



# Clean and Drinking Water State Revolving Fund- SFY23 Frequently Asked Questions

The following items touch on the Department's Water Infrastructure Investment Plan (WIIP) efforts to address and meet our water infrastructure needs and goals through the State Fiscal Year 2023 (SFY23) Clean and Drinking Water Intended Use Plans (CWIUP and DWIUP):

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## Sessions and Outreach

### **Q: Will there be more information sessions beyond the sessions held on January 23 and 24, 2022?**

Yes. Additional sessions and outreach will be scheduled. Please continue to check the website for updates. You may also register to receive WIIP updates at <http://www.nj.gov/dep/wiip/>.

### **Q: Will there be more community outreach?**

The Department is working with our community partners to develop additional outreach sessions as well as a guidance video that will be posted on the WIIP webpage.

### **Q: How can I participate?**

To participate in future outreach sessions or receive updates, join our mailing list available at: <https://nj.gov/dep/wiip/>. Additional information on Water Infrastructure Investment Plan outreach sessions can be found at <https://nj.gov/dep/wiip/sessions.html>. Comments on the proposed Intended Use Plans may be submitted at <http://www.nj.gov/dep/wiip/comments/> or they can be mailed to:

IUP Comments, Mail Code 401-03D  
Municipal Finance and Construction Element  
Division of Water Quality  
PO Box 420  
401 East State Street, 3rd Floor, West Wing  
Trenton, New Jersey 08625-0420

## Information on Water Infrastructure Investment Funding

### **Q: What is the New Jersey Water Bank?**

The New Jersey Water Bank (NJWB) is a partnership between the Department and the New Jersey Infrastructure Bank (I-Bank) to provide low-cost financing for the design, construction, and implementation of projects that help protect and improve water quality and ensure safe and adequate drinking water.

The NJWB finances projects by utilizing two funding sources. The I-Bank issues revenue bonds which are used in combination with zero percent interest funds to provide very low interest loans for water infrastructure improvements. The Department administers a combination of Federal State Revolving Fund (SRF) capitalization grants, as well as the

State's matching funds, loan repayments, State appropriations and interest earned on such funds.

**Q: What is the Bipartisan Infrastructure Law?**

On November 15, 2021, President Joe Biden signed the Infrastructure Investment and Jobs Act (IIJA), a/k/a, the Bipartisan Infrastructure Law, which DEP estimates could provide nearly \$1 billion in funding over the next five years to New Jersey's Clean Water and Drinking Water State Revolving Funds. For State Fiscal Year 23, New Jersey's State Revolving Funds have been allocated a total of \$169,538,000, which includes \$77,551,000 for the Clean Water State Revolving Fund and \$91,987,000 for the Drinking Water State Revolving Fund.

**Q: Will funds from the Bipartisan Infrastructure Law be given out as loans or grants?**

Since the Bipartisan Infrastructure Law funds will be administered through the New Jersey Water Bank, they will be awarded as loans but will also include principal forgiveness for eligible projects..

**Q: What is the advantage of Principal Forgiveness?**

The New Jersey Water Bank may provide additional subsidization in the form of principal forgiveness that does not have to be paid back by the project sponsor. Principal forgiveness is a portion of the loan that is forgiven at successful project completion, reducing the amount of funding that is converted to a long-term loan. Some State Fiscal Year 2023 financing packages provide principal forgiveness for 100% of project costs up to the principal forgiveness cap (clean water affordability, Combined Sewer Overflow (CSO) affordability, clean water and drinking water emerging contaminants, high ranking drinking water affordability, and very small drinking water system).

**Priority Project Ranking**

**Q: How does the New Jersey Water Bank distribute funds?**

The Department develops Intended Use Plans (IUPs) for the clean water and drinking water state revolving funds. These plans (found on <http://www.nj.gov/dep/wiip/>) outline which projects are eligible for funding and the types of funding packages available for various projects. Additionally, the plans establish the criteria for ranking projects to be included on priority ranking lists.

