



Navigating the NJ Water Bank: Taking Advantage of Water Infrastructure Funding

Mayor Briefing
September 29, 2022



Agenda



Introduction

USEPA Overview of IJIA and ARPA

SRF Overview

Application Process

Technical Assistance

Question and Answer



Today's Presenters

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Introduction

NJDEP Water Resource Management (WRM) Program

Establishes water quality and drinking water standards in NJ.

Monitors waters to ensure standards are met.

Regulates discharges of wastewater & storm water.

New Jersey Water Bank (NJWB)

Partnership between the NJDEP and the New Jersey Infrastructure Bank (I-Bank).

Provide low-cost financing for the planning, design, construction & implementation of projects

Steward of NJ's SRF financing program.

State Revolving Fund (SRF)

Revolving/self-perpetuating loan program

Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF)

Established under the Clean Water Act and Safe Drinking Water Acts

Water Bank Program Stats (Since 1987)

Over **\$8.1 billion** in
low-interest long term
loans

\$2.92 billion in
savings to ratepayers

Average borrower
saves **\$0.5M** in
interest expense **per**
\$1M borrowed

Over **140,000 direct**
construction jobs
generated throughout
the State

1,701 projects
financed and
completed

\$1.34 billion in short-
term loans to **205**
active construction
projects





Bipartisan Infrastructure Law and the Clean Water and Drinking Water State Revolving Funds

EPA developed this presentation as a community-focused, high-level overview of the Clean Water and Drinking Water State Revolving Funds (SRFs) and eligibilities related to the Bipartisan Infrastructure Law (BIL) of 2021. Some content has been generalized for clarity. This is not guidance for EPA or state SRF managers or staff.

Bipartisan Infrastructure Law (BIL)

- Signed by President Biden on November 15, 2021.
- Includes \$50 billion to the EPA to strengthen the nation's drinking water and wastewater systems.
- Approximately \$43.4B of this funding through the existing State Revolving Fund Programs.

Safe Drinking Water

\$15 billion

Lead Service Line Replacement through the [Drinking Water State Revolving Funds](#)
49% of funds will be provided to communities as grants or principal forgiveness loans.
51% of funds will be available to communities for low-interest loans.
State match is not required.

\$11.7 billion

Drinking Water State Revolving Funds
49% of funds will be provided to communities as grants or principal forgiveness loans.
51% of funds will be available to communities for low-interest loans.
State match is reduced to 10%.

\$4 billion

Addressing Emerging Contaminants through the Drinking Water SRF
Can be used to remediate PFAS in drinking water.
All funds provided to communities as grants or principal forgiveness loans.
State match is not required.

\$5 billion

Addressing Emerging Contaminants in Disadvantaged Communities
Funding through [Small, Underserved, and Disadvantaged Communities Grants](#)
Can be used to remediate PFAS in drinking water.
Provided as grants.
State match is not required.

Clean Water for Communities

\$11.7 billion

Clean Water State Revolving Funds ([CWSRF](#))
49% of funds will be available for grants or principal forgiveness loans.
51% of funds will be available for low-interest loans.
State match is reduced to 10%.

\$1 billion

Addressing Emerging Contaminants
Funding through Clean Water State Revolving Funds.
All funds provided as grants or principal forgiveness loans.
State match is not required.

State Revolving Funds: Overview

What are the SRFs?

- The Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) are federal-state programs that provide funding and financing for a wide range of infrastructure projects.

What are the Purpose of the SRFs?

- To provide government assistance that is intended to reduce the cost of critical public health and environmental infrastructure.

State Revolving Funds: Roles

EPA's role

- Awards the capitalization grant to a state.
- Provides grant terms and conditions, guidance, and program oversight.

States' role

- Accept applications, score and rank projects, and select projects for funding.
 - Usually, States must match 20% of EPA's annual contribution.
 - The BIL reduced or removed this requirement to make it easier for the state to access the federal funds.
 - American Rescue Plan Act (ARPA) funds may be used to meet the non-federal match requirements of the DWSRF and CWSRF programs.

Communities' role

- Become involved in states' SRF public review process, understand program eligibilities, and apply for funding from the state SRF.

CWSRF Funding in the BIL: Overview

- EPA is making \$12,713,000,000 in **additional** capitalization grants available to the state CWSRFs over the next five years.
- Most of this money may fund any project eligible under the CWSRF; some funding is targeted towards projects focused on “emerging contaminants.”
- States have the authority to waive repayment on some of this new funding (e.g., forgive some or all of the loan’s principal or provide grants).
- BIL created a new eligible use of the CWSRF – a 2% technical assistance Reserve.

DWSRF Funding in the BIL: Overview

- EPA is making \$30,713,000,000 in **additional** capitalization grants (i.e., seed funding) available to the state DWSRFs over the next five years.
- Some of this money may fund any project eligible under the DWSRF; some funding is targeted towards projects focused on PFAS and “emerging contaminants;” some funding is targeted towards the identification and replacement of lead service lines.
- States have the authority to waive repayment on some of this new funding (e.g., forgive some or all of the loan’s principal or provide grants).

