

Maine's Clean Water SRF

Where's it heading?



DEPARTMENT OF ENVIRONMENTAL PROTECTION

Bureau of
Land & Water Quality

STATE OF MAINE



Overview

- Water quality trends
- Who's running this ship?
- Maine infrastructure needs
- Status of federal SRF appropriations
- Status of Maine bonds
- Growth projections for SRF
- Short and long-range issues

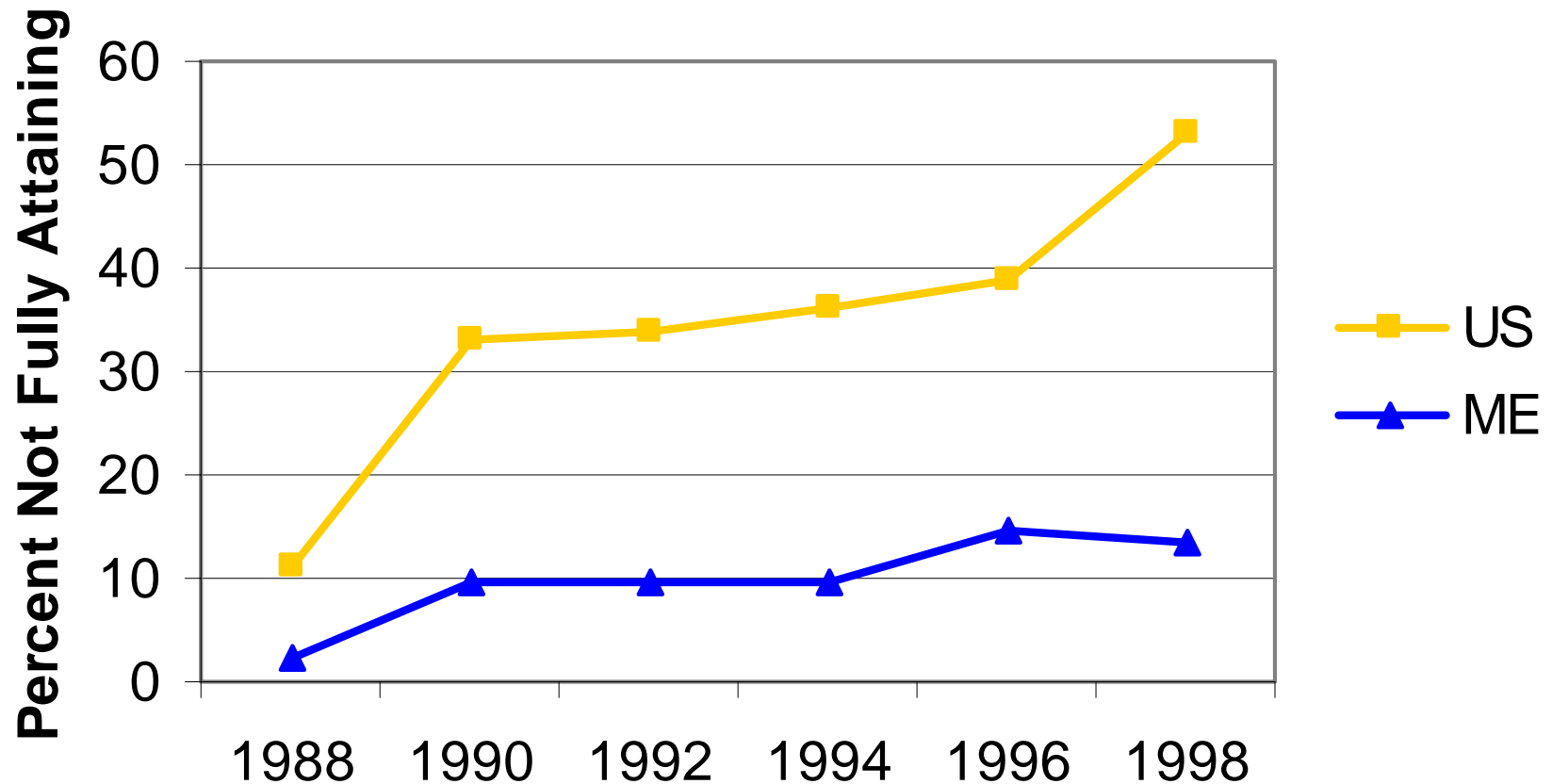


Objectives

- Improve understanding of how DEP runs the SRF in Maine
- Convey importance of growing the fund
- Anticipate elimination of federal \$