The New Jersey Water Bank works with project sponsors to expedite inclusion on the list to accommodate project funding needs on an ongoing basis. The Department

acknowledges that even with the Bipartisan Infrastructure Law funds, water infrastructure needs greatly exceed available funding.

Clean water funds can be committed for multi-year, operable segment projects based on approved planning and design contracts. Due to limited available drinking water funds drinking water state revolving fund projects generally receive funding commitments based on rank and readiness to proceed and the award of a construction project.

### **Q: How is the Department addressing the equitable disbursement of funds?**

The ongoing stakeholder engagement process and comment periods related to the Clean Water and Drinking Water Intended Use Plans are intended to solicit public input on community needs and identify ways to improve the distribution of funds. The Department has considered this input when developing the terms of the various funding packages.

As such, the New Jersey Water Bank will set aside a significant portion of the principal forgiveness available to disadvantaged communities that meet NJ's affordability criteria and projects sponsored by disadvantaged communities will receive additional priority points. The Department is committed to delivering 40 percent of the overall benefits of Federal clean water and drinking water investments to disadvantaged communities that have been historically marginalized, underserved, and overburdened by pollution.

In addition, the New Jersey Water Bank is developing clean water and drinking water criteria for identifying environmental justice/disadvantaged communities and will use these criteria when awarding principal forgiveness. Starting with SFY23, the clean water state revolving fund will also award Environmental Justice Economic Overburdened Community Criteria points to align with the drinking water state revolving fund ranking point system.

## **Clean Water Priority Ranking**

### **Q: Are Combined Sewer Overflow (CSO) projects going to be given more principal forgiveness and favorable funding?**

Yes, the clean water ranking system gives highest priority to projects that address discharges of raw, diluted, or inadequately treated sewage to the state's waters during wet weather, including projects to abate CSOs and projects to address sanitary sewer systems that overflow. CSO abatement projects are expensive and are usually located in financially distressed urban areas, making cost a serious concern. Discharges from combined sewer systems and sanitary sewer overflows can impair water uses. The program will continue to allocate significant funding and principal forgiveness to these high priority projects. Additionally, \$5 million in CSO principal forgiveness funds will be set aside for green infrastructure projects in order to increase the likelihood that these projects will be built in our CSO communities.

**Q: Apart from combined sewer overflow (CSO) projects, are there other clean water projects that will be given special financing packages?**

Yes, water quality restoration principal forgiveness will be assigned to capital improvement projects and equipment purchases that will eliminate, prevent, or reduce documented occurrences of water quality advisories, beach closings and shellfish bed downgrades due to the presence of harmful algal blooms (HABs). Priority for principal forgiveness funds will be given to eligible projects that address HABs and principal forgiveness funds will be allocated to HAB projects on a readiness to proceed basis. If there is insufficient demand from eligible HAB projects, unallocated principal forgiveness funds may be used for projects that address shellfish bed downgrades, beach closings and advisories due to the presence of pathogens.

**Drinking Water Priority Ranking**

**Q: What funding packages are available for small systems?**

The New Jersey Water Bank sets aside a portion of drinking water funding for small systems through the Nano program that offers a funding package of 50% principal forgiveness up to a cap of \$500,000.

**New Jersey Water Bank Eligibility**

**Q: What are some examples of New Jersey Water Bank eligible projects?**

Capital projects that result in a water quality or drinking water quality improvement are eligible. More detailed information on eligibility can be found on <http://www.nj.gov/dep/wiip/project-lists.html> in the Clean Water and Drinking Water Intended Use Plans.

**Q: Are flood control projects eligible to receive New Jersey Water Bank funds?**

The New Jersey Water Bank funds can be used to address pluvial flooding (from rainwater) as part of stormwater management projects, but not for projects to address fluvial flooding (from inundation, breach of streambanks) such as levees and bulkheads.

**Q: Are resilience measures eligible to receive New Jersey Water Bank funds?**

Yes, resilience measures will be evaluated by the New Jersey Water Bank as part of the project review process and can be funded if they are part of an eligible project. The Department is currently updating funding guidance related to climate change resilience measures.

