

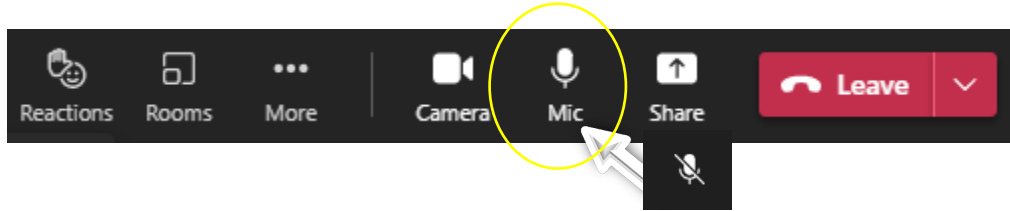


# Public Hearing on Proposed Amendments to SFY23 Clean Water and Drinking Water State Revolving Fund Intended Use Plans

September 14, 2022



# Ground Rules:



For the best audio quality, please stay **muted** unless you have been called upon for comment.

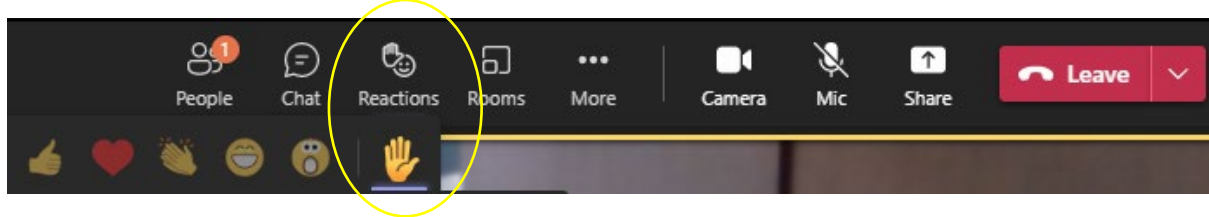
If you are using a phone, you can hit \*6 to mute and unmute.

---

The chat function has been disabled for this meeting.

---

After the Hearing Officer has read the opening statement, we will open the hearing for submission of testimony.



If you would like to **submit testimony**, at the appropriate time:

- click the “raise your hand” function.

A DEP staff member will call on you.

- When called upon, please state:
  - **Your First and Last Name**
  - **The Organization you are representing**
- After you are finished speaking, please lower your hand and re-mute yourself.



## Intended Use Plan and Project Priority Lists

*The priorities and policies of the New Jersey Water Bank (NJWB) are established through this Intended Use Plan*

[Home](#) / [IUP and Project Priority Lists](#)

The New Jersey Water Bank (NJWB), which administers New Jersey's State Revolving Fund, is a partnership between the New Jersey Department of Environmental Protection and the New Jersey Infrastructure Bank (NJIB) to provide low-cost financing for the design, construction, and implementation of projects that help to protect, maintain and improve water quality and projects to ensure safe drinking water.

The priorities and policies of the NJWB are established through this Intended Use Plan. Projects eligible for financing include a wide variety of wastewater treatment works, stormwater management, drinking water systems, land acquisition, and landfill activities.

### FFY 2022 (State Fiscal Year 2023) Proposed Amendments to the Final IUP

[Proposed Amendments to the Final Clean Water IUP for FFY 2022 and SFY 2023](#) Published on September 01, 2022



[Proposed Amendments to the Final Drinking Water IUP for FFY 2022 and SFY 2023](#) Published on September 01, 2022



# Submitting Written Comments

The email address for written comments is [waterbankinfo@dep.nj.gov](mailto:waterbankinfo@dep.nj.gov).  
Hard copies of written copies may also be mailed to:

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

Written comments will be accepted until the close of business on Monday  
October 3rd, 2022.



# Proposed Amendments to SFY23 CWSRF and DWSRF IUPs

- ✓ \$248 million in American Rescue Plan Act (ARPA) funds to be used for principal forgiveness loans to applicants sponsoring CWSRF Water Combined Sewer Overflow Projects listed on Long Term Control Plans submitted to the Department.
- ✓ \$45 million in ARPA funds to be used for principal forgiveness loans to applicants sponsoring DWSRF projects that address climate change concerns and to ensure long-term drinking water resilience in New Jersey or projects for the installation of treatment to address multiple Maximum Contaminant Level (MCL) violations at one system.
- ✓ New Jersey's \$4 million FFY 2022 Bipartisan Infrastructure Law CWSRF Emerging Contaminants Capitalization Grant allocation will be transferred to the DWSRF to finance drinking water projects that address emerging contaminants.
- ✓ The annual DWSRF funding cap will be increased from \$25 million to \$40 million.
- ✓ CWSRF and DWSRF Affordability Criteria MHI factor will be rounded down to the nearest integer.