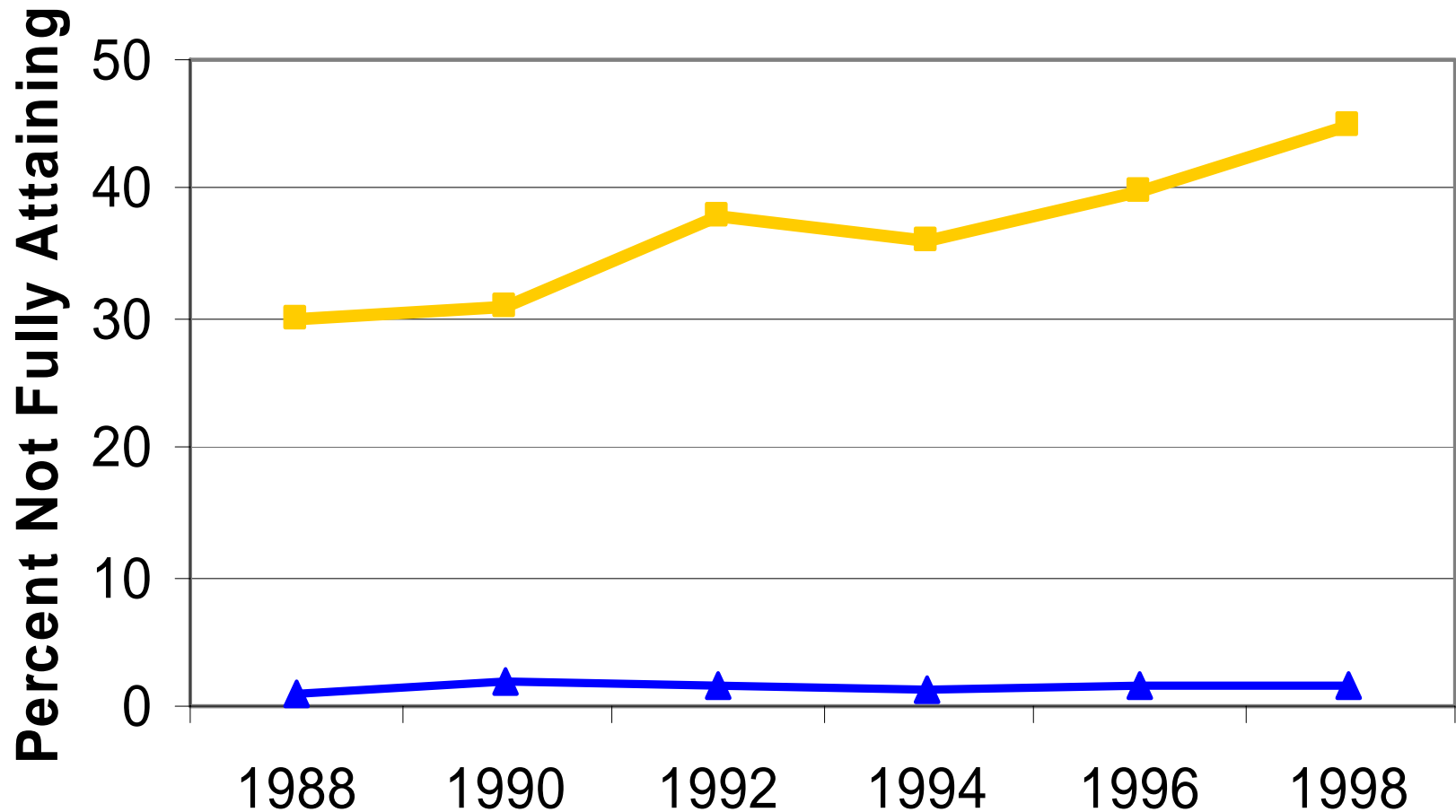
Water quality trends - Dirigo

Marine and Estuarine Waters



Water quality trends - Dirigo

Rivers and Streams



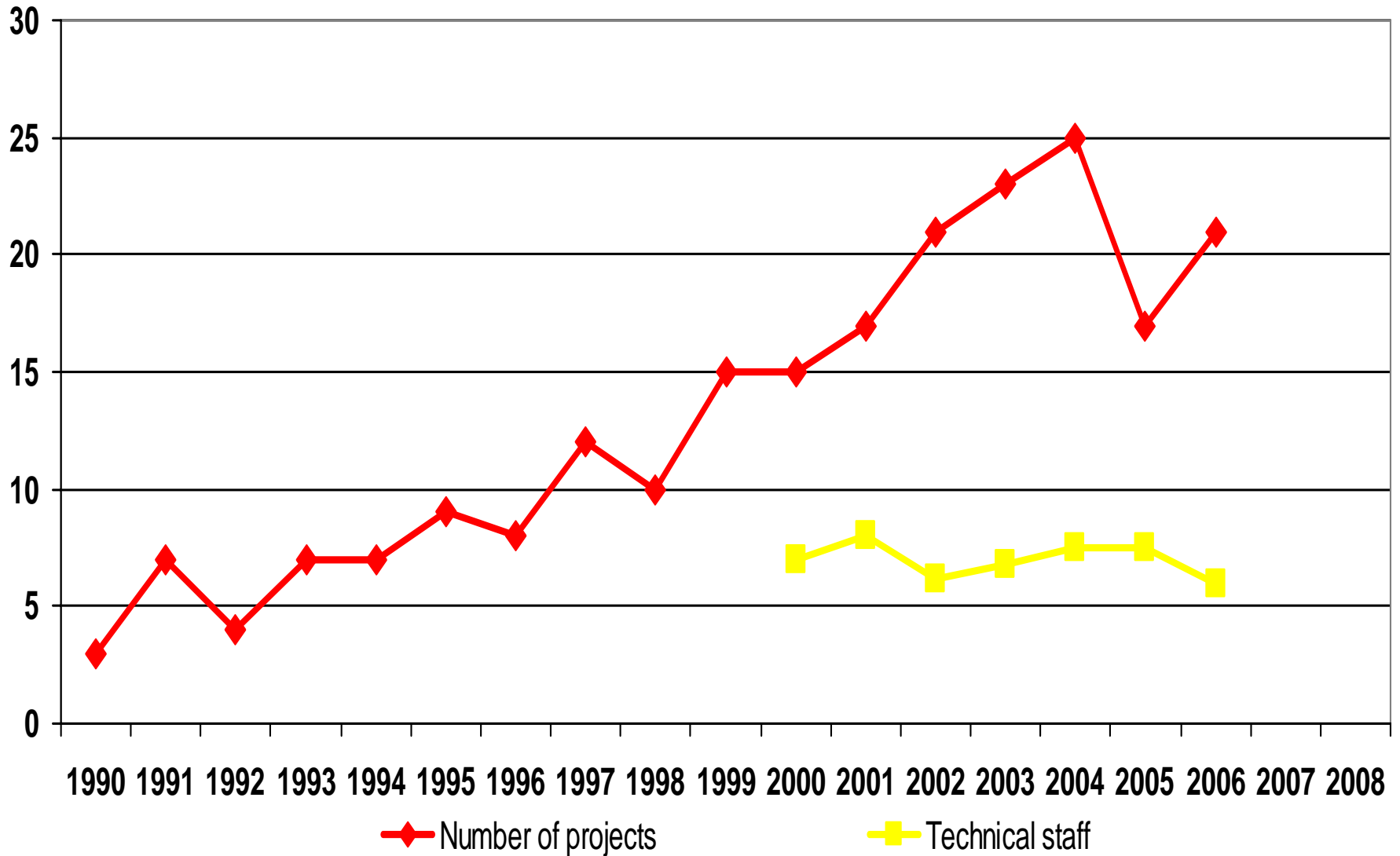
Administration – who does what

- 6 technical staff, 2 administrative
- 1 manager position eliminated, 1 vacant engineer
- 4 staff also work on other programs – Small Community Grants, OBD removal, CSO program, State construction grants
- Close coordination with USDA Rural Development, CDBG, Bond Bank

Administration – who pays the bills

- Dedicated revenues support 7 staff
 - Administrative funds from SRF fed. grant (4%)
 - Administrative funds from STAG (3%)
 - Annual fee on loan payment (3.5%)
 - DEP project management fee (3%)
- General Fund support for 1 staff
- Fee on loan payment is deducted from interest and is not an additional cost on loan.

