



**WATER
RESOURCE
MANAGEMENT**

New Jersey Water Bank

Lead Service Line Replacement (LSLR) Funding



Agenda

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DWSRF LSLR Funding History & Opportunities

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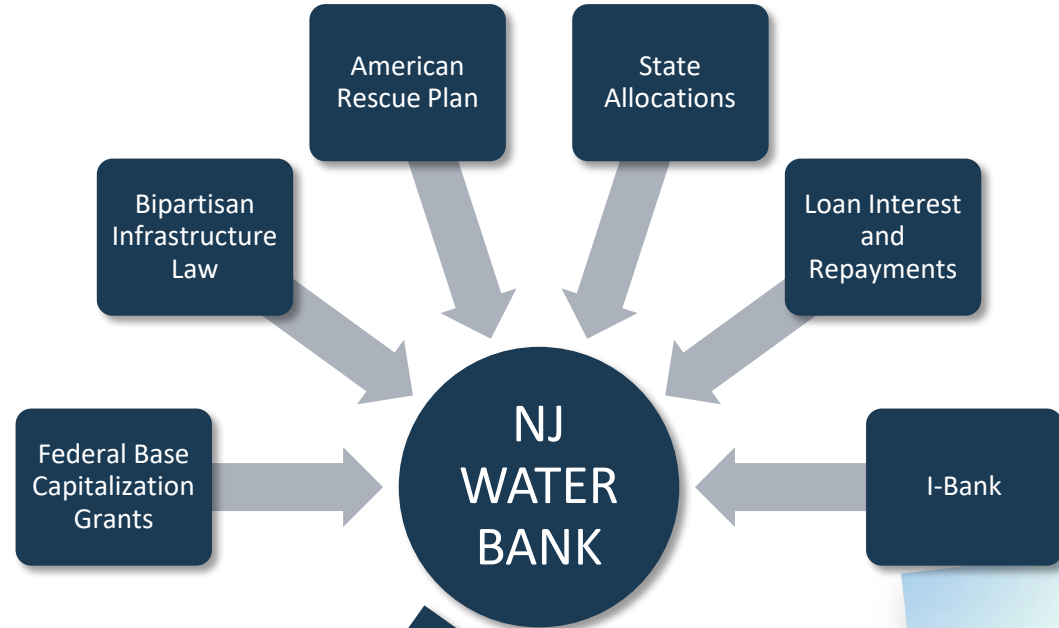
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New LSLR Funding Requirements

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Frequently Asked Questions (FAQs)

Funding New Jersey Water Infrastructure



**Below Market Rate Financing,
Principal Forgiveness, and Grants
for High Priority Projects and
Disadvantaged Communities (DACs)**



