

## CLEAN WATER FINANCING

### FEDERAL FISCAL YEAR 2006 (FFY2006) PRIORITY SYSTEM, INTENDED USE PLAN, PROJECT PRIORITY LIST, AND RESPONSE DOCUMENT

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## **Addenda to the FFY2005 Priority System, Intended Use Plan and Project Priority List (Clean Water Financing)**

### **Background**

The Proposed FFY2005 Priority System document was initially made available for public comment in May 2004, with an additional public comment period in January 2005 associated with the mid-year Priority List update process first introduced in the FFY2005 document. The final FFY2005 Priority System document, with the accompanying Response Documents were sent to USEPA-Region 2 on March 15, 2005. Subsequent to the Department's submittal of the FFY2005 Priority System document to USEPA and based on the large number of applications received for the SFY2006 Financing Program, the Department found it necessary and appropriate to make certain amendments to the policies contained therein. The primary purposes for the amendments were: (1) to place limits on the amount of funds that the Department will use for "Conduit Financing" solid waste/brownfield remediation projects in SFY2006 and (2) to describe a new program initiated by USEPA to measure CWSRF Environmental Benefits. The following is a brief description of the two amendments to the FFY2005 Priority System document.

### **Conduit Financing Solid Waste/Brownfield Remediation Projects**

The Department has determined that limits for funding for this category of projects are needed so that the CWSRF funds available are not depleted too rapidly. As such, the Department is placing a limit on the amount of the Department's loan share available for "Conduit Financing" solid waste/brownfield remediation projects of \$40 million in SFY2006 and a \$15 million limit on the amount of the Department's loan share for any single project. The Department's share of the loan may exceed the \$15 million per project limit if the total amount of loans requested for such conduit financings is less than \$40 million. This limitation only applied to new projects in the SFY2006 Financing Program and did not apply to such projects certified in SFY2005.

An analysis of the Department's funds indicates that if the program continues to fund these high cost projects at the full funding level, there would be insufficient funds to fund all of the traditional projects in the future. Therefore, the Department is implementing the following:

1. Establish a separate ranked listing of Solid Waste/Brownfield Remediation projects involving conduit financings and include the list annually in the Financial Plan submitted to Legislature;
2. Limit the total amount of Department funds for projects involved with conduit financings to \$40 million in each fiscal year; and
3. Limit the amount of the loan from Department funds for any single project to \$15 million, provided that if the total amount of these loans is less than \$40 million in a fiscal year, then the remaining portion of the \$40 million would be allocated on a pro rata basis to the projects that qualify for certification by the Department and are deemed ready to proceed.

This policy was effective for the loans to awarded in State Fiscal Year 2006. These funding limitations applied only to new projects and did not apply to projects certified in SFY2005. Specifically, the Bergen County Improvement Authority project that was certified and awarded an interim loan under the 2004 Financing Program was excluded from such limits.

Even with this \$40 million per year limitation, the Division of Water Quality anticipates that as early as State Fiscal Year 2009, the Clean Water SRF will have insufficient funds remaining to fund the entire pool of projects that it has traditionally funded. Therefore, the Department may need to revisit the policy as early as next year, depending upon the amount of funds available and the aggregate amount of CWSRF loans for which applications are received or anticipated.

### **CWSRF Environmental Benefits Assessment**

The Addenda to the FFY2005 Priority System document also includes information on a new initiative being undertaken by USEPA in an effort to demonstrate and track the CWSRF program's positive contribution to environmental quality. USEPA has developed a small set of core measures to show how the CWSRF impacts compliance, water quality and designated uses and a one-page form that captures the reach of the CWSRF in terms of subsidy, population affected and volume of wastewater treated. Beginning with the SFY2006 Financing Program, the Department and the project sponsors will complete the "Core Measures Project Worksheet" and the Department will submit this information to USEPA. A sample of the worksheet is included in the Appendix of this document.

### **Public Comment Period**

A public hearing was held in conjunction with the public hearing on the Department's FFY2006 Priority System proposal on August 3, 2005 in the 4th floor conference room at the Department offices located at 401 East State Street, Trenton, NJ. The period for submitting written comments on the proposal closed on August 15, 2005 (all comments must be postmarked by that date). The comments received by the Department by the close of the comment period regarding the Proposed Addenda to the FFY2005 Priority System document are addressed in the attached Response Document.

**Priority System, Intended Use Plan, Project Priority List, and Response Document  
for Federal Fiscal Year 2006 (FFY2006)  
- Clean Water Financing -**

**PROGRAM OVERVIEW**

In the Water Quality Act of 1987, which amended the Clean Water Act (CWA), Congress required states to establish a Clean Water State Revolving Fund (CWSRF) program to qualify for federal capitalization grants. The CWSRF provides financial assistance for the construction of projects that protect, maintain and improve water quality. It is a self-perpetuating program, in that loan repayments are used to finance future projects. Established in 1988, New Jersey's CWSRF program is included in the Environmental Infrastructure Financing Program (EIFP). The EIFP is a partnership between the New Jersey Department of Environmental Protection (Department) and the New Jersey Environmental Infrastructure Trust (Trust) providing low-interest loans for infrastructure projects. The Department and the Trust also administer New Jersey's Drinking Water SRF (DWSRF) under the Safe Drinking Water Act; its priorities and policies are established in a separate Priority System document. Together, since 1988 the clean water and drinking water components of the EIFP have awarded approximately \$3.1 billion in loans throughout the State. As of June 6, 2006, 309 of the 537 total projects totaling almost \$1.5 billion in construction costs have been completed, have initiated operations, and have been administratively closed out; 228 projects totaling approximately \$1.6 billion are actively contracting or under construction.

Every year, the Department develops a "Proposed Priority System, Intended Use Plan, and Project Priority List" as required by federal and State law. After the public has had an opportunity to comment on the Department's proposal, the Department submits a final "Priority System, Intended Use Plan, Project Priority List, and Response Document" to USEPA for its approval. The Priority System (PS) describes the ranking methodology for the municipal water pollution control projects that are eligible for financial assistance through the EIFP. The ranking system gives higher priority to projects that address discharges of raw, diluted, or inadequately treated sewage to the State's waters during rain events, including projects to abate combined sewer overflows (CSOs) and projects to reduce infiltration and inflow (I/I) from sanitary sewer systems that overflow. CSO abatement projects are expensive and are usually located in financially distressed urban areas, making cost a serious concern. Discharges from combined sewer systems impair water uses, and can lead to the closing of beaches and shellfish beds. Projects to remediate overflows of sanitary sewage contribute to water quality improvements and result in improvements to the health, safety, aesthetic value, and recreational attributes of the State's waters.

The following changes have been included in the FFY2006 Priority System document. These changes are consistent with those adopted in the Addenda to the FFY2005 Priority System document. The most significant changes to the FFY2006 are: (1) to place limits on the amount of funds that the Department will use for "Conduit Financing" solid waste/brownfield remediation projects in SFY2007 and (2) to describe a new program initiated by USEPA to measure CWSRF Environmental Benefits.

In addition to these changes, the Department made the following changes to the FFY2005 Priority System, Intended Use Plan and Project Priority List to strengthen the smart growth initiatives and improve the financing program overall. These changes will continue in the FFY2006 Priority System:

1. The Smart Growth Financing Package (i.e., the “75/25” funding), whereby qualifying projects receive financing at one-quarter the market rate (rather than the traditional program’s half-market rate loans), has been expanded to include three additional project categories: (a) wastewater and/or stormwater infrastructure projects to serve increased populations in Transit Villages designated as such by the inter-agency Transit Village Task Force, (b) brownfields remediation projects located in Department-designated Brownfields Development Areas (BDAs) and (c) projects that involve the repair and/or replacement of individual septic systems through a Septic Management District. In addition, the Department awards 10 additional priority points to projects in BDAs and Transit Villages so that these projects will rank higher than similar projects that are not located in these areas.
2. The second chance option to accommodate project sponsors that miss the initial application deadline of October 3, 2005 has been continued. Such projects were given a second opportunity to participate in the 2006 Financing Program. Sponsors were strongly encouraged to submit the required documentation by the October deadline if at all possible. Projects that met the October deadline are given higher priority for eligibility for long-term funding than second chance projects, and have a better opportunity to participate in the Trust’s interim financing program in the current funding cycle. Sponsors of second chance projects were required to submit, on or before March 6, 2006, complete planning and design documents, a loan application and proof that all applicable Department permits/approvals have been applied for in order to be considered for the second chance option.
3. The Department also included additional provisions aimed at preserving the funding eligibility of construction costs that are incurred to undertake emergency repairs of existing infrastructure. These provisions enable the Financing Program to provide preaward approval, and in some cases Trust interim financing for wastewater and stormwater infrastructure that is in need of immediate repair due to the unforeseen failure of the collection, conveyance and/or treatment components of the system. Such emergency projects would not need to be listed individually on an approved Priority List for the Trust to use CWSRF monies for its interim financing program. Sponsors are encouraged to contact MF&CE as soon as practical in the event of such emergency situations for guidance regarding applicable requirements to insure funding eligibility of the project.
4. The FFY2006 document established a process through which the Department would update the FFY2006 Priority List later in the funding cycle. The List put forth in January 2006 included projects that met the October commitment letter/planning document submittal deadline. Thus, a comprehensive list of projects pursuing financing under the traditional schedule was available and projects that were previously not listed on the comprehensive list became eligible to receive interim financing from the Trust.

