



Proposed Intended Use Plans Information Session March 23, 2022



NEW JERSEY
DEPARTMENT OF
ENVIRONMENTAL
PROTECTION

Engagement Session Stats and Feedback

Engagement sessions were held:

- Session #1 January 24, 9-11am for *Elected Officials (Mayors, County Official)*
- Session #2 January 24, 1-3pm for *Potential Applicants, Professional Organizations, Other Agencies*
- Session #3 January 27, 9-11am for *Environmental Justice Advocates, Non- governmental Organizations, Interested Public*

- *Attendance– Over 500 individuals attended one of the three sessions*

- **33 Commenters** submitted written comments– *Including:*

- *NJ Future*
- *NJ Pinelands Commission*
- *Natural Resources Defense Council*
- *UTCA NJ*
- *NJ Association of Environmental Authorities*
- *American Rivers*
- *Waterspirit*
- *Save Barnegat Bay*
- *American Littoral Society*
- *Sierra Club NJ*

- **127 Comments**

Engagement Session Stats and Feedback

Comment Topics (Most comments address more than one topic)

- 33 - Principal Forgiveness/Grants
- 18 - Project Priority
- 12 - Combined Sewer Overflow Projects
- 11 - Priority Projects
- 11 - Affordability/Disadvantaged Community Criteria
- 10 - Lead Service Line Replacement Projects
- 6 - Eligibility
- 6 - Environmental Justice
- 6 - Technical Assistance
- 5 - Needs/Needs Survey
- 5 - Program Requirements
- 4 - DWSRF Funding for Investor-Owned Utilities
- 4 - Further Engagement
- 4 - General Comments
- 4 - Resilience
- 4 - Small Systems
- 3 - Green Infrastructure
- 3 - Public Participation
- 3 - Stormwater Utilities
- 2 - PFAS
- 2 - Septic Systems

Administrative Process for BIL

Clean Water- 2 additional CAP Grants

- BIL Supplemental - \$72M
 - 49% PF to projects that qualify for CW PF
- Contaminants of Emerging Concern - \$4M
 - 100% PF, EPA expects states to prioritize PF to applicants that meet Affordability Criteria

Drinking Water- 3 additional CAP Grants

- BIL Supplemental - \$31M
 - 49% PF to projects serving Disadvantaged Communities
- Contaminants of Emerging Concern - \$13M
 - 100% PF, 25% of PF to Disadvantaged and Small (<25k) Communities
- Lead Service Lines - \$49M
 - 49% PF to projects serving Disadvantaged Communities

Funding Priorities and Ranking

Clean Water

- CSO/SSO Projects
- Water Use/Water Quality Points
- Sustainable Community Planning Activities
- Climate Change & Resilience
- Affordability

Drinking Water

- Compliance and Public Health Criteria
 - MCL violations, unregulated contaminants, SWTR compliance
- Lead Service Lines
- Climate Change & Resilience
- Affordability

Projects scored and placed on the SRF Project Priority List- Points are assigned categories related to the priorities above and population is utilized as a tie breaker

New Jersey's Affordability/Disadvantage Community Criteria

- For FY2023 evaluated both the criteria utilized for affordability as well as the implementation of the criteria
- Goal to have consistency across the Drinking Water and Clean Water programs
- Several type of data were evaluated:
 - Median Household income- (\$90,000, 80% MHI and 65%MHI)
 - Unemployment Rate- (County >5% , County>State)
 - Population Growth-(2% or lower, less than zero, muni <state)
 - OBC Income (Block group data and Municipal Level Data)

Affordability/Disadvantage Community Criteria

A project (CW or DW) meets either of the following two criteria are considered to have satisfied the **State's Affordability Criteria**:

- **Project Affordability Score** of 80 or less; or
- The project is eligible to receive 80 **Environmental Justice Economic Overburdened Community Criteria** ranking points.

