

## CLEAN WATER FINANCING

### FEDERAL FISCAL YEAR 2007 (FFY2007) PRIORITY SYSTEM, INTENDED USE PLAN, PROJECT PRIORITY LIST AND RESPONSE DOCUMENT

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**Priority System, Intended Use Plan, Project Priority List  
and Response Document for Federal Fiscal Year 2007 (FFY2007)  
- 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, the priorities and policies for which are established in a separate Priority System document. Together, since 1988 the clean water and drinking water components of the EIFP have awarded approximately \$3.5 billion throughout the State. As of November 3, 2006, 388 of the 577 funded projects totaling more than \$1.6 billion in construction costs have been completed, have initiated operations, and have been administratively closed out; 239 projects totaling approximately \$1.9 billion in project costs 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 wet weather, 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 are essential to safeguard water quality and result in improvements to the health, safety, aesthetic value, and recreational attributes of the State's waters.

The FFY2007 Priority System ranking methodology and the majority of the funding policies are consistent with those adopted under the FFY2006 Priority System document, with the exceptions noted below:

1. The FFY2007 Priority System includes an additional category under the Smart Growth Financing Program for wastewater and/or stormwater infrastructure projects that serve areas designated as Transfer of Development Rights (TDR) Receiving Areas. Sponsors of projects that serve areas designated as TDR Receiving Areas under the State TDR Act (P.L. 2004, c.2), by the Highlands Council, by the Pinelands Commission or by Burlington County pursuant to the Burlington County Transfer of Development Rights Demonstration Act (P.L. 1989, c. 86) are eligible to receive the enhanced financing package with 75% DEP and 25% Trust financing combined to provide loans at one-quarter the market rate.

The FFY2007 Priority System maintains the other categories for the Smart Growth Financing Package (i.e., the “75/25” funding) as have been approved in the past. These include:

- (a) wastewater and/or stormwater infrastructure projects to serve urban centers/urban complexes or 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, the acquisition of open space land for water quality protection and the construction of combined sewer overflow abatement facilities.

2. The FFY2007 Priority System includes a change to the previously-established limits on the amount of the Department's loan share available for "Conduit Financing" solid waste/ brownfields remediation projects from \$40 million per year to \$25 million per project in the FFY2007/SFY2008 financing cycle. This will provide the sponsors of such projects the certainty they need concerning the level of funding available. With the aggregate cap (rather than per project cap), the level of funding available for any project can be adversely impacted by other projects applying during the same year and the decision to proceed with any specific project cannot be made until all conduit financing projects have been certified.

3. The FFY2007 Priority System includes the second chance option to accommodate project sponsors that missed the initial application deadline of October 2, 2006. Such projects will be given a second opportunity to participate in the 2007 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 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 5, 2007, complete planning and design documents, a loan application and proof that all applicable permits/approvals have been applied for in order to be considered for the second chance option.

The elimination of the second chance provisions is being considered for the FFY2008 and future years to better manage the program workload which has been steadily increasing along with its scope in recent years. There is often not enough time for the Department to adequately evaluate the project and provide certification to the Trust. Second chance projects generally do not have complete planning documents, have difficulty completing public participation activities in the short time available, and do not apply for permits and approvals needed to implement the project in a timely manner.

4. The FFY2007 Priority System continues to include the process through which the Department will update the FFY2007 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 2007.

The Department no longer distributes hard copies of the Priority System document for public review. The 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).

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 categories 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 (i.e., open space land acquisition and conservation, remedial action activities and well sealing) 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 FFY2007, 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 generally funded equally between the Department and the Trust with the exception of projects eligible for the "Smart Growth Financing Package," that are funded at a reduced interest rate

applying the “75/25” level of funding. The Trust generally finances its SRF loan through the issuance of bonds secured with CWSRF funds.

The Priority List includes more than 450 projects on the comprehensive list and identifies the subset of projects targeted for financial assistance from the CWSRF in State Fiscal Year 2008 (SFY2008).

The Department’s Priority System for FFY2007 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.

Although the Congress continues to provide funds to the CWSRF, the amount of funding provided in FFY2006 was significantly reduced in comparison with past levels and additional reductions are being considered for FFY2007 and beyond. The State's receipt of additional federal funding in the future 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 additional federal funding will be required to fully address the overall water quality improvement needs of the State. Several legislative initiatives to reauthorize the CWA and provide funding for wastewater projects and other water quality improvements have been proposed. It is unlikely that reauthorization of the CWA will necessitate significant changes to the CWSRF and the State's FFY2007 PS document. As such, the Department has 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.

