WATER RESOURCE MANAGEMENT



Fiscal Year 2024 Webinar – March 31, 2023





Housekeeping Items

Remain muted during presentations to minimize background noise.



Participants are encouraged to turn off camera as it can be a distraction.

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 During the Q&A session, you can raise your hand to ask a question or type your questions in the chat.





Webinar Introduction



Pat Gardner Assistant Commissioner for Water Resource Management



David Zimmer Executive Director of NJ Infrastructure Bank (I-Bank)





Water Infrastructure Investment Plan

Water Infrastructure Investment Plan – General Overview and Funding Sources

Clean Water Intended Use Plan

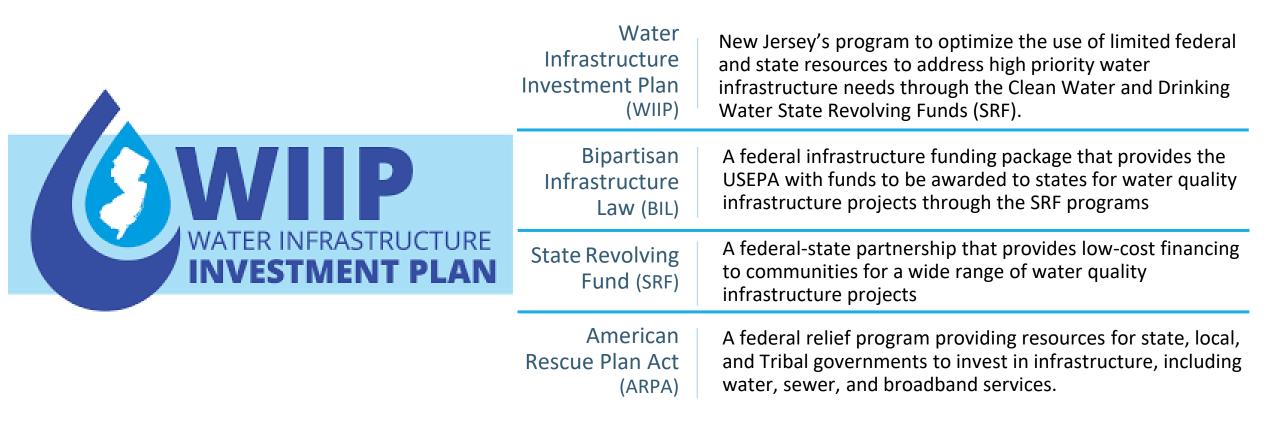
Drinking Water Intended Use Plan

How to Apply

Technical Assistance Programs



Water Infrastructure Investment Plan (WIIP)





WIIP - Funding Sources

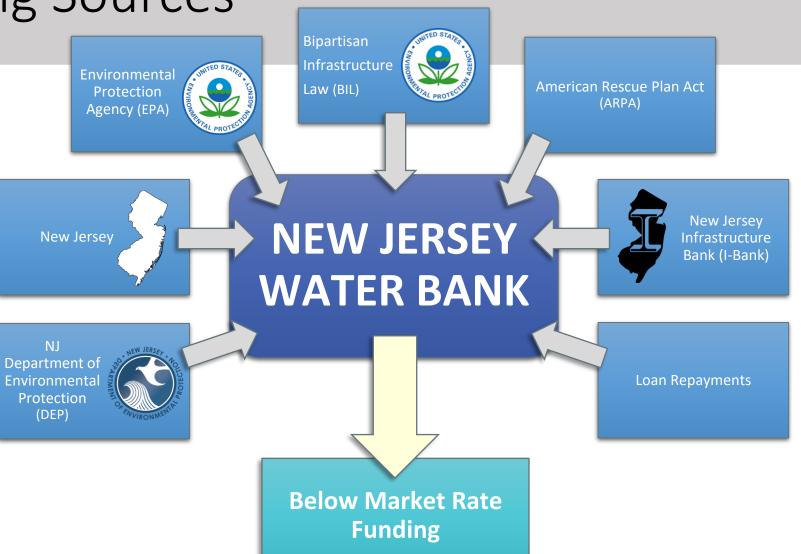
New Jersey Water Bank

The NJ Water Bank is a partnership between the NJDEP and the NJ Infrastructure Bank

Provides low-cost financing for the planning, design, construction & implementation of projects

Incentivizes investments to sustain and improve NJ's aging water infrastructure systems

