NJ Environmental Infrastructure Financing Program 2018

New Jersey Department of Environmental Protection

January 2018
Objective

- Provide low-cost financing for the design, construction, and implementation of projects that help to protect, maintain, and improve NJ’s water quality.

- Significant planning and investment is required to sustain and improve NJ’s aging infrastructure systems. That cost often exceeds the capabilities of local water utilities.
New Jersey Environmental Infrastructure Financing Program

Funding

Administers

Below Market Rate Financing

Repayments

Water Quality Projects
Fun Facts

TOTAL LOANS:
More than $7,200,000,000 since 1987

TOTAL SAVINGS:
Ratepayers have saved $2,372,000,000 since 1987

SYSTEMS SERVED:
317 Water systems

CURRENT DEMAND:
372 Applicants in SFY 2018 requesting $3,430,000,000
Clean Water-Eligible Projects

Water Quality Improvement

* Wastewater Infrastructure
* Stormwater Management
* Site Remediation
* Equipment Purchases
* Planning

Califon Storm Water Improvements

Hoboken City Green Infrastructure

Passaic Valley Sewerage Commission Electrical Substation

North Wildwood Sewer, Storm and Street Restoration

Camden County Phoenix Park
# Clean Water Funding Packages

<table>
<thead>
<tr>
<th></th>
<th>Principal Forgiveness</th>
<th>Zero-Interest</th>
<th>Trust Market Rate</th>
<th>Estimated Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Costal Community Water</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td>61%</td>
</tr>
<tr>
<td>Quality Restoration</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td>61%</td>
</tr>
<tr>
<td>CSO-Green, CSO-Gray, Barnegat</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td>61%</td>
</tr>
<tr>
<td>Bay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning and Design</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Base Funding</td>
<td>0%</td>
<td>75%</td>
<td>25%</td>
<td>24%</td>
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<tr>
<td>Conduit Redevelopment</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
<td>15%</td>
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</tbody>
</table>
Wastewater Infrastructure

Eligible projects

• Secondary and advanced wastewater treatment
• Well Sealing
• Flood resiliency
• Sludge handling facilities
• Infiltration and inflow (I/I) correction
• Interceptors, pumping stations and force mains
• Sewer system rehabilitation
• New collection systems
• Etc.
South Monmouth Reg. Sewerage Auth.
Lake Como Pump Station

The pump station was located adjacent to Lake Como within the 100-year flood plain. During Superstorm Sandy, flood waters from Lake Como inundated the pump station, rendering it inaccessible and inoperable.

The work included:
• Relocation of the pump station outside of the flood plain
• Replacement electrical equipment and controls
• Backup generator
• Visual screening

Funded Amount = $2,950,391
Stormwater Management

Eligible projects

- Stormwater runoff controls
  - Landfill cells and landfill closures
- Treatment systems
- Stormwater detention and conveyance
- Green Infrastructure
  - Porous pavement, raingarden, bioswales, etc.
Phoenix Park, Camden

- 5.3-acre former American Minerals site
- $8 M Loan from NJEIFP
- Radioactive soils removed to reduce contaminated runoff
- Creation of public park, including gravel walking paths, wetlands area, native trees and meadows, pervious pavers, includes shoreline stabilization
- Reduces stormwater runoff and chronic flooding
Site Remediation

Eligible Projects

- Removal of contaminated soil
- Capping systems
- Liners
- Leachate collection systems
- Tank removal
- Well sealing activities
  - Ground water, drinking water
Carteret Landfill Remediation and Closure

- Public Private Partnership - $38.5 M Conduit Loan
- Remediation encompassed 73-acres:
  - Landfill capping system
  - Construction of a leachate collection system (semi-volatile organics, heavy metals)
  - Installation of a gas collection system
  - Conveyance systems
  - Post closure monitoring system
- Removed contaminated runoff
- Now an active, centrally located distribution center, many jobs for NJ!
Drinking Water- Eligible Projects

Eligible Projects

• Construction, replacement, or rehabilitation of lines
• Rehabilitate contaminated sources
• Lead Lines
  • Locating and replacement
• Treatment facilities
• Purchase or consolidation (i.e., restructuring) of a water system that is unable to maintain compliance for technical, financial, or managerial reasons
## Drinking Water Funding Packages

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<tr>
<td>Asset Management</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Lead Service Line Replacement</td>
<td>90%</td>
<td>10%</td>
<td>0%</td>
<td>93%</td>
</tr>
<tr>
<td>Nano</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td>61%</td>
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<tr>
<td>Planning and Design</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Base Funding</td>
<td>0%</td>
<td>75%</td>
<td>25%</td>
<td>24%</td>
</tr>
</tbody>
</table>
Clayton Borough Water Tower