The Department no longer routinely distributes hard copies of the Priority System document for public review. The new format for routine distribution of the Priority System documents is via

compact discs (CDs). The Priority System documents are also posted on the Department's web site at <http://www.nj.gov/dep/dwq/cwpl.htm>. In addition to the complete Priority System, Intended Use Plan and Project Priority List, the Priority System CDs include a project description and project ranking worksheet for each listed project (historically available only at Department's offices and in the Library Information Centers). Copies of the CD will continue to be available for review at any of the Library Information Centers (see the list in the Priority System document for these locations). A limited amount of hard copies are made available to those who specifically request the same.

Several years ago, the Department and the Trust expanded the eligible categories for nonpoint source (NPS) pollution abatement measures in an effort to help communities address such pollution. Regulatory amendments were adopted to identify the new eligible areas and specified the requirements for projects to receive financial assistance. The broader categories include funding for landfills (for closure activities and new cell construction), open space land acquisition and conservation, remedial action activities and well sealing. Both landfill closure and new cell construction projects became eligible for financing in 2000. Financing for the other nonpoint source areas commenced in 2001. The Department and the Trust are continuing to allocate a minimum of \$10 million in program funds to promote financing for stormwater and other NPS management projects.

The Intended Use Plan (IUP) provides information on funds available through the clean water component of the EIFP, including all federal funds allotted to the State under the CWA and available to the CWSRF in FFY2006, and also deobligated construction grant funds, which may be available to the Department-administered Clean Water Fund (Fund). An interest-free loan from the Fund provides a portion of the individual project's allowable project cost, and a market rate loan from the Trust provides the remaining allowable cost. Allowable project costs are either shared equally between the Department and the Trust or, for projects eligible for the "Smart Growth Financing Package," at a reduced interest rate applying the "75/25" level of funding. The Trust finances its SRF loan through the issuance of bonds secured with CWSRF funds.

The Priority List identifies projects targeted for financial assistance from the CWSRF in State Fiscal Year 2007 (SFY2007). No significant changes have been made to the FFY2006 PS document from the policies and provisions of the FFY2005 PS.

The Department's Priority System for FFY2006 includes two items that deal with the financial relationship between the CWSRF and the DWSRF. First, the Department continues to extend to the DWSRF the same cross-collateralization coverage process used by the CWSRF that results in AAA ratings for the Trust bonds. Second, the Department continues to reserve the right to transfer funds between the CWSRF and the DWSRF (up to the amount allowed by the federal Safe Drinking Water Act or other federal legislation) to provide greater flexibility to the Financing Program in addressing changing clean water or drinking water needs in the State. More details on these relationships can be found in section A of the IUP.

The amount of federal funding for the CWSRF in FFY2006 was significantly reduced in comparison with past levels. The State's receipt of additional federal funding in FFY2007 and beyond is uncertain since the CWA has not yet been reauthorized. Loan repayments and State

bond proceeds are available to address some clean water needs but to fully address the overall water quality improvement needs of the State, additional federal funding will be required. Several legislative initiatives to reauthorize the CWA and to provide funding for wastewater projects and other water quality improvements have been proposed. It is unlikely that reauthorization of the CWA (if it occurs) will necessitate significant changes to the CWSRF and the State's FFY2006 PS document. As such, the Department issued this document to maintain the traditional financing program schedule. The Department will provide opportunities for public participation if the CWA reauthorization requires substantial revisions to the program.

Recent amendments to the Trust's enabling legislation authorized the establishment of a short-term financing program. CWSRF loan repayments would be channeled to the Trust for this purpose. The interim loans will provide funds to project sponsors that are eligible for financing in the current fiscal year to cover project costs anticipated to be incurred prior to the award of the permanent long-term loans from the Department and the Trust, which are typically awarded in November. The Trust, in consultation with the Department, has adopted amendments to the rules at N.J.A.C. 7:22-4.47 to make the short-term financing option available to prospective borrowers that receive preaward approval and project certification from the Department and the Trust.

## **PRIORITY SYSTEM**

### **I. Project Priority List — General Information**

Clean water projects must be listed on the Project Priority List in order to be considered eligible for financial assistance under the EIFP. The applicant must also submit all the required application material in a timely manner.

The Priority List identifies the estimated total eligible building costs under the appropriate project category. Except for open space land acquisition projects, the figure under the "Total Eligible Project Cost" includes the estimated total eligible building costs, the related costs for construction services (i.e., administrative, legal, engineering, inspection, one year start-up services, etc.), the allowance for planning and/or design, three percent for the recipient's administrative costs, and a five percent contingency cost. The figure under the "Total State Amount" column represents 100 percent of the estimated total eligible project costs. Justified revised costs submitted by project sponsors in response to the public participation process will be included on the final FFY2006 List.

Any significant revisions to the Priority List during the fiscal year will be subject to a public hearing. The Department does not, however, consider the following revisions to the Priority List to be significant:

1. Bypassing (i.e., deferring the funding of) a project to a future fiscal year if all requirements (including commitment to and compliance with the project document submittal schedule) of the CWSRF are not satisfied on schedule.



2. Increases or decreases in allowable project costs that may change the fundable range of the Priority List.
3. The addition of a project or projects to the fundable range as a result of their qualifying under the Public Health Hazard (PHH) bypass or emergency project criteria.
4. The revision of the fundable range of the Priority List as a result of a change in (1) the allocation that New Jersey receives (if any), (2) the State's contribution to the CWSRF, and/or (3) the total amount of monies made available for clean water projects from the EIFP.
5. The revision of the fundable range of the Priority List as a result of ensuring the proper dollar amount is obligated to eligible project categories (if limitations are included under the CWA's reauthorization).
6. The replacement of a project sponsor identified on the Project Priority List with another eligible project sponsor that willingly assumes the role of loan applicant for the project.

The Department prepared an update of the FFY2006 Priority List which was subject to a public comment period in January 2006. The Department notified interested parties and prospective applicants and made the updated list available for public review at least 30 days prior to the close of comments on the modified list. With completion of the public participation process, a comprehensive list of projects pursuing financing under the traditional schedule (including any previously unlisted project that submits a commitment letter and planning on or before the October 3, 2005 deadline) was available to the public, and those projects that met the traditional schedule became eligible to receive interim financing from the Trust.

## II. Ranking Methodology

The Department ranks all projects on the basis of the total number of ranking points each project receives and places the projects on the Priority List according to their ranking. Projects receive points under five categories. These are: Approved Watershed Plan, Project Discharge Category, Water Use/Water Quality, State Planning Commission (SPC) Approvals, and Population. The categories are consistent with the ranking methodology of the FFY2005 PS document and are discussed in sections A through E below.

### A. Approved Watershed Plan Points

Prudent watershed planning will achieve cost-effective and environmentally sound water quality improvement within the watershed. To provide an incentive for project sponsors to complete watershed planning and to promote implementation of point and nonpoint source management projects, a project that is part of a Department-approved watershed management plan receives 200 ranking points.

### B. Project Discharge Category Points

All projects receive ranking points based on the project discharge category. In case of multiple purpose proposals, projects qualify for the discharge category that represents the major scope of the project. If a project has aspects that can be described by more than one category, the project may be broken into separate projects. Tables IA and IB show the project discharge categories and their ranking points.

<b>Table IA. Ranking Points Related to Project Discharge Category For Wastewater Treatment Facilities</b>		
<b>Project Discharge Category</b>	<b>Description</b>	<b>Points</b>
Combined Sewer Overflow (CSO)	Correction of combined sewer systems and discharge points. Includes elimination, relocation or consolidation of discharge points and construction of facilities or purchase of equipment to remove solids and floatables.	250
Overflowing Sewers Via Infiltration/Inflow (I/I) Correction	Correction of overloaded conveyance systems that experience intermittent overflows, resulting in discharges of raw or inadequately treated sewage. Projects include rehabilitation, repair, and/or replacement of the conveyance system. Also includes Interconnection/Cross-Connection abatement projects that address documented water quality impairments.	250
Treatment Plant Improvements	Upgrade of a treatment facility or elimination of an existing facility and connection to an alternative treatment facility to meet applicable treatment levels. Also includes security measures and I/I correction within the conveyance system, if cost-effective, to allow the treatment plant to meet applicable treatment levels.	150
Sludge Treatment/Disposal Facilities	Construction of sludge management facilities such as those for dewatering, land application, composting, and incinerator repair/improvements; includes wastewater and water supply sludges.	100
Corrective Systems	Construction of facilities to promote wastewater reuse or provide collection and/or conveyance, on-site management, treatment plants, or septage treatment to improve existing wastewater management systems.	50
Overloaded Sewers Via Infiltration/Inflow (I/I) Correction	Correction of overloaded conveyance systems that do not experience intermittent overflows as well as correction of Interconnections/Cross-Connections. Includes rehabilitation, repair, or replacement, as appropriate for the system.	50

<b>Table IB. Ranking Points Related to Project Category for Stormwater and Nonpoint Source Pollution Management Facilities</b>		
<b>Project Category</b>	<b>Description</b>	<b>Points</b>
Landfill Closure, Open Space Land Acquisition and Conservation and Well Sealing	Construction of measures to prevent and control pollutants from entering groundwater at non-operating municipal landfill sites and for wells (supply and monitoring). Also included in this category are open space land acquisition and conservation projects that are associated with water quality benefits.	100
Landfill Construction and	Construction of facilities to collect, convey and/or treat leachate and runoff from new publicly owned landfill	75

Remedial Action Activities	cells or from sites that are known to contain contaminated or hazardous materials.	
Stormwater Management and other NPS activities	Construction or rehabilitation of stormwater basins, sewer systems and storm drains, extension of outfall pipes, purchase of maintenance equipment (such as street sweepers, beach cleaning equipment, aquatic weed harvesters and skimmer boats). Also included in this category are projects that stabilize streambanks, restore lakes or address runoff from salt storage facilities and the implementation of measures to reduce and/or control runoff from agricultural cropland activities and to address pollution concerns associated with manure runoff and feedlot operations.	50

### C. Water Use/Water Quality Points

Points for water uses (present and potential) and for existing water quality conditions are given to projects that will improve discharges that adversely impact surface waters. The assignment of points for “public nuisance” is given to on-site system projects where failures have been identified. Table II below shows the breakdown of the ranking points for water use; in general, the highest values are given for projects that discharge to water bodies with potable, recreational, and fishing uses.

