New Jersey Pinelands Commission

PINELANDS INFRASTRUCTURE TRUST MASTER PLAN AMENDMENT

PROJECT RANKING CRITERIA AND FUNDING STRUCTURE

PC-26-____

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Overview

The Pinelands Infrastructure Trust Fund (PITF) was established in 1985 to help local governments and utility authorities defray the costs associated with supporting the population and economic growth targeted at Pinelands Regional Growth Areas. The Pinelands Infrastructure Bond Act became law on August 23, 1985. Voters subsequently approved a bond issue that allowed $30 million to fund the PITF. The funds are disbursed through grants and loans for certain types of infrastructure projects that serve the needs of Pinelands Regional Growth Areas (RGA).

The Pinelands Commission prepared the original Pinelands Infrastructure Master Plan (IMP) as required by the PITF Act. That Infrastructure Master Plan accomplished three things. First, it delineated a funding structure for loans, grants, and local matching funds (originally 40%, 40%, and 20%, respectively). Second, it created a ranking system by which proposed infrastructure projects would be judged for funding eligibility. Third, it generated the list of projects that were deemed eligible for the initial round of funding. In 2019, the IMP was amended and the Commission set a funding structure that allowed project costs to be funded with up to 50% loan and 40% grant from PITF with a required a 10% local match. The list of prioritized projects was then forwarded to the New Jersey Infrastructure Bank (I-Bank) for management of the funding process.

In that funding round, five projects were awarded funding. Of those, only two (Pemberton Township water system improvements and Galloway Township sewer extension) have made some progress and accessed or will be accessing the funds to complete the projects. For the remaining projects including water, sewer, and transportation development, local sponsors have declined to proceed subsequent to the award or have made no significant progress in the past seven years. Therefore, staff is recommending that the Commission consider amending the IMP to set new criteria for funding, and subsequently, to prioritize projects for funding award. This process will result in the Commission amending the IMP twice, first identifying types of eligible infrastructure projects and ranking criteria along with a funding structure, and second, awarding new grants and/or loans to prioritized projects.

Currently, there is approximately $10 million available to be disbursed as loans and/or grants. This is the remaining funding available after deducting the amount awarded to the two projects from 2019 that have made significant progress. For consideration of a new IMP amendment, a new funding structure will be outlined below. For a new funding round, new project priorities and ranking criteria are recommended and will be further discussed below.

Following the Policy & Implementation Committee's review of an IMP amendment to revise project ranking criteria and set a funding structure for proportions of grant, loan, and/or local match requirements, a public hearing must be held regarding the amendment. Staff will return to the Committee to review public comments and to seek a recommendation to forward it on to the Commission to adopt the ranking criteria and funding structure amendment, as well as to move forward with posting a new request for project proposals.

If authorized to proceed, the Commission will announce a Request for Proposals to solicit applications for the 2026 funding round. Submitted applications will be ranked by staff and reviewed by the Policy & Implementation Committee. Subsequently, a second Master Plan amendment will be prepared and will include the list of projects to be prioritized for funding. The second amendment to the IMP will then proceed through the same route of public hearing, committee review and adoption by the Commission. Following the Commission's adoption of the IMP, legislative appropriation must occur prior to funding awards through the Infrastructure Bank.

It should be noted that projects selected for funding prioritization through the Infrastructure Master Plan are not approved for development. All must follow normal permitting procedures, including application to the Pinelands Commission and any other necessary permits or approvals before development may occur.

Objectives

The purpose of this Pinelands Infrastructure Trust Master Plan amendment is twofold. First, it proposes to create a revised set of ranking criteria for evaluating projects that will serve the needs of the Pinelands Regional Growth Areas. For this round, only projects involving water supply and wastewater projects would be solicited. Second, it proposes a new interest rate for any loans disbursed from the Pinelands Infrastructure Trust while maintaining the funding structure used in the 2019 funding round (50% loan, 40% grant, and 10% minimum local match).

The Pinelands Infrastructure Act was intended to also enhance the Pinelands Development Credit (PDC) program while also supporting the increased infrastructure needs and costs associated with development in RGA. Therefore, any project that receives PITF funding in this round must support new development or redevelopment for which PDC use is required or permitted by a municipal ordinance. Recommended ranking criteria reflect the underlying objective of the Pinelands Infrastructure Act of supporting both the PDC program and infrastructure needs of the RGA.