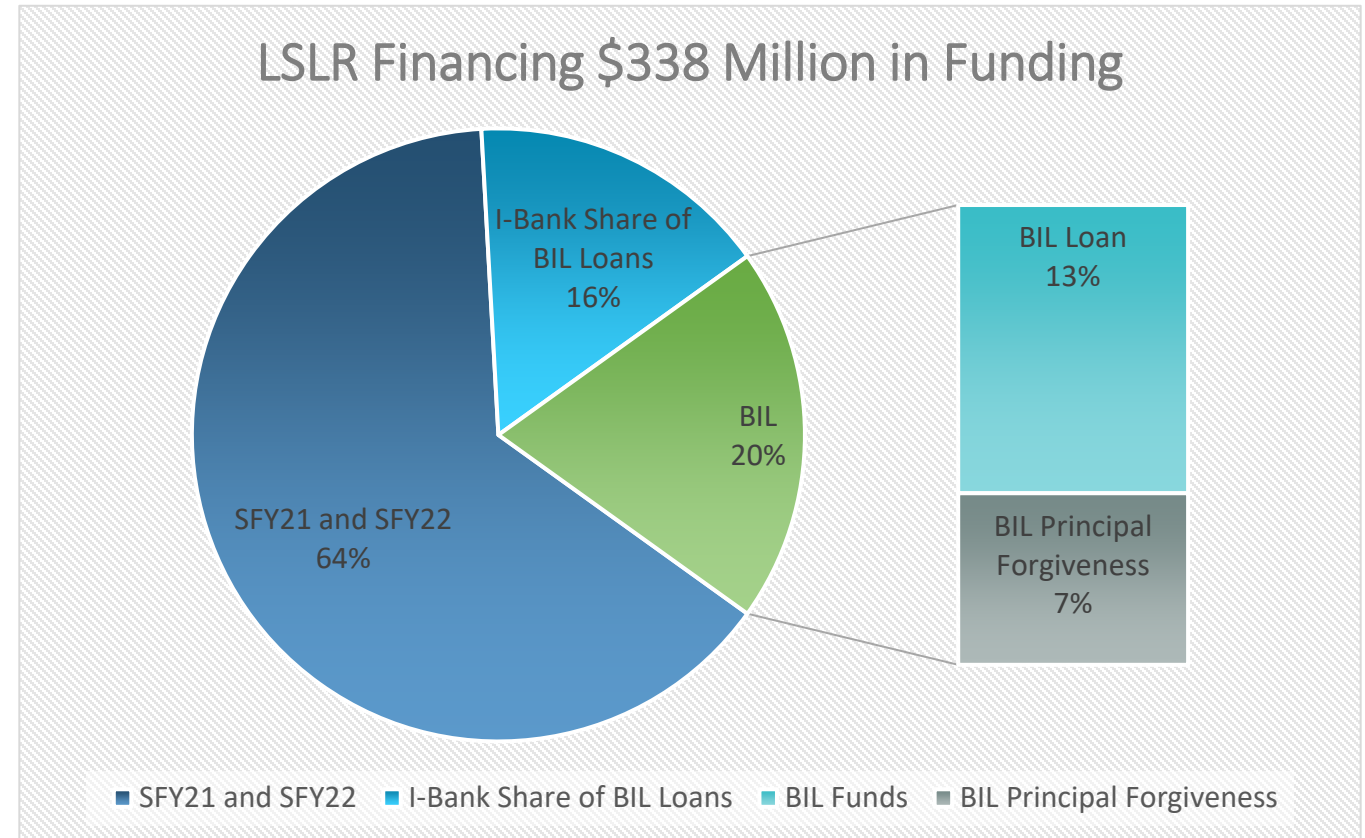


History of Lead Funding!

Since State Fiscal Year 2021, the NJ Water Bank has funded **\$338 million dollars** for lead service line replacement projects.

The Bipartisan Infrastructure Law (BIL) made approximately **\$500 million available for LSLR projects through SFY27**, 49% of which must be provided as principal forgiveness to DACs.

To date, **\$67 million of BIL funds have been obligated**, including \$25 million in principal forgiveness.