- 750,000 gallon elevated water storage tank and repairs to two existing water tanks
- Nano project (<10,000 population)
- $2.8 Million loan
- $1.1 Million in estimated savings to rate payers
- Additional storage volume allows the Borough’s wells to function more efficiently, relying less on the aquifer, reduces the need for an additional well in emergencies, and increases the growth capacity of the Borough
Gloucester City Water Main and Water Meter System Replacement

• Removal and replacement of over 3,700 linear feet of water mains

• $1.2 Million loan

• $270 K in estimated savings to ratepayers
Program Improvements

- Incentive Funding
- Savings Calculator
- Loan Structure
- H2Loans
- New IUP
Incentive Funding

• Green and Grey Infrastructure in CSO Sewershed
  • 50% principal forgiveness (25% zero-interest, 25% market)

• Small System Asset Management Plan
  • 100% Principal Forgiveness

• Lead Service Line Replacement
  • 90% Principal Forgiveness (10% zero-interest)
Saving Calculator

### Project Information

<table>
<thead>
<tr>
<th>Building Construction Cost</th>
<th>$</th>
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<tbody>
<tr>
<td>Administrative Expenses:</td>
<td>Estimated at 3% of Building Construction Cost $</td>
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<tr>
<td>Engineering:</td>
<td>Estimated at 12% of Building Construction Cost $</td>
</tr>
<tr>
<td>Environmental, Planning and Design:</td>
<td>Estimated at 5% of Building Construction Cost $</td>
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<tr>
<td>Other Cost (Optional):</td>
<td>Limited to 5% of the total Construction Cost $</td>
</tr>
<tr>
<td>Total Project Cost:</td>
<td>Including building construction cost, administrative expenses, engineering, planning and design, soft costs, etc.</td>
</tr>
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</table>

### Cost of Financing

<table>
<thead>
<tr>
<th></th>
<th>NJEIFP</th>
<th>Independent Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Financing</td>
<td>1 Year</td>
<td>1 Year</td>
</tr>
<tr>
<td>Long Term Financing</td>
<td>30 Years</td>
<td>30 Years</td>
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<tr>
<td>Project Cost</td>
<td>$1,200,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Additional Costs (AS, Engineering)</td>
<td>$68,400</td>
<td>$0</td>
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<tr>
<td>Total Requested Amount</td>
<td>$1,268,400</td>
<td>$1,200,000</td>
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### Total Payments

<table>
<thead>
<tr>
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<th>NJEIFP</th>
<th>Independent Financing</th>
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<tbody>
<tr>
<td>5% Upfront Cash Funding (LF8 Requirements)</td>
<td>$0</td>
<td>$63,420</td>
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<tr>
<td>Interest Paid on Short-Term Loan</td>
<td>$0</td>
<td>$6,145</td>
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<tr>
<td>Bond Par Amount (Includes Underwriter Fees for NJEIT Admin Fee, DEP Fee financed for the Program, and any capitalized short term loan interest)</td>
<td>$335,000</td>
<td>$1,020,000</td>
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<tr>
<td>Bond Loan Interest</td>
<td>$190,545</td>
<td>$672,156</td>
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<tr>
<td>Fund Loan</td>
<td>$951,300</td>
<td>$0</td>
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<tr>
<td>DEP Fee (Non-financed portion)</td>
<td>$12,064</td>
<td>$0</td>
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<tr>
<td>Total NJEIT Admin Fee (Annual Fee = $1,000)</td>
<td>$29,646</td>
<td>$0</td>
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<tr>
<td>Total Cost of Financing</td>
<td>$1,049,177</td>
<td>$1,061,721</td>
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### Assumptions

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Total DEP Fee</td>
<td>$25,368</td>
<td>$0</td>
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<tr>
<td>Annual NJEIT Admin Fee</td>
<td>$1,005</td>
<td>$0</td>
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<tr>
<td>Underwriters’ Discount</td>
<td>$1,675</td>
<td>$12,200</td>
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<tr>
<td>Cost of Issuance</td>
<td>$335</td>
<td>$0</td>
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<tr>
<td>Effective Interest Rate (Estimated)</td>
<td>0.926%</td>
<td>3.154%</td>
</tr>
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**TOTAL ESTIMATED SAVINGS THROUGH NJEIFP FINANCING:** $429,156

(35.76% of Requested Amount)
Loan Structure

• Up to 30 Year loans terms

• Rolling Application
  • No Deadlines

• Construction “Bridge” Loans
  • No out of pocket costs
H2Loans

- Online submittal of forms
- Status bar of project with milestones
- Documents uploaded for mobile access
- Contact information
Changes to the IUP

- EPA Requirement
- Drinking Water and Clean Water Combined
- Increased Readability
- Condensed Information
- Interactive Links
- Clear Sections
- Pictures, charts, and graphics
Look For In The Future

- Rebranding
- Reworked Website
- Surveys and feedback
Questions?

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Municipal Finance and Construction Element
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http://www.nj.gov/dep/dwq/mface.htm