Eligible Infrastructure Types

The 2019 IMP amendments expanded the types of infrastructure projects eligible for funding to include transportation, green infrastructure projects, and water supply projects, as well as wastewater infrastructure. Prior to the 2019 funding round, all previous Infrastructure Plans had awarded funding only to wastewater infrastructure projects. Due to the interest in and success of water supply and wastewater infrastructure projects, staff is recommending that the next round of funding be offered only to water supply or wastewater infrastructure projects. This would amend the IMP to only allow funding to be used for water supply and wastewater infrastructure projects that serve development in RGAs.

Ranking Criteria

There are two categories of ranking criteria: mandatory requirements and additional criteria. Mandatory requirements allow any project to earn up to 110 points and have largely remained the same from the 2019 funding round. The mandatory requirements emphasize the importance of infrastructure projects that will serve areas zoned for significant PDC redemption opportunities. Under the additional criteria section, the 2019 ranking criteria are revised to include four criteria: municipal economic factors, readiness to proceed, non-Kirkwood-Cohansey water sources, and regional infrastructure support. The economic criterion is included in this funding round to recognize financially distressed Pinelands communities, because the cost of additional connections and/or upgrades can cause further financial strain for such communities. The readiness-to-proceed criterion is included to ensure that a municipality has a plan in place for project completion, thereby increasing the likelihood that the goals of the PITF will be realized. If maximum points are awarded to the proposed infrastructure project, a total of 175 points is possible in the ranking criteria, including both the mandatory requirements and the additional criteria further described below.

Mandatory Requirements

All projects must provide service to a Regional Growth Area. Only infrastructure that supports new residential or mixed-use development and redevelopment will be considered. Only project costs associated with facilities and infrastructure inside the Pinelands Area will be eligible for funding. All projects must be eligible for points in these first three criteria. A project may be awarded up to 110 points under the mandatory requirements.

1. Level of Service (40 points)

This refers to the number of new dwelling units that are potentially served based on municipal zoning. Projects that will serve a larger number of residential units will be awarded higher points in this category. This category reflects the PITF's goal of supporting new development in the RGA to achieve the growth-oriented objectives in the Pinelands Comprehensive Management Plan (CMP).

Scoring Factor	Number of Points
25 – 50 residential units	5
50 – 100 residential units	10
100 – 200 residential units	15
200 – 300 units	20
300 – 400 units	25
400 – 500 units	30
Greater than 500 units	40

2. Potential for PDC use - based on certified municipal zoning (40 points)

The project must serve areas where PDC use is optional or mandatory based on a certified municipal ordinance. Mandatory use is granted additional points in bonus factors. Potential use of greater numbers of PDCs increases awarded points. This criterion emphasizes the CMP's goal of ecological preservation and protection while supporting the PITF's objective of providing financial assistance for development in the RGA. Notably, many certified municipal ordinances and redevelopment plans include mandatory PDC use provisions.

Scoring Factor	**Number of Points**	
5 PDCs (20 rights)	5 for optional use	10 for mandatory use
7.5 PDCs (30 rights)	7 for optional use	15 for mandatory use
10 PDCs (40 rights)	10 for optional use	20 for mandatory use
12.5 PDCs (50 rights)	12 for optional use	25 for mandatory use
15 PDCs (60 rights)	15 for optional use	30 for mandatory use
Greater than 15 PDCs (>60 rights)	20 for optional use	40 for mandatory use

3. Local matching funds (20 points)

At least 10% of project funding must come from non-PITF sources, unless a hardship exists and the project otherwise is highly ranked. As funding is limited, some costs of the project must come from the municipality or local government entity to fund the project. This criterion also reflects the commitment of the municipality or project sponsor to carry out the project.

Percent Match	Number of Points
10-30%	14
Greater than 30%	20

4. Project will serve new development or redevelopment (10 points)

Recognizing that the PITF focused on the growth that was expected to occur in the RGA, projects proposed for funding must support new residential or non-residential development. Infrastructure to serve only existing development is not eligible. Infrastructure projects that will serve residential or non-residential development where the development is currently active and may have progressed to the point of obtaining local approvals are eligible. It should be noted that residential projects have the potential to rank higher in these evaluation criteria.