Amendments to the Trust’s enabling legislation authorized the establishment of a short-term financing program. CWSRF loan repayments are channeled to the Trust for this purpose. The interim loans 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, adopted amendments to the Trust’s rule 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.

Any significant revisions to the Priority List during the fiscal year will be subject to a public hearing. The Department does not, however, consider any of 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 is in the process of preparing an update of the FFY2007 Priority List which will be subject to a public comment period in January/February 2007. The Department will notify interested parties and prospective applicants and have the updated list available for public review at least 30 days prior to the close of comments on the modified list. The updated list identifies those projects pursuing financing under the traditional schedule (including any previously unlisted project that submitted a commitment letter and planning on or before the October 2, 2006 deadline).

## 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 approved ranking methodology of the FFY2006 PS document and are discussed in sections A through E below.

### A. Approved Watershed Plan Points

Prudent watershed planning is necessary to 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
	Construction of sludge management facilities such as	

Sludge Treatment/Disposal Facilities	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 Remedial Action Activities	Construction of facilities to collect, convey and/or treat leachate and runoff from new publicly owned landfill cells or from sites that are known to contain contaminated or hazardous materials.	75
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>
Public Potable Water Supply		Public and nonpublic community surface supply for water companies or municipalities based on NJ Statewide Water Supply Master Plan.
Recreation (“Primary Contact”)		Waters with bathing areas monitored routinely as public beaches as well as the Delaware River upstream of Trenton.
Fishing	Shellfish	State water bodies that are designated as shellfish growing waters by <i>N.J.A.C. 7:12</i> .
	Trout	State freshwater bodies designated for trout production or maintenance by the NJ Water Quality Standards ( <i>N.J.A.C. 7:9B</i> ).
	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.
Public Nuisance		Indirect water use impacts; applies to areas with identified on-site wastewater treatment system failures.
Agriculture		Surface water for agricultural use, such as irrigation and farm ponds, based on Department diversion permit (permits required for >70 gal/min diversion).
Industry		Surface water known to be used for industrial use such as cooling.

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 may result in impacts on water uses, including algal blooms; depleted oxygen levels; odor, taste and increased treatment costs for purveyors; impacts on aquatic populations, and esthetic concerns. Points are 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 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 generally 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 or serving 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 FFY2007 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 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 fund certain emergency projects. 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. For ranking purposes, projects that qualify as emergency projects will receive funding priority over all other 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 SFY2008 and identifies State policies governing loan awards. It includes information on the following:

1. The list of projects 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 FFY2007 PS document, additional public participation efforts will be conducted.

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 wastewater treatment 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. In New Jersey, the CWSRF enabling legislation requires that the loan must be awarded to a local government unit that sponsors the stormwater/NPS management project on behalf of a private entity.
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. Prior to and including 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 FFY2007 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 component of the Environmental Infrastructure Financing Program:

#### **SFY2007 Financing Program**

**Sources:**

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

**Uses:**

Projects Financed in the SFY2007 Program	\$212.1M
<u>Trust Debt Service Reserve</u>	<u>\$ 13.1M</u>
Total	\$225.2M

Balance Available for SFY2008 Program: \$61.9M

#### **SFY2008 Financing Program**

**Sources:**

Funds Available from prior years	\$ 61.9M
Repayments from prior years' loans	\$ 54.0M
<u>FY2007 CWSRF Grant (Projected)</u>	<u>\$ 35.0M</u>
Total	\$150.9M

**Anticipated Uses:**

Projects to be Financed in the SFY2008 Program	\$126.0M
<u>Trust Debt Service Reserve</u>	<u>\$ 8.4M</u>
Total	\$134.4M

Projected Balance Available for SFY2009 Program: \$16.5M

#### 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 CWSRF program evaluates funds available to determine that adequate monies are available to be utilized for clean water 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 or vice-versa. 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 FFY2007. If approved, the Department reserves the right to transfer funds from the CWSRF to the DWSRF (or vice-versa) each fiscal year to the extent allowed by law. The Department will annually evaluate the monies available in each SRF program and whether there is a need to transfer funds. Historically, any eligible project under the CWSRF or DWSRF program that meets the program requirements and is ready to proceed, has been able to receive a CWSRF or DWSRF 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 have a project or projects listed or eligible for listing on the FFY2007 Priority List were/are required to commit to one of the following schedules by the appropriate date to be considered for FFY2007 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/are encouraged to attend a pre-planning meeting with the appropriate area within the Municipal Finance and Construction Element.