Project Affordability Score:

Project (MHI) Factor – Project(UE) Factor – (PT) Factor

Environmental Justice Economic Overburdened Community Criteria:

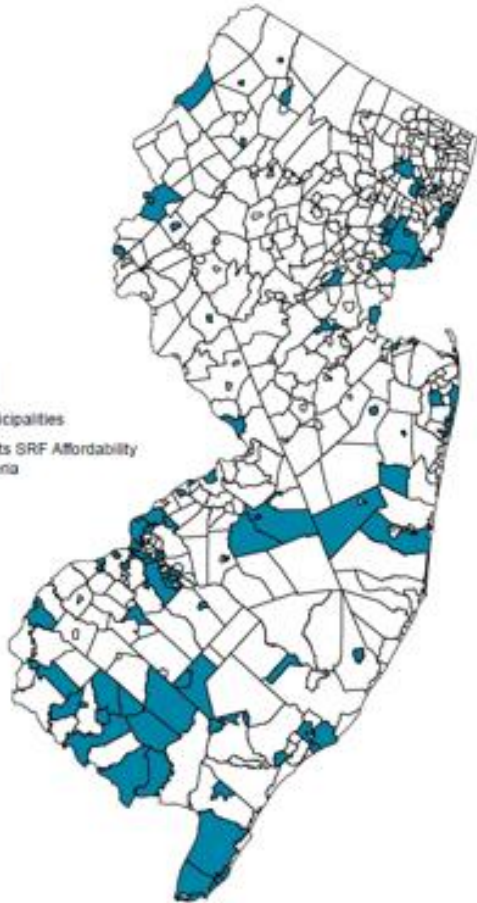
35% of the households served by the project, on a municipal basis, qualify as low-income households (at or below twice the poverty threshold).

Municipalities that Satisfy the SRF Affordability Criteria

Municipality meets either the Project Affordability Score or the Environmental Justice Economic Overburdened Community Criteria

Legend

- Municipalities
- Meets SRF Affordability Criteria

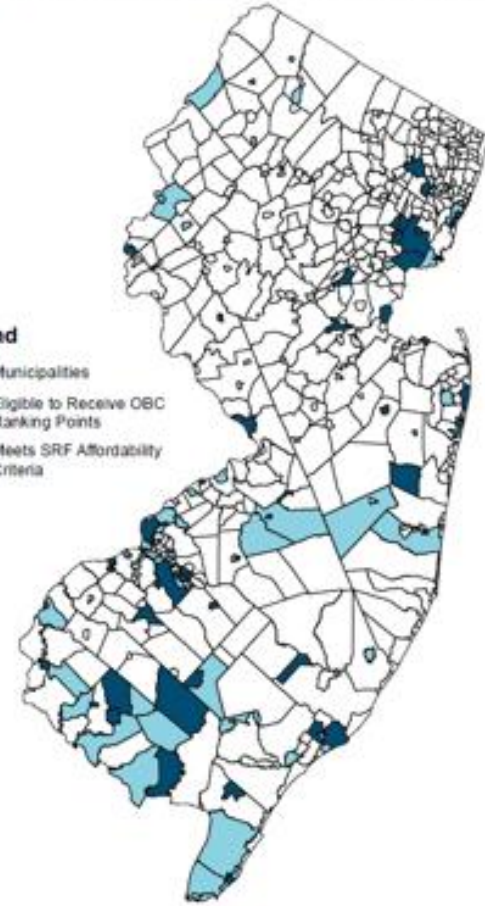


Municipalities that Satisfy the SRF Affordability Criteria

Municipality meets either the Project Affordability Score or the Environmental Justice Economic Overburdened Community Criteria

Legend

- Municipalities
- Eligible to Receive OBC Ranking Points
- Meets SRF Affordability Criteria



Affordability/Disadvantage Community Criteria Implementation

- Projects that meet the **State's Affordability Criteria**:
 - Are eligible for PF
 - Receive the affordability funding package
- Projects that meet the **Environmental Justice Economic Overburdened Community Criteria** for either Clean Water or Drinking water receive additional 80 points
- For Systems and Facilities that serve multiple communities a weighted average of the % of population served would be utilized to determine if the criteria is met
- For small systems and site-specific projects block group data may be considered to determine eligibility and points

**Clean Water
Principal
Forgiveness
and Grants
Allowed Under
Traditional
Program and
BIL**

1. **Affordability Criteria** - To benefit a municipality that meets the State's **affordability criteria** as established in the IUP;
OR
2. **Benefits Individual Ratepayers in the Residential User Class** - To benefit a municipality that **does not meet the State's affordability criteria** but seeks additional subsidization to benefit individual ratepayers in the residential user rate class OR
3. **To implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction.**
4. **BIL - Emerging Contaminants** - for remediation of emerging contaminants with a focus on PFAS/PFOA.