Additional Criteria

Although project proposals are not required to address these criteria, they may increase the project ranking score by addressing these criteria.

1. Readiness to proceed (15 points)

This criterion is to prioritize projects that are more likely to be completed/show a commitment to completing a project. This ensures that the funding is provided for projects that will be completed, which fulfills the goal of directing development to the RGA.

Scoring Factor	Number of Points	
	Task Initiated	Task Completed
Engineering design, plans, reports, feasibility	2	3
Registration with I-Bank or municipality adopted resolution for local funding	2	4
Development application to Commission initiated	5	8

2. Economic Factors (20 points)

An aspect of PITF is to ensure that the tax burden of providing utilities to serve residential development in the RGA does not fall on residents. As such, this criterion is included to slightly increase priority for projects occurring in financially disadvantaged communities where financial burdens may be a barrier. If a service area municipality qualifies under two or more of the following factors, no local match will be required. Therefore, the project could be awarded 10% more in grant allocation, for a total of 50% grant, 50% loan for the proposed project. This does not remove the mandatory project criteria above, but the local match requirement may be removed when the Commission amends the IMP to prioritize projects and award funding. Final award and determination of the required local match would be subject to review and authorization by the Commission.

Median household income, unemployment rate, percentage of population receiving TANF or SNAP benefits, and population trend data can be found in the 2026 NJ Department of Community Affairs (NJDCA)'s Community Revitalization Index (CRI). The values provided as the average for South Jersey are derived from the NJDCA's CRI table. For the purpose of this funding, South Jersey refers to the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem. The values in the table below are based on 2024 data.

Economic Criterion	South Jersey Average	Number of Points
Median household income of service area municipality is at or below 80% of South Jersey median household income	$99,663	5
Service area municipality's unemployment rate is higher than the South Jersey average unemployment rate.	5.3%	5
Percentage of population receiving TANF or SNAP benefits is greater than the South Jersey average	7.9% SNAP; 11.5% TANF	5
Population trend is less than the South Jersey population increase trend	3.2%	5

3. Water Resources – Non-Kirkwood-Cohansey Water Source (10 points)

The CMP implements water management standards at N.J.A.C. 7:50-6.86. Those standards direct applicants to first consider water supply sources that are alternatives to the Kirkwood-Cohansey aquifer system. Additionally, the Kirkwood-Cohansey aquifer is the surface water aquifer that supports the ecosystems and wetlands habitats of the

Pinelands Area. To assist with creating viable alternatives to the Kirkwood-Cohansey aquifer for water supply purposes, additional points will be awarded to projects that result in bringing non-Kirkwood-Cohansey water supply to serve development of Regional Growth Areas. Any water supply project that will use a non-Kirkwood-Cohansey source will be awarded a total of ten additional points.

4. Regional Infrastructure (10 points)

Project sponsors must be local government entities with jurisdiction over the project or project service area. Projects with multiple project sponsors may be more viable. Therefore, projects with multiple local government entities involved or supporting the project proposal, or projects with multiple local government entities providing a portion of the required local matching funds will receive additional points at five points for each additional sponsor up to a maximum of 10 points to include four project sponsors. No points will be awarded for the first project sponsor.

5. Conversion of Existing Septic Service Areas to Sanitary Sewer Service (10 points)

The mandatory requirements for an infrastructure project to be funded through the Pinelands Infrastructure Trust Fund limit eligible projects to those that will serve new development in Regional Growth Areas. However, there may be wastewater infrastructure projects that will also extend the potential for sewer service to areas of existing development served by onsite septic disposal systems. While any sewer extensions into such existing development are not an eligible cost for infrastructure project funding through the PITF, an infrastructure project that would increase the likelihood for sewer service to be extended to that existing development will be awarded up to ten additional points. Under this criterion, points will be awarded for infrastructure projects that could possibly lead to the extension of sewer service to existing developments currently served by onsite septic systems in a Regional Growth Area. Points will be awarded on a scale depending on the number of existing dwellings served by onsite septic systems and any identified existing public health issue for the area of existing development.