How Can Communities Help Implement the BIL?

- Share ideas for getting SRF funding to communities with environmental justice concerns and to achieve goals such as reducing lead and building climate resiliency.
- Provide recommendations for what type of technical assistance would be most productive to help communities prepare and apply for SRF assistance.
- Develop capital development plans to address critical infrastructure needs.
- Work early with your state to get projects on the Intended Use Plan.
- Participate in state public participation process for developing SRF Intended Use Plans.
- Identify avenues and forums to educate, engage, and receive feedback from local officials on implementation of BIL drinking water, wastewater and stormwater funding.

SRF and BIL Information

- **CWSRF:** <https://www.epa.gov/cwsrf>
 - [State CWSRF contacts](#)
- **DWSRF:** <https://www.epa.gov/dwsrf>
 - [State DWSRF contacts](#)
- **BIL:** <https://www.epa.gov/infrastructure>
- **EPA Region 2:** Christine Ash, ash.christine@epa.gov



Benefits of Water Bank Loan



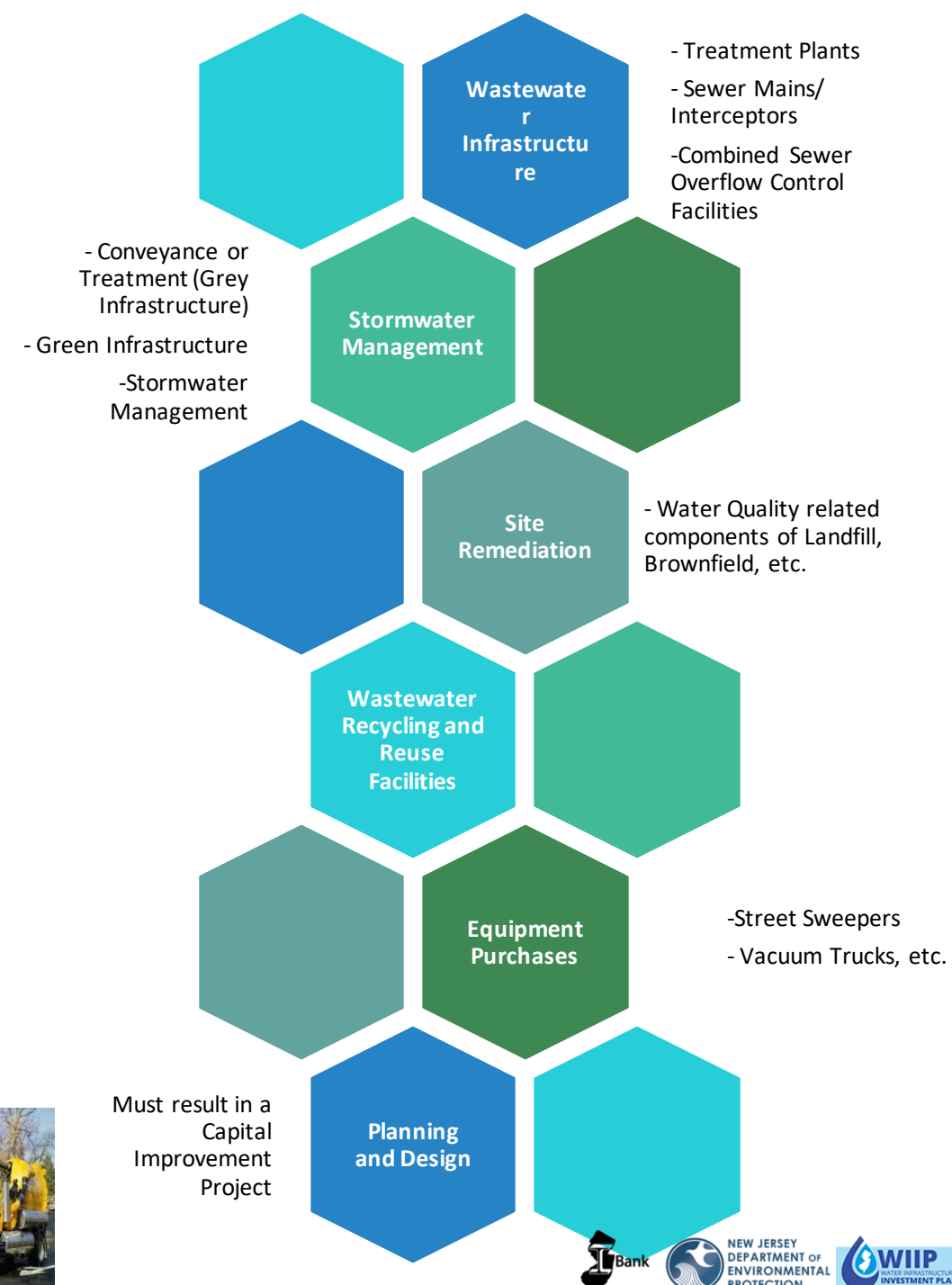
Clean Water

Eligible Recipients:

- Local government units, municipal utilities authorities, counties, regional water authorities that own stormwater or wastewater collection and treatment works
- Private entities (through public conduit borrowers above)
- Private colleges and universities (nonpoint source only)

Not Eligible for Assistance:

- Federally-owned stormwater or wastewater collection and treatment works (i.e. military bases or prisons)
- Privately-owned wastewater and stormwater collection and treatment works



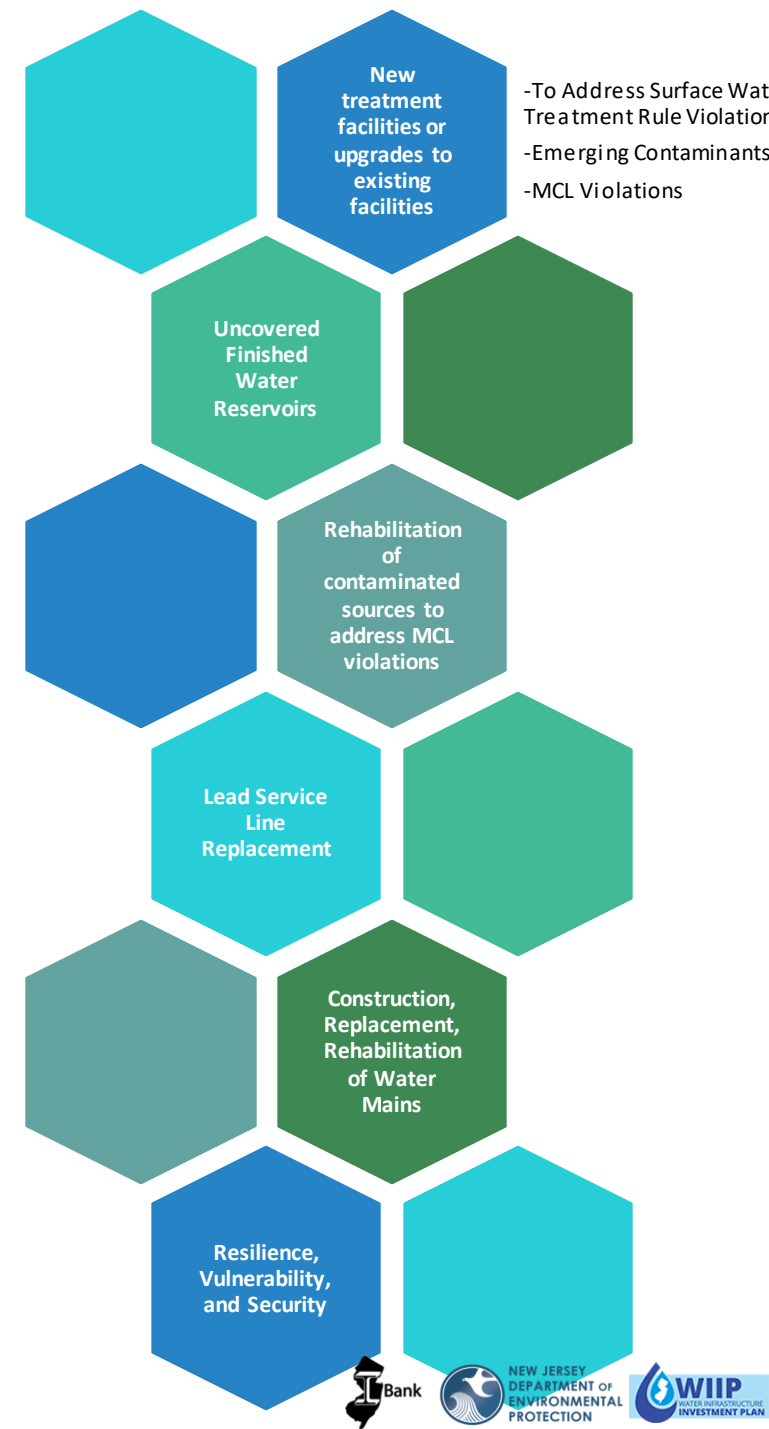
Drinking Water

Eligible Recipients:

- Privately-owned (including investor-owned) community water systems
- Publicly-owned community water systems (towns, boroughs, municipal utilities authorities, counties, regional water authorities, other local government units, etc.)
- Non-profit noncommunity water systems
- Only eligible for projects that help protect, maintain, or improve water quality.