<b>Table II. Ranking Points Related to Water Use (Existing and Potential)</b>			
<b>Water Use</b>		<b>Basis/Description</b>	<b>Points</b>
Public Potable Water Supply		Public and nonpublic community surface supply for water companies or municipalities based on NJ Statewide Water Supply Master Plan.	200
Recreation (“Primary Contact”)		Waters with bathing areas monitored routinely as public beaches as well as the Delaware River upstream of Trenton.	125
Fishing	Shellfish	State water bodies that are designated as shellfish growing waters by <i>N.J.A.C. 7:12</i> .	125
	Trout	State freshwater bodies designated for trout production or maintenance by the NJ Water Quality Standards ( <i>N.J.A.C. 7:9B</i> ).	75
	Non-trout	State freshwater classifications not designated trout production or maintenance by <i>N.J.A.C. 7:9B</i> (see Trout description above), including all Delaware River freshwater zones above mile -point 85 as defined by the Delaware River Basin Commission.	25
Public Nuisance		Indirect water use impacts; applies to areas with identified on-site wastewater treatment system failures.	50
Agriculture		Surface water for agricultural use, such as irrigation and farm ponds, based on Department diversion permit (permits required for >70 gal/min diversion).	25
Industry		Surface water known to be used for industrial use such as cooling.	25

Table III shows the points for not meeting or marginally meeting certain water quality parameters. The points reflect the impact the parameters have on meeting the State’s goal to protect and enhance surface water resources, quality criteria, and designated water uses. The

magnitude of the contribution that municipal sewerage facilities have on each of the conditions is reflected in the points awarded under these categories. Dissolved oxygen and fecal coliform have the highest points because of their direct impact on the fishable/swimmable water use, coupled with the fact that municipal treatment facilities are a major cause of contravening water quality standards.

Nutrients reflect the presence of phosphorus/phosphates and nitrates/nitrites in a water body. Excessive nutrient levels in freshwater streams and lakes can result in impacts on water uses, including algal blooms; depleted oxygen levels; odor, taste and increased treatment costs for potable water supplies; impacts on aquatic populations, and esthetic concerns. Points were given for nutrients only if the surface waters involved significantly impact potable water reservoirs, surface water impoundments or lakes, public bathing areas, or shellfish growing waters. Since there are no nutrient surface water quality standards for coastal and estuarine waters, no points were assigned for discharges to those water bodies.

Points for toxics indicate the relative magnitude of ammonia, metals, pesticides, and organic chemicals in the water body. Toxics were also given lower points since in most cases the significant contributions of toxic substances come from industrial sources that are better controlled through pretreatment and are not significantly abated by municipal treatment facilities. While NPS pollution also contributes to toxicity levels, the project types most likely to involve higher levels of toxic contaminants (such as landfills and contaminated sites) receive higher ranking than other NPS management projects in the project type category (see Table IB). In the case of the toxicity of ammonia, municipal facilities are usually the main source, but the most significant impact is associated with streams designated for trout production/maintenance, which already receive a high number of points under the water use category.

<b>Table III. Ranking Points Related to Water Quality</b>				
<b>Water Quality</b>		<b>Points for Water Quality that</b>		
		<b>Meet</b>	<b>Marginally Meet</b>	<b>Do Not Meet</b>
		<b>The Water Quality Standard*</b>		
<b>Parameter</b>	Dissolved Oxygen	0	50	100
	Fecal Coliform	0	50	100
<b>Parameter Category</b>	Nutrients	0	25	50
	Toxics	0	25	50
*The Water Quality Standard for the applicable parameter or category.				

#### D. Smart Growth Approvals

The Department seeks to coordinate and enhance the State Planning Commission's (SPC) efforts to encourage smart growth through the implementation of the State Development and Redevelopment Plan. The Department assigns ranking points to projects that serve municipalities that the SPC has approved under the Center Designation or Plan Endorsement Process.

For a project serving more than one municipality, the SPC points were included for ranking purposes if the designated center or the endorsed plan is a significant component of the overall project. For further information regarding the State Development and Redevelopment Plan, contact the NJ Office of Smart Growth, Department of Community Affairs, 101 South Broad Street, 7th floor, PO Box 204, Trenton NJ 08625-0204 or call (609) 292-7156.

<b>Table IV. Ranking Points Related to State Planning Commission Approvals</b>	
<b>Community Type</b>	<b>Points</b>
Urban Centers and Complexes	50
Regional Centers	25
Existing Designated Towns	15
Existing Villages	10
Hamlets	5

In addition to SPC approvals, site remediation projects located in BDAs and infrastructure projects located in designated Transit Villages also receive 10 points, so that these projects will rank higher than similar projects that are not located in these smart growth areas.

#### E. Population Points

Projects are also assigned points based on the population of the project area. One point is given for every million people living in the project area on a year-round basis. Thus, if projects have the same number of ranking points after having received all eligible points, population points become the tie breaker, with higher priority given to the project serving the higher population.

#### F. Public Health Hazard (PHH) and Emergency Repair Projects

In instances where project conditions are determined to constitute a PHH by the Commissioner of the Department in consultation with the Commissioner of the Department of Health, the project will receive funding priority over other projects on the Priority List. The review procedure involves a survey of the extent of wastewater problems such as: incidences of sewage-borne disease, contaminated wells, and homes or buildings with sewage back up. Details of the PHH procedure are available in the FFY96 PS document and are incorporated in the FFY2006 PS document by reference. Copies of the FFY96 PS document may be requested by calling the Bureau of Program Development and Technical Services at (609) 292-3859.

The Department recognizes that, at times, environmental infrastructure emergencies may occur endangering public health and welfare and may result in substantial environmental damage. Such circumstances require an immediate response for which a complete technical and environmental review in advance of the required corrective action is not feasible. On July 15, 2005, the Department issued a generic Environmental Decision Document for environmental emergency response projects and on January 3, 2006, amendments to the program's rules at N.J.A.C. 7:22 were adopted to enable the EIFP to provide funding for addressing certain emergency situations. The generic EDD and the rule changes identify the specific types of projects and conditions that must exist to qualify under the emergency project provisions of the Financing Program. With the EDD and the rules as guidelines, the Department has developed a

process to respond rapidly when emergencies occur, obtain basic project information, make an eligibility determination and issue a preaward approval so that owners/operators can undertake the needed repairs and maintain eligibility for those expenditures through the EIFP.

Additional information regarding this new provision is contained in section D. of the Intended Use Plan that follows. Projects that qualify as emergency projects will receive funding priority over all projects on the Project Priority List.

### III. Construction Grants Program Policies

The delegation of authority for the Federal Construction Grants Program from the U.S. Environmental Protection Agency to the New Jersey Department of Environmental Protection expired on June 30, 2000. As of July 1, 2000, USEPA Region II has assumed full responsibility for the program. Any questions on outstanding Federal Construction Grants projects or issues should be directed to Mr. Michael Hajducek, P.E., USEPA Region II, Water Programs Branch, 290 Broadway, New York, New York 10007, (212) 637-3858.

## **INTENDED USE PLAN**

USEPA requires the Department to develop an Intended Use Plan (IUP) annually to qualify for CWSRF capitalization grants to support the program and the project loans. This IUP provides information on funds available through the EIFP to provide financial assistance for clean water projects in SFY2007 and identifies State policies governing loan awards. It includes information on the following:

1. The list of projects to be used for funding purposes.
2. The long and short-term goals of the state's program.
3. The programmatic activities to be supported with the anticipated funds.
4. The timing and use of such funds.
5. The criteria and method of distribution of the funds.
6. Provisions for interim reporting (as required by the Regional Administrator at the time of a capitalization grant award).

Programmatic requirements imposed by the Water Quality Act of 1987 include 1 through 5 below. It is anticipated that these provisions will be maintained in a subsequent federal reauthorization act or federal policy. If substantial changes in the Act necessitate the Department's revision of the FFY2006 PS document, additional public participation activities will be undertaken.

1. The schedule of state capitalization grant payments, jointly agreed upon by the Administrator of the EPA and each state, is based upon the state's IUP.
2. States are required to deposit in the CWSRF, from state monies, an amount equal to at least 20 percent of the total amount of all capitalization grants made to the state.
3. The fund created with federal capitalization grants can only be used to provide assistance for (a) the construction of publicly owned treatment works, (b) the implementation of a NPS (nonpoint source) management program, which includes

construction of stormwater/NPS management facilities, and (c) the development and implementation of an estuary conservation and management plan. Although CWSRF loans may only be provided for publicly owned systems, if a government unit assumes ownership of a wastewater treatment system previously privately owned, a loan may be provided under the authority of section 603(c) of the federal CWA. A state may also deem the public ownership requirement as being met for small/on-site systems if adequate inspections and operations are ensured through the establishment of a septic management district or use of service easements. Privately owned stormwater/NPS management projects may also qualify for CWSRF loans provided the project is sponsored by the local government unit.