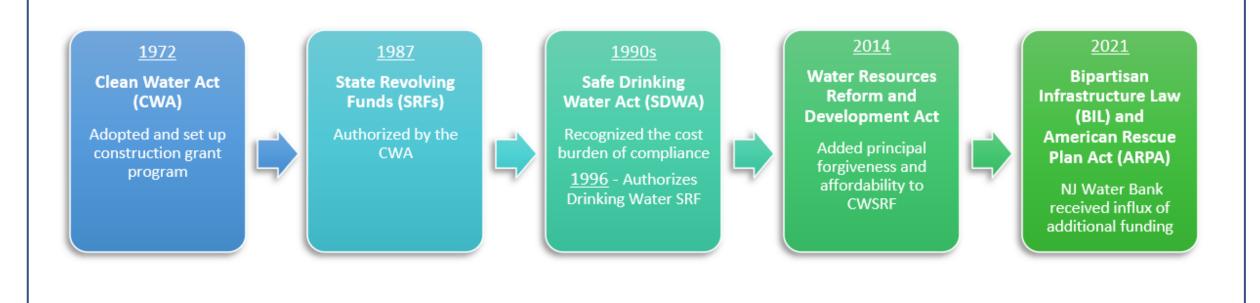
It is the steward of NJ's SRF financing program







EVOLUTION OF FUNDING





Bipartisan Infrastructure Law (BIL)

Water

rinking '

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Over \$900M of BIL and base SRF funds available for project funding <u>each year</u> over the next 5 years!



Clean Water

\$72 million for any eligible clean

water project (49% must be used as PF or grants for projects)

\$4 million for projects that address **emerging contaminants** (100% must be used as PF or grants for projects)



\$31 million for any eligible drinking water project (49% must be used as PF or grants for projects)

\$49 million for projects to address lead in drinking water (49% must be used as PF or grants for projects)

\$13 million for projects that address **emerging contaminants** (100% must be used as PF or grants for projects)



Impa

Total

BIL funding of \$169M first year. Funds will increase and average \$200M per year or \$1B over the 5-year period.

With state match and leveraging, this will result in **\$440M/year** in project funding due to the new **BIL funds**

\$440M BIL Program + **\$480M** Existing Base Program will result in over **\$900M available funds** per year.



American Rescue Plan Act (ARPA)

SFY23 Allocation of NJ's ARPA Funds to Make Transformative Investments in Water Infrastructure \$293M to SRFs for Project Funding – Must be awarded by 12/31/24 and expended by 12/31/26

Clean Water

\$248 million for Combined Sewer Overflow (CSO) Long Term Control Plan (LTCP) projects

80% principal forgiveness loans. No borrower or project PF caps.

Remaining 20% of project costs will be funded with CW SRF Loan (50% of I-Bank's AAA market rate). rinking Water

\$45 million for DW SRF projects that address climate change concerns or projects for the installation of treatment to address multiple Maximum Contaminant Level (MCL) violations at one system.

ARPA funds will be used to provide 80% principal forgiveness loans. PF capped at \$20M/year/borrower.



ARPA Funding \$293M for SFY23 and SFY24

With leveraging, this will result in \$366M in project funding due to APRA funds

Total

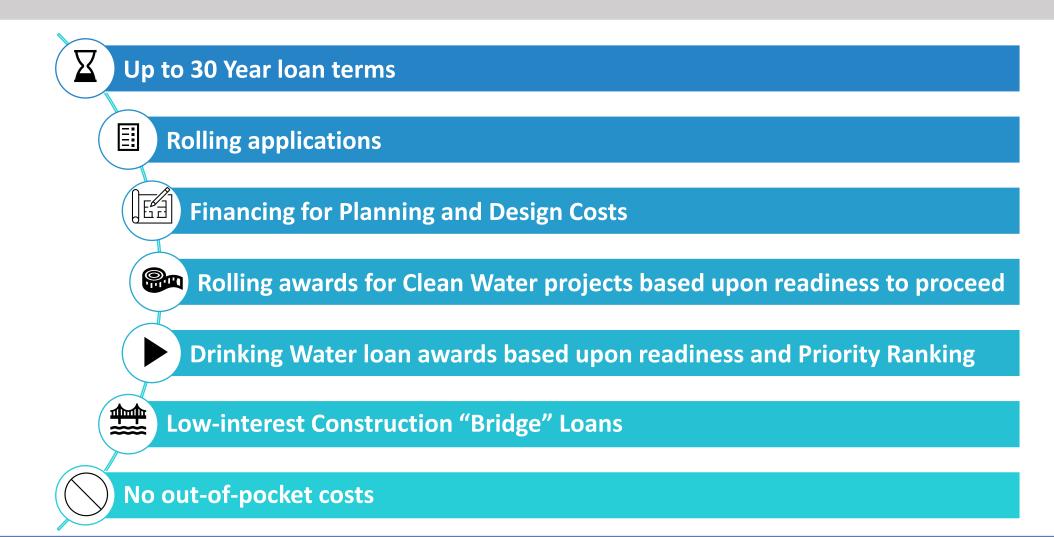
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Brings total SFY23 and SFY24 program funding (Base, BILL and ARPA) to over \$1 billion per year.