Administration – more with less

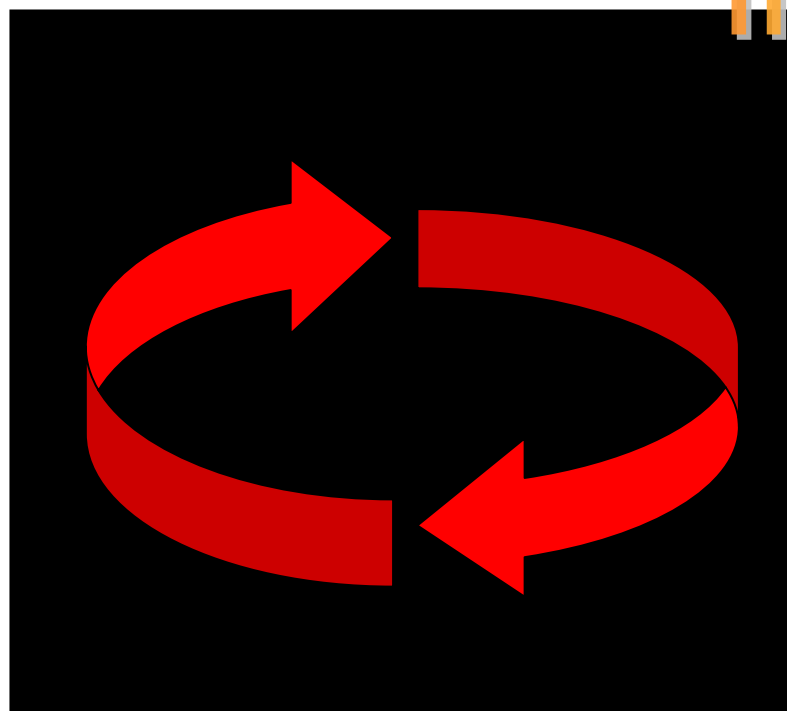


What's the SRF?

\$1

\$5

Principal & Interest





Status of Maine Clean Water SRF

- EPA consistently rates Maine's program as "well-managed"
- \$415,000,000 in loans since 1988
- 91 communities have benefited
- 92% of available funds are loaned out within one year



Value of the Maine SRF

- Interest @ 2% below market rate
- On average, SRF loans provide an 17-21% subsidy on total cost of project due to low-interest loan