# Amended SFY 2023 SRF Programs



# SFY 2023 Drinking Water SRF Principal Forgiveness



## SFY23 PRINCIPAL FORGIVENESS (PF) OPPORTUNITIES

Drinking Water PF	Principal Forgiveness Share	Principal Forgiveness 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	\$17M**
High Rank Affordability Projects	100%	\$1M	\$5M
General Supplemental PF* (Lead or PFAS)	Per above	Per above	\$10M
Climate Change/Resilience or Projects to comply with Multiple MCLs (ARPA)	80%	\$20M	\$45M

\* This total includes the transfer the \$3,821,000 from the Clean Water Emerging Contaminants allocation to the DW SRF in SFY 2023 to be used for projects that address emerging contaminants in drinking water.

\*\* Once the principal forgiveness funds for emerging contaminants (\$13 million) and lead line replacement (\$25 million) have been allocated to higher ranked projects, \$10 million in principal forgiveness from the DWSRF Supplemental Funds will be directed in priority ranked order to qualifying lead or PFAS projects in other disadvantaged communities that meet NJ's affordability criteria in Appendix 3.

# SFY 2023 Drinking Water SRF Funding Packages



## SFY23 FUNDING PACKAGES (LONG-TERM LOANS)

Drinking Water Categories	DEP Share***	I-Bank Share***
Climate Change/Resilience or Projects to comply with Multiple MCLs (ARPA)*	80% PF 10% Interest Free Loan	10% AAA Market Rate Loan
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

DWSRF annual applicant funding cap increased from \$25 million to \$40 million

\*Total project costs capped at \$25 million. Costs in excess of cap may be financed under the Base DWSRF package.

\*\*Costs in excess of \$10 million 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.



# SFY 2023 Clean Water SRF Principal Forgiveness



## SFY23 PRINCIPAL FORGIVENESS (PF) OPPORTUNITIES

Clean Water PF	Principal Forgiveness Share	Principal Forgiveness Cap per Applicant	Projected Amount of PF Available
CSO LTCP ARPA Projects	80%	No Cap	\$248M
CSO Abatement	50%	\$5M**	\$30M*
CSO Abatement in Communities that meet the CWSRF Affordability Criteria	100%		\$30M*
Water Quality Restoration	50%	\$2.5M	\$6M
Affordability Criteria	100%	\$2M	\$36M
Energy and Water Efficiency Projects	50%	\$2M	\$10M
Overflow and Stormwater Grant (OSG) CW SRF PF Loans***	20%	\$0.2M	\$1M

\*\$5M in CSO Abatement and CSO Abatement/Affordability PF funds are set aside for CSO Green Infrastructure projects.

\*\* There is a total applicant principal forgiveness cap of \$5 million for CSO Abatement projects and CSO Abatement/Affordability projects in SFY23. For example, if an applicant is awarded \$5 million under the CSO Abatement/Affordability category, they would be limited by the cap and not eligible for additional principal forgiveness under the CSO Abatement principal forgiveness category in SFY23.

\*\*\*OSG CW SRF PF Loans will be awarded to CWSRF projects that receive an Overflow and Stormwater Grant. The OSG will cover 80% of the project costs (capped at \$1 million) and the OSG CW SRF PF Loan will cover 20% of the project costs. OSG/OSG CW SRF PF Loan project costs are capped at \$1 million. Costs in excess of \$1 million may be eligible for funding and PF under the CSO Sewershed – Grey and Green Infrastructure category.

\$4 million in CW Emerging Contaminant PF transferred to DWSRF.

