



State of New Jersey

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Division of Water Quality
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Bradley M. Campbell
Commissioner

NOTICE OF A PUBLIC HEARING FOR THE PROPOSED FFY2005 PRIORITY SYSTEM, INTENDED USE PLAN AND PROJECT PRIORITY LIST (CLEAN WATER FINANCING)

Dear Interested Party:

The Municipal Finance and Construction Element (MF&CE) within the Division of Water Quality has developed the Proposed Federal Fiscal Year 2005 Priority System document for administration of the Clean Water State Revolving Fund (CWSRF) program. Projects eligible for assistance under the clean water program include wastewater, combined sewer and stormwater management facilities as well as nonpoint source pollution management projects (including open space land acquisition and conservation, landfill closure and construction, remedial action activities and well sealing).

A hearing on the Proposed FFY2005 Priority System document will be held at the Department of Environmental Protection, 401 East State Street, Trenton, New Jersey, in the 7th floor large conference room on June 9, 2004. The hearing will commence at 10:00 a.m. and conclude at the end of testimony. Presentations may be made orally or in writing; if written testimony is prepared, please limit any oral presentation to a summary of the text. The period for submitting written comments on the proposal will close June 21, 2004 (all comments must be postmarked by that date). All comments submitted in accordance with the deadline will be considered in the preparation of the final FFY2005 Priority System document.

The Financing Program will continue to offer the "Smart Growth Financing Package" (75% of the project costs funded by DEP at 0% interest and 25% of the project costs funded by the Environmental Infrastructure Trust at market rate) to projects that serve any of the eight Urban Centers (Atlantic City, Camden, Elizabeth, Jersey City, New Brunswick, Newark, Paterson, and Trenton) or the Hudson Urban Complex. In addition, combined sewer overflow abatement projects and open space land acquisition projects throughout the State will also be eligible for the "75/25" funding package. It should be noted that a similar change was made to the Drinking Water Priority System and Intended Use Plan Proposal to provide the "75/25" funding package to drinking water projects serving approved Urban Centers and Complexes. All other projects will receive a loan for half of the allowable project costs from the DEP and a loan for the remaining project costs from the Trust.

While the Priority System ranking methodology and the majority of the funding policies are consistent with those adopted under the FFY2004 Priority System document, **some important changes are being proposed for the FFY2005 CWSRF Financing Program.** These are:

- i. 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 DEP-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 DEP is proposing to award 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 smart growth areas.
- ii. The proposal includes the second chance option to accommodate project sponsors that miss the initial application deadline of October 4, 2004. Such projects will be given a second opportunity to participate in the 2005 Financing Program. Sponsors are strongly encouraged to submit the required documentation by the October deadline if at all possible. Projects that meet the October deadline will be given higher priority for eligibility for long-term funding than second chance projects, and will have a better opportunity to participate in the Trust’s interim financing program in the current funding cycle. Sponsors of second chance projects must submit, on or before March 7, 2005, complete planning and design documents, a loan application and proof that all applicable DEP permits/approvals have been applied for in order to be considered for the second chance option.
- iii. The DEP is also proposing additional provisions aimed at preserving the funding eligibility of construction costs that are incurred to undertake emergency repairs of existing infrastructure. These provisions will 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. While the DEP has progressed in this direction, federal requirements, such as Davis-Bacon wage rates and others, continue to apply to these projects. Since timing is of the essence in addressing these situations, an expeditious approval process is being established. 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.
- iv. The FFY2005 Proposal also establishes a process through which the DEP will be updating the FFY2005 Priority List later this calendar year. The List put forth later this year will include projects meeting the October commitment letter/planning document submittal deadline. Thus, a comprehensive list of projects pursuing financing under the traditional schedule will be available. In addition, those projects that commit to the traditional schedule will be able to receive interim financing from the Trust as early as January.

Beginning with the FFY2005 proposal, the DEP is no longer distributing hard copies of the Priority System document for public review. The new format for routine distribution of the Priority System documents will be via compact discs (CDs). The Priority System documents


will also be posted on the DEP'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 DEP'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).

For project-specific questions or to request a pre-planning meeting, please contact Gautam Patel, Chief, Bureau of Financing and Construction Permits at **(609) 984-6840**. For open space land acquisition projects, please contact Scott Shymon, Supervisor, Open Space Land Acquisition Unit at **(609) 292-3859**.

For questions regarding this notice or to request a copy of the Priority System proposal either electronically, on CD or a printed version, please contact Theresa Fenton, Chief, Bureau of Program Development and Technical Services, at (609) 292-3859.

Thank you, in advance, for your input on this proposal document.

Sincerely,

A handwritten signature in black ink, appearing to read "Narinder K. Ahuja".

Narinder K. Ahuja, P.E., P.P., Director
Division of Water Quality

Enclosures