



# Public Hearing on Proposed SFY26 Clean Water and Drinking Water State Revolving Fund Intended Use Plans

February 4, 2025





# Submitting Written Comments

The email address for written comments is [waterbankinfo@dep.nj.gov](mailto:waterbankinfo@dep.nj.gov). Hard copies of written copies may also be mailed to:

Paul Hauch, P.E., Bureau Chief  
Municipal Finance and Construction Element  
Division of Water Quality  
PO Box 420  
401 East State Street, 3rd Floor, West Wing  
Trenton, New Jersey 08625-0420

Written comments will be accepted until the close of business on Wednesday  
February 18, 2025





## Proposed SFY 2026 SRF Programs

# SFY26 CWSRF and DWSRF IUPs Highlights

- ✓The proposed SFY26 CW and DW ranking systems are identical to those finalized in SFY25.
- ✓**American Rescue Plan Act (ARPA) funds** have been obligated. It is not anticipated that any funds will carry over to SFY26.
- ✓The Water Bank Program has expanded **technical assistance programs** designed to deploy early engineering and engagement assistance to disadvantaged communities which would help them refine their water infrastructure needs, facilitate communications within their communities, and navigate the Water Bank application process.
- ✓CWSRF and DWSRF **financing packages and tiered packages are mostly the same** as in SFY25, with a slight reduction in DW Affordability AC Tier 1 principal forgiveness cap from \$4M to \$3M.
- ✓CWSRF and DWSRF Affordability Criteria source data was updated from 2019 data to 2022 data. **The eligibility threshold has been amended from 80 to the lowest scoring 25% of municipalities** (86.19 for SFY26) to address changes in distribution of median household income data during each source data update. The source data will be updated every 3 years.
- ✓**AC Tier 1 eligibility** has moved from 65 to the lowest scoring 10% of municipalities (69.11 for SFY26).



# SFY 2026 Clean Water SRF Funding Packages & PF



Clean Water Funding Packages	PF Share	PF Cap per Applicant	Projected PF Available	DEP Share (Loan w/ PF)	I-Bank Share
CSO Abatement	50%	\$5M	\$18M <sup>5</sup>	75%	25%
CSO Abatement/ Affordability Criteria	100% <sup>2</sup>	\$7M-\$8M <sup>3</sup>	\$18M <sup>5</sup>	75% Min	25% Max
Water Quality Restoration	50%	\$2.5M	\$8M	75%	25%
Affordability Criteria	100% <sup>2</sup>	\$2M - \$3M <sup>3</sup>	\$19M	75% Min	25% Max
Energy and Water Efficiency Projects	50%	\$2M	\$10M	75%	25%
Overflow and Stormwater Grant (OSG) CW SRF PF Loans <sup>1</sup>	20%	\$0.4M	\$2M	20%	-
Stormwater Resilience	50%	\$2M	\$8M	75% Min	25% Max
Emerging Contaminants	100% <sup>2</sup>	\$10M	\$27M	75% Min	25% Max
Base CWSRF	-	-	-	50%	50%
Enhanced Base CWSRF	-	-	-	75%	25%
Brownfield Redevelopment (Conduit/PPP)	-	-	-	25%	75%

1. OSG CW SRF PF Loans will be awarded to CWSRF projects that receive an Overflow and Stormwater Grant (OSG). The OSG will cover 80% of the project costs (project costs capped at \$2 million) and the OSG CW SRF PF Loan will cover 20% of the project costs. Disadvantaged Communities are eligible to receive OSG grant funding for up to 100% of eligible project costs. Costs in excess of \$2 million may be eligible for funding and PF under the CSO Abatement or CSO Abatement/Affordability Criteria categories.
2. The first \$7-\$8 million of CSO Abatement/Affordability projects, the first \$2-\$3 million of Affordability Criteria projects, and the first \$10 million of Emerging Contaminants project will receive 100% principal forgiveness to the extent principal forgiveness funds are available.
3. PF Caps for Affordability and CSO Abatement Affordability are tiered by Affordability Score.
4. \$5M set aside for CSO Green Infrastructure Projects

# SFY 2026 Drinking Water SRF Funding Packages & PF



Drinking Water Funding Packages	PF Share	PF Cap per Applicant	Projected PF Available	DEP Share (Loan + PF)	I-Bank Share
Base DWSRF- Public	-	-	-	50%	50%
Base DWSRF- Investor- Owned	-	-	-	50%	50%
Enhanced Base DWSRF (AC Score 100 or less)	-	-	-	75%	25%
Lead Service Line Replacement w/ no PF	-	-	-	80%	20%
Emerging Contaminants w/ no PF	-	-	-	75%	25%
High Rank Affordability Projects	100%	\$10M	\$20M	75% Min	25% Max
Affordability Projects	100%	\$2M-\$3M <sup>1</sup>	\$21M	75% Min	25% Max
Nano (serving 10,000 customers or less)	50%	\$1M	\$5M	75% Min	25% Max
Very Small Water Systems (serving 1,000 or less)	100%	\$2M <sup>2</sup>	\$5M	75% Min	25% Max
Lead Service Line Replacement	50-80%	\$10-\$16M <sup>1</sup>	\$68M	75-90% Min	25-10% Max
Emerging Contaminants (including PFAS)	100%	\$3M	\$18M	75% Min	25% Max

