



State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION
Division of Water Quality
Municipal Finance & Construction Element
PO Box 420, Mail Code 401-3D
Trenton, New Jersey 08625-0420
WWW.NJ.GOV/DEP/DWQ

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

SHAWN M. LATOURETTE
Commissioner

January 18, 2023

NOTICE OF OPEN PUBLIC COMMENT PERIOD
Clean Water State Revolving Fund
Drinking Water State Revolving Fund
Priority Systems, Intended Use Plans, and Project Priority Lists

Dear Interested Party:

The Department of Environmental Protection (Department) has prepared the following documents for the administration of the FFY2023/SFY2024 Clean Water State Revolving Fund ("CWSRF") and the Drinking Water State Revolving Fund ("DWSRF"):

Proposed
Clean Water State Revolving Fund
Priority System, Intended Use Plan, and Project Priority List
Federal Fiscal Year 2023 (and State Fiscal Year 2024)
CWSRF Base
CWSRF General Supplemental
CWSRF Emerging Contaminants

Proposed
Drinking Water State Revolving Fund
Priority System, Intended Use Plan, and Project Priority List
Federal Fiscal Year 2023 (and State Fiscal Year 2024)
DWSRF Base
DWSRF General Supplemental
DWSRF Emerging Contaminants
DWSRF Lead Service Line Replacement

In FFY2023/SFY2024, thanks to the federal Bipartisan Infrastructure Law (BIL) and continued State investments by Governor Phil Murphy and our State Legislature, the Department continues the Water Infrastructure Investment Planning begun last year, to spark community investments in upgrading drinking water and wastewater infrastructure. The proposed Priority System, Intended Use Plan, and Project Priority List documents (Intended Use Plan or 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 is expected to provide nearly \$1 billion in funding over the five year appropriation (FFY 2022 to FFY 2026) to New Jersey's Clean Water and Drinking Water SRFs. For SFY 2024, New Jersey's SRFs expect an allocation of approximately \$189.6 million, which includes \$92.8 million for the Clean Water SRF and \$96.8 million for the Drinking Water SRF. The FFY2023 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 2023 or sooner, for use in the State Fiscal Year 2024 Financing Program (July 1, 2023 to June 30, 2024).

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 certain water quality protections attendant to landfills. In SFY 2024, the Program will continue to offer very attractive low-cost financing packages, including principal forgiveness and low interest loans for high priority projects.

The Department plans to utilize approximately \$60 million of unallocated principal forgiveness (PF) or grant like funding carried over at the end of SFY 2023 as PF in SFY 2024 for categories set forth in the CWSRF IUP. The Department will supplement the carried over PF funds with approximately \$20 million projected to be available under the FFY 2023 CWSRF Base grant (CW Base FFY22). In addition, the Department expects to receive authority to award approximately \$50 million in additional PF made available by the BIL. This includes approximately \$41 million for eligible clean water projects under the FFY 2023 CWSRF General Supplemental grant (CW BIL GEN) and approximately \$9 million for projects that address emerging contaminants under the FFY 2023 CWSRF Emerging Contaminants grant (CW BIL EC). Funds and PF authority available from the grant awards will be blended with carryover PF authority from prior grants, CWSRF repayments and state match funds, and other sources of CWSRF funds to provide funding to eligible projects.

In addition to the CWSRF PF described above, \$248 million of American Rescue Plan Act (ARPA) funds were allocated to the Department in SFY 2023 for water infrastructure will be used to provide PF loans to applicants sponsoring capital improvement projects listed on Combined Sewer Overflow (CSO) Long Term Control Plans (LTCP). The Department expects to award approximately \$100 million of the ARPA funds in SFY 2023 and carry over approximately \$148 million for award in SFY 2024. In the event that a sufficient number of CSO LTCP projects are not able to proceed to contract award and project certification by December 31, 2024, the Department may use the remaining ARPA funds to finance portions of other PF loan funding packages described in the CWSRF Intended Use Plan in order to utilize the entire amount of Clean Water ARPA allocation.

