



## State of New Jersey

DEPARTMENT OF ENVIRONMENTAL PROTECTION

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**NOTICE OF OPEN PUBLIC COMMENT PERIOD**  
REGARDING  
**PROPOSED AMENDMENTS TO THE FFY2011 CLEAN WATER**  
**PRIORITY SYSTEM/INTENDED USE PLAN**  
INCLUDING A  
**“CALL FOR PROJECTS” DESIGNED TO REMOVE POLLUTANTS**  
**THAT ADVERSELY IMPACT THE BARNEGAT BAY**

**CLEAN WATER FINANCING PROGRAM**  
**STATE REVOLVING FUND (SRF)**

January 28, 2011

The Department of Environmental Protection (Department) has completed the development of proposed amendments to the FFY2011 Clean Water Priority System/Intended Use Plan documents to accomplish three objectives as follows:

1. To announce a second chance opportunity for project sponsors to submit projects for financing in the FFY2011/SFY2012 Program,
2. To provide lower cost financing to all new projects that qualify for the Program's loans by modifying the blending of the DEP's interest-free loan and the Trust's market-rate loan so that the DEP portion is increased from 50% to 75% of the allowable project costs for projects that would otherwise receive the traditional loan package, and
3. To establish a \$10 million reserve, a project ranking methodology, funding policies and issue a "Call for Projects" that are designed to remove pollutants that adversely impact the Barnegat Bay.

### Second Chance Provisions

This notice serves as an announcement to potential project sponsors that the FFY2011/ SFY2012 Financing Program now includes second chance provisions to accommodate project sponsors that missed the initial commitment letter and planning document deadline of October 4, 2010. Sponsors of such projects will be given a second opportunity to participate in the FFY2011/SFY2012 Financing Program provided they are able to file a commitment letter to meet

the Program deadlines, and submit complete planning documents, design documents, loan application and proof that all applicable DEP permits/approvals have been applied for by March 7, 2011. The projects that met the October deadline will be given higher priority for eligibility for long-term funding than second chance projects and will have a better opportunity to participate in the Trust's interim financing program in the current funding cycle. In addition to the documentation above, sponsors of projects not currently listed on the FFY2011 Priority List will also need to submit a Project Status/Cost Update Form in order to be considered for the second chance opportunity in the FFY2011/SFY2012 Financing Program. Appendix 1 of the Proposed Amendments to the FFY2011 Clean Water Priority System/Intended Use Plan contains a sample commitment letter and forms to place and rank projects on the Project Priority List.

### **Lower Cost Financing**

All new projects that would normally be financed through the traditional loan package (with 50% of the allowable project costs financed with an interest-free loan) will be financed at a lower cost than initially proposed. The Program will modify the blending of the DEP's interest-free loan and the Trust's market-rate loan so that the Department's portion is increased from 50% to 75% of the allowable project costs for projects that would otherwise receive the traditional loan package. This change does not apply to projects that qualify for principal forgiveness and those that receive supplemental loans.

### **Barnegat Bay Initiative**

The Department is issuing a "Call for Projects" to solicit interest from the Department of Transportation, Ocean and Monmouth Counties and municipalities in the Barnegat Bay Watershed in sponsoring projects designed to remove pollutants that adversely impact the Barnegat Bay. The Department is establishing a reserve fund of \$10 million in Clean Water SRF monies to support this initiative. Projects that qualify for funding from this reserve are eligible to receive a principal forgiveness loan for up to 100% of the allowable project costs, subject to certain limits as further defined in the proposal.

The following projects qualify for this funding source:

- The construction of new stormwater best management practices (BMPs ) (e.g., gravel wetlands, bioretention basins, constructed wetlands) or retrofits of existing BMPs that reduce existing nitrogen discharges into Barnegat Bay;
- The purchase of equipment (e.g., street sweepers, vacuum trucks) to reduce the pollution from stormwater runoff discharging into the Bay; and
- The construction of new stormwater best management practices (BMPs ) or retrofits of existing BMPs that reduce existing pollutants (e.g., suspended solids) discharge into Barnegat Bay (e.g., infiltration basins, extended detention, and manufactured treatment devices).