<b>2007 Loan Program -Traditional Schedule</b>	
<b>Activity</b>	<b>Deadline</b>
Commitment Letter and Planning	October 2, 2006

Documents	
Design Documents and Loan Application	March 5, 2007
Loan Award	November 2007

<b>2007 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 5, 2007
Loan Award	November 2007

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

The second chance option has been included in this year's Priority System to accommodate project sponsors that missed the initial application deadline of October 2, 2006. Such projects will be given a second opportunity to participate in the 2007 financing cycle. Sponsors of second chance projects must submit, on or before March 5, 2007, complete planning and design documents, a loan application and proof that all applicable permits/approvals have been applied for in order to be considered for the second chance option. Failure to do so will render 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 will not be 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 funding consideration in the current funding cycle). 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 FFY2007/SFY2008 and will result in a "BEYOND 07" designation under the estimated State certification date column on the Priority List.

#### C. Loan Awards

Loan awards for new projects will be made in FFY2007/SFY2008 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 the 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 for growth 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 that strengthen protection of New Jersey's drinking water supplies and other vital natural resources by imposing stricter

standards for development in environmentally sensitive areas. 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 proposal. The first change involved 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 provides 75% of the project costs at 0% interest, while the Trust provides 25% of the project costs at market rate to certain types of projects as follows:

**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 implications 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.

In addition, 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 and convey 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 for the enhanced financing package.

**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 systems. The nature and extent of failures would 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 option), 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, fifteen BDAs have been designated: three areas in Camden, two in Trenton, one each in Bayonne, Elizabeth, Harrison, Irvington, Keyport, Milltown, Newark, Palmyra, Paterson and Pennsauken. 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), Journal Square/Jersey City (2005), and Netcong (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.

**Transfer of Development Rights (TDR) Receiving Areas** - The transfer of development rights is a realty transfer system where development potential in a specified preservation area can be purchased by private investors for use in a targeted growth area. In exchange for a cash payment, landowners in the preservation area place a restrictive easement on the property that will maintain the resource in perpetuity. The land in the designated receiving area can then be developed at a higher density than allowed under the baseline zoning. This process reduces the consumption of our critical resources, while still accommodating growth, and eliminates "windfalls and wipeouts" in property values normally associated with zoning changes. The transfer of development rights is only allowed where a municipality has implemented a TDR program. The participating municipality (or municipalities in a regional program) designates sending and receiving areas based on their preservation and growth goals, respectively. Planning and implementation documents are created by the municipality that governs where and how development rights can be transferred. Implementing a transfer of development rights program requires a major planning initiative on the part of the participating municipality. Before any credits can transfer from landowner to developer, certain planning and implementation documents must be adopted. The State TDR Act requires several items including a Development Transfer Plan Element, a Capital Improvement Plan, a Utility Service Plan, Transfer Ordinance, Plan Endorsement and other approvals.

By adding this category of projects into the Smart Growth Financing Package, the Program will:

- ? provide a financial incentive that could encourage municipalities to be designated as a TDR Receiving Area to qualify for the EIFP's "75/25" funds;
- ? provide an alternative source of financing, and at a lower cost than is currently available to address the increased need for wastewater treatment and/or stormwater infrastructure to serve population increases in areas identified through prudent planning and designated as TDR Receiving Areas; and
- ? advance the smart growth goals inherent in the TDR process that provides for the designation of preservation areas that will maintain and protect critical resources in perpetuity.

To address instances where a project does not exclusively serve a designated TDR Receiving Area, the Department has determined that the 75/25 funding package will be provided only to that portion of the project that serves a designated TDR Receiving Area.

In addition to these initiatives, for those projects that have the potential to facilitate growth or cause significant adverse environmental impacts, the Department will continue to thoroughly evaluate the planning submitted by the project sponsor. Such evaluation will include, but will

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, its location 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 the funds needed to make it a reality. Further changes to advance smart growth initiatives are likely as the Department adopts additional regulatory changes to its permitting and approval processes 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 FFY2007. 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. In 2005, the Department awarded \$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 for capital improvement projects that can 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 land fill 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 limits on the funding to be provided for this category of projects are necessary so that the available CWSRF funds are not depleted too rapidly. 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.