Clean Water Base, BIL General Supplemental, BIL Emerging Contaminants - PF - \$117M (\$67M new, \$50M carryover)

Clean Water Principal Forgiveness	Projected Amount of Principal Forgiveness Available	Principal Forgiveness Share of Project Costs	Principal Forgiveness Cap per Applicant
CSO Abatement	\$30M	50%	\$5M
CSO Abatement/Affordability	\$30M	100%	\$5M
Water Quality Restoration	\$6M	50%	\$2.5M
Affordability Criteria	\$36M	100%	\$2M
Energy and Water Efficiency Projects	\$10M	50%	\$2M
Emerging Contaminants	\$4M	100%	\$2M
Overflow and Stormwater Grant (OSG) CW SRF PF Loans	\$1M	20%	\$0.2M

Example of CSO Abatement/Affordability PF Package Stacked with Affordability PF Package

CSO Abatement/Affordability Project Sponsors can stack Any CW Project Affordability PF on top of CSO Abatement/Affordability PF package:

Affordability Stacked on CSO/Affordability - \$20M Project			
CSO/Affordability (Base)	PF	Fund	I-Bank
First \$5M	100%	0%	0%
Next \$5M	0%	50%	50%
subtotal:	\$5M	\$2.5M	\$2.5M
Affordability (BIL Any Project)			
Next \$2M	100%	0%	0%
Next \$2M	0%	50%	50%
Next \$6M	0%	75%	25%
Subtotal:	\$2M	\$5.5M	\$2.5M
Totals:	\$7M	\$8M	\$5M

SFY23 Clean Water Funding Packages

Clean Water Categories	DEP Share	I-Bank Share
CSO Abatement – Grey and Green Infrastructure, Water Quality Restoration, Affordability, Energy and Water Efficiency, Emerging Contaminants Projects*	75% Interest Free Loan and Principal Forgiveness	25% AAA Market Interest Rate Loan**
All Other Water Quality Projects (Base CWSRF)	50% Interest Free Loan	50% AAA Market Interest Rate Loan
Brownfield Redevelopment (Conduit Projects)	25% Interest Free Loan	75% AAA Market Interest Rate Loan

* Costs in excess of \$10 million for these projects will be financed under the Base CWSRF package.

** 25% of I-Bank's AAA Market Interest Rate means an effective interest rate no greater than would have resulted from financing with a 25% share of I-Bank's AAA bond funds at market interest rates and a 75% share of the Department interest-free loan funds.

**Drinking Water
Principal
Forgiveness
and Grants
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BIL**

1. **Disadvantaged Communities** - Meets the State's **affordability criteria** as established in the IUP
2. **Small Systems (< 10,000)** - States are required to use 15% of DW funds for loans to small systems. NJ introduced the Nano Loan Program (50% PF, up to \$500k) for small systems in 2014 to help meet the 15% requirement.
3. **BIL Lead Service Line Replacement** – for lead service line replacement, including planning, identification and design (includes inventories).
4. **BIL Emerging Contaminants** - for remediation of emerging contaminants with a focus on PFAS/PFOA.

\$60M for SFY23 DW Principal Forgiveness

Drinking Water Principal Forgiveness	Projected Amount of Principal Forgiveness Available	Principal Forgiveness Share of Project Costs	Principal Forgiveness Cap per Applicant
Nano (Systems serving ≤ 10,000 customers not covered by below)	\$8M	50%	\$500,000
Very Small Water System (Systems serving ≤1,000 population)	\$3M	100%	\$750,000
BIL Lead Line Replacement	\$25M	50%	\$5M
BIL Emerging Contaminants (including PFAS)	\$13M	N/A	\$1M
Systems serving ≤ 25,000 or disadvantaged	<i>\$4M reserved</i>	N/A	\$1M
Other eligible systems serving > 25,000		N/A	\$1M
General BIL Principal Forgiveness	\$15M		
General High Rank Affordability Projects	<i>\$5M</i>	N/A	\$1M
Lead or PFAS*	<i>\$10M</i>	Per above	Per above

- Once the principal forgiveness funds for emerging contaminants (\$13 million) and lead line replacement (\$25 million) have been allocated to higher ranked projects, \$10 million in principal forgiveness from the DWSRF Supplemental Funds will be directed in priority ranked order to qualifying lead or PFAS projects in other disadvantaged communities that meet NJ's affordability criteria in Appendix 2.