Benefits of Water Bank Loans







Water Infrastructure Investment Plan

Water Infrastructure Investment Plan – General Overview and Funding Sources

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What is the IUP?

- Annual EPA Requirement
- Must be open to public comment
- Establishes funding eligibilities and terms
- Interactive Links
- Pictures, charts, and graphics

https://www.nj.gov/dep/wiip/project-lists.html





Eligibility Criteria

Eligible Recipients

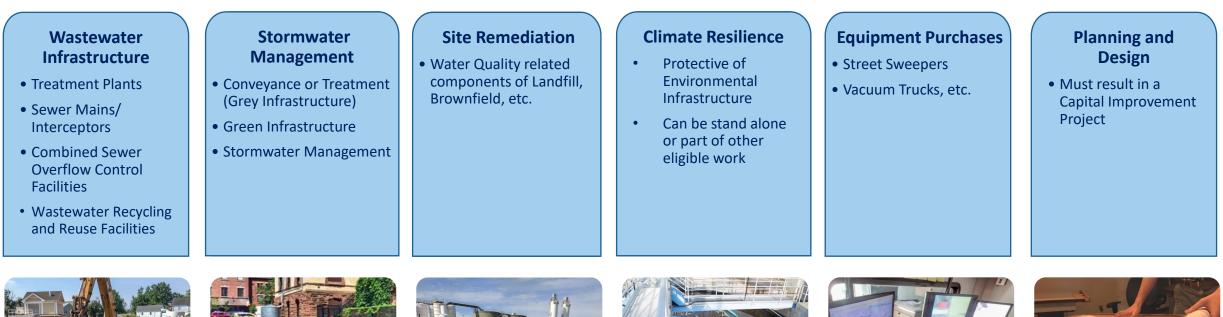
- Local government units, municipal utilities authorities, counties, regional water authorities that own stormwater or wastewater collection and treatment works
- Private entities (through public conduit borrowers above)
- Private colleges and universities (nonpoint source only)

Non-Eligible Recipients

- Federally-owned stormwater or wastewater collection and treatment works (i.e. military bases or prisons)
- Privately-owned wastewater and stormwater collection and treatment works



Types of Projects





NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

Clean Water Priority Categories

Project Discharge Category Points: CSO/SSO

Water Use/ Water Quality Points

Sustainable Community Planning Activities

Smart Growth Approvals

Environmental Justice Economic Overburdened Community Criteria

Population

Established Local Employment Program

- Projects are ranked according to priority using the categories to the left. Population is used as a tie breaker.
- Projects implementing climate resilience measures will receive an additional <u>100 (CW) priority points</u> if the resilience components represent a significant amount of the overall project activities.
- Clean Water projects that implement green infrastructure, water, or energy efficiency improvements (including projects that are designed to reduce greenhouse gas emissions) will receive an additional <u>50</u> priority points.



Affordability Criteria

A Clean Water project that 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 meets Environmental Justice Economic Overburdened Community Criteria.

Project Affordability Score = MHI – UE – PT

- Medium Household Income Factor (MHI) = 100 X (Municipality MHI/State MHI)
- Unemployment (UE) Factor = 1 if Project County Unemployment Rate > State UE Rate
- **Population Trend (PT) Factor** = 1 if Project PT < State PT

An Environmental Justice Economic Overburdened Community at least 35% of households qualify as low-income households (at or below twice the poverty threshold in accordance with the most recent United States Census as determined by the United States Census Bureau).



SFY24 CWSRF Funding Packages and Principal Forgiveness

Anything over these caps is covered with base funding as appropriate**

Clean Water Funding Packages	PF Share	PF Cap per Applicant	Projected PF Available	DEP Share (Loan w/ PF)	I-Bank Share
CSO LTCP ARPA Projects ¹	80%	No Cap	\$148M	90%	10%
CSO Abatement	50%	\$5M	\$30M ⁶	75%	25%
CSO Abatement/ Affordability Criteria ²	100%5	\$5M	\$30M ⁶	75% Min	25% Max
Water Quality Restoration	50%	\$2.5M	\$6M	75%	25%
Affordability Criteria ³	100%5	\$2M	\$36M	75% Min	25% Max
Energy and Water Efficiency Projects	50%	\$2M	<mark>\$18M</mark>	75%	25%
Overflow and Stormwater Grant (OSG) CW SRF PF Loans ⁴	20%	\$0.2M	\$1M	-	-
Emerging Contaminants	100%5	\$2M	<mark>\$9 M</mark>	75% Min	25% Max
Base CWSRF	-	-	-	50%	50%
Brownfield Redevelopment (Conduit/PPP)	-	-	-	25%	75%





Water Infrastructure Investment Plan

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Clean Water Intended Use Plan

Drinking Water Intended Use Plan

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Drinking Water Intended Use Plan

Eligible Recipients

- Privately-owned (including investor-owned) community water systems
- Publicly-owned community water systems (towns, boroughs, municipal utilities authorities, counties, regional water authorities, other local government units, etc.)
- Non-profit noncommunity
 water systems
- Only eligible for projects that help protect, maintain, or improve water quality.

