.

EFC scheduled and has performed preliminary work on an upcoming Cybersecurity Risk Assessment with DHSES. The risk assessment program provides actionable recommendations to improve our cybersecurity posture. Cybersecurity Risk Assessments are comprised of three phases, including an Edge Assessment, which examines the organization's internet-facing perimeter and evaluates it for weaknesses that could be exploited, an Internal Vulnerability Assessment, which is an exercise that changes focus, adopting the perspective of an internal attacker, and a Security Program Posture Assessment that measures an organization's cybersecurity posture against CIS controls.