4. Monies in the CWSRF may be used to provide loans at or below market interest rate, for terms not greater than 20 years (after completion of construction). Repayments must begin no later than one year after completion of the project and must be credited to the CWSRF (principal and interest) for Title VI purposes. The recipient of a loan must establish a dedicated source of repayments. The CWA also authorized the use of federal CWSRF monies to refinance local debt obligations, provide guarantees, or purchase insurance.
5. Through FFY94, states were required to reserve the greater of \$100,000 or one percent of their annual allotment for the development and implementation of NPS management programs. This reserve may be re-enacted or otherwise modified for FFY2005 as a result of reauthorization of the CWA or subsequent federal guidance.

The Table below represents the available sources and anticipated uses for the Clean Water Fund component of the Environmental Infrastructure Financing Program:

#### **SFY2006 Financing Program**

**Sources:**

Funds Available from Prior Capitalization Grants for projects	\$353.6M
Repayments from prior years' loans	\$ 54.0M
<u>FFY2005 CWSRF Grant</u>	<u>\$ 44.0M</u>
Total	\$451.6M

**Uses:**

Projects financed in the SFY2006 Program	\$234.5M
<u>Trust Debt Service Reserve</u>	<u>\$ 19.7M</u>
Total	\$254.2M

Balance Available for SFY2007 Program:	\$197.4M
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### **SFY2007 Financing Program**

#### **Sources:**

Funds Available from prior years	\$197.4M
Repayments from prior years' loans	\$ 54.0M
<u>FY2006 CWSRF Grant (Projected)</u>	<u>\$ 35.7M</u>
Total	\$287.1M

#### **Anticipated Uses:**

Traditional Projects to be Financed in the SFY2007 Program	\$126.0M
Conduit Financing Borrowers	\$ 40.0M
<u>Trust Debt Service Reserve</u>	<u>\$ 15.0M</u>
Total	\$171.0M

Projected Balance Available for SFY2008 Program: \$116.1M

#### **A. Financial Relationships between the CWSRF and the DWSRF**

The Safe Drinking Water Act Amendments of 1996 offer states the flexibility to meet the funding needs for drinking water and wastewater facilities by transferring funds from one SRF program to the other. Annually, an amount up to 33% of the Drinking Water SRF Capitalization Grant may be transferred from the CWSRF program to the DWSRF program, or vice versa. The USEPA has issued guidance that would allow utilization of transfer credits and transfer of funds on a net basis (i.e., funds could be moved in both directions), provided that the final transferred amount does not exceed the authorized ceiling. The Department is planning to transfer up to the maximum amount authorized from the CWSRF loan repayments to the DWSRF, as needed, as long as the transfer doesn't jeopardize the ability to fund clean water projects.

The CWSRF program evaluates funds available to determine that adequate monies are available to be utilized for CW projects in the current fiscal year. In addition, the type and number of DWSRF projects are reviewed and a determination is made on the need of the funds to be transferred from the CWSRF loan repayments to the DWSRF accounts. In accordance with approved procedures, a total of seven transfers of funds from CWSRF repayments to DWSRF have been approved by USEPA for a sum of \$58,246,749.

The Department fully supports efforts to enact legislation to continue to allow the transfer of funds and the transfer provision has been extended by the USEPA for FFY2006. If approved, the Department proposes to transfer funds from the CWSRF to the DWSRF each fiscal year to the extent allowed by law as long as it is determined that adequate monies are available for the proposed CWSRF projects and there is a need for the funds in the DWSRF program. Currently any eligible project under the CWSRF program that meets the program requirements and is ready to proceed has been able to receive a CWSRF loan.

In addition to the potential transfer of funds between the CWSRF and DWSRF, the Department is continuing its policy to cross-collateralize the DWSRF with the CWSRF. This feature results



in significant savings to project sponsors and, in particular, the drinking water project sponsors since there is a large source of revenue available to cover possible loan defaults. Under the EPA-approved procedures associated with cross-collateralization, a temporary transfer of funds between the two SRFs may occur as may be necessary to cover the default of a loan repayment or other financial obligation. The Department and the Trust would take steps to collect any obligations resulting from a loan default and reimburse the appropriate drinking water or clean water account.

#### B. Document Submittal Schedules

All local government units that had a project or projects listed or eligible for listing on the FFY2006 Priority List were required to commit to one of the following schedule by the appropriate date to be considered for FFY2006 funding. The commitment is made in writing to the **Assistant Director, Municipal Finance and Construction Element (MF&CE)** with a copy to the Executive Director, New Jersey Environmental Infrastructure Trust. Prior to the submission of a commitment letter, all applicants were encouraged to attend a pre-planning meeting with the appropriate area within the Municipal Finance and Construction Element.

<b>2006 Loan Program -Traditional Schedule</b>	
<b>Activity</b>	<b>Deadline</b>
Commitment Letter and Planning Documents	October 3, 2005
Design Documents and Loan Application	March 6, 2006
Loan Award	November 2006

<b>2006 Loan Program - Second Chance Schedule</b>	
<b>Activity</b>	<b>Deadline</b>
Commitment Letter, Planning Documents, Design Documents, Loan Application and Proof of Permit/Approval Application submittals	March 6, 2006
Loan Award	November 2006

Sponsors were encouraged to comply with the October deadline if at all possible, and have several important benefits over second chance participants. Projects that met the October deadline are of higher priority for eligibility for long-term funding than second chance projects. In addition, project sponsors pursuing the traditional schedule have a better opportunity to participate in the Trust's interim financing program in the current funding cycle.

Notwithstanding the advantages of the traditional project schedule, there are incidences in which a project sponsor that has been unable to meet the traditional schedule can expedite the completion of the planning, design and loan application documents to qualify for funding under

the current funding cycle. In order to provide adequate opportunity to process permits and approvals needed for projects in a timely manner, all second chance projects were required to submit, on or before March 6, 2006, proof that all applicable Department permits and approvals have been applied for. Failure to do so renders the project ineligible to pursue the second chance option. Further, if any of the permits and/or approvals required for the project require a long lead time, such as the need for a Water Quality Management Plan amendment or a major modification to the NJPDES permit, such projects are not eligible to proceed under the expedited schedule and the project sponsor will be notified accordingly.

The planning and design documents for clean water projects must consist of:

1. A complete project report.
2. The environmental assessment report (level 1, level 2 or level 3, as determined by the Department). For those projects that have the potential to facilitate growth or cause significant adverse environmental impacts, the Department will evaluate thoroughly the planning submitted by the project sponsor which may include but not be limited to the water quality/quantity impacts, location in the State, impacts to riparian corridors, the existing pollution control needs, assessment of the resulting environment, detailed assessment of proposed alternatives and cost-effectiveness of the proposal. The Department's funding decisions will take into account the project's growth potential, the project's location and the project's aggregate impacts as determined through such evaluations.
3. Complete cultural resources survey documentation.
4. Long-term sludge management plan for projects involving a treatment plant upgrade or expansion.
5. Documentation of completed public participation activities.
6. The results of preliminary coordination activities with lead agencies regarding environmental and permit concerns.
7. Plans and specifications for the project, including appropriate environmental mitigation/restoration components.
8. For open space land acquisition projects, an evaluation of the land to be acquired, including the water quality basis for the proposed land purchase.
9. For any stormwater/NPS management project, the water quality basis intended to be accomplished by the proposed work (since this is the basis that allows such projects to be eligible under the Financing Program).

Projects with unacceptable planning documentation will be bypassed (removed from the current funding period). If the local government unit does not commit to one of the document submittal schedules, the Department will interpret this as a decision to not pursue funding in FFY2006/SFY2007 and will result in a "BEYOND 06" designation under the estimated State certification date column on the Priority List.

#### C. Loan Awards

Loan awards for new projects will be made in FFY2006/SFY2007 for up to 100 percent of the allowable project costs to cover the low bid building costs and other allowable project costs that are identified in the program rules at *N.J.A.C.* 7:22-3, 4, and 5. The loan term will generally be 20 years but can not exceed the useful life of the facility. The initial loan amount will be limited

to the certified project cost, which may reflect (1) the estimated allowable project cost based on the project sponsor's loan application or (2) the low bid building cost. The adjustment to provide funding based on the low bid building cost will be made only after all project-related contracts have been awarded.

Adjustments to provide warranted loan increases for differing site conditions will be made only after all allowable project costs have been incurred. Consideration will be given to providing warranted loan increases, subject to: the Department's and the Trust's approval, legislative approval in the form of an appropriations bill(s) providing such monies, and the availability of funds. Any dollar changes in cost estimates for projects on the Priority List may result in the Department requesting the municipality to provide a third-party concurrence on the cost change. Should cost underruns occur after a low bid building cost adjustment and the completion of construction, budget line item changes may be approved for allowable cost overruns. In these cases, administrative/legal/fiscal costs will not be subject to the three percent limit as specified in the rules. A greater amount could be approved should sufficient funds remain and if sufficient justification and documentation for the higher costs are submitted and approved. If a recipient receives Department approval to reduce the project scope through the elimination of a contract (or portion thereof), the eligible project cost (and therefore the financial assistance amount) will be reduced through the Department's and the Trust's "deobligation". The amount to be deobligated will be equal to the estimated cost of the scope of work included in the original loan award.

Local government units are required to meet the technical, administrative, and environmental provisions of the rules of the Department and the Trust (*N.J.A.C.* 7:22-3, 4, 5, 8, 9, and 10). Disbursement and loan repayment provisions must also be consistent with the rules.