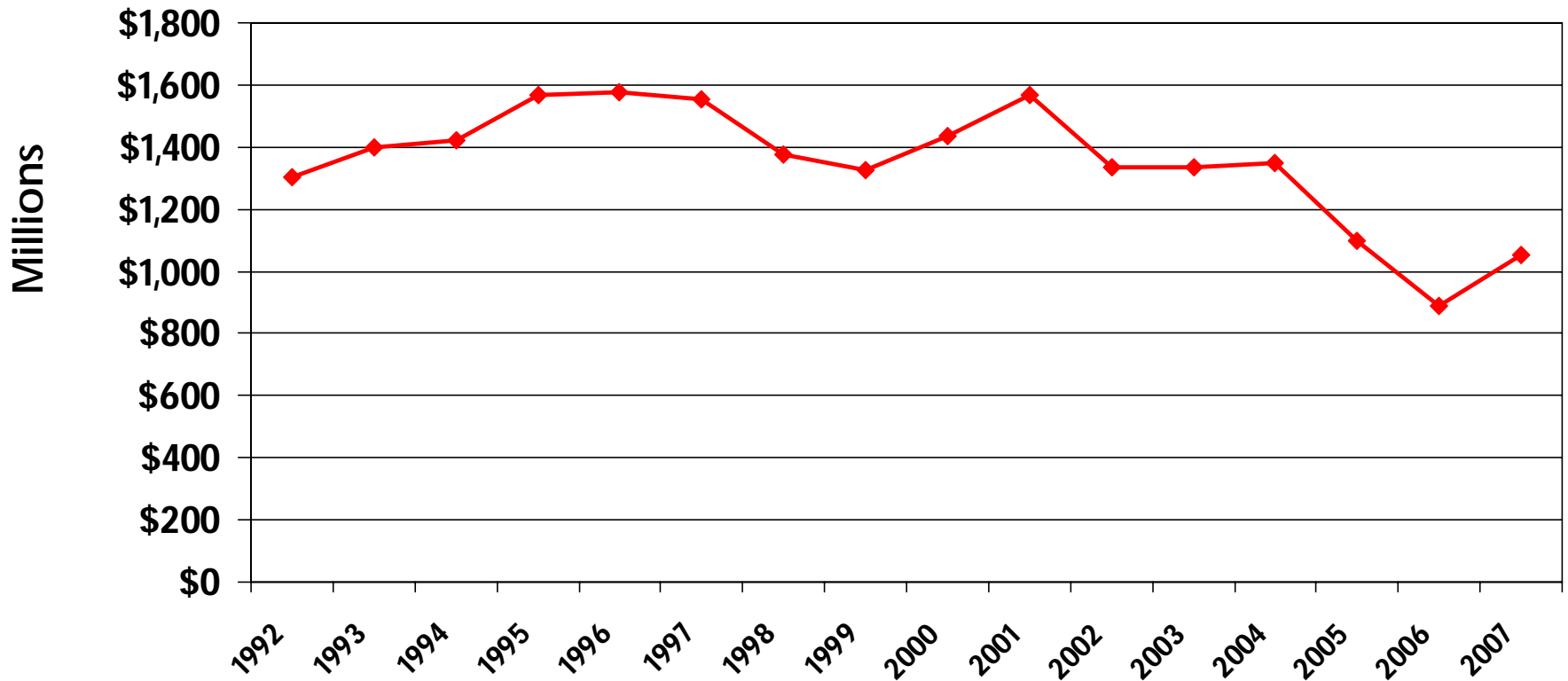


Maine infrastructure needs

- In the next 5 years, 79 communities have projects totaling \$307,000,000
- In the next 15, there is \$401,000,000 in need