**Principal Forgiveness Project Ranking:** Projects involving the construction or retrofit of stormwater BMPs to reduce existing nitrogen loads will be assigned the highest point total and will be further prioritized based on the potential for nitrogen reduction through a BMP, as shown by the potential loading resulting from the land use contributory to the receiving BMPs. Projects

that involve the purchase of equipment will be prioritized based on the road miles in the municipality and the ability to incorporate intermunicipal sharing of equipment. Projects involving the construction or retrofit of stormwater BMPs will be assigned a lower rank than the two categories listed above and these projects will be prioritized based on the acres of drainage area. Project sponsors who agree to a reduced principal forgiveness loan for 75% of allowable project costs can earn an additional 50 points for their project. In such cases, the principal forgiveness loan would be matched with an interest-free loan to cover the remaining allowable project costs. Point assignments and more details regarding the ranking methodology for the principal forgiveness loans is in Appendix 3 of the proposal. Additional ranking criteria may be established (such as population density, population, proximity to the Bay, etc.) if more than one project receives identical point scores.

The Department has set aside \$1 million of the \$10 million reserved for principal forgiveness loans for municipalities to purchase stormwater maintenance equipment (such as vacuum trucks and street sweepers). Only those municipalities that do not own any stormwater basins are eligible to compete for the \$1 million set aside for equipment purchases. All equipment purchases will be limited to a maximum principal forgiveness loan of up to \$250,000. The Department reserves the right to establish a maximum amount of principal forgiveness that any one project sponsor can receive so that no one project or entity receives a disproportionate share of the funds available through this initiative.

In addition to the project types listed above, local governmental units in the Barnegat Bay Watershed can also apply for low interest loans to finance a wide variety of stormwater and nonpoint source control projects on a modified schedule including:

- Projects involving the replacement and upgrade of septic systems,
- Land acquisition and conservation measures,
- Stormwater outfall relocation or extension,
- Installation of tide gates,
- Major stormwater system rehabilitation,
- Replacement of existing storm drains,
- Runoff control (manure/feedlots and stream bank stabilization/ restoration),
- Salt domes, and
- Other nonpoint source controls.

Ranking for the low-interest loans will be in accordance with the FFY2011 Priority System issued in August 2010. Please note that the FFY2011 Clean Water Priority System was modified to provide an additional 300 points to projects that help to protect, maintain or improve the water quality of Barnegat Bay. These added priority points increase the ranking of stormwater control projects in the Barnegat Bay Watershed so that they are competitive with other high priority projects in the State.

Projects in the Barnegat Bay Watershed will be eligible for loans in the FFY2011/SFY2012 Financing Program provided the project meets the program requirements in a timely manner as identified below and that there are sufficient monies in the reserve to finance the project based on the project's rank.

**FFY2011/SFY2012 Loan Program Schedule  
 BARNEGAT BAY  
 STORMWATER/NPS AND LAND  
 ACQUISITION/PRESERVATION PROJECTS ONLY**

Activity	Deadline
Commitment Letter and Ranking Information	March 7, 2011
Planning Documents	July 1, 2011
Design Documents and Project Application	July 1, 2011
Award of Funds	As early as November 2011

**Public Review and Comment**

A complete copy of the proposal document is available on the Department's website at <http://www.nj.gov/dep/dwq/cwpl.htm> and <http://www.njeit.org> . Copies can also be mailed to those individuals that prefer to receive a hard copy by contacting Scott Shymon, Supervisor, Office of Program Development at 609-633-1208.

The period for submitting written comments on this proposal will close on March 7, 2011 (all comments must be postmarked by that date). All comments submitted in accordance with the deadline will be considered in the preparation of the final FFY2011 Priority System documents.

Written comments on the Clean Water proposal should be submitted to:

NJ Department of Environmental Protection  
 Eugene Chebra, Acting Assistant Director  
 Municipal Finance and Construction Element  
 P.O. Box 425  
 Trenton, NJ, 08625-0425

**Program Information Seminars**

The Department and the Trust will be conducting two seminars for potential borrowers in the FFY2011/SFY2012 Financing Program as follows:

February 1, 2011 at 8:30 am at Ocean County Community College in Toms River, NJ, and  
 February 3, 2011 at 8:30 am at the NJ Law Center in New Brunswick, NJ.

Sponsors planning to submit a second chance project for the SFY2012 Program and those planning to apply under the Barnegat Bay Initiative should make every effort to attend. Sponsors planning to attend should register with the Trust by calling 609-219-8600.

If you have any questions regarding the Clean Water proposal, please contact one of the following:

Gautam Patel, Chief, Bureau of Finance and Construction Permits

609-984-6840

Scott Shymon, Bureau of Administration and Management

609-633-1208

Thank you for your anticipated input on this proposal document.