Planning and design costs alone are not directly eligible for financial assistance from the EIFP. However, an allowance to assist in defraying planning and design expenses will be included in the financial assistance agreement for the construction of the project, if State funding for planning and design has not otherwise been awarded, such as through the Sewage Infrastructure Improvement Act Grants Program.

Financial assistance will only be awarded to a distinct project segment that will result, in itself, in an operable treatment works (i.e., not relying on award of funds for additional portions of the project). Financial assistance awards will not be made to projects that are under an enforcement action unless a federal or State court-sanctioned order or State administrative order (only accepted in certain cases) specifying a compliance schedule has been established. A copy of the judicial or administrative order will be required at the time of submittal of the project application.

All wastewater treatment projects must be sized in accordance with a cost-effective analysis to accommodate existing needs as well as 20-year reserve capacity. Historically, the recipient's financial assistance from Department was limited to the cost of the project with a capacity based upon flow records and flows anticipated prior to the date of initiation of operation as established in the Fund loan agreement. In order to advance the State's smart growth initiatives, the Department and the Trust have adopted amendments to the Financing Program rule that allows the Department to fully fund its share of project costs related to reserve capacity for projects that

serve areas designated as Urban Centers and Complexes as approved by the State Planning Commission.

### **Smart Growth Initiatives and the Financing Program**

The Smart Growth Initiative focuses the Department and all other agencies of New Jersey State government on three central objectives:

- ? Make developed areas healthier, more appealing places – with cleaner air, cleaner water, and more parks and open space;
- ? Reduce the rate at which forests, open space, farmland and other undeveloped areas are being lost to development; and,
- ? Promote and accelerate development in urban and suburban areas or other growth areas identified through sound planning.

To that end, the Department has made significant regulatory changes to strengthen protection of New Jersey's drinking water supplies and other vital natural resources by imposing stricter standards for development in environmentally sensitive areas. The regulatory changes are also intended to streamline and expedite the permitting process and dedicate funding for infrastructure and parks in smart growth areas that are considered appropriate for development.

To advance efforts to incorporate smart growth objectives into State policies and financing programs, the Department initially made two significant changes to the Financing Program in FFY2003 which are being continued in the current Priority System. The first change involves modifying the percentage of project costs the Department and the Trust provides to project sponsors. Historically, all project sponsors received a loan for half of the project costs from the Department at 0% interest and a loan for the remaining project costs from the Trust at market rate. Under the Smart Growth Financing Package, the Department would provide 75% of the project costs at 0% interest, while the Trust would provide 25% of the project costs at market rate to certain types of projects:

**Urban Centers and Urban Complexes** - Projects that serve Urban Centers and Urban Complexes designated by the State Planning Commission, as well as open space land acquisition and combined sewer overflow abatement projects. To date, the State Planning Commission has designated Asbury Park, Atlantic City, Camden, Elizabeth, Jersey City, New Brunswick, Newark, Paterson and Trenton as Urban Centers and one Urban Complex, the Hudson County Urban Complex, which includes the following municipalities: Bayonne, East Newark, Guttenberg, Harrison, Hoboken, Jersey City, Kearny, North Bergen, Secaucus, Union, Weehawken, and West New York.

To address instances where a project does not exclusively serve an urban center/complex, the Department has determined that the 75/25 funding package will be provided only to that portion of the project that serves an Urban Center/Complex. In addition, the Department will include projects located in an Urban Center/Complex in the 75/25 funding package provided the project has direct quality of life benefits for the Urban Center/Complex. An example of such a project would be odor controls for sludge management facilities (that serve areas beyond the Urban

Center/Complex) located in an Urban Center that would reduce odors generated from the sludge management facilities and improve the air quality in the urban area.

The Department and the Trust adopted amendments to the Financing Program rules that allow the Department to fully fund its share of reserve capacity costs at 0% interest for projects serving designated Urban Centers and Complexes.

**Open Space Land Acquisition and Conservation** - The EIFP provides loans to municipal and county applicants for the preservation of open space land as a means to provide an overall water quality benefit to the project area. A conservation restriction (easement) is applied, which ensures that the water quality is protected in perpetuity. Passive recreational uses such as hiking, cross-country skiing, horseback riding and birding are allowed on the portion of the parcels that are purchased with loans from the EIFP. Development is not allowed on the properties that are acquired through the EIFP, since this encourages the use of impervious surfaces and causes land alterations which can adversely affect the hydrology of an area as well as other nonpoint source impacts. Surface runoff can increase and groundwater filtration can decrease. Since most of New Jersey consists of sole source aquifers, which “are those aquifers that contribute more than 50% of the drinking water to a specific area and the water would be impossible to replace if the aquifer were contaminated” (NJ Geological Survey), the protection of these resources is an environmental priority. When the land remains as open space with no development pressures, the water recharge to these vital aquifer systems is protected. In addition, other environmental resources (i.e., endangered species, wetlands, stream corridors, floodplains, etc.) that may be present will also benefit from the protection of the parcel.

**Combined Sewer Overflow Abatement** – Combined sewer systems are sewers that are designed to collect rainwater runoff, domestic sewage, and industrial wastewater in the same pipe. Most of the time, combined sewer systems transport all of their wastewater to a sewage treatment plant, where it is treated then discharged to a water body. During periods of heavy rainfall or snowmelt, however, the wastewater volume in a combined sewer system can exceed the capacity of the sewer system or treatment plant. For this reason, combined sewer systems are designed to overflow occasionally and discharge excess wastewater directly into streams, rivers, or other water bodies.

These overflows, called combined sewer overflows (CSOs), contain not only stormwater but also untreated human and industrial waste, toxic materials, and debris. CSOs are known to increase fecal coliform counts, lower dissolved oxygen in the receiving water and, have detrimental impacts on shellfish harvesting and recreational uses. In addition, CSOs are contributors of solids and floatables, which accumulate along waterways and wash up on beaches.

All projects that contribute to the correction of combined sewer systems and discharge points including elimination, relocation or consolidation of discharge points and construction of facilities or purchase of equipment to remove solids and floatables are eligible.

**On-Site Rehabilitation of Septic Systems** - Under the Financing Program, a local government unit may apply for funding to upgrade or replace failing on-site septic systems. The nature and extent of failures would need to be documented during planning and a Septic Management District (SMD) would have to be established in order to assure on-going operation and

maintenance (typically, this involves implementing a system to assure regular, usually once every three years, pump out and/or inspection of the on-site systems). While some SMDs have formed in New Jersey (so there is institutional precedent on which to advance this approach), none have tackled the costly job of system rehabilitation as yet.

By providing the Smart Growth Financing Package to such projects, the Program:

- ? corrects existing wastewater problems in a way that is appropriate to a rural environment;
- ? the correction does not result in inappropriate growth-inducement that could potentially occur with construction of a centralized collection and conveyance system;
- ? the on-going operation of the SMD results in pollution control benefits and reduced water supply impacts; and
- ? the funding enhancement may entice additional municipalities to establish their own SMD and address long-standing failing septic system problems.

**Designated Brownfields Development Areas** - These are areas that have applied for and have received formal designation by the Department under the BDA Initiative. Applications for such designation are accepted two times per year and the list of potential applicants can be expected to grow over time. The sites within the BDA will be handled by a single project manager, who will coordinate with partnering state agencies to direct targeted technical and financial assistance to sites within the BDA neighborhoods.

Currently, eight BDAs have been designated: Trenton, Elizabeth, two areas in Camden, Palmyra, Irvington, Newark and Hillside. It is anticipated that the municipality will most often serve as the loan recipient under this option to effect remediation at multiple sites in the designated BDA, although county improvement authorities or similar entities could also participate and provide assistance in this environmental improvement effort.

By providing the Smart Growth Financing Package to such projects, the Program:

- ? provides a financial incentive that could encourage other municipalities to seek BDA designation to qualify for the EIFP's "75/25" funds;
- ? provides an alternative source of financing, and at a lower cost than is currently available to correct the water quality related aspects of brownfields remediation projects; and
- ? may enable more efficient use of available State funding, in which EDA funds can be directed to support the redevelopment aspects of such projects, as these costs are not eligible under the Financing Program.

**Designated Transit Villages** - The New Jersey Department of Transportation (NJDOT) and NJ TRANSIT spearhead a multi-agency Smart Growth partnership known as the Transit Village Initiative. The Transit Village Initiative helps to redevelop and revitalize communities around transit facilities to make them an appealing choice for people to live, work and play, thereby reducing reliance on the automobile. The Transit Village Initiative is an excellent model for Smart Growth because it encourages growth in New Jersey where infrastructure and public transit already exist.

Studies have shown that an increase in residential housing options within walking distance of a transit facility, typically a one quarter to one half mile radius, does more to increase transit

ridership than any other type of development. Therefore, it is a goal of the Transit Village Initiative to bring more housing, more businesses and more people into communities with transit facilities.

Municipalities that have been designated a Transit Village by the inter-agency Transit Village Task Force must have an adopted land-use strategy for achieving compact, transit-supportive, mixed-use development within walking distance of transit. This can be in the form of a redevelopment plan, zoning ordinance, master plan or overlay zone. There are currently 16 designated Transit Villages. They are Pleasantville (1999), Morristown (1999), Rutherford (1999), South Amboy (1999), South Orange (1999), Riverside (2001), Rahway (2002), Metuchen (2003), Belmar (2003), Bloomfield (2003), Bound Brook (2003), Collingswood (2003), Cranford (2003), Matawan (2003), New Brunswick (2005), and Journal Square/Jersey City (2005).