Not Eligible for Assistance:

- Federally-owned drinking water systems (i.e. military bases or prisons)
- For profit noncommunity water systems



Funding Priorities and Ranking

Clean Water

- CSO/SSO Projects
- Water Use/Water Quality Points
- Sustainable Community Planning Activities
- Climate Change & Resilience
- Affordability

Drinking Water

- Compliance and Public Health Criteria
 - MCL violations, unregulated contaminants, SWTR compliance
- Lead Service Line Replacements
- Climate Change & Resilience
- Affordability

Projects scored and placed on the SRF Project Priority List- Points are assigned categories related to the priorities above and population is utilized as a tie breaker



Affordability/Disadvantaged Community Criteria

A project (CW or DW) that meets either of the following two criteria are considered to have satisfied the **State's Affordability Criteria**:

- **Project Affordability Score** of 80 or less; or
- The project is eligible to receive 80 **Environmental Justice Economic Overburdened Community Criteria** ranking points.

Project Affordability Score:

Project (Median Household Income(MHI)) Factor – Project(Unemployment (UE)) Factor – (Population Trend (PT)) Factor

Environmental Justice Economic Overburdened Community Criteria:

35% of the households served by the project, on a municipal basis, qualify as low-income households (at or below twice the poverty threshold).





Bipartisan Infrastructure Law (BIL)



Clean Water

\$72 million for any eligible **clean water project** (49% must be used as PF or grants for projects)

\$4 million for projects that address **emerging contaminants** (100% must be used as PF or grants for projects)



Drinking Water

\$31 million for any eligible **drinking water project** (49% must be used as PF or grants for projects)

\$49 million for projects to address **lead** in drinking water (49% must be used as PF or grants for projects)

\$13 million for projects that address **emerging contaminants** (100% must be used as PF or grants for projects)



Total Impact

BIL funding of \$169M first year. Funds will increase and average **\$200M** per year or **\$1B** over the 5-year period.

With state match and leveraging, this will result in **\$440M/year** in project funding due to the new **BIL funds**

\$440M BIL Program + **\$480M** Existing Base Program will result in over **\$900M available funds per year.**

Over \$900M available for project funding each year over the next 5 years!

\$300M ARPA for Water Infrastructure

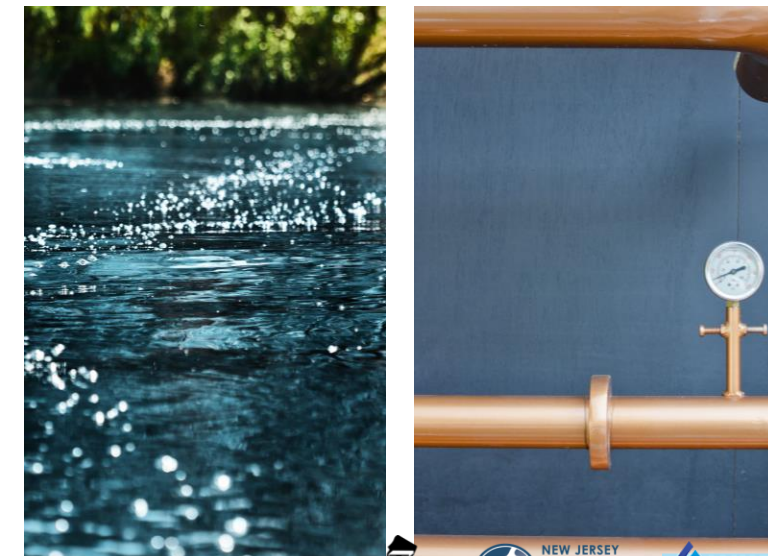
\$50M for Drinking Water Projects

\$250M for Clean Water Projects

- **December 31, 2024** – Deadline for DEP to **obligate** the \$300 million dollars by entering into funding agreements with project sponsors.
- **December 31, 2026** – Deadline for DEP to **disburse** all funds to project sponsors through **reimbursement** of APRP eligible project expenses incurred by project sponsors.
- Allowable use of ARPA funds:
 - ✓ **Clean Water State Revolving Fund** (CWSRF) Eligible Projects
 - ✓ **Drinking Water State Revolving Fund** (DWSRF) Eligible Projects
 - ✓ Additional types of projects— such as **residential wells** — beyond the CWSRF and DWSRF, if they are found to be “necessary” according to the definition provided in the [Final Rule](#) issued by the US Department of Treasury.

Clean Water Base, BIL General Supplemental, BIL Emerging Contaminants, and ARPA Appropriation - PF - \$361M (\$304M new, \$57M carryover)