Status of federal SRF appropriations

- SRF capitalization grants have declined by 50% since 2004



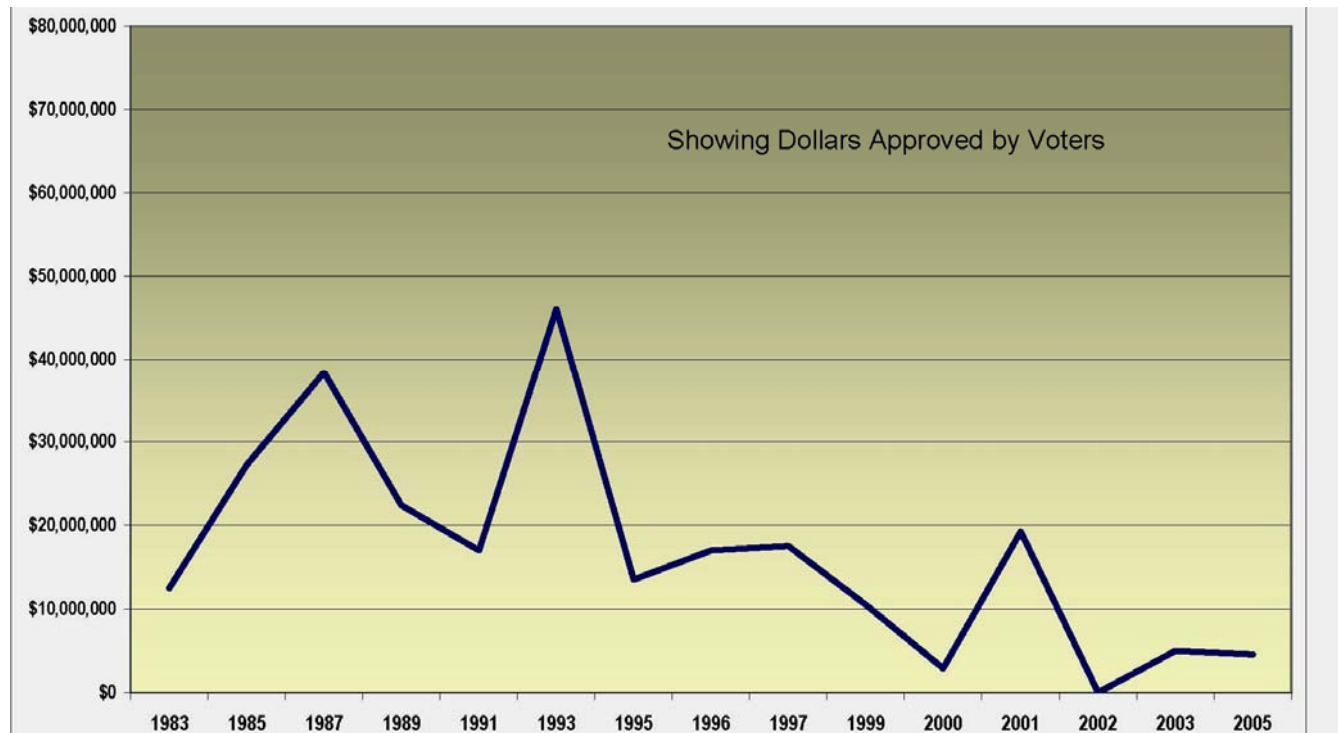


Status of federal SRF appropriations

- Accounting for inflation the federal construction grants program invested \$10 billion / year between 1970 and 88
- Construction costs increase 3% to 12% annually
- SRF appropriations end in 2011, or before