By providing the Smart Growth Financing Package to such projects, the Program:

- ? provides enhanced financing to enable municipalities to address the increased need for wastewater and/or stormwater infrastructure to serve population increases in the designated Transit Village;
- ? provides a financial incentive that could encourage other municipalities to seek approval for the Transit Village designation to qualify for the EIFP's "75/25" funds; and
- ? advances the smart growth goals inherent in the Transit Village Area Initiative, including not only the community revitalization, but two other goals of the Transit Village Initiative, to reduce traffic congestion and improve air quality by increasing transit riders.

In addition to these initiatives, the Department will continue, for those projects that have the potential to facilitate growth or cause significant adverse environmental impacts, to evaluate thoroughly the planning submitted by the project sponsor which may include but not be limited to the water quality/quantity impacts, location in the State, impacts to riparian corridors, the existing pollution control needs, assessment of the resulting environment, detailed assessment of proposed alternatives and cost-effectiveness of the proposal. The Department's funding decisions will take into account the project's growth potential, the location of the project in the State and the project's aggregate impacts as determined through such evaluations.

Collectively, these initiatives will enhance the Department's and the Trust's ability to promote smart growth and will also allow the Environmental Infrastructure Financing Program to provide funds to make it a reality. Further changes are likely as the Department adopts additional regulatory changes to its permitting and approval processes to implement smart growth in order to more effectively guide future growth and development in the State.

#### D. Preaward Approvals and Emergency Projects

Eligible projects can qualify to receive preaward approvals if the requirements of the rules (*N.J.A.C.* 7:22-3.32 and 4.32) are met. This is a significant difference from the federal grants program, since project sponsors may maintain the eligibility of project costs incurred prior to the execution of formal State agreements. However, to maintain the eligibility of such costs, project planning (including the issuance and expiration of an Environmental Assessment prepared by the

Department) and design and contract documents (including issuance of authorization to advertise and award contracts for which reimbursement is sought) must be reviewed and approved by the Municipal Finance and Construction Element. Further, all permits and approvals for the construction of the project must be secured. It should be noted that federal policy limits the amount of funds the States may withdraw from capitalization grants for "refinancings." Since federal policy defines any costs incurred prior to loan award to be "refinanced," there is a possibility that reimbursement for all preaward costs may not be feasible at the time of loan award.

The Department recognizes that environmental infrastructure emergencies may occur that endanger public health and welfare and can result in substantial environmental damage. Such circumstances require an immediate response for which a complete technical and environmental review in advance of construction is not possible. On July 15, 2005, the Department issued a generic Environmental Decision Document for environmental emergency response projects and on January 3, 2006, amendments to the program's rules at N.J.A.C. 7:22 were adopted to allow the EIFP to participate in certain emergency situations. The generic EDD and the rule changes identify the specific types of projects and conditions that must exist to qualify under the emergency project provisions of the Financing Program. With the EDD and the rules as guidelines, the Department has developed a process to respond rapidly when emergencies occur, obtain basic project information, make an eligibility determination and issue a preaward approval so that owners/operators can undertake the needed repairs and maintain eligibility for those expenditures through the EIFP.

Qualifying emergency conditions would include those where failure has occurred or where failure is imminent and unless corrected, will result in substantial pollution of the environment (such as collapse of a wastewater line) and/or substantial curtailment of the functions of the infrastructure.

As indicated in the Priority System section of this document, emergency projects will receive funding priority over all other projects on the Project Priority List, both for interim as well as long-term financing.

#### E. Socially and Economically Disadvantaged (SED) Business Participation

Project sponsors are required to set a goal of awarding at least 10 percent of a project's costs for construction, materials, or services to small business concerns owned and controlled by SED individuals as defined in the Small Business Act (15 U.S.C. 637(a) and (d)) and any rules promulgated pursuant thereto. The Department and the Trust have adopted the SED rules (at N.J.A.C. 7:22-9), that identify the SED utilization requirements that project sponsors will have to meet.

#### F. Stormwater/Nonpoint Source (NPS) Management Projects

Because of the increasing water quality concerns related to stormwater runoff, the Department and the Trust have expanded the scope of the Financing Program to include construction costs for a wide variety of stormwater/NPS management projects. The EIFP will allocate a minimum of \$10 million in clean water funds to this category in FFY2006. The Department's general view,



after consultation with local and regional planners and stormwater managers, is that expensive structural retrofits should not be implemented before completion of regional analysis and planning. Thus, if the project will impact the capacity, hydrology, or hydraulics of existing stormwater management facilities, systems, or downstream waterbodies, a watershed management plan appropriate to the project's location should be prepared. Watershed management planning, a key component of the watershed approach, assesses the overall needs of an area to ensure that proposed projects will improve/maintain water quality, water quantity and ecosystem health in a cost-effective manner. Watershed management planning differs from the individual project planning which is site-specific and which is a routine requirement of funding under the EIFP. Although the EIFP does not fund watershed management planning, the EIFP does provide an allowance for a project's site-specific planning and design. The allowance is based on a percentage of the building costs. Stormwater/NPS management projects must support efforts to achieve and/or maintain water quality, compatible with designated uses of the water body.

Implementation of USEPA's Phase II Municipal Stormwater Program requires municipalities, counties and other public entities to control stormwater discharges from new and existing developments. In New Jersey, the program is being implemented through the issuance of NJPDES general permits. Program implementation requires capital expenditures for equipment acquisition, additional personnel to implement best management practices, and expenses for public education (an innovative component, to change the behavior of people to reduce environmental impacts). Low-cost funding for the equipment procurement and construction of needed facilities is available through the EIFP, and is described in more detail below. The Department is also exploring additional sources of funds to provide increased levels of financial support to local governments to help defray the costs for achieving compliance with the requirements of the NJPDES Permits. For FY2005, the Department is in the process of awarding \$6 million in grants to municipalities and counties to implement the NJPDES permit requirements. The Department is also in the process of providing additional funding, and anticipates availability of additional grant funds for capital projects to be combined with SRF loans (up to 20% grants and 80% SRF loans).

The stormwater/NPS management projects that are eligible for EIFP loans include both new or modifications of stormwater management systems, facilities, basins, or other stormwater/NPS management facilities (including land acquisition to site the eligible facilities). Stormwater/NPS management projects also include, but are not limited to: installation of packed media filters, replacement of existing storm drains with newer designs that incorporate features to remove solids, floatables, oil and grease, and/or other pollutants; purchase or replacement of equipment to reduce solids and/or floatables, such as netting on outfalls and skimmer boats; purchase of maintenance equipment, such as street sweepers, leaf collection equipment, beach cleaning equipment, and aquatic weed harvesters; rehabilitation of tide gates and existing basins or other stormwater systems, including pump stations; extension and/or stabilization of outfall points; implementation/construction of systems that will result in water quality benefits, such as salt storage structures/runoff control systems, feedlot manure/runoff control systems, and streambank/lake stabilization/restoration projects which are consistent with habitat protection.

In FFY2000, the Financing Program added the water quality aspects of landfill closure and new cell construction to the list of eligible NPS projects as described below. In FFY2001, open space

land acquisition and conservation, remedial action activities and well sealing were added to the list of eligible NPS projects under the EIFP as described further below:

**Landfill Closure and Construction** - The Financing Program also includes landfill closure and landfill construction projects (including new landfill cells) under eligible NPS projects. The Department recognizes that landfills are a major pollution concern and are identified as a nonpoint source of pollution in the State's Stormwater and NPS Program Plan developed under Section 319 of the Clean Water Act. Eligible landfill closure activities include such items as landfill capping systems, leachate collection, storage and treatment systems, side slope seepage prevention and controls, gas condensate systems and other activities. Financing for landfill construction projects is generally limited to those project elements that prevent, reduce, or control the generation of leachate or are required for the collection, storage and treatment of leachate. Elements of a landfill construction project that may be financed include landfill liner systems, leachate removal or collection systems, and related maintenance equipment, toe-drains and cut-off walls, leachate sampling facilities and equipment, leachate storage facilities (lagoons, tanks, tank covers and aeration systems), leachate evaporation systems, and others. In addition to leachate controls, other eligible elements include barge shelters, containment booms, litter fences, and other means to prevent municipal solid waste from blowing off the landfill site and polluting surface waters. Before any landfill closure or construction project is approved under the Financing Program, the project sponsor must submit and receive all applicable permits and approvals from the Department's Division of Solid and Hazardous Waste.

**Open Space Land Acquisition and Conservation** - The EIFP provides loans to municipal and county applicants for the preservation of open space land as a means to provide an overall water quality benefit to the project area. A conservation restriction (easement) is applied, which ensures that the water quality is protected in perpetuity. Passive recreational uses such as hiking, cross-country skiing, horseback riding and birding are allowed on the portion of the parcels that are purchased with loans from the EIFP. Development is not allowed on the properties that are acquired through the EIFP, since this encourages the use of impervious surfaces and causes land alterations which can adversely affect the hydrology of an area as well as other nonpoint source impacts. Surface runoff can increase and groundwater filtration can decrease. Since most of New Jersey consists of sole source aquifers, which "are those aquifers that contribute more than 50% of the drinking water to a specific area and the water would be impossible to replace if the aquifer were contaminated" (NJ Geological Survey), the protection of these resources is an environmental priority. When the land remains as open space with no development pressures, the water recharge to these vital aquifer systems is protected. In addition, other environmental resources (i.e., endangered species, wetlands, stream corridors, floodplains, etc.) that may be present will also benefit from the protection of the parcel.

**Remedial Action Activities** - The clean-up of hazardous waste sites and other contaminated sites is critical to preventing further contamination of groundwaters in the State. The water-quality related components of projects to effect spill cleanups, brownfields restoration and hazardous waste site cleanups are some examples of the activities that are eligible through the Financing Program. Treatment of contaminated groundwater also qualifies for financing if the treated water is returned to the environment. While treatment solely to provide a safe drinking water supply is ineligible for CWSRF financing, it is eligible for DWSRF financing.