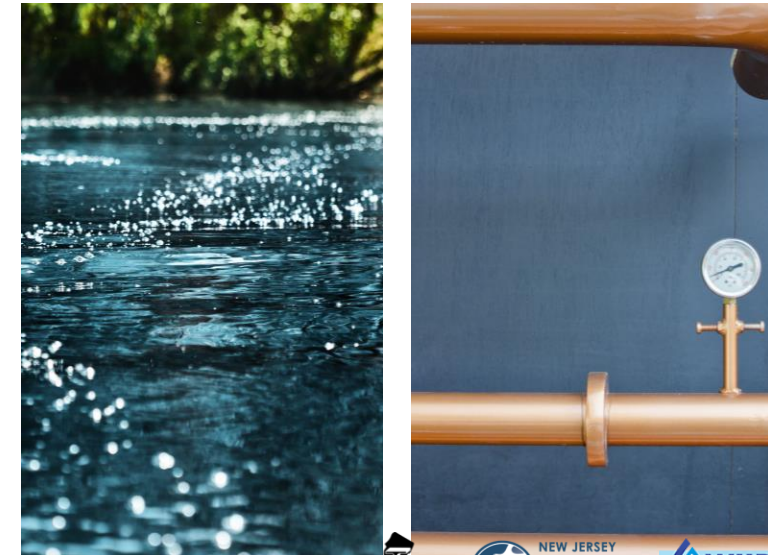
Clean Water Principal Forgiveness	Projected Amount of Principal Forgiveness Available	Principal Forgiveness Share of Project Costs	Principal Forgiveness Cap per Applicant
CSO LTCP ARPA Projects	\$248M	80%	N/A
CSO Abatement	\$30M	50%	\$5M
CSO Abatement/Affordability	\$30M	100%	\$5M
Water Quality Restoration	\$6M	50%	\$2.5M
Affordability Criteria	\$36M	100%	\$2M
Energy and Water Efficiency Projects	\$10M	50%	\$2M
Emerging Contaminants (\$4M PF Transferred to DWSRF)	\$0M	100%	N/A
Overflow and Stormwater Grant (OSG) CW SRF PF Loans	\$1M	20%	\$0.2M



SFY23 Clean Water Funding Packages

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 – Grey and Green Infrastructure, Water Quality Restoration, Affordability, Energy and Water Efficiency, Emerging Contaminants Projects*	75% Interest Free Loan and Principal Forgiveness	25% 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

**Costs in excess of \$10 million for these projects will be financed under the Base CWSRF package.*



\$113M for SFY23 DW Principal Forgiveness

Drinking Water Principal Forgiveness	Projected Amount of Principal Forgiveness Available	Principal Forgiveness Share of Project Costs	Principal Forgiveness Cap per Applicant
ARPA Climate Change/Resilience or Projects to comply with Multiple MCLs	\$45M	80%	\$20M
Nano (Systems serving ≤ 10,000 customers not covered by below)	\$8M	50%	\$500,000
Very Small Water System (Systems serving ≤1,000 population)	\$3M	100%	\$750,000
BIL Lead Line Replacement	\$25M	50%	\$5M
BIL Emerging Contaminants (including PFAS)	\$17M	100%	\$1M
Systems serving ≤ 25,000 or disadvantaged	<i>\$4M reserved</i>	100%	\$1M
Other eligible systems serving > 25,000		100%	\$1M
General BIL Principal Forgiveness	\$15M		
General High Rank Affordability Projects	\$5M	100%	\$1M
Lead or PFAS*	<i>\$10M</i>	Per above	Per above

*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 2.



Drinking Water Funding Packages

Drinking Water Categories	DEP Share	I-Bank Share	Borrower Cap
ARPA Climate Change/Resilience or Projects to comply with Multiple MCLs	80% PF 10% Interest Free Loan	10% AAA Market Rate Loan	\$25 Million**
Affordability	75% Interest Free Loan (and principal forgiveness*)	25% AAA Market Rate Loan	\$10 Million**
Base DWSRF – Public	50% Interest Free Loan	50% AAA Market Rate Loan	\$40 Million***
Base DWSRF – Investor-owned	25% Interest Free Loan	75% AAA Market Rate Loan	\$40 Million***

- Water systems that meet affordability criteria first receive any DWSRF principal forgiveness for which they qualify on top of the DWSRF Affordability package for the first \$10M in non-PF project costs. For example, a \$15M PFAS project for a publicly-owned system that meets NJ's affordability criteria would receive the following:

DWSRF Affordability	PF	Fund	I-Bank
First \$1M	100%	0%	0%
Next \$10M	0%	75%	25%
Next \$4M	0%	50%	50%
Total	\$1M	\$9.5M	\$4.5M

** Additional costs up to \$40 million total funded at base rate

*** Costs in excess of the \$40 million cap will be financed at I-Bank market rate as capacity allows



Process: The Basics

SUBMISSION DEADLINES

None – Applications accepted on a rolling basis throughout year

PROJECT RANKING ON THE PROJECT PRIORITY LIST

- Sponsor must provide Project description in H2LOans
- DEP approves Project eligibility / ranks project

FINANCING PROVIDED IF:

- Sponsor and Project are deemed eligible
- Sponsor submits complete and thorough information
- If DW, project rank and readiness
- Project is not withdrawn

Rating Agency	NJEIFP Credit Rating	na Credit Rating Provided by na
Fitch	AAA	AA+
Moody's	Aaa	Aa1
S&P	AAA	AA+

