



State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION
Division of Water Quality
Municipal Finance & Construction Element
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Lt. Governor

SHAWN M. LATOURETTE
Commissioner

March 23, 2022

NOTICE OF OPEN PUBLIC COMMENT PERIOD
Clean Water State Revolving Fund
Drinking Water State Revolving Fund
Intended Use Plans

Dear Interested Party:

The Department of Environmental Protection (Department) has prepared the following documents for the administration of the FFY2022/SFY2023 Clean Water State Revolving Fund ("CWSRF") and the Drinking Water State Revolving Fund ("DWSRF"):

Proposed
Clean Water State Revolving Fund
Intended Use Plan
Federal Fiscal Year 2022 (and State Fiscal Year 2023)
CWSRF Base
CWSRF General Supplemental
CWSRF Emerging Contaminants

Proposed
Drinking Water State Revolving Fund
Intended Use Plan
Federal Fiscal Year 2022 (and State Fiscal Year 2023)
DWSRF Base
DWSRF General Supplemental
DWSRF Emerging Contaminants
DWSRF Lead Service Line Replacement

In FFY2022/SFY2023, thanks to the federal Bipartisan Infrastructure Law (BIL) and continued State investments by Governor Phil Murphy and our State Legislature, the Department has prepared the Water Infrastructure Investment Plan, to spark community investments in upgrading drinking water and wastewater infrastructure. The proposed Intended Use Plans (IUP) set the project priorities and the funding packages that will accomplish this by utilizing the hundreds of millions of dollars available for communities and utilities. The IUPs must be developed by the Department, undergo a public participation process and be approved by the US Environmental Protection Agency (USEPA) for the Department to be awarded the annual capitalization grants and additional federal funding available as a result of the BIL, which is used to finance water and wastewater infrastructure projects.

On November 15, 2021, President Joe Biden signed the BIL which will provide nearly \$1 billion in funding over the next five years to New Jersey's Clean Water and Drinking Water SRFs. For SFY 2023, New Jersey's SRFs have been allocated a total of \$169,538,000, which includes \$77,551,000 for the Clean Water SRF and \$91,987,000 for the Drinking Water SRF.

The FFY2022 annual DWSRF and CWSRF capitalization grants and the additional funding anticipated as a result of the BIL are targeted to be awarded to the Department in September 2022 or sooner, for use in the State Fiscal Year 2023 Financing Program (July 1, 2022 to June 30, 2023).

Clean Water State Revolving Fund (CWSRF) Program

Clean Water projects eligible for financing include a wide variety of wastewater treatment works, stormwater management, land acquisition, and landfill activities. In SFY 2023, the Program will continue to offer very attractive low-cost financing packages, including principal forgiveness and low interest loans for high priority projects. Prior to long-term funding, project sponsors are encouraged to seek a short-term loan from the I-Bank for activities from planning through construction completion.

The Department plans to utilize approximately \$52 million of 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 IUP. The Department will supplement the carried over principal forgiveness funds with approximately \$25 million projected to be available under the FFY 2022 CWSRF Base grant from USEPA (CW Base FFY22). In addition to the FFY 2022 CW Base grant, the Department will receive authority to award approximately \$40 million in additional principal forgiveness made available by the BIL. This includes approximately \$36 million for eligible clean water projects under the FFY 2022 CWSRF General Supplemental grant (CW BIL GEN) and approximately \$4 million for projects that address emerging contaminants under the FFY 2022 CWSRF Emerging Contaminants grant (CW BIL EC). Funds and principal forgiveness authority available from the grant awards will be blended with carryover principal forgiveness authority from prior grants, CWSRF repayments and state match funds, and other sources of CWSRF funds to provide funding to eligible projects.

SFY 2023 Clean Water SRF principal forgiveness funds will be reserved as follows:

CW Base FFY22, CW Base Prior and CW BIL GEN

- \$36 million for Eligible CW Projects sponsored by borrowers meeting the Clean Water Affordability Criteria
- \$30 million for CSO Abatement Projects sponsored by borrowers meeting the Clean Water Affordability Criteria
- \$30 million for CSO Abatement Projects
- \$10 million for Water and Energy Efficiency Projects
- \$6 million for Water Quality Restoration Projects
- \$1 million to projects awarded Overflow and Stormwater Grants (OSG)

CW Base FFY22, CW Base Prior and CW BIL EC

- \$4 million for projects that address Emerging Contaminants

Drinking Water State Revolving Fund (DWSRF) Program

Drinking water projects eligible for financing include a wide variety of drinking water treatment, including projects to address lead exposure in drinking water, violations of the maximum contaminant levels, unregulated contaminants, acute health effects (e.g. Surface Water Treatment Rule requirements).

The Department will receive authority to award approximately \$53 million in additional principal forgiveness made available by the BIL in addition to existing principal forgiveness authority under the base capitalization grant. This includes 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 address lead in drinking water (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.

SFY 2023 Drinking Water SRF principal forgiveness funds will be reserved as follows:

DW Base FFY22 and DW Base Prior

- \$8 million for Nano projects for systems serving 10,000 or fewer customers
- \$3 million for projects at very small water systems with populations of 1,000 or fewer customers

DW BIL GEN, DW BIL EC, and DW BIL LSLR

- \$25 million for lead service line replacement projects
- \$13 million for projects that address Emerging Contaminants, at least 25% of which will be directed to disadvantaged communities that meet New Jersey's affordability criteria outlined in the IUP or small systems serving fewer than 25,000.
- \$10 million in additional principal forgiveness funds from the DWSRF General Supplemental Grant for either lead or emerging contaminant projects in ranked order
- \$5 million for high-ranking affordability projects from the DWSRF General Supplemental Grant

A hearing on the Proposed FFY 2022 CWSRF and DWSRF IUPs will be conducted via Microsoft Teams on Wednesday April 6, 2022. The hearing will commence at 10:00 a.m. and conclude at noon or the end of testimony (whichever is sooner). If you would like to attend, please contact waterbankinfo@dep.nj.gov with "April 2022 IUP Hearing" the subject line. Please include your name, phone number, and affiliation in the body of the email. You will then be contacted by a DEP staff person who will provide you a link, and a call-in number for the meeting.

Presentations may be made orally or in writing; if written testimony is prepared, the oral presentation should be limited to a summary of the text. The period for submitting written comments on the proposal will close on April 22, 2022 (all comments must be received by that date). All comments submitted prior to the close of the comment period will be considered in the preparation of the final CWSRF IUP and DWSRF IUP.

Written comments on the **CWSRF and DWSRF IUPs** should be sent to the following address:


Mail Code 401-03D
Paul Hauch, P.E., Bureau Chief
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Division of Water Quality
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Trenton, New Jersey 08625-0420
or
waterbankinfo@dep.nj.gov


The Proposed Priority System documents are posted on the Department's web site at <https://www.nj.gov/dep/wiip/project-lists.html>.

If you have any questions regarding the CWSRF IUP proposal, please contact Paul Hauch, Bureau Chief, Bureau of Construction Payments and Administration, Municipal Finance and Construction Element, Division of Water Quality at 609-292-8961 or Paul.Hauch@dep.nj.gov.

If you have any questions regarding the DWSRF IUP, please contact Kristin Tedesco, Bureau Chief, Bureau of Water System Engineering, Water System Operations Element, 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


Janice Brogle, Director
Division of Water Quality