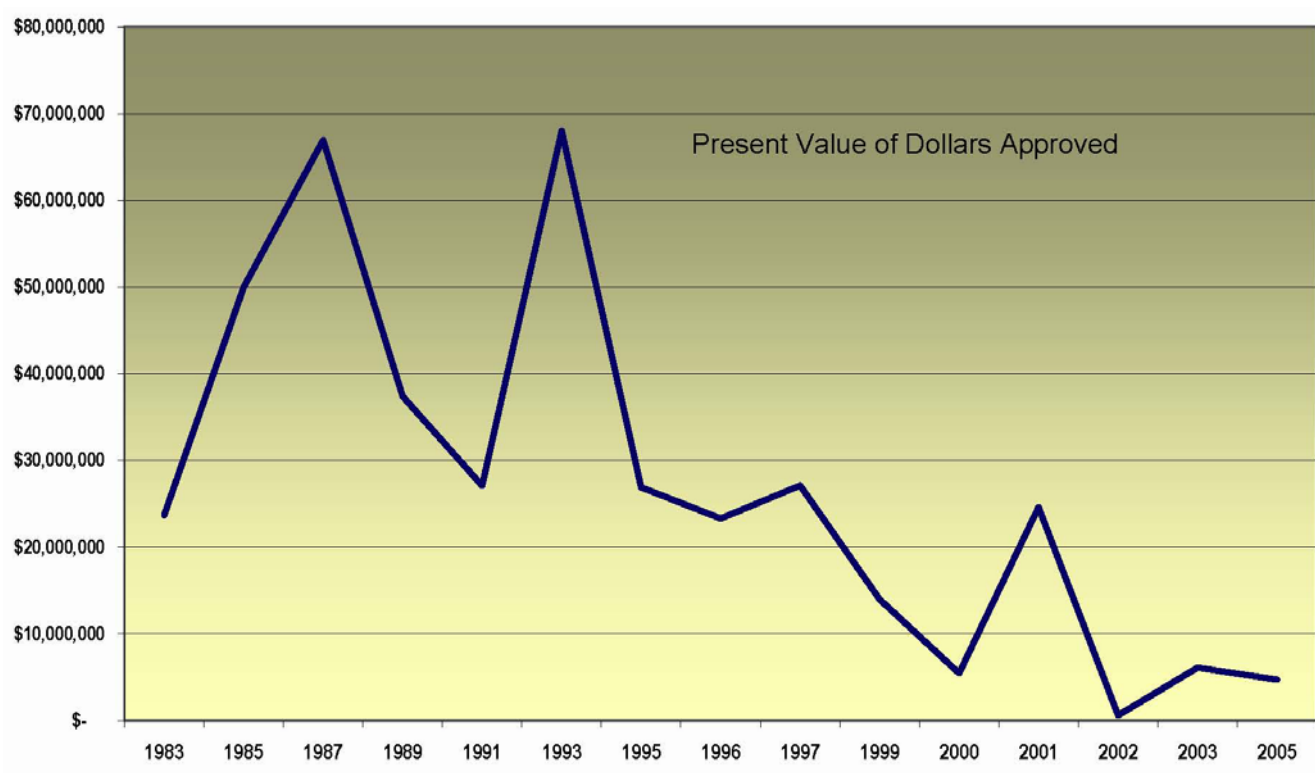
Status of state bond appropriations

- Environmental bond appropriations have declined significantly

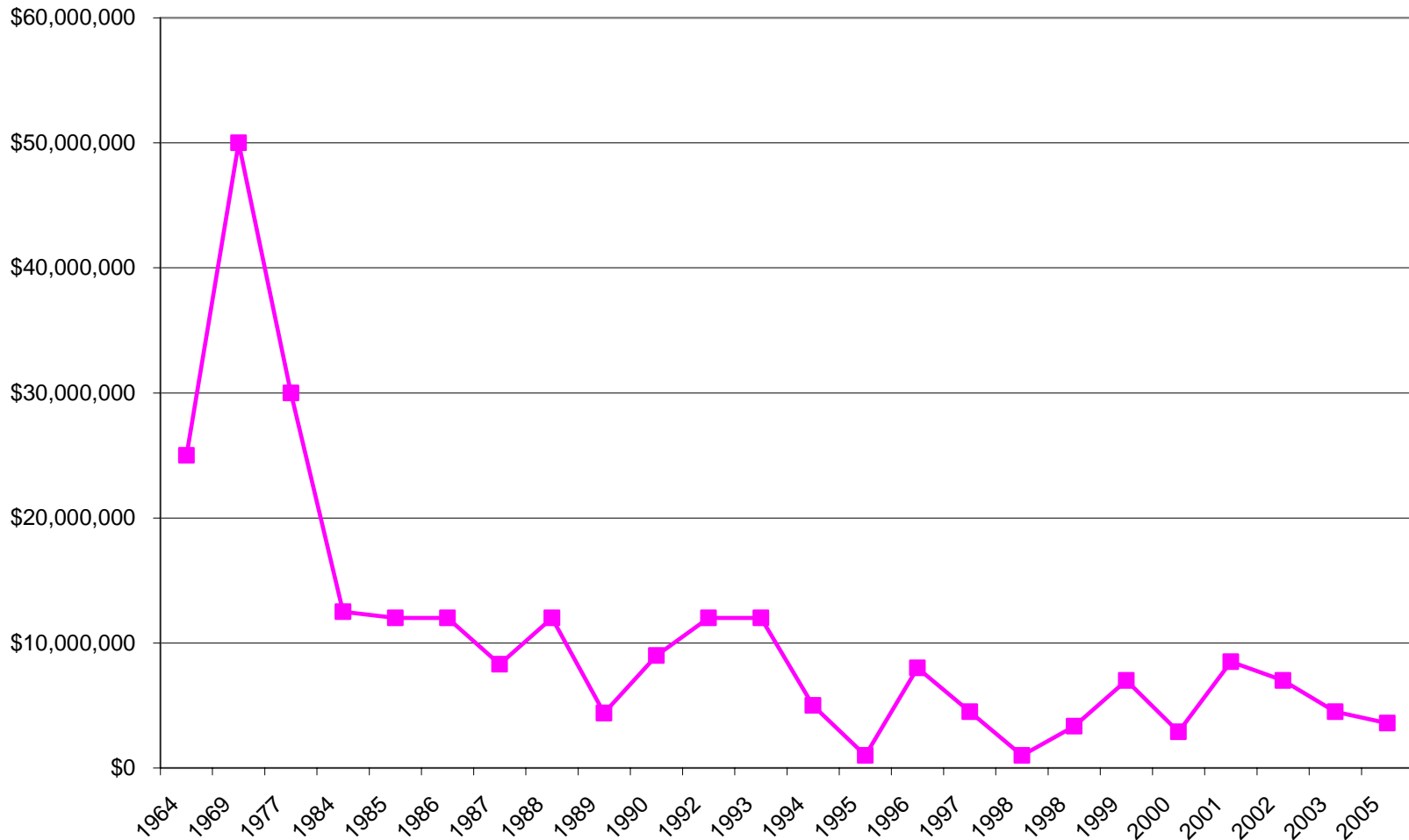


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State sewer bonds – 1964 - 2005