Non-Eligible Recipients

- Federally-owned drinking water systems (i.e. military bases or prisons)
- For profit noncommunity water systems



Types of Projects

New treatment facilities or upgrades to existing facilities •To Address Surface Water Treatment **Uncovered Finished Water Rule Violations** Reservoirs •Emerging Contaminants • MCL Violations **Rehabilitation of contaminated** sources to address MCL Lead Service Line Replacement violations **Construction, Replacement, Resilience, Vulnerability, and Rehabilitation of Water Mains** Security





Drinking Water Intended Use Plan

DWSRF Project Priorities

Drinking Water

- Compliance and Public Health Criteria
 - MCL violations, unregulated contaminants, SWTR compliance
- Lead Service Line Replacements
- 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







Ranking Methodology

DEP assigns points to each project using the Project Priority System and ranks all eligible projects according to the total number of points each project receives. All projects are subsequently placed on the Project Priority Comprehensive List according to their ranking. Projects with more points are ranked above those with fewer points.

The addition of new projects to the Project Priority Comprehensive List, periodic revisions to the Priority System, or the identification of new information regarding a project, may result in changes to an individual project ranking. Updated rankings based on changes to the priority ranking system will be reflected in the next amendment to the Priority List. The principal elements of the Priority System are:

- A. Compliance and Public Health Criteria
- B. Environmental Justice Economic Overburdened Community Criteria
- C. Smart Growth Approvals
- D. Population
- E. Established Local Employment Program.





Drinking Water Intended Use Plan

Ranking Methodology (cont.)

Points are assigned for each of the five priority categories, as applicable, and are discussed in more detail below. The order of project priority for funding is as follows:

- 1. Emergency Projects are considered a public health hazard and receive funding over other projects on the Comprehensive Priority List;
- 2. Surface Water Treatment Rule violations including uncovered finished water reservoirs;
- 3. MCL and Lead Action Level Exceedances;
- 4. Lead Service Line replacements in communities with an MHI less than the MHI for the State for water systems without a Lead Action Level Exceedance;
- 5. Unregulated contaminants (contaminants of emerging concerns);
- 6. Small Systems serving less than 10,000 persons, up to 15 % of DWSRF Funds;
- Corrosion control and lead service line replacement in communities serving a population ≤1,000 that have an MHI less than the MHI for the State;
- 8. Projects that have secured federal/non-profit grants to be leveraged with SRF funding;
- 9. Other projects currently on the comprehensive list





Drinking Water Intended Use Plan

ARPA

New Jersey's SFY 2023 budget allocated \$300 million of ARPA funds to the Department to make transformative investments in critical water infrastructure upgrades.

After a 1% administrative set-aside, the Department will use approximately \$45 million of the allocation to make principal forgiveness loans to certain Drinking Water SRF eligible projects to address climate change and resilience or project to address multiple maximum contaminant level violations.





Drinking Water IUP Affordability Criteria

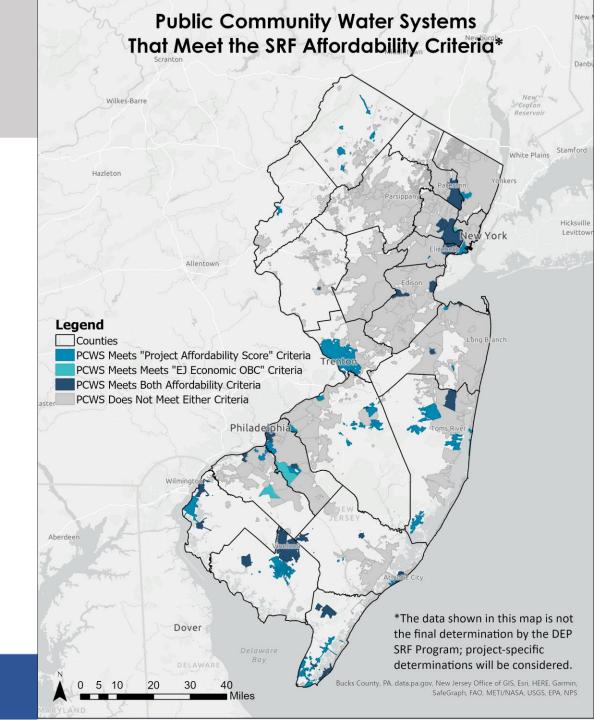
Drinking Water projects have the same affordability criteria as Clean Water projects, wherein a project that meets either of the following two criteria are considered to have satisfied the **State's Affordability Criteria**:

- Project Affordability Score of 80 or less; or
- The project