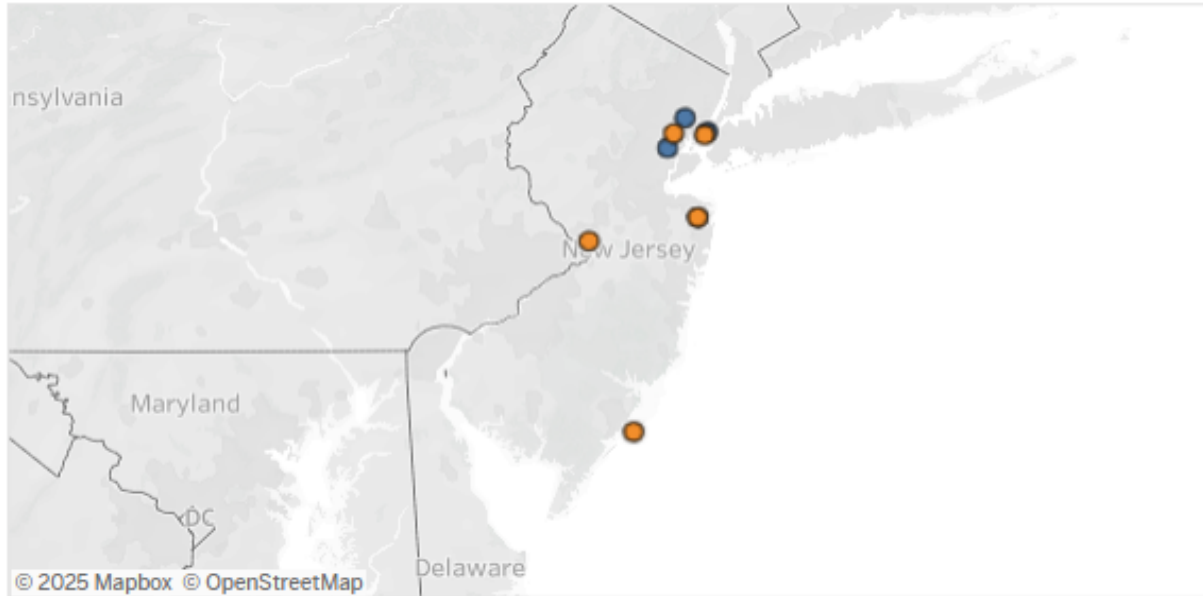




WIIP Spending Dashboard

<https://dep.nj.gov/wiip/spending-dashboard/>

Drinking Water Project Map



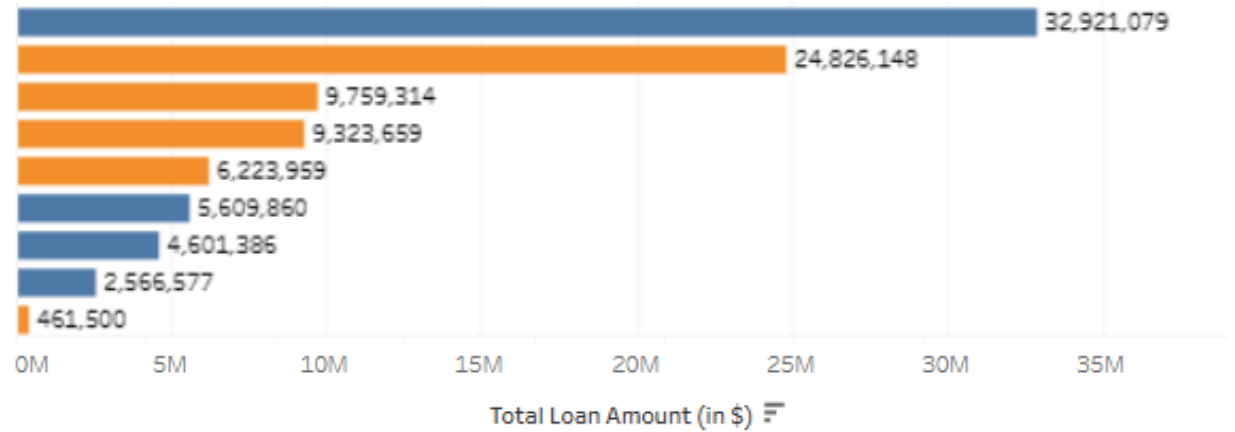
Legend

- Project Met Disadvantaged Criteria
- Project Did Not Meet Disadvantaged Criteria

Fiscal Year

- ☐ (All)
- ☐ FY2023
- ☒ FY2024

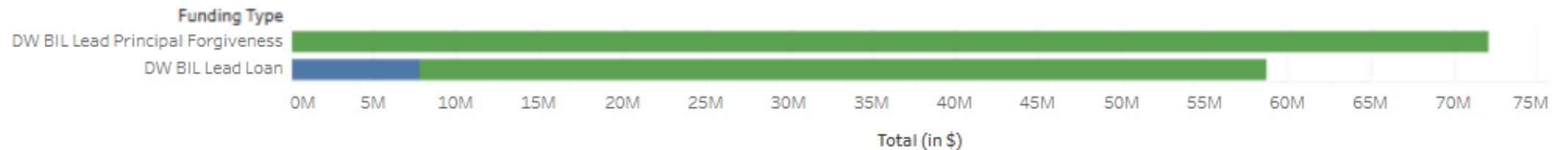
Project Funding Breakdown



Project Sponsor

- ☐ Seaside Heights Borough
- ☐ Shore Water Company
- ☐ Stone Harbor Borough
- ☒ Trenton City

Total FY 2025 Water Bank Drinking Water Funding Sources Awarded & Funding Amounts Expected to be Awarded



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What is a DAC?

In New Jersey, applicants that meet either of the following two criteria are considered to have satisfied the State's SRF Affordability Criteria and are considered Disadvantaged Communities (DACs).

Check the most up to date Intended Use Plan to determine eligibility for your project.

25%

Lowest quartile of municipal Affordability Scores (86.19)

Based on Median Household Income (MHI), unemployment, and population change

80

80 Environmental Justice Economic Overburdened Community Criteria points

If at least 35% of the households served by the project, on a municipal basis, qualify as low-income households

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Scores (86.19)

Tiered Affordability packages.

80

80 Environmental Justice
Economic Overburdened
Community Criteria points

AC 1 Tier

- Represents the lowest scoring 10% of municipalities.
- Scores under 69.11
- Eligible for tier 1 funding packages with additional PF

AC 2 Tier

- Scores between 69.11 and 86.19
- Eligible for tier 2 funding packages for generous historical funding



SFY25 and SFY 26 Proposed Lead Service Line Replacement (LSLR) Funding Packages

Funding Package for Lead Service Line Replacement AC2 up to \$20M

Principal Forgiveness (\$10M Cap) 50%	DEP Loan Share (No Interest) 25%	I-Bank Loan Share (AAA Market Rate) 25%
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Funding Package for Lead Service Line Replacement AC1 up to \$20M

Principal Forgiveness (\$16M Cap) 80%	DEP Loan Share (No Interest) 10%	I-Bank Loan Share (AAA Market Rate) 10%
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Funding Package for Lead Service Line Replacement with PF over \$20M

DEP Loan Share (No Interest) 75%	I-Bank Loan Share (AAA Market Rate) 25%
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Funding Package for Lead Service Line Replacement w/o Affordability Criteria

DEP Loan Share (No Interest) 80%	I-Bank Loan Share (AAA Market Rate) 20%
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Enhanced Funding for Disadvantaged Communities

Enhanced Funding for
Non-Disadvantaged
Communities



Technical Assistance for DACs

States have flexibility to use BIL set-aside for program implementation. NJDEP will be using these funds towards our Technical Assistance Program.