# SFY 2023 Clean Water SRF Funding Packages



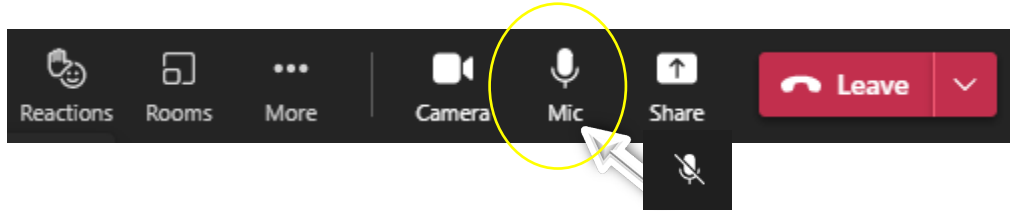
## SFY23 FUNDING PACKAGES (LONG-TERM LOANS)

Clean Water Categories	DEP Share****	I-Bank Share****
CSO LTCP ARPA Projects*	80% PF 10% Interest Free Loan	10% AAA Market Interest Rate Loan
CSO Abatement, CSO Abatement/Affordability**, Water Quality Restoration, Affordability Criteria, Energy and Water Efficiency, and Emerging Contaminants Projects (All capped at \$10 million)	75% (Minimum***) Interest Free Loan and Principal Forgiveness	25% (Maximum**) AAA Market Interest Rate Loan
All Other Water Quality Projects (Base CWSRF)	50% Interest Free Loan	50% AAA Market Interest Rate Loan
Brownfield Redevelopment (Conduit Projects)	25% Interest Free Loan	75% AAA Market Interest Rate Loan

\* When CSO LTCP ARPA principal forgiveness funds are exhausted, applicants may access financing available under other applicable CWSRF principal forgiveness and funding categories

\*\*CSO Abatement/Affordability project costs from \$10 million to \$20 million may be financed under the Affordability Criteria package. Costs over the caps may be financed under the Base CWSRF package.

# Ground Rules:



For the best audio quality, please stay **muted** unless you have been called upon for comment.

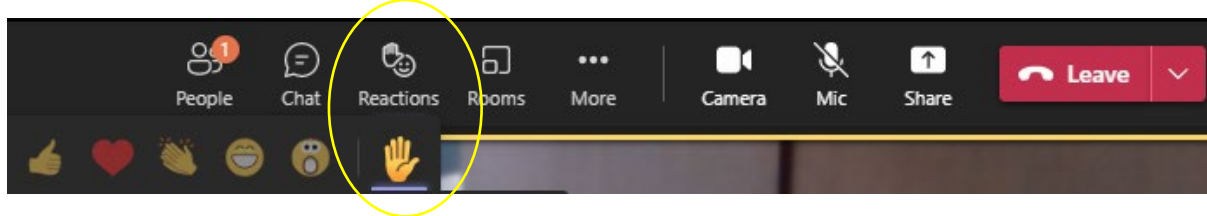
If you are using a phone, you can hit \*6 to mute and unmute.

---

The chat function has been disabled for this meeting.

---

After the Hearing Officer has read the opening statement, we will open the hearing for submission of testimony.



If you would like to **submit testimony**, at the appropriate time:

- click the “raise your hand” function.

A DEP staff member will call on you.

- When called upon, please state:
  - **Your First and Last Name**
  - **The Organization you are representing**
- After you are finished speaking, please lower your hand and re-mute yourself.

# IUP Amendment Timeline



**Mid-August  
2022**

Stakeholder engagement session (8/17) and public comment period (ends COB Friday 8/19) to gather input on potential use of ARPA funds.



**September 1,  
2022**

Publish proposed Amended IUPs incorporating use of ARPA funds, open 30-day public comment period, provide notice of public hearing date.



**September 14,  
2022**

Conduct public hearing, collect comments on Amended IUPs.



**October 3, 2022**

30-day comment period ends



**Early October  
2022**

Publish Final Amended IUPs and Response to Comments



**Mid-October  
2022**

Submit Amended May Report to Legislature. Begin introduction of updated appropriation bills.



**Late December  
2022**

Appropriation Bills signed into law, begin executing funding agreements with ARPA PF packages.

Like & follow us!



@newjerseydep



@nj.dep

Please send comments on IUP Amendments to:

[waterbankinfo@dep.nj.gov](mailto:waterbankinfo@dep.nj.gov)

or

<https://www.nj.gov/dep/wiip/comments.html>



Thank you!



Water Resources Management