As such, the Department would limit the amount of the Department's loan share available for "Conduit Financing" solid waste/brownfields remediation projects to \$25 million per project. This represents a change from prior years' financing cycles where the limit was set at \$40 million per year. By doing so, sponsors classified as conduit borrowers are better equipped to evaluate the financial benefits of the program without the underlying concern that other conduit borrowers may participate in the same year and adversely impact the financial package that was initially anticipated through the program.

This policy is effective for the loans to be awarded in SFY2008 and beyond, unless otherwise modified through the Priority System document for Clean Water Financing. Even with this \$25 million per project limitation, the Department 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 will 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 includes additional provisions that 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 Financing Package. In addition, the Department has provided 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 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. The Department will also 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.

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, 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 \$5 million of 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. In SFY2007, the amount collected through the Department Fee was approximately \$6.7 million. In the SFY2008 Financing Program, the amount anticipated to be collected is about \$4-5 million and will depend on the total dollar amount of loan awards made in the current funding cycle.

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 collected administrative fees associated with the administration of the CWSRF and DWSRF programs of approximately \$4.8 million.

The FFY2007 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. A sample of the worksheet is included in the Appendix of this document.

<b>FFY2007 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.
September 27, 2006	Public hearing on Proposed FFY2007 PS document.
October 2, 2006	1. Close of comment period. 2. Public Health Hazard (PHH) bypass requests due. 3. FFY2007 applicants submit commitment letter, all planning documents (i.e., project reports) to Department, including final NJPDES permit.
(on or before) January 15, 2007	Department/Trust submits list of projects (based on Priority System ranking methodology) to Legislature for forthcoming State Fiscal Year.
March 5, 2007	1. FFY2007 applicants submit design and complete loan application. 2. Second Chance deadline
April 2007	Trust conducts Financial Seminars for FFY2007 applicants.
(on or before) May 15, 2007	Financial Plan for State Fiscal Year 2008 submitted by Department/Trust to Legislature.
(on or about) July 1, 2007	1. Legislature acts on Financial Plan. 2. Department/Trust transmit draft loan agreements to qualifying applicants.
(on or about) September 15, 2007	1. Trust financial transactions completed. 2. Execute Department/Trust loan agreements in escrow.
November 2007	Department/Trust loan closing with FFY2007 sponsors.

**APPENDIX A:**

- 1) Project Status/Cost Update Form
- 2) Sample Commitment Letter (Second Chance Projects)
- 3) Core Measures Performance Worksheet

**-Clean Water Financing-**  
**FFY2007 PROJECT STATUS/COST UPDATE**

The following FFY2007 Project Status/Cost Update Form must be used to update information on currently ranked projects or to propose new projects for inclusion on the FFY2007 Project Priority List. Please complete the form according to the instructions below, and include estimated building costs for each category of project need. All costs should be updated to March 2007. Those applicants who desire to update project status/costs, but do not want to commit to meeting the project submittal deadlines, should submit the Project Status/Cost Update Form with an appropriate cover letter.

- Section A:
- 1) The project sponsor must be the entity which will assure proper operation and maintenance of the facilities or equipment to be constructed, rehabilitated or purchased.
  - 2) For existing projects listed on the FFY2007 Project Priority List, write the number listed. For unlisted projects, write "NEW" in the space provided.
  - 3) For existing projects listed on the FFY2007 Project Priority List, write the name listed. If this name is to be changed, write "change to", and then the new name. For new projects, write a short descriptive title in the space provided.
  - 4-7) Write the address of the agency stated on Line #1.
  - 8-9) Write the name and telephone number of the responsible official of the agency stated on Line #1.
  - 10-11) Write the name and telephone number of the consulting engineer for the project.

Section B: Write a brief description of the project in the space provided; for example - upgrade and expand the existing sewage treatment plant, new gravity interceptor, I/I reduction program, stormwater basin rehabilitation, etc. Also, if a Public Health Hazard Bypass is being sought, so indicate.

Section C: Eligible Category

Category 1- For projects which currently do not meet secondary treatment standards or the repair/expansion of existing facilities to provide secondary treatment. Secondary treatment provides a 30-day average effluent quality of 30 mg/l or less for both SS and BOD with 85 percent removal of these pollutants. Also, projects which will provide facilities to reuse wastewater or treat sludge or septage are included in this category.

Category 2- Applies to treatment facilities to upgrade to meet effluent limitations (30 day average) for BOD and SS less than 30 mg/L, or provide for the removal of ammonia, nitrogen, phosphorus or other pollutants, or to provide stringent disinfection by means of coagulation or filtration facilities.