Focus to assist facilities that:

- **Serve Disadvantaged Communities** with Lead, PFAS, and SDWA compliance issues, CSOs, sewer infrastructure rehab and upgrades, and more.
- **May lack sufficient resources** to perform full assessment of needs (e.g. LSLIs, AMPs, CIPs)
- **May lack financial, managerial, and/or community support** for infrastructure projects and require assistance with stakeholder outreach & engagement.
- **May not be aware of funding opportunities or lack familiarity** and comfort with navigating Water Bank program application processes.
- **May need eventual engineering services** to assist with planning and design.



Program Navigation



Financial and Needs Assessments



Community Engagement



Engineering Services (DW only)



Technical Assistance for DACs

Participants in the CWSRF and DWSRF Technical Assistance Programs qualify for up to \$2 million in grants for planning and design and guaranteed principal forgiveness for a resulting capital improvement project.

<https://dep.nj.gov/wiip/njwb-process/technical-assistance-info/technical-assistance/>



New Planning and Design Grants

(\$60 million total) for sponsors participating in the DW and CW Technical Assistance Programs.

100% Grant Funding

\$2 Million Cap per Project



Guaranteed funds for capital improvement projects

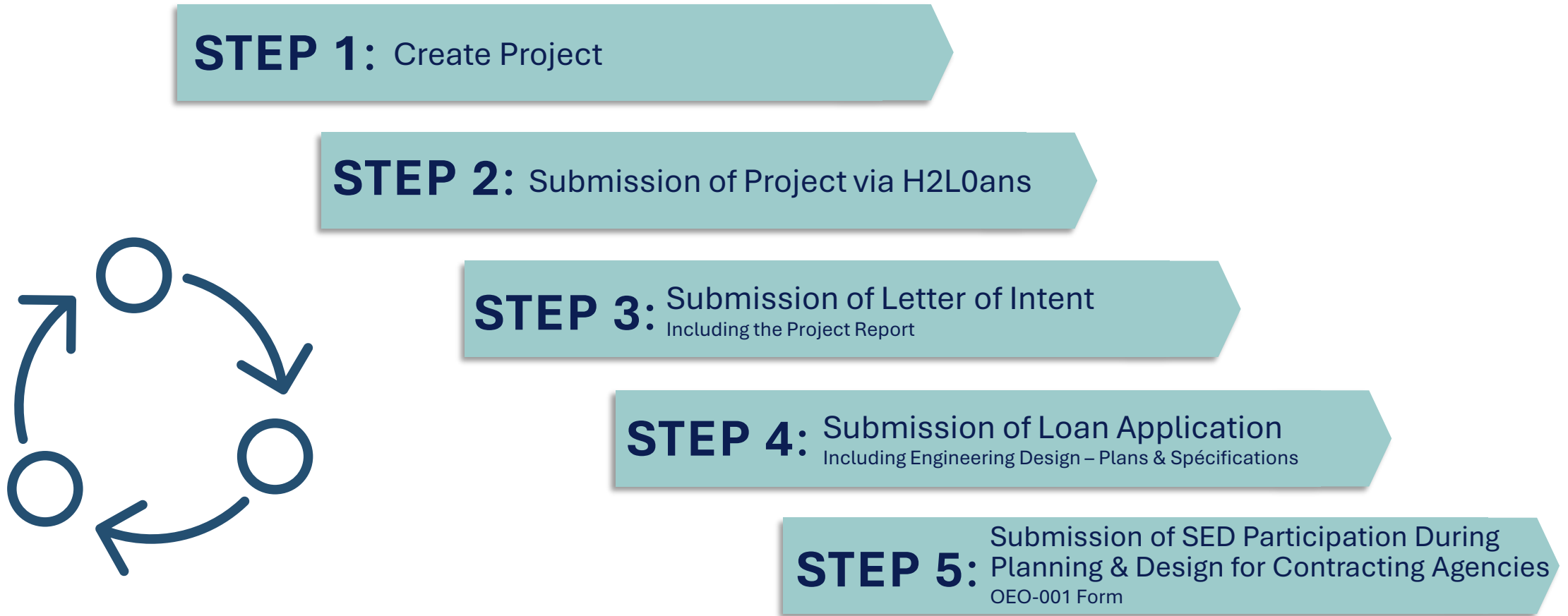
(\$60 million total) for sponsors participating in the DW and CW Technical Assistance Programs.