**Well Sealing** - The proper sealing of unused monitoring and water supply wells is also important to protect groundwaters in the State. Municipalities and other public entities can sponsor projects through the Financing Program to properly fill, seal, and abandon wells in accordance with N.J.A.C. 7:9-9.

### **Conduit Financing Solid Waste/Brownfield Remediation Projects**

The Department has determined that funding limits are needed so that the CWSRF funds available are not depleted too rapidly. As such, the Department is limiting the amount of the Department's loan share available for "Conduit Financing" solid waste/brownfields remediation projects to \$40 million in SFY2007 and limiting the amount of the Department's loan share for any single project to \$15 million. However, the Department's share of the loan may exceed the \$15 million per project limit if the total amount of loans requested for such conduit financings is less than \$40 million.

An analysis of the Department's funds indicates that if the program continues to fund these high cost projects at the full funding level, there would be insufficient funds to fund all of the traditional projects in the future. Therefore, the Department is implementing the following:

1. Establish a separate ranked listing of Solid Waste/Brownfield Remediation projects involving conduit financings and include the list annually in the Financial Plan submitted to Legislature;
2. Limit the total amount of Department funds for projects involved with conduit financings to \$40 million in each fiscal year; and
3. Limit the amount of the loan from Department funds for any single project to \$15 million, provided that if the total amount of these loans is less than \$40 million in a fiscal year, then the remaining portion of the \$40 million would be allocated on a pro rata basis to the projects that qualify for certification by the Department and are deemed ready to proceed.

This policy is effective for the loans to be awarded in SFY2007 and beyond, unless otherwise modified through the Priority System document for Clean Water Financing. Even with this \$40 million per year limitation, the Division of Water Quality anticipates that as early as State Fiscal Year 2009, the Clean Water SRF will have insufficient funds remaining to fund the entire pool of projects that it has traditionally funded. Therefore, the Department may need to revisit the policy as early as next year, depending upon the amount of funds available and the aggregate amount of CWSRF loans for which applications are received or anticipated.

### **G. Combined Sewer Overflows (CSOs)**

The Department has revoked and reissued the New Jersey Pollutant Discharge Elimination System (NJPDES) General Permit for Combined Sewer System (CSS) NJPDES No. NJ0105023. The General Permit includes the provision for the implementation of all of the Nine Minimum Controls deemed appropriate and applicable to owners and/ or operators of the CSS collection and conveyance systems. Furthermore, the permit initiated the first phase of the planning activities of the National CSO Control Policy's Long-term Control Planning (LTCP) process by requiring the performance of land-side monitoring and modeling activities for use in the development of Storm Water Management Models (SWMMs) of the CSSs. The changes to this permit will further the development of CSO LTCPs. Specifically, the general permit included

additional provisions that will require owners and operators of the CSS to perform Planning/Preliminary Engineering Studies for the implementation of pathogen controls.

Low-cost funding for the implementation of needed facilities is available through the EIFP. Such projects are, in fact, eligible for the enhanced Smart Growth Funding Package. In addition, the Department is in the process of awarding limited grants for certain activities to help defray the costs to achieve compliance with the requirements of the general permit as well as implementation of CSO Long-term Control Plans.

#### H. Short-Term and Long-Term Goals; DEP Fee; Miscellaneous Items

The short-term goal of New Jersey's financing program is to provide funding to needed, high-ranked water quality improvement projects. The long-term goal of the program is to establish and maintain a sound, self-sufficient, self-perpetuating financing program to assist communities with the financial burden of providing costly wastewater treatment and stormwater/nonpoint source management facilities to meet on-going water quality improvement/maintenance needs of the State.

As provided for in the January 1988 Initial Guidance for State Revolving Funds, a state that has deposited monies in a dedicated revolving fund after March 7, 1985 and prior to receiving a capitalization grant, may credit these monies toward the match, binding commitments, and equivalency requirements. Since some of the projects certified by the Department receive state-only sources of funding, these state-only projects may qualify under the federal criteria to bank monies to satisfy the CWSRF's match, binding commitment, and equivalency requirements.

In recognition that modifications to the IUP may occur, the Department may provide updates of the IUP to the USEPA. Department will submit an Annual Report representing the actual use of the CWSRF funds to the USEPA in accordance with the requirements of the Water Quality Act of 1987 and Agency guidance.

In accordance with the USEPA Policy on Fees Charged on Assistance Provided Under the SRF Programs, states must disclose information regarding the assessment and use of any fees associated with SRF activities that are passed on to the program participants. In New Jersey, each SRF project is financed with two loans, one from the Department which utilizes federal SRF capitalization grants and one from the NJ Environmental Infrastructure Trust, which utilizes bond proceeds from the Trust bond sale. Each year, the Department evaluates the need to assess a loan origination fee and/or an annual administrative fee to cover the Department portion of the program's administrative costs. The amount of the fee (if any) is established in conjunction with the annual budget process for the particular State fiscal year and borrowers are notified in advance of escrow closing as to the estimated cost of the fee that will be charged on their loan to be closed in November.

Prior to FFY2002, adequate resources were available to cover the Department's costs for administration of the program without levying a fee. The Department began charging a fee associated with the EIFP in 2002. While the initial amount to be collected through the fee was \$1M, budgetary constraints and subsequent Appropriations Acts required the Department to collect \$5 million from the November 2003 and 2004 borrowers. Rather than require cash

payment from the project sponsors at closing, the Trust included the Department loan origination fee in the borrowers' Trust loan (and secured that portion of the bond issue with non-SRF funds) to cover the Department's costs in administering the Financing Program. The legislation for the SFY2006 Program established a "Department Loan Origination Fund" that is administered by the Trust. The program now has a stable fixed fee of 2 percent of the participant's loan amount. There is no SRF funding involved in the Department loan origination fee. The Department's loan origination fee is not included in the principal amount of the CWSRF loan and is separately accounted for.

The Trust's loan is issued at the same market interest rate as the Trust obtains from the sale of its bonds. Rather than bonding for all of the eligible closing costs associated with each financing, the Trust charges the borrowers a one-time surcharge of up to 0.4% of the principal Trust loan amount to partially cover the costs associated with that particular year's bond sale. These issuance costs include such activities as: bond counsel, financial advisor, rating agencies, printing and publishing of the Notice of Sale, the Preliminary Official Statement, the Official Statement, and other costs related to the Trust's bond sale. In addition, the Trust charges an annual administrative fee of up to 0.3% of the Trust's bond principal loan amount to cover the balance of the closing cost and the annual operating expenses associated with the operations of the Trust and the on-going costs associated with the Loan Servicer and Trustees. The Trust Annual Fee is not included in the principal amount of the loan. The annual fees collected by the Trust are held in an account outside of the SRF. In SFY2007, the Trust anticipates collecting administrative fees associated with the CWSRF and DWSRF programs of approximately \$2.5 million.

The FFY2006 Priority System continues the reporting process introduced in the Proposed Addenda to the FFY2005 Priority System document that describes a new initiative being undertaken by USEPA in an effort to demonstrate and track the CWSRF program's positive contribution to environmental quality. USEPA has developed a small set of core measures to show how the CWSRF impacts compliance, water quality and designated uses and a one-page form that captures the reach of the CWSRF in terms of subsidy, population affected and volume of wastewater treated. The Department and the project sponsors will complete the "Core Measures Project Worksheet" and the Department will submit this information to USEPA.

<b>FFY2006 Financing Program Schedule for Clean Water Projects</b>	
<b>Date</b>	<b>Action</b>
As soon as possible	Prospective applicants attend a preplanning meeting with Department – MF&CE representatives.
August 3, 2005	Public hearing on Proposed FFY2006 PS document.
August 15, 2005	1. Close of comment period. 2. Public Health Hazard (PHH) bypass requests due.
October 3, 2005	FFY2006 traditional schedule applicants submit commitment letter, all planning documents (i.e., project reports) to Department, including final NJPDES permit.

(on or before) January 15, 2006	Department/Trust submits list of projects (based on Priority System ranking methodology) to Legislature for forthcoming State Fiscal Year.
March 6, 2006	FFY2006 traditional schedule applicants submit design and complete loan application. FFY2006 second chance applicants submit commitment letter, planning, design, loan application and proof that all permits/approvals have been applied for.
April 2006	Trust conducts Financial Seminars for FFY2006 applicants.
(on or before) May 15, 2006	Financial Plan for State Fiscal Year 2007 submitted by Department/Trust to Legislature.
(on or about) July 1, 2006	1. Legislature acts on Financial Plan. 2. Department/Trust transmit draft loan agreements to qualifying applicants.
(on or about) September 15, 2006	1. Trust financial transactions completed. 2. Execute Department/Trust loan agreements in escrow.
November 2006	Department/Trust loan closing with FFY2006 sponsors.