Proposed Drinking Water Funding Packages

Drinking Water Categories	DEP Share	I-Bank Share	Borrower Cap
Affordability	75% Interest Free Loan (and principal forgiveness*)	25% AAA Market Rate Loan	\$10 Million**
Base DWSRF – Public	50% Interest Free Loan	50% AAA Market Rate Loan	\$25 Million***
Base DWSRF – Investor-owned	25% Interest Free Loan	75% AAA Market Rate Loan	\$25 Million***

- Water systems that meet affordability criteria first receive any DWSRF principal forgiveness for which they qualify on top of the DWSRF Affordability package for the first \$10M in non-PF project costs. For example, a \$15M PFAS project for a publicly-owned system that meets NJ's affordability criteria would receive the following:

DWSRF Affordability	PF	Fund	I-Bank
First \$1M	100%	0%	0%
Next \$10M	0%	75%	25%
Next \$4M	0%	50%	50%
Total	\$1M	\$9.5M	\$4.5M

** Additional costs up to \$25 million total funded at base rate

*** Costs in excess of the \$25 million cap will be financed at I-Bank market rate as capacity allows

More to Come...- SFY 2023 SRF IUP Other Considerations

WIIN grant : Significant funding for small, underserved and disadvantaged community grants to address emerging contaminants (\$5B nationally)

Technical Assistance - NJ is enhancing outreach and technical assistance with a focus on those communities that meet NJ's Affordability Criteria

- Clean Water - Disadvantaged Community Application and P&D Coordination Assistance
- Drinking Water - System Assessment/TMF; Planning & Design; LSL Inventories

Resilience to Climate Change

- Projects that address resilience to climate change will receive additional ranking points
- DEP is developing a new Infrastructure Resilience Guidance and Best Practices guidance which will set the standards which will be required elements for new projects seeking State funding under the Water Bank.
 - Federal Executive Order 14008, USEPA Climate Action Plan
 - NJ Executive Order 89, NJDEP Executive Order 2020-21

Next Steps

- ❑ March 23rd – Informational Session on Proposed **IUPs**
- ❑ March 23rd – DEP Publishes **Proposed IUPs**
- ❑ April 6th– DEP holds Public Hearing on **Proposed IUPs**
- ❑ April 22nd – 30-Day Public Comment Period Ends for **Proposed IUPs**
- ❑ May 6th – DEP Publishes **Final IUPs**
- ❑ July 1, 2022 – Policies and Funding Packages in SFY 2023 IUPs Go Into Effect





Thank you!

More information:

<https://www.nj.gov/dep/wiip/>

Contact:

WaterBankInfo@dep.nj.gov

Submit Comments on IUPs:

<https://www.nj.gov/dep/wiip/comments>





Making the Connections

New Jersey Water Bank Program

Acronyms, Terms and

WIIP Relationships

WIIP – New Jersey Water Infrastructure Investment Plan (State Program) as part of the BIL (Federal Law)

BIL - Bipartisan Infrastructure Law

NJWB – New Jersey Water Bank – partnership between NJDEP and NJIB (also identified as the NJEIT, New Jersey Environmental Infrastructure Trust)

NJIB – New Jersey Infrastructure Bank, NJWB is a component of the overall NJIB that also finances transportation projects.

SRF – NJDEP’s State Revolving Fund Program (as per the Clean Water Act) . WIIP funds will be transacted through NJDEP’s existing Clean Water State Revolving Fund and Drinking Water State Revolving Fund in partnership with NJIB.

CW- Clean Water,

DW- Drinking water

IUP – Intended Use Plan

CAP –Annual Capitalization Grant from EPA to New Jersey to capitalize the SRF Program.

Clean Watershed Needs Survey - EPA’s Clean Watersheds Needs Survey (CWNS) is an assessment of capital investment needed nationwide for publicly-owned wastewater collection and treatment facilities to meet the water quality goals of the Clean Water Act. These capital investment needs are reported periodically to Congress.

Drinking Water Needs Survey - The 1996 Safe Drinking Water Act Amendments mandated that EPA conduct an assessment of the nation’s public water systems’ infrastructure needs every four years and use the findings to allocate DWSRF capitalization grants to states. The DWSRF was established to help public water systems obtain financing for improvements necessary to protect public health and comply with drinking water regulations.