100% Principal Forgiveness

\$2 Million Cap per Project



State Revolving Fund (SRF) Process



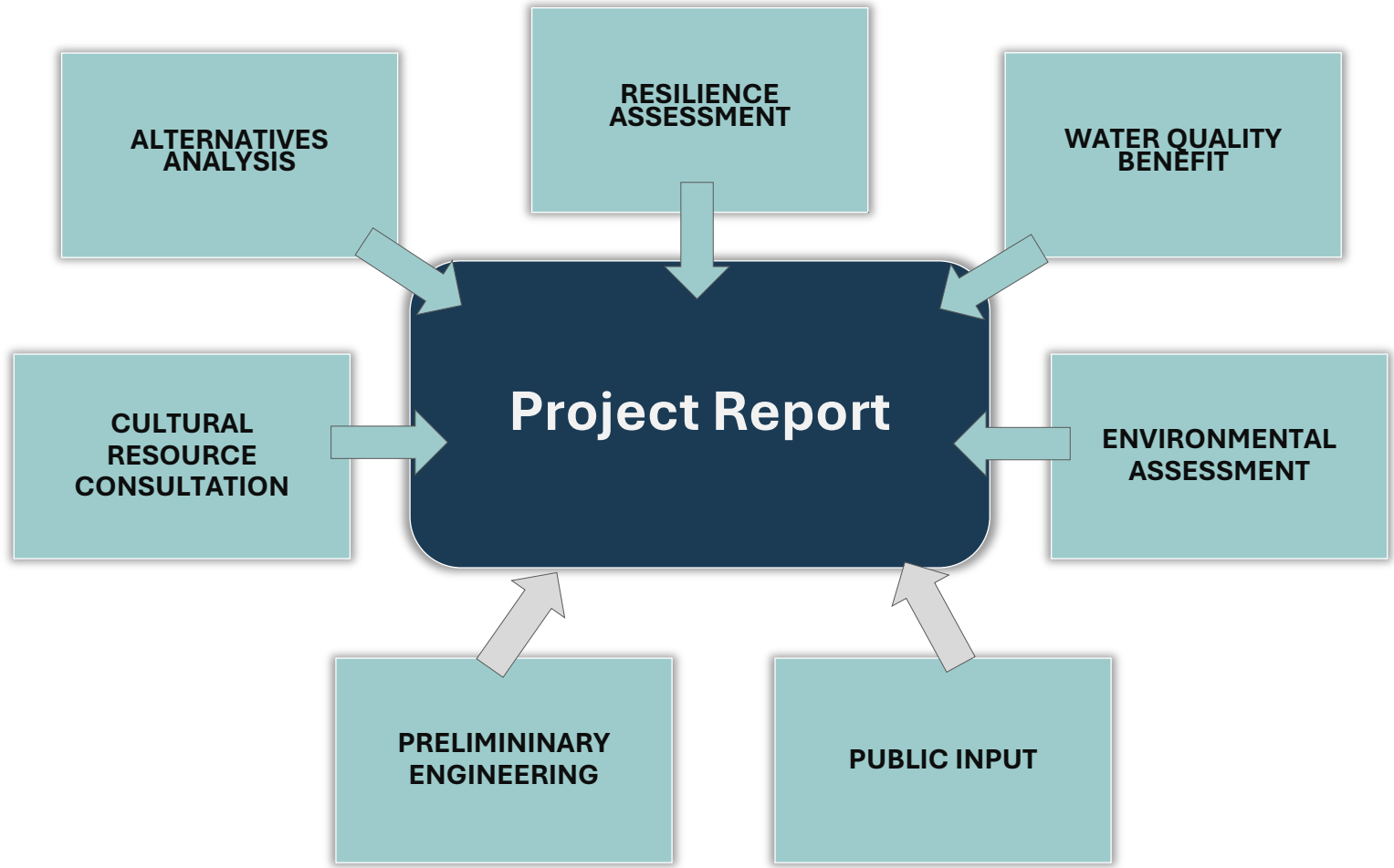


SRF Process - Step 3

Project Report

A complete Project Report includes three components:

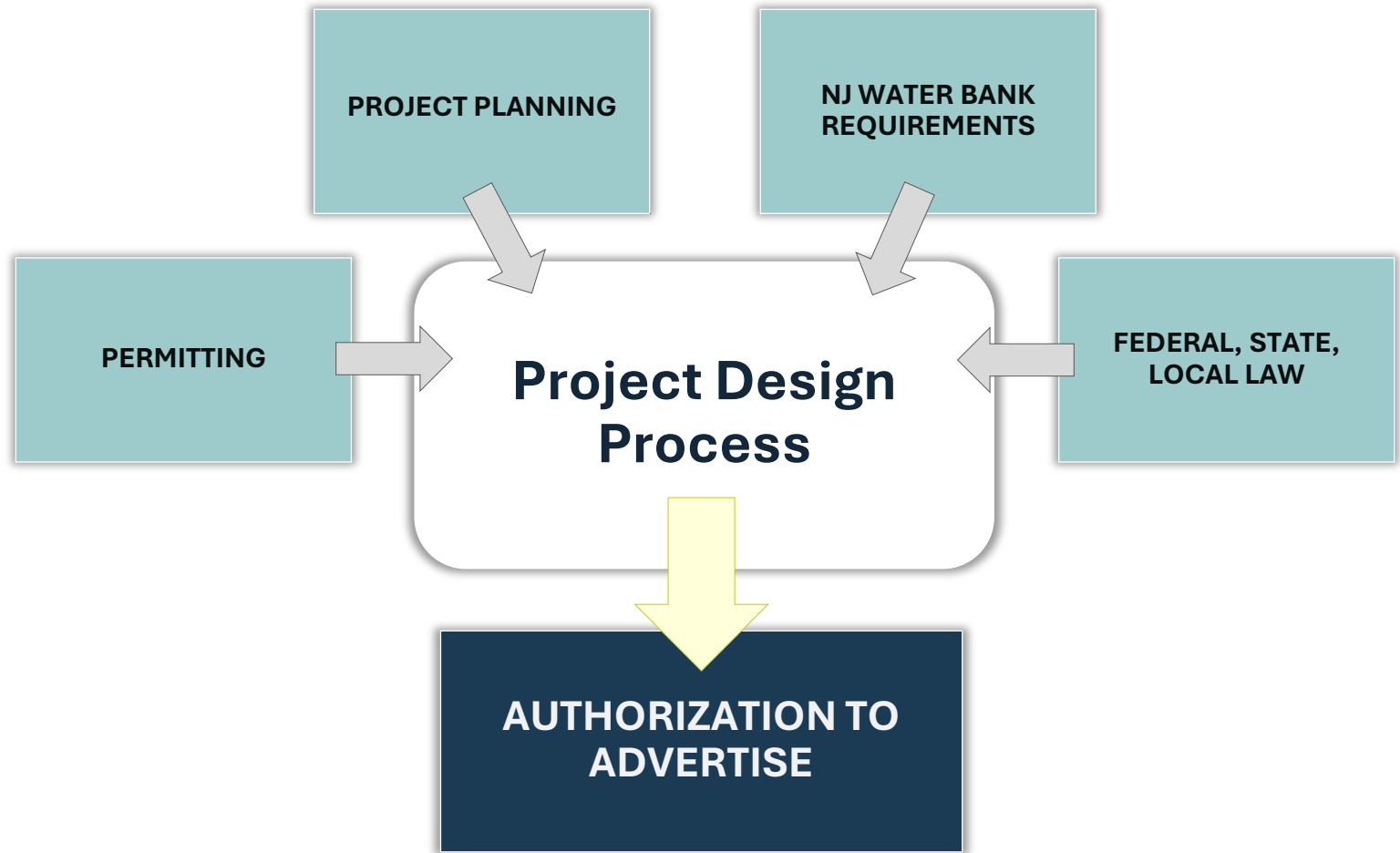
- Preliminary Engineering Requirements
- Environmental Planning
- Cultural Resource Requirements.





SRF Process - Step 4

**Development Of
Project Design And
Submittal Of
Complete Loan
Application**



Program Resources



[SRF Applicant Guidance \(nj.gov\)](https://www.nj.gov/njdep/water/infrastructure/srf-applicant-guidance)

[NJDEP | Water Infrastructure Investment Plan | Resources](#)



Updated Requirements for Funding: Engineering Agreement

The engineering agreement Scope of Work must now include:

- Full time inspection of each service line replacement
- There are new requirements for site inspection reports for each service line replacement, which must be submitted to the NJDEP monthly during the life of the project.
- Monthly payment applications must include a table containing a line-item summary of the work performed and being billed for. This table will list all addresses worked on in said pay period.