**Q: Is the replacement of galvanized drinking water pipes eligible to receive New Jersey Water Bank funds? Why do my galvanized pipes need to be replaced?**

Yes, the replacement of galvanized drinking water pipes is eligible to receive funding. Pursuant to N.J.S.A. 58:12A-41, section 2, the definition of a lead service line now includes galvanized service lines. Under New Jersey law, galvanized materials are presumed to include lead. As such, these will need to be replaced in accordance with P.L.2021, c.183. Here's the link to Frequently Asked Questions on Lead Service Line Replacement Legislation Requirements <https://www.state.nj.us/dep/watersupply/pdf/lslr-faqs.pdf> for further information.

**New Jersey Water Bank Application Process Information**

**Q: What is the New Jersey Water Bank Application Process?**

An outline of the application process can be found at <http://www.nj.gov/dep/wiip/how-to-apply.html>. The New Jersey Water Bank's Applicant's Guide offers a "roadmap" for applicants by providing information in one place in getting from an initial funding query through obtaining final construction dollars and is available to view at <https://applicants-guide.njib.gov/>.

**Q: Where can I find additional information on the New Jersey Water Bank application process?**

Additional guidance on the New Jersey Water Bank application process will be made available on the WIIP webpage: <https://www.nj.gov/dep/wiip/howtoapply.html>.

**Q: What type of construction contract procurement is required?**

Procurement of professional services are subject to NJSA 40A:11-1, "[Local Public Contracts Law](#)" available, or other applicable professional services procurement requirements. Procurement of construction contracts are subject to the Local Public Contracts Law (or other applicable requirements) as well as Federal and [New Jersey Water Bank requirements](#). Project sponsors must receive New Jersey Water Bank authorization before procurement of construction services to retain funding eligibility.

**Measuring Success**

**Q: How is the success of the New Jersey Water Bank program evaluated?**

The New Jersey Water Bank collects Clean Water Benefits Reports for each loan that outlines environmental benefits by improving water quality, achieving and maintaining

compliance with environmental laws, protecting aquatic wildlife, protecting and restoring drinking water sources, and preserving the nation's waters for recreational use. More information may be found [Clean Water State Revolving Fund \(CWSRF\) Results | US EPA](#). The New Jersey Water Bank also collects Project and Benefits Reports for drinking water loans with similar information. These reports detail loan information, project descriptions, project need and compliance categories, as well as public health impacts as a result of project completion. Information from these reports and more are compiled in the DWSRF Annual Report which can be found here: [2019 DWSRF Annual Report](#).

## **Clean Watersheds Needs Survey**

### **Q: What is the Clean Watersheds Needs Survey and why is it important?**

The Department is currently conducting the 2022 Clean Watershed Needs Survey ( in order to collect needs information of wastewater infrastructure, stormwater -grey and green infrastructure and non-point source pollution control projects, including the needs for decentralized wastewater (or septic) systems. The U.S. Environmental Protection Agency, in partnership with New Jersey and other states, surveys communities every four years to identify any water quality or public health-based capital needs (up to 20 years) and costs . The results are published in a Report to Congress and are used by Congress and state legislatures in their budgeting efforts. OData are also used to help measure environmental progress, contribute to academic research, provide information to the public, and help local and state governments implement water quality programs. This data can also influence the allocation of funds for future special grants or funding programs.

### **Q: When will my municipality receive the Clean Watershed Needs Survey?**

The Department has begun the process of completing the next Clean Watershed Needs Survey. On March 18, 2022, the Department sent an email blast with a link to the online survey to all entities responsible for clean water infrastructure, including all municipalities and clean water authorities. Participants are asked to complete the survey form and upload supporting needs documentation by May 31, 2022.

### **Q: Can my community get help in completing the Clean Watershed Needs Survey?**

Yes. The Department's Clean Watersheds Needs Survey staff will help any large or small communities in completing the form or answer any questions related to the Clean Watershed Needs Survey. Contact Ketan Patel or Kyle Carlson at 609-292-3114 or email [NJCWNS22@dep.nj.gov](mailto:NJCWNS22@dep.nj.gov) for assistance.