1. PF Caps for High Rank Affordability and Lead Service Line Replacement are tiered by Affordability Score.

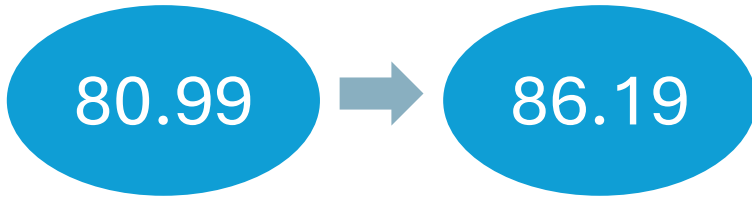
2. Very Small Water Systems (VSWs) principal forgiveness cap is removed for Community Engineering Corp and the Engineering Contract with New Jersey Water Association (NJWA) projects.



# Proposed Affordability Data Update

	2019 Data		2022 Data	
	Data Source	State Average	Data Source	State Average
MHI Percent	U.S. Census Bureau's ACS 2014-2019 5-year estimates (2020 dollars)	\$85,245	U.S. Census Bureau's ACS 2017-2022 5-year estimate (2022 dollars)	\$97,126
Municipal Unemployment	NJDOL Annual Average County Unemployment Rate (2019)	3.4%	NJDOL Annual Average Municipal Unemployment Rate (2022)	3.9%
Population Change	MRI Decennial Population Change (2009-2019)	-0.3%	MRI Decennial Population Change (2012-2022)	4.7%

# Changing the AC Score Threshold



We propose using the lowest 25<sup>th</sup> percentile of communities to determine the threshold for Affordability Scoring and eligibility.

- More objective threshold based on a static percentile of the lowest scoring municipalities.
- Clean water and drinking water systems service more than one municipality will use this threshold to determine eligibility.
- AC Tier 1 has also been adjusted to 10% of the lowest municipal scores or 69.11 for SFY26.
- AC Tier 2 scores are between 69.12 and 86.19. Project scores will no longer be rounded down to the nearest integer.



Pictured above: North Wildwood City, currently a DAC



# Grandfathering & Source Data Update Policy

Water Bank anticipates source data updates every three years.

Projects may have their SFY25 AC score, and AC tier grandfathered under the following conditions:

1. Project sponsors who have their Project Report, by the beginning of SFY26 will have those projects grandfathered at their current AC score and tier.
2. Sponsors participating in the Technical Assistance Program by the beginning of SFY 26 may have their previous AC scores and tier grandfathered for projects related to the TA scope of work.



# 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



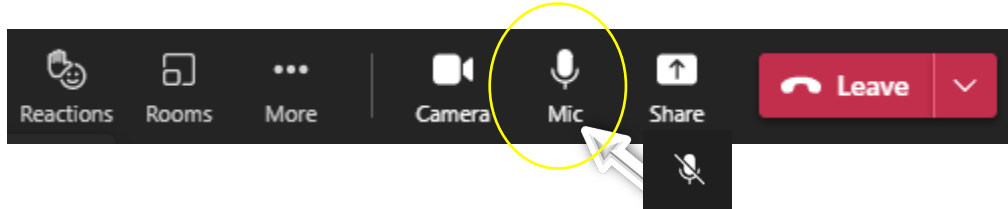
## **Guaranteed funds for capital improvement projects**

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

100% Principal Forgiveness  
\$2 Million Cap per Project



# Ground Rules:



For the best audio quality, please stay **muted** unless you have been called upon for comment.

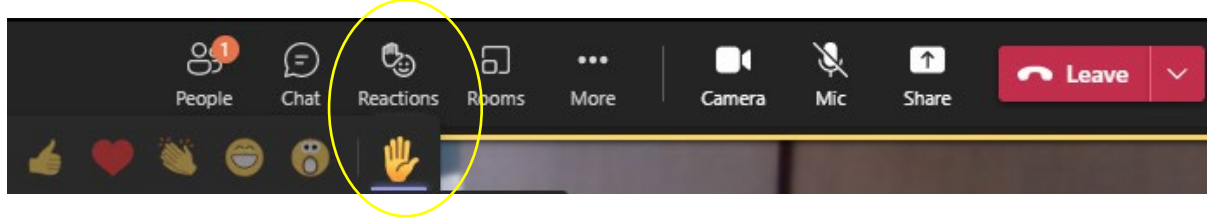
If you are using a phone, you can hit \*6 to mute and unmute.

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After the Hearing Officer has read the opening statement, we will open the hearing for submission of testimony.



If you would like to **submit testimony**, at the appropriate time:

- click the “raise your hand” function.

A DEP staff member will call on you.

- When called upon, please state:
  - **Your First and Last Name**
  - **The Organization you are representing**
- After you are finished speaking, please lower your hand and re-mute yourself.

# IUP Timeline

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**February 4,  
2025**

Conduct public  
hearing, collect  
comments on IUPs.



**February 18,  
2025**

30-day comment  
period ends



**Mid-March  
2025**

Publish Final IUPs and  
Response to  
Comments

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Please send comments on IUP Amendments to:

[waterbankinfo@dep.nj.gov](mailto:waterbankinfo@dep.nj.gov)

or

<https://dep.nj.gov/wiip/submit-comments/>



Thank you!

Water Resources Management