Updated Requirements for Funding: New Inspection Report Fields

Pre-Replacement Images
of Curb/Meter/Main

Post-Replacement
Images of
Curb/Meter/Main

Date Work Performed

Type of
Replacement/Verification
Performed

Site Coordinates

Contractor That
Performed Replacement

Material Found at
Curb/Meter/Main

Material Replaced at
Curb/Meter/Main

Site Address

Resident Project
Engineer Name

And more fields....
Outlined in site inspection
report template



Updated Requirements for Funding: Site Inspection Pictures



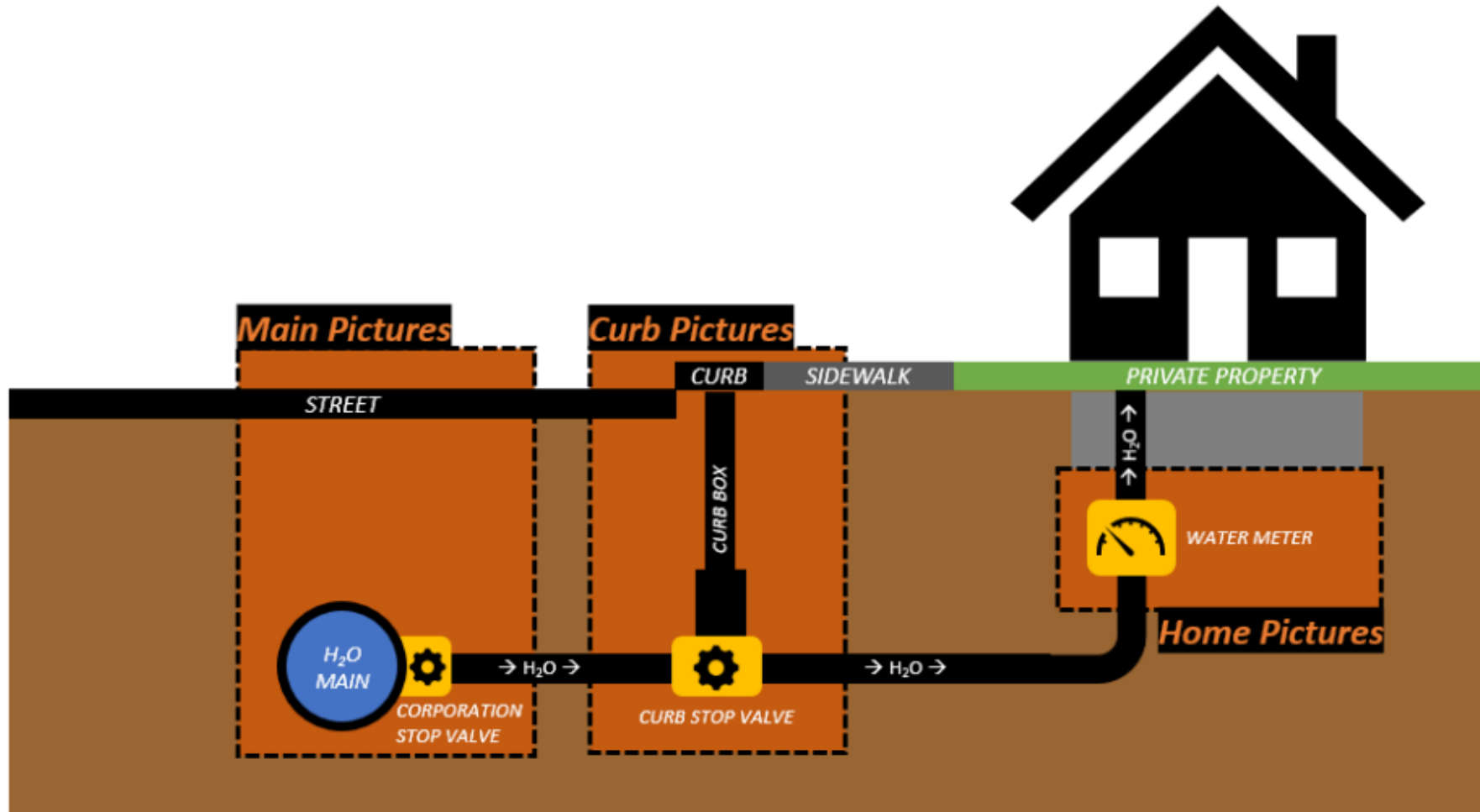
Photographs of each replacement including:

- Preconstruction condition of the worksite
- Excavated curb stop to document the materials and condition of the existing utility-side and customer side service lines.
- Clear documentation of the completed service replacement
- Photograph(s) must include geographic coordinates.
- Photographs must conform to the NJDEP-established standards (See picture on left).
- For photographs of both pre-construction and post-construction service line replacements, a minimum of 2 feet of line must be visible after each connection or valve for both homeowner side and utility (main) side replacements.