- Category 3A- Applies to projects which will reduce infiltration/inflow using "minor" rehabilitation procedures such as grouting/lining of existing sewers, installation of watertight manholes, replacement of short stretches of sewer, etc. Interconnection/Cross-Connection abatement projects will typically be included in this category.
- Category 3B- Involves the replacement of existing pipes or manholes. This is done where pipes and manholes have lost their structural integrity or where an increase in pipe size or change in alignment is needed.
- Category 4A- For the construction of collection sewers to service areas currently using on-site systems of wastewater treatment and disposal. Such sewers consist of the common collection sewers, within a publicly owned treatment system, which are primarily installed to receive wastewater directly from facilities which convey wastewater from individual systems.
- Category 4B- A sewer which is designed to intercept wastewater from a final point in one or more collection systems or from an existing major discharge of raw or inadequately treated wastewater for transport to a treatment facility, another interceptor, or another municipality.
- Category 5- Applies to projects to correct overflow conditions in combined sewer systems and repair/rehabilitation of combined sewer lines. Such systems concurrently transport wastewater and storm and/or tidal flows.
- Category 6- Applies to projects which address problems caused by runoff discharged via separate stormwater sewer systems and may include the 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, low-application rate salt spreaders and aquatic weed harvesters; beach cleaning equipment; rehabilitation of tide gates and existing basins or other stormwater systems, including pump stations; extension and/or stabilization of outfall points; and salt storage structures/runoff control systems.
- Category 7- Applies to projects to address nonpoint source pollution from such activities as cropland and animal agriculture (such as feedlot manure/runoff control systems), as well as silviculture and urban runoff, where stormwater runoff is not transported via a separate storm sewer. Also included in this category are the water quality aspects of municipal landfill closure and construction projects, open space land acquisition and conservation projects, remedial action activities, well sealing, streambank/lake stabilization/restoration projects which are consistent with habitat protection and those projects identified in category 6 above where the municipal storm sewer system is not permitted as a point source.

Building Costs - Costs related to the erection, acquisition, alteration, remodeling, improvement or extension of treatment works. These costs are exclusive of the architectural/engineering costs defined below.

Architectural/Engineering (A/E) Costs - Costs of consulting services to be incurred during the construction phase of the project, generally estimated at 12% of building costs. These costs are exclusive of planning and design costs.

In addition to the building and A/E costs above, a project's estimated allowable cost will include 3% of building costs for the recipient's administration, 5% for unanticipated cost increases and a planning and design allowance

Basis of Cost: State the source used to estimate the building costs. For example, engineer's estimate, updated 201 Facilities Plan, Project Report, etc.

Section D: NEW PROJECTS ONLY- Complete the project narrative form as follows -

1) Project Name - as for Section A, Line 3.

2) Service Area - indicate all areas, or portions thereof, in which the proposed wastewater treatment facilities will operate. If possible, provide a map (USGS scale) of the service area.

3) Existing Population - state the best available local estimate and indicate source of information; otherwise, current State Data Center estimates should be used.

4) Need for Project - justify the need for the project in relation to its effect(s) on existing water use and water quality (refer to the Ranking Methodology section of the Priority System). For projects involving treatment plants, provide the following information, based on the most recent four month period:

- a) NJPDES Permit Number
- b) Flow - Design and Existing
- c) Effluent Levels of BOD and SS (mg/l and percent removal)

5) Project Description: provide a brief, but thorough, description of the proposed project, including major components and treatment units, sewer lengths, sludge practices, etc.

For additional information or assistance, contact:  
Kevin Power  
FFY2007 Project Priority List  
Coordinator  
(609) 292-3859

Send completed forms to:  
Stanley V. Cach, Jr., P.E., P.P.,  
Assistant Director  
Municipal Finance and Construction Element  
Division of Water Quality  
PO Box 425  
Trenton, NJ 08625-0425



