



Drinking Water State Revolving Fund (DWSRF) FFY22/SFY23

For Federal Fiscal Year (FFY) 2022 funds, which corresponds with State Fiscal Year (SFY) 2023, DEP plans to utilize the approximately \$5 million **unallocated principal forgiveness** or grant like funding **carried over at the end of SFY 2022** as principal forgiveness in SFY 2023 for categories set forth in this Intended Use Plan. DEP will supplement the carried over principal forgiveness funds with approximately **\$6 million projected to be available under the FFY 2022 Drinking Water (DW) SRF Base grant** from USEPA (DW Base FFY22).

In addition to the FFY 2022 DW Base grant, DEP will receive authority to award approximately \$53 million in additional principal forgiveness made available by the BIL, signed by President Joe Biden on November 15, 2021. The BIL will provide principal forgiveness of approximately **\$15 million for eligible drinking water projects** under the FFY 2022 DWSRF General Supplemental grant (DW BIL GEN) and approximately **\$13 million for projects that address emerging contaminants** under the FFY 2022 DWSRF Emerging Contaminants grant (DW BIL EC) and approximately **\$25 million for projects that reduce to the risk of lead in drinking water** through lead service line replacement (LSLR) projects (DW BIL LSLR).

Funds and principal forgiveness authority available from the grant awards will be blended with carryover principal forgiveness authority from prior grants (DW Base Prior), DWSRF repayments and state match funds, and other sources of DWSRF funds to provide funding to eligible projects.

SFY23 Drinking Water Principal Forgiveness (PF)			
PF Sources	PF Amount	PF Uses	PF Amount
DW Base FFY22/FFY21 Carryover	\$ 11,000,000	Nano (serving 10,000 or less)	\$ 8,000,000
DW BIL GEN	\$ 15,000,000	Very Small Water System	\$ 3,000,000
DW BIL EC	\$ 13,000,000	Lead Line Replacement	\$ 25,000,000
DW BIL LSLR	\$ 25,000,000	Emerging Contaminants*	\$ 13,000,000
		High Rank Affordability	\$ 10,000,000
		Additional PFAS/Lead PF	\$ 10,000,000
Total:	\$ 64,000,000	Total:	\$ 64,000,000

* 25% or approximately \$4M reserved for small systems serving fewer than 25,000 or those that meet NJ's Affordability Criteria



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SFY23 Funding Packages (Long-Term Loans)

Drinking Water Categories	DEP Share**	I-Bank Share**
Affordability*	75% (Minimum) Interest Free Loan and Principal Forgiveness	25% (Maximum) AAA Market Interest Rate Loan
Base DWSRF – Public	50% Interest Free Loan	50% AAA Market Interest Rate Loan
Base DWSRF – Investor-owned	25% Interest Free Loan	75% AAA Market Interest Rate Loan

*Costs in excess of \$10M will be financed under the Base DWSRF package.

**I-Bank share may be higher, and DEP share lower if I-Bank is able to source below market interest rate funds through the Water Infrastructure Finance and Innovation Act (WIFIA) from USEPA. The effective interest rate will be no greater than would have resulted from financing with I-Bank’s AAA bond funds at market interest rates and Department interest-free loan funds at shares shown in table.

SFY23 Principal Forgiveness (PF) Opportunities

Drinking Water PF	PF Share	PF Cap Per Applicant	Projected Amount of PF Available
Nano (serving ≤ 10,000 customers)	50%	\$500,000	\$8M
Very Small Water System (serving ≤1,000 customers)	100%	\$750,000	\$3M
Lead Line Replacement	50%	\$5M	\$25M*
Emerging Contaminants (including PFAS)	100%	\$1M	\$13M*
High Rank Affordability Projects	100%	\$1M	\$5M
General Supplemental PF* (Lead or PFAS)	Per above	Per above	\$10M

*An additional \$10M in PF will be directed in priority ranked order from the DWSRF Supplemental Funds to any qualifying lead or PFAS project for a disadvantaged community that meets NJ’s affordability criteria in Appendix 2 once the PF funds (\$25M for lead and \$13M for PFAS) have been exhausted and allocated to the highest-ranking projects.

Visit nj.gov/dep/wiip for more information.