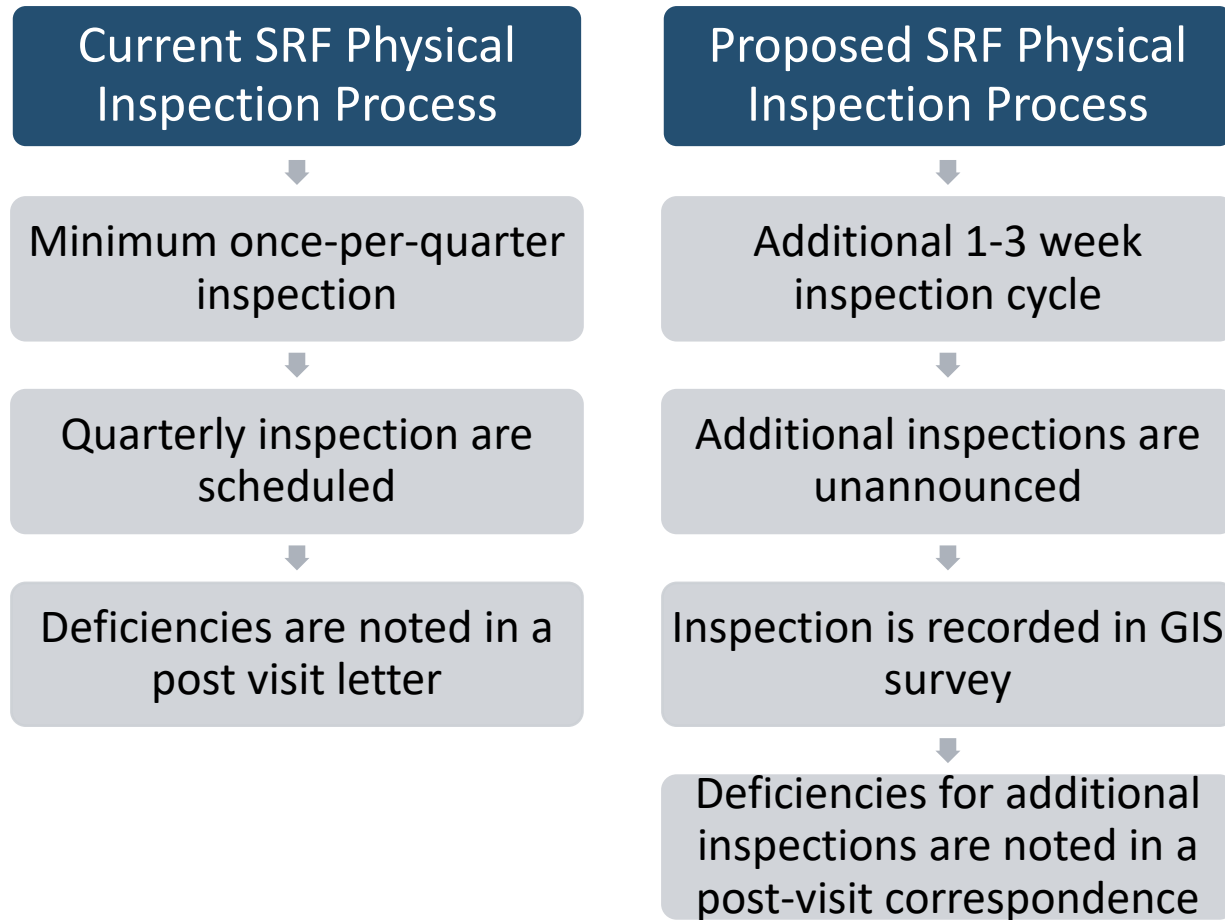
Updated Requirements for Funding: Site Inspection Pictures

Diagram 3.1 – Scope of Standardized Site Pictures





Updated Requirements for Funding: Construction Phase NJWB Procedures



- Increased frequency of NJDEP inspection to ensure that the requirements listed in Engineering Agreement are being followed
- Comprehensive NJDEP review of loanee submitted inspection reports to ensure that proper inspection procedures are being followed
- Review of submitted contractor's invoices/spreadsheets to ensure that address specific information for each LSLR has been submitted (must be in excel format).



- Code



Quick FAQ!

If a water system does not own any of the service lines in the service area, what is the system's responsibility for replacement?

Regardless of who owns the service line (customer vs water system), the water system is responsible for ensuring that these lines are replaced and must create a plan to do so. In practice, this means that water systems must set up a service line replacement program and offer to replace the service lines on behalf of the customer. The water system is not responsible for paying for the portion of the service line that they do not own.

How far must the service line be replaced into the home? Where does premise plumbing start?

All lead portions of the service line must be removed. In most cases, the lead service line portion may extend into the property at a minimum of three (3) feet after the building inlet. In properties where the meter extends beyond three (3ft), the lead line shall be replaced past the meter and up to the shut-off valve.

EPA has placed restrictions on funding galvanized service line replacements using Bipartisan Infrastructure Law funds. Will DWSRF be able to fund my galvanized service line project?

EPA has instructed all states that FFY24 and future Bipartisan Infrastructure Law funds for Lead are only to be used for lead service lines, or galvanized service lines that were previously or currently downstream of lead. However, NJDEP has remaining funds from previous fiscal year allocations that can be used for galvanized service line replacements, as well as other packages should those funds not be available. If a water system has specific questions about funding available to them for a project, please reach out to schedule a meeting to discuss further.

Questions?

Ask away!

Email us at waterbankinfo@nj.dep.gov