**-Clean Water Financing-**  
**FFY2007 PROJECT STATUS/COST UPDATE FORM**

A. (1) Applicant: \_\_\_\_\_

(2) Project No: 34 \_\_\_\_\_

(3) Project Name: \_\_\_\_\_

(4) Applicant Address: \_\_\_\_\_

(5) City: \_\_\_\_\_ (6) County: \_\_\_\_\_ (7) Zip: \_\_\_\_\_

(8) Applicant Contact: \_\_\_\_\_ (9) Tel:(    ) \_\_\_\_\_

(10) Consultant: \_\_\_\_\_ (11) Tel:(    ) \_\_\_\_\_

B. Brief Description of Project: \_\_\_\_\_

<u>C. Eligible Category</u>	<u>Cost</u>
1 Secondary/Sludge/Septage Treatment	\$ _____
2 Advanced Treatment	\$ _____
3A Infiltration/Inflow Correction	\$ _____
3B Major Sanitary Sewer System Rehabilitation	\$ _____
4A New Collection Sewers and Appurtenances	\$ _____
4B New Interceptors and Appurtenances	\$ _____
5 Correction of Combined Sewer Overflows	\$ _____
6 Stormwater Management	\$ _____
7 Nonpoint Source Pollution Management	\$ _____
Total Building Costs	\$ _____
Architectural/Engineering Costs	\$ _____

Basis of Cost Estimates: \_\_\_\_\_

\_\_\_\_\_

D. Project Narrative (New Projects Only)

(1) Project Name: \_\_\_\_\_

(2) Service Area: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(3) Population: \_\_\_\_\_

(4) Water Quality-Based Need for Project:

(5) Project Description:

**-Clean Water Financing-**

**SAMPLE COMMITMENT LETTER FOR FFY2007/SFY2008 FUNDING  
- Second Chance Schedule -**

(This letter, on official stationary, **must be received or postmarked by March 5, 2007** to be given consideration by the Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust for inclusion in the 2007 Financing Program.)

Stanley V. Cach, Jr., P.E., P.P., Assistant Director  
Municipal Finance and Construction Element  
Division of Water Quality  
New Jersey Department of Environmental Protection  
PO Box 425  
Trenton, New Jersey 08625-0425

Dear Mr. Cach:

Subject: Project No. \_\_\_\_\_  
(Project Name)  
(Project Sponsor)  
(County)

In accordance with the provisions of the Federal Fiscal Year 2007 (FFY2007) Priority System document and *N.J.A.C. 7:22-3.7 (a)*, I, \_\_\_\_\_, as authorized representative for the above-referenced project, do hereby commit to meet the project document submittal deadlines identified below and the financial application deadline to be established by the Trust and the State for participation in the 2007 Financing Program.

Planning Documents	March 5, 2007
Design Documents and Loan Application	March 5, 2007

Copies of the cover letters that have been sent to the appropriate permitting and approval agencies evidencing application to said agencies on or before the March 5, 2007 deadline for the applicable permits/approvals for the project referenced above will also be submitted.

A pre-planning meeting for this project was held on \_\_\_\_\_ (insert date of meeting) with representatives from the Municipal Finance and Construction Element to discuss program requirements and schedules.

I understand that failure to comply with the submittal requirements and deadlines as specified above will result in the project being deemed ineligible for funding in the 2007 Financing Program.

Enclosed please find a project status/cost update form including proposed modifications to the information presented in the Priority List.

Very truly yours,

---

(Authorized Representative)

Enclosure

c: Dennis Hart, Executive Director  
New Jersey Environmental Infrastructure Trust  
PO Box 440  
Trenton, NJ 08625-0440

## CWSRF BENEFITS REPORTING FORM

### [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.*

#### **Project Description:**

**Facility Name:** \_\_\_\_\_

#### **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: \_\_\_\_\_ mgd *(Enter the flow directly affects by this project. This figure may be 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) <input type="checkbox"/> Ocean Outfall <input type="checkbox"/> Surface Water <input type="checkbox"/> Groundwater <input type="checkbox"/> Ground & Surface Water <input type="checkbox"/> Estuary <input type="checkbox"/> Eliminates Discharge <i>(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)</i>		
Check if this wastewater discharge is 'seasonal' only. <input type="checkbox"/>		
NJPDES Permit # (if applicable): _____ If other permit (e.g. CSO or Stormwater) Permit Type: _____		<i>For all the wastewater projects including sewer and PS enter the <b>NJPDES</b> permit No. of the associated Treatment Plant.</i> Permit #: _____
<b>Needs Categories:</b> <i>(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.)</i>		
<b>Needs Category</b>	<b>Funded Amount</b>	<b>%</b>
<b>Point Source Need Categories</b> <i>(See Appendix A for description of the point source need categories)</i>		
<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> <i>(See Appendix B for description of the nonpoint source needs categories)</i>		
<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>Designated Surface Water Uses</b>		<b>Protection<sup>1</sup></b>	<b>Restoration<sup>2</sup></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.

**[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:**