Total Possible Points:

Mandatory Criteria	
Level of Service	40
Potential for PDC Use	40
Local Matching Funds	20
New development or redevelopment	10
Additional Criteria	
Readiness to proceed	15
Economic Factors	20
Non-Kirkwood Cohansey Water Source	10
Regional Infrastructure	10
Conversion of Onsite Septic System in RGA	10
Total Possible Points	175

Funding Structure

According to the Pinelands Infrastructure Trust Act, the Infrastructure Master Plan sets the funding structure, which may be amended periodically. The underlying funding structure will be unchanged from the proportion of loan, grant, and local match set in the 2019 IMP amendments, that is 50% loans, 40% grants, 10% local matching fund. However, due to increases in interest rates since 2019 and to the lack of expected additional State bond acts in the future to fund the Pinelands Infrastructure Trust, the interest rate on the loan portion of any award will be increased to 2%. This will allow the trust to be replenished over time and enable more projects to be funded.

When the funding structure includes a portion of the award to be disbursed as loan(s), the Act requires that the interest rate will not "exceed 50% of the average interest rate of the Bond Buyer Municipal Bond Index for bonds available for purchase during the last 26 weeks preceding approval of the loan…." Terms of the loan or grant agreement shall be specified by the State Treasurer.

The Pinelands Infrastructure Master Plan financing structure for disbursal of the loans and grants would be amended as follows pending adoption by the Commission:

1. The portion awarded as loans will be 50% of the total project award.
2. The portion awarded as grants will be 40% of the total project award.
3. A local match of 10% of the total project award will be required. For municipalities that qualify under the affordability criteria, the local match will be waived, and the award will be allocated as 50% loan and 50% grants.
4. Loans will carry an interest rate of 2%.

The Act limits project costs that would be eligible for award to those remaining after deducting any Federal contribution. The Act indicates that the following costs may be included in the project award:

- Acquisition and development of real estate for use in connection with the project
- Execution of agreements or franchises
- Procurement of engineering, inspection, planning, legal, financial or other professional services
- Administrative, organizational or operating expenses incident to the authorized project
- Establishment of working capital

However, N.J.A.C. 7:22 sets for the regulatory basis for review of eligible costs by the New Jersey Department of Environmental Protection after projects are prioritized by the Pinelands Commission and the sponsoring entity moves forward to obtain funding through the Infrastructure Bank.

Outline for PITF Infrastructure Project Funding Applications

I. Application form
   a. See attached form
   b. Project Map (all maps must also be submitted in GIS formats)
      i. Facility and infrastructure location
      ii. Zoning district boundaries
      iii. Development to be served boundary
      iv. Pinelands Management Area boundaries
      v. Municipal Boundaries
      vi. Scale
      vii. Compass Rose

II. Detailed Proposal
   a. Facilities, System and Service Area Description
   b. Block and lot numbers, if applicable
   c. Municipal Zoning Districts to be served
   d. Residential units and PDC Use
      i. Total number of new residential units to be served (subject to verification)
      ii. Number of units expected as PDC units
      ii. Assurance of PDC use, where optional
   e. Municipal/Regional Benefits (for example, where the project will correct an existing problem or support redevelopment of an area)
   f. Costs – including a statement of the local or non-PITF funding match for the project and a statement of Federal funding associated with the project
   g. Sponsoring entity resolution indicating intent to provide local match and
   h. Project Schedule
   i. If applying for points under the economic factors criteria, provide information to address municipal population trends, median household income, TANF/SNAP benefits, and municipal unemployment rates
   k. Provide documents detailing the status of the infrastructure project. Examples include preliminary design or report, proof of application to the Commission, proof of application fee payment to Commission, etc.
   l. Provide the names/contact information of all local entities involved in the project proposal, if any.
   m. If the project is for water supply, provide the source of water that will be used

Pinelands Infrastructure Trust Project Proposal Application Form

I. Applicant Information

Applicant Name

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Applicant Address

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Contact Name and Address

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Contact Phone Number

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II. Costs and Financing Estimated Total Project Cost

________________________________ Local Match Funds________________________________ Federal Funds________________________________ PITF Funding Assistance Requested ________________________________

III. Detailed Proposal

Attach project description and map as described in "Outline for Project Funding Applications". Please address the project evaluation criteria outlined in the Pinelands Infrastructure Master Plan.

IV. Resolution of the Sponsoring Entity(ies)

Attach a copy of the adopted resolution authorizing application and assigning the point of contact. The Sponsoring Entity must be a local unit or units of government with jurisdiction over the project.