Cost of Financing	NJEIFP	Independent Financing
Short Term Financing / BAN	1 Years	1 Years
Long Term Financing	30 Years	30 Years
Project Cost	\$1,200,000	\$1,200,000
Additional Costs (AIS, Engineering) ^{1a}	\$68,400	\$0
Total Requested Amount	\$1,268,400	\$1,200,000

Total Payments		
5% Upfront Cash Funding (LFB Requirement) ^{3d}	\$0	\$63,420
Interest Paid on Short-Term Loan	\$0	\$6,145
Bond Par Amount (Includes Underwriter Fees for NJEIT Admin Fee, DEP Fee financed for the Program, and any capitalized short-term loan interest)	\$335,000	\$1,220,000
Bond Loan Interest	\$180,545	\$672,156
Fund Loan	\$951,300	\$0
DEP Fee (Non-financed portion)	\$12,684	\$0
Total NJEIT Admin Fee (Annual Fee = \$1,005)	\$29,648	\$0
Total Cost of Financing	\$1,509,177	\$1,961,721

Assumptions		
Total DEP Fee ^{2a}	\$25,368	\$0
Annual NJEIT Admin Fee ^{2b}	\$1,005	\$0
Underwriters' Discount ^{3a}	\$1,675	\$12,200
Cost of Issuance ^{3b}	\$335	\$0
Effective Interest Rate (Estimated)	0.926%	3.194%

TOTAL ESTIMATED SAVINGS THROUGH NJEIFP FINANCING: \$429,156
(35.76% of Requested Amount)

WISE Act Calculator

<https://wise.h2loans.com/>



Water Bank Process

Step 1: Create Project

- Project planning
- Project description
- Request pre-application meeting

Step 2: Submit Project

- Via H2OLOans
- Project Priority Ranking

Step 3: Submit Letter of Intent

- Includes Project Planning Report
- Environmental Decision Document issuance by NJDEP



Water Bank Process

Step 4: Submission of Loan Application

- Including Engineering and Design Specifications
- Professional Services Agreements
- Required Permits and Approvals

Step 5: Submission of Socially and Economically Disadvantaged Participation

- During planning and design for contracting agencies

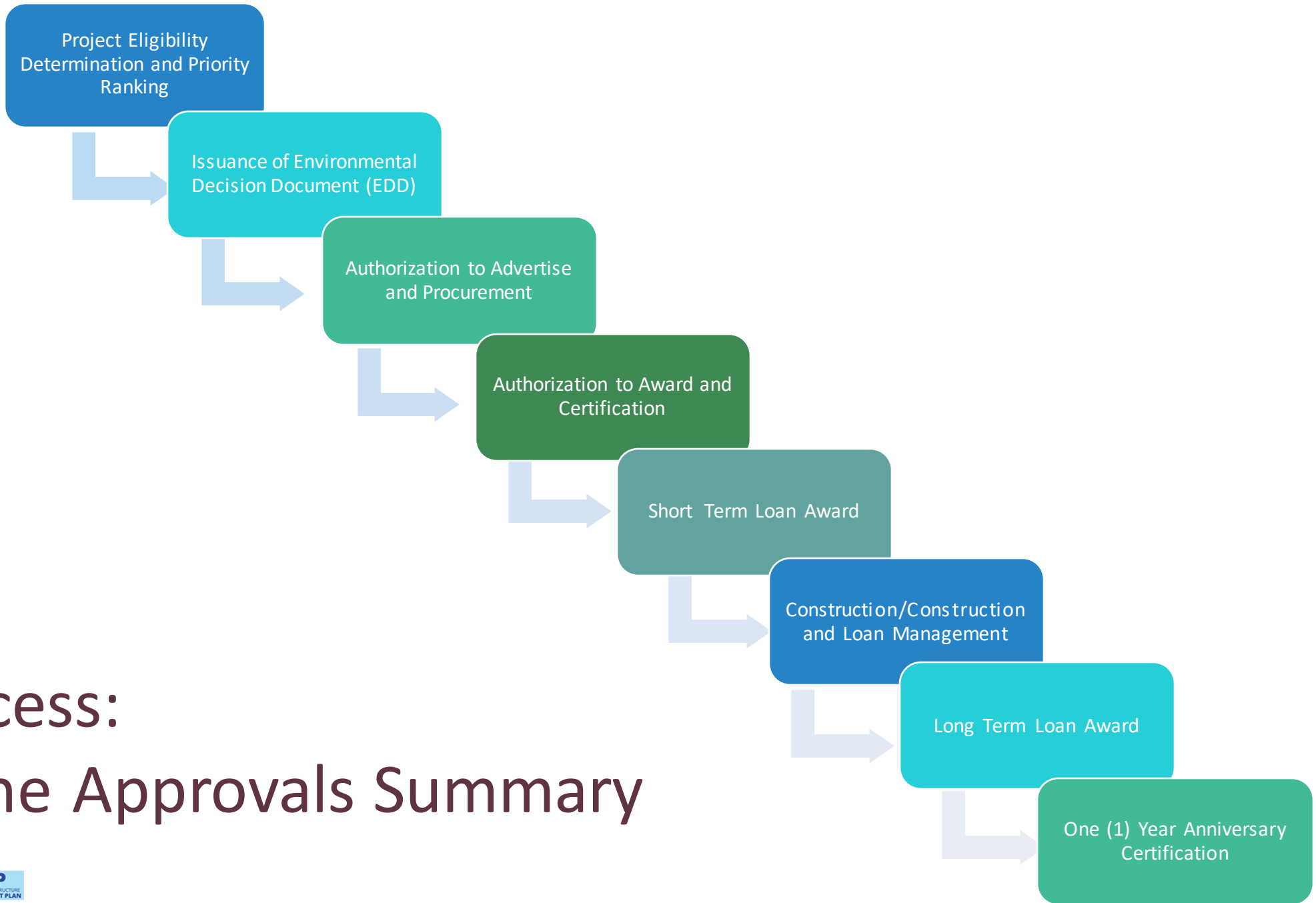
Step 6: Submission of Revised and Detailed Project Information

- Project costs and draw schedule

Step 7: Submission of Bid Package

- Comprising of construction bids received upon DEP's Issuance of an Authorization to Advertise





SRF Process: Milestone Approvals Summary

Milestone: Project Ranking

APPENDIX 4: CLEAN WATER PROJECT PRIORITY LIST

Date Generated: May 19, 2021

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STATE OF NEW JERSEY FINAL FEDERAL FISCAL YEAR 2021 (SFY 2022) PROJECT PRIORITY LIST (CW)

Rank	Project Sponsor	Project Number	Cat 1	Cat 2	Cat 3	Cat 4	Cat 5	Cat 6	Cat 7	Total Building Costs	Estimated Cost	Est St Cert Date
1	Musconetcong Sewerage Authority	S340384-09	-	\$4,550,000	-	-	-	-	-	\$4,550,000	\$5,953,572	N/A
2	Oakland Borough	S340418-06	-	-	-	-	-	-	-	-	\$300,000	T 220630
3	Camden County Municipal Utilities Authority	S340640-19	-	-	-	-	\$8,000,000	-	-	\$8,000,000	\$10,690,000	T 220630
3	Camden County Municipal Utilities Authority	S340640-25	-	-	-	-	\$11,500,000	-	-	\$11,500,000	\$14,300,000	T 220630
5	Camden County Municipal Utilities Authority	S340640-20	-	-	-	-	-	\$5,000,000	-	\$5,000,000	\$6,500,000	N/A
6	Newton Town	S340449-05	\$1,000,000	-	-	-	-	-	-	\$1,000,000	\$1,200,000	T 220630
7	Camden County Municipal Utilities Authority	S340640-17	-	-	-	-	-	-	-	-	\$614,815	N/A
8	Camden County Municipal Utilities Authority	S340640-27	-	-	\$2,875,530	-	-	\$760,000	-	\$3,635,530	\$4,862,636	T 220630
9	Camden County Municipal Utilities Authority	S340640-24	-	-	-	-	\$5,000,000	-	-	\$5,000,000	\$6,500,000	N/A
9	Camden County Municipal Utilities Authority	S345040-01	-	-	-	-	\$874,697	-	-	\$874,697	\$1,049,636	N/A
12	Rahway Valley Sewerage Authority	S340547-17	\$3,750,000	-	-	-	-	-	-	\$3,750,000	\$4,800,000	T 220630
13	Rahway Valley Sewerage Authority	S340547-13	\$7,750,000	-	-	-	-	-	-	\$7,750,000	\$10,104,841	BEYOND25
13	Rahway Valley Sewerage Authority	S340547-14	-	\$7,250,000	-	-	-	-	-	\$7,250,000	\$9,460,275	N/A
13	Rahway Valley Sewerage Authority	S340547-16	-	\$850,000	-	-	-	-	-	\$850,000	\$1,191,434	BEYOND25
16	Rahway Valley Sewerage Authority	S340547-15	-	\$1,500,000	-	-	-	-	-	\$1,500,000	\$2,348,518	N/A
17	Camden County Municipal Utilities Authority	S340640-21	-	-	-	-	\$25,000,000	-	-	\$25,000,000	\$32,500,000	BEYOND25
17	Camden County Municipal Utilities Authority	S340640-22	-	-	-	-	\$10,000,000	-	-	\$10,000,000	\$13,000,000	N/A
17	Camden County Municipal Utilities Authority	S340640-23	-	-	-	-	\$10,000,000	-	-	\$10,000,000	\$13,000,000	N/A
20	Raritan Borough	S340781-04	-	-	\$250,000	-	-	-	-	\$250,000	\$360,245	BEYOND25
21	Mendham Borough	S340159-04	\$1,600,000	-	-	-	-	-	-	\$1,600,000	\$2,030,000	N/A
22	Newark City	S340815-25	-	-	-	-	-	-	\$270,000	\$270,000	\$388,383	T 210630
22	Newark City	S340815-27	-	-	-	-	-	\$2,727,882	-	\$2,727,882	\$3,273,457	T 220630
22	Newark City	S340815-28	-	-	-	-	-	-	-	-	\$642,076	N/A
25	Lower Township Municipal Utilities Authority	S340810-03	-	\$2,333,000	-	-	-	-	-	\$2,333,000	\$3,135,057	BEYOND25
26	Oakland Borough	S340418-03	-	\$7,000,000	-	\$21,760,000	-	-	-	\$28,760,000	\$36,522,885	BEYOND25
27	Berkeley Heights Township	S340385-05	-	\$960,000	-	-	-	-	-	\$960,000	\$1,393,209	T 220630
28	Camden County Municipal Utilities Authority	S340640-32	-	-	-	-	-	-	-	-	\$23,755,160	T 220630