**APPENDIX A:**

**Core Measures Performance Worksheet**



# New Jersey Environmental Infrastructure Financing Program



## CWSRF Benefit Reporting (CBR)

### [A] Loan Information *(This section shall be filled by the Administration staff)*

**Loanee:** \_\_\_\_\_ **Loan/Project No.:** \_\_\_\_\_  
**Loan Amount:** \$ \_\_\_\_\_ **Loan Interest Rate:** \_\_\_\_\_ % **Repayment Period:** 20 Yrs.  
 Is this project Pre-awarded? ☐ Yes ☐ No  
 Is this project entirely funded by CWSRF? ☐ Yes ☐ No  
 If 'No', what % of the total funding is covered by CWSRF? \_\_\_\_\_ %  
 Is this project providing a supplemental funding? ☐ Yes ☐ No **Orig. Loan No.** \_\_\_\_\_  
 Is this project continued funding for a phased project? ☐ Yes ☐ No  
 If 'Yes', please indicate **Phase No:** \_\_\_\_\_ **Original Loan/Project No.:** \_\_\_\_\_  
 Is the current phase of the project having the same **environmental results** information as the project under the original loan? ☐ Yes ☐ No  
 Does this project fund any nonpoint source (NPS) project(s)? ☐ Yes ☐ No  
 If 'Yes', does this loan amount covers multiple nonpoint source (NPS) projects? ☐ Yes ☐ No  
 If 'Yes', # of NPS projects cover by this loan: \_\_\_\_\_ #

### [B] Project Information *Engineering Section Review Person:* \_\_\_\_\_

Is this loan covers more than one projects / contracts? ☐ Yes ☐ No  
*Note: If Yes, please use a separate CBR form to enter each project/contract information and attach together.*

**Facility Name:**

**Project Description:**

**Population served:**

- \* by the Project: \_\_\_\_\_ *(If this project only covers a part of the total population served by the system)*
- \* by the System: \_\_\_\_\_ *(The total population served by the system)*

**Wastewater Volume:**

- \* for the Project: \_\_\_\_\_ *(Enter the flow directly affects by this project. This figure may be mgd equivalent to the flow for the system)*
- \* for the System: \_\_\_\_\_ mgd *(The total design flow for the entire system)*

**Discharge Information:** Check if this project has 'NO' discharge: ☐ *(in case of Non-point source or stormwater management project associated with no discharges)*

- Discharge to: *(Check any one)*
- ☐ Ocean Outfall
  - ☐ Surface Water
  - ☐ Groundwater
  - ☐ Ground & Surface Water
  - ☐ Estuary

☐ Eliminates Discharge *(If the project removes discharge from a receiving water body. e. g. converting to land application of effluent or rerouting flow to another treatment facility)*

Check if this wastewater discharge is 'seasonal' only. ☐





# New Jersey Environmental Infrastructure Financing Program



## CWSRF Benefit Reporting (CBR)

NJPDES Permit # (if applicable): \_\_\_\_\_

If other permit (e.g. CSO or Stormwater) Permit Type: \_\_\_\_\_

For all the wastewater projects including sewer and PS enter the NJPDES permit No. of the associated Treatment Plant..

Permit #: \_\_\_\_\_

**Needs Categories:** (In case of project cost apply to more than one needs category, please breakdown the project cost per needs category. When project are not broken out by needs category, estimate what proportion of the project costs has been assigned to each needs category OR assign ALL costs to the needs category that receives most of the funding.)

Needs Category	Funded Amount	%
<b>Point Source Need Categories</b> (See Appendix A for description of the point source need categories)		
<input type="checkbox"/> I - Secondary Treatment	\$	
<input type="checkbox"/> II - Advanced Treatment	\$	
<input type="checkbox"/> IIIA – Infiltration / Inflow correction	\$	
<input type="checkbox"/> IIIB - Sewer System Rehabilitation	\$	
<input type="checkbox"/> IVA - New Collectors and Appurtenances	\$	
<input type="checkbox"/> IVB - New Interceptors and Appurtenances	\$	
<input type="checkbox"/> V - Correction of Combined Sewer Overflows	\$	
<input type="checkbox"/> VI - Storm Water Control	\$	
<input type="checkbox"/> Category X - Recycled Water Distribution	\$	
<b>Nonpoint Source Needs Categories</b> (See Appendix B for description of the nonpoint source needs categories)		
<input type="checkbox"/> VII-A - NPS Agriculture-Cropland	\$	
<input type="checkbox"/> VII-B - NPS Agriculture–Animals	\$	
<input type="checkbox"/> VII-C - NPS Silviculture	\$	
<input type="checkbox"/> VII-D - NPS Urban	\$	
<input type="checkbox"/> VII-E - NPS Ground Water-Unknown Source	\$	
<input type="checkbox"/> VII-F - NPS Marinas	\$	
<input type="checkbox"/> VII-G - NPS Resource Extraction	\$	
<input type="checkbox"/> VII-H - NPS Brownfields	\$	
<input type="checkbox"/> VII-I - NPS Storage Tanks	\$	
<input type="checkbox"/> VII-J - NPS Sanitary Landfills	\$	
<input type="checkbox"/> VII-K - NPS Hydromodification	\$	
<input type="checkbox"/> VII-L - NPS Individual/ Decentralized Sewage Treatment	\$	
<b>TOTAL =</b>	<b>\$</b>	<b>100 %</b>



**[C] Technical Information** *Technical Svcs. Section Review Person:* \_\_\_\_\_

### **Affected Waterbodies:**

	<b>Waterbody ID (HUC-14 Code)*</b>	<b>Waterbody Name</b>	<b>Receiving Waterbody (See the note below)</b>
Primary Impacted Waterbody:			<input type="checkbox"/>
Other Impacted Waterbody:			<input type="checkbox"/>
			<input type="checkbox"/>

**Note:** check if the affected waterbody is a receiving waterbody. The affected waterbody is not always the receiving waterbody. In many cases, a downstream stream segment, river, lake, or reservoir has strict pollutant limits that drive projects on upstream tributaries. Or a septic elimination project may occur to protect local groundwater, not to improve water quality in the receiving stream for the treatment plant.

**HUC-14:** 14-digits HUC (Hydrologic Unit Codes) for the watershed area.

### **Project Improvement/Maintenance of Water Quality:**

#### **a. Contributes to water quality:** *(Check one of the followings)*

- ☐ **Improvement** *(when a project reduces pollutant loading to the affected waterbody)*
- ☐ **Maintenance** *(when a project simply sustains the treatment capacity of a facility)*
- ☐ **Not Applicable** *(when the project increases pollutant loadings to the affected waterbody)*

#### **b. Allows the system to:** *(Check one of the followings)*

- ☐ **Achieves Compliance** *(Select this if the facility/system was out of compliance before the project and will be in compliance at project completion OR if a project is a significant factor in a system/facility achieving compliance, accomplishing a specific group of items on a consent order or eliminating CSO's for a large section of the sewer system. Also, check this if a project allows the system/facility that under the threat of noncompliance to meet the anticipated permit limits)*
- ☐ **Maintain Compliance** *(Select this if the facility/system was in compliance before the project and has a lower risk of falling out of compliance after the project)*
- ☐ **Not Applicable** *(Select this if the project simply addresses a few I/I problems that generally affect Sanitary Sewer Overflows-SSOs)*

#### **c. Affected waterbody is:** *(Check one of the followings)*

- ☐ Meeting Standards      ☐ Impaired      ☐ Threatened
- ☐ Not Assessed      ☐ Not Applicable

#### **d. Allows the system to address :** *(Check one of the followings - If applicable)*

- ☐ Existing TMDL
- ☐ Projected TMDL
- ☐ Watershed Management Plan (WMP)



### **Contribution to Protection or Restoration of the Waterbody Uses:**

**[a] Designated Surface Water Uses :** *(For projects that affect pollutant discharge into a surface water body with designated uses)*

*Check as many designated uses apply to this project.*

<b><i>Designated Surface Water Uses</i></b>	<b><i>Protection<sup>1</sup></i></b>	<b><i>Restoration<sup>2</sup></i></b>
<input type="checkbox"/> Primary Contact Recreation	<input type="checkbox"/> Primary <sup>3</sup> <input type="checkbox"/> Secondary <sup>4</sup>	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Secondary Contact Recreation	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Maintenance & Migration of Fish Population	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Migration/Propagation of Natural/Established Biota	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Migration of Diadromous Fish	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Shellfish Harvesting (N.J.A.C. 7:12)	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Cold Water Fishery	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Warm Water Fishery	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Maintenance of Wildlife	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Public Potable Water Supply (Drinking Water)	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Industrial Water Supply	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Agricultural Water Supply	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Cranberry Bog Water Supply/ Other Agricultural Use	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/> Any Other Reasonable Use – <i>(Specify)</i> _____	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary

**Note:**

<sup>1</sup> *If the project maintains or improves water quality or if it increases effluent loadings but meets its permit, it contributes to **protection** of the uses.*

<sup>2</sup> *If the project reduces loadings of a pollutant that is impairing the designated use, the project contributes to **restoration** of that use.*

<sup>3</sup> *Specify the designated use(s) as “**primary**” those affected uses that drive a large portion of project financing. In most the cases, one and possibly two uses will qualify as primary.*

<sup>4</sup> *Specify all the other designated use(s) as “**secondary**”. If no use qualifies as primary, specify “**secondary**” for all applicable uses.*



## CWSRF Benefit Reporting (CBR)

**[b] Other Uses and Outcomes:** *(For projects that do not affect pollutant discharge into a surface water body with designated uses, or that have additional project outcomes.)*

*Check as many if applicable*

<b>Other Uses and Outcomes:</b>		<b>Protection</b>	<b>Restoration</b>
<input type="checkbox"/>	Groundwater Protection	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Drinking Water Supply	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Water Reuse/Recycling/Conservation	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Infrastructure Improvement	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Regionalization/Consolidation	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Other Public Health/Pathogen Reduction	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Wetland Restoration	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Security	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Industrial	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary
<input type="checkbox"/>	Other- _____	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary	<input type="checkbox"/> Primary <input type="checkbox"/> Secondary

**Project Comments:**