



State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION

PHILIP D. MURPHY
Governor

Division of Water Supply & Geoscience
Bureau of Water System Engineering
Mail Code 401-04Q

SHAWN M. LATOURETTE
Commissioner

SHEILA Y. OLIVER
Lt. Governor

401 E. State Street - PO Box 420
Trenton, New Jersey 08625-0420
Tel #: (609) 292-2957 – Fax #: (609) 633-1495
www.nj.gov/dep/watersupply

September 14, 2021

Notice of Open Public Comment Period
Drinking Water State Revolving Fund
Intended Use Plan

Dear Interested Party:

The Department of Environmental Protection (Department) has prepared the following document for the administration of the Drinking Water State Revolving Fund (DWSRF).

Amendments to the Final
Drinking Water Intended Use Plan
Federal Fiscal Year 2021 and State Fiscal Year 2022

Background

The Intended Use Plan (IUP) must be developed annually, undergo a public participation process, and be approved by the US Environmental Protection Agency (USEPA) for the Department to be awarded its capitalization grants to support the New Jersey Water Bank. IUPs provide information on how funds, available through the Water Bank, will be used to provide financial assistance for infrastructure projects and identify State policies governing loan awards.

IUP Amendments

The FFY2021/SFY2022 IUP provided principal forgiveness for high-priority projects designed to address lead exposure in drinking water as a result of the one-time transfer of approximately \$113M of additional CWSRF funds to the DWSRF under the Water Infrastructure Funding Transfer Act "WIFTA" (S. 1689). In acknowledgement of the public health impacts of the timely replacement of lead service lines, the DEP is committed to utilize any remaining balance of WIFTA principal forgiveness by the end of SFY2022. With only \$30M in principal forgiveness initially projected to be carried over in FFY2021, the FFY2021 IUP was finalized with a cap on principal forgiveness of \$10M per applicant/year (or \$20M in total project costs) for applicants with >5,000 known lead service lines. Recently, due to cost adjustments for other high priority lead service line projects and as a result of other eligible projects that are not proceeding forward at this time, DEP has determined that additional principal forgiveness funds are available for distribution in SFY2022.

Therefore, the DEP is proposing amendments to allocate additional principal forgiveness funds to water systems with >5,000 known lead service lines that serve communities with a Median Household Income (MHI) less than the State MHI. The amendments will increase the principal forgiveness cap for these water systems

to \$18M per applicant/year (or \$36M in total project costs). DEP will also continue to offer affordability rate financing (blended interest rate of 25% of the I-Bank's Market Rate) for up to \$10M of projects costs that exceed the Lead Remediation Principal Forgiveness total project costs caps for applicants that meet affordability criteria outlined below. Any additional project costs may be funded by the I-Bank at Market Rate as capacity allows.

DEP recognizes that the projected costs for other lead service line replacement projects may continue to change as those projects move closer to award and certification resulting in the availability of additional principal forgiveness funds. Any uncommitted principal forgiveness will be allocated to increase the principal forgiveness share in increments of up to one (1) percent until all funds are exhausted for qualifying Lead Remediation Program projects that have a construction loan outstanding for a qualifying project segment within SFY2022.

Submission of Comments

Written comments on these amendments to the Final FFY 2021 IUP will be accepted until close of business on September 30, 2021 (all comments must be received by that date). All comments submitted prior to the close of comment will be considered in any changes to financing by the Water Bank.

Written comments on the DWSRF IUP should be sent to the following address:

Mail Code 401-04Q
Kristin Tedesco, Bureau Chief
Bureau of Water System Engineering
Division of Water Supply & Geoscience
401 East State Street
PO Box 420
Trenton, New Jersey 08625-0420
or
kristin.tedesco@dep.nj.gov

If you have any questions regarding these Amendments to the IUP, please contact Kristin Tedesco, Bureau Chief, Bureau of Water System Engineering, Division of Water Supply and Geoscience at 609-292-2957 or Kristin.Tedesco@dep.nj.gov.

Sincerely,



Patricia Ingelido, Director
Division of Water Supply & Geoscience