Cat 1 -Secondary/Sludge/Septage Treatment
Cat 4 -New Collectors, Interceptors Appurtenances
Cat 7 -Nonpoint Source Mgmt

Cat 2 -Advanced Treatment
Cat 5 -Correction of Combined Sewer Overflows

Cat 3-Sewer System Rehabilitation
Cat 6-Stormwater Mgmt



SRF Project Timeline



*Varies with complexity of projects

Technical Assistance

- In addition, States have flexibility to utilize specific funds set-aside from the BIL for program implementation
- NJDEP will be using these funds towards our Technical Assistance Program
 - Contracts with third party technical assistance providers to provide direct assistance to facilities.
 - Goal is to bring more projects and new project sponsors into the program.
 - Assist facilities that:
 - Lack sufficient resources to perform full assessment of needs
 - Lack familiarity with navigating the Water Bank application process
 - Lack technical, financial, managerial, or community support for infrastructure projects

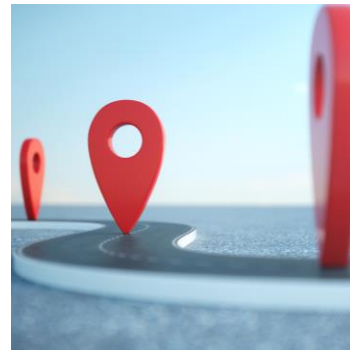


Types of Technical Assistance



Engineering Services

Providing technical assistance from project conception to planning and design and through the Water Bank program.



Program Navigation

Providing technical assistance with navigating through the Water Bank process from application to project completion.



Financial and Needs Assessments

Providing technical assistance with understanding system and fiscal needs and how to pay for them.



Community Engagement

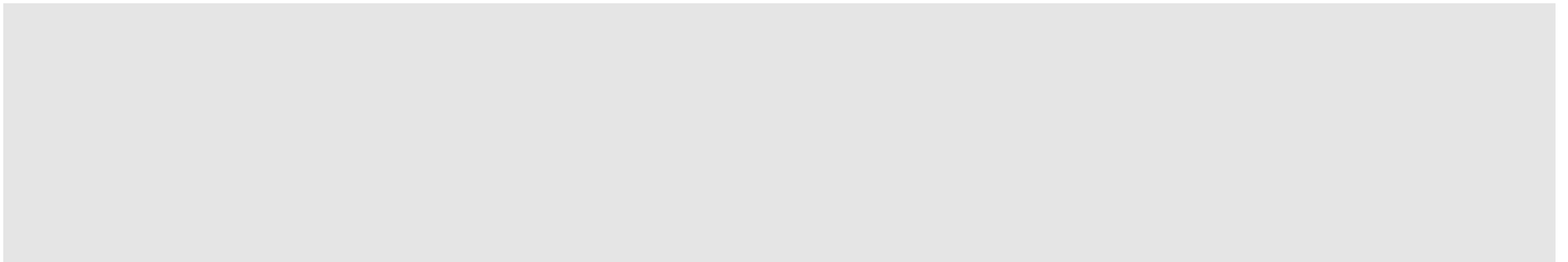
Providing assistance with solicitation and outreach to stakeholders to generate interest in the SRF program



Next Steps

- TA Webinar being held October 6, 2022
- To determine if you are eligible and could benefit
 - Reach out to your public works or business administrator
 - Do you have projects that meet the criteria such as stormwater infrastructure upgrades, treatment upgrades to address MCL Violations, especially PFAS, Lead Service Line Replacement projects?
 - Look at Drinking Water Watch to determine SDWA compliance status
- Directly request Technical Assistance by filling out TA Request form, found here: <https://www.nj.gov/dep/wiip/>
- Reach out to us and request a meeting

Questions





Thank you!

More information:

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

Contact:

WaterBankInfo@dep.nj.gov