SFY 2024 Clean Water PF funds will be reserved as follows:

- \$148 million for CSO Long Term Control Plan Projects (ARPA Funds)
- \$6 million for Water Quality Restoration Projects
- \$30 million for CSO Abatement Projects
- \$36 million for Eligible CW Projects sponsored by borrowers meeting the Clean Water Affordability Criteria (Affordability)
- \$30 million for CSO Abatement Projects sponsored by borrowers meeting the Clean Water Affordability Criteria (CSO Abatement/Affordability)
- \$18 million for Water and Energy Efficiency Projects
- \$9 million for projects that address Emerging Contaminants
- \$1 million to projects awarded Overflow and Stormwater Grants (OSG)

Drinking Water State Revolving Fund (DWSRF) Program

The main objective of drinking water funding is to protect the public health in conformance with the objectives of the Safe Drinking Water Act. Eligible projects include those that address treatment of source water, conveyance of clean water, lead abatement, violations of the maximum contaminant levels, unregulated contaminants, and issues related to acute health effects (e.g. Surface Water Treatment Rule requirements).

The Department expects to use the maximum amount available for PF utilizing DWSRF monies subject to federal restrictions. The DEP plans to utilize any unallocated PF carried over at the end of SFY 2023 as PF in SFY 2024 for categories set forth in the DWSRF IUP. The Department will supplement the carried over PF funds with approximately \$5 million projected to be available under the FFY 2023 DWSRF Base grant (DW Base FFY23). In addition, the DEP expects to receive authority to award approximately \$55 million in additional PF made available by the BIL. The BIL is expected to provide PF of approximately \$17 million for eligible drinking water projects under the FFY 2023 DWSRF General Supplemental grant (DW BIL GEN), approximately \$13 million for projects that address emerging contaminants under the FFY 2023 DWSRF Emerging Contaminants grant (DW BIL EC), and approximately \$25 million for projects that address lead in drinking water under the FFY 2023 DWSRF Lead Service Line Replacement grant (DW BIL LSLR). Funds and PF authority available from the grant awards will be blended with carryover PF authority from prior grants (DW Base Prior), DWSRF repayments and state match funds, other sources of DWSRF funds to provide funding to eligible projects.

In addition to the DWSRF PF described above, \$45 million of American Rescue Plan Act (ARPA) funds was allocated to the DEP in SFY 2023 for water infrastructure and used to provide PF loans to eligible drinking water applicants in communities that meet the affordability criteria. Eligible applicants must be sponsoring capital improvement projects that address climate change or provide for public health protection from multiple contaminants. The Department expects to award approximately \$25 million of the ARPA funds in SFY 2023 and carry over approximately \$20 million for award in SFY 2024. In the event that a sufficient number of projects are not able to proceed to contract award and project certification by December 31, 2024, to utilize the entire amount of Drinking Water ARPA allocation, the DEP may use the remaining ARPA funds to finance portions of other PF loan funding packages described in the DWSRF Intended Use Plan.

SFY 2024 Drinking Water PF funds will be reserved as follows:

- \$4M Small System (<10,000 pop.) (Base Grant)
- \$5M Very Small Water Systems (< 1,000 pop.) (Base Grant)
- \$7M High Ranking Projects in Disadvantaged Communities (BIL GEN)
- \$13M for Emerging Contaminants (BIL EC)
- \$20M for Climate Change/ Resilience or Projects to Comply with Multiple MCLs (ARPA)
- \$35M for Lead Projects (BIL LSLR/BIL GEN)

A hearing on the Proposed FFY 2023 CWSRF and DWSRF IUPs will be conducted via Microsoft Teams on Wednesday February 1, 2023. The hearing will commence at 11:00 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 "February 2023 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 February 17, 2023 (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 **Proposed FFY 2023 CWSRF and DWSRF IUPs** should be sent to the following address:

Mail Code 401-03D
Paul Hauch, P.E., Bureau Chief
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
or
waterbankinfo@dep.nj.gov

The Proposed Intended Use Plan 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