SRF MATCH

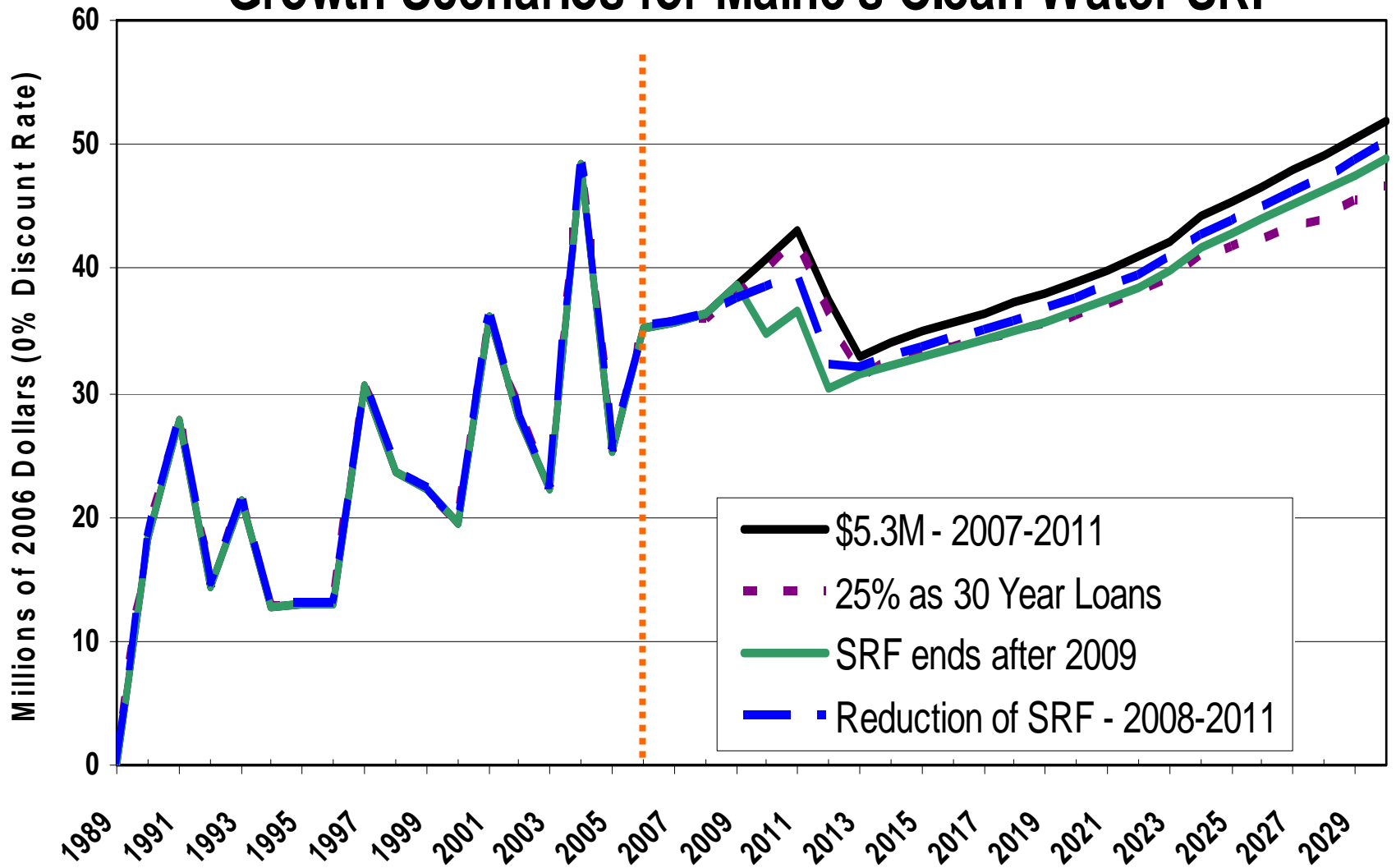
\$1 gets you \$5



Status of state bonding capacity

- State's debt capacity under "5% rule" in 2007 ranges from \$130 to \$300 million
- Bond tax-supported debt per capita is rated "low" or "moderate"
- Maine debt per capita is \$634
- National average is \$720

Growth Scenarios for Maine's Clean Water SRF



Summary of pending issues

- Bring back consensus on water infrastructure funding in Maine
- Elimination of federal capitalization grants
- Short fall in funding to support staff - \$350,000/year loss in funds due to reduction in federal SRF grants and other grants
- Asset management
- Make SRF process more flexible



Long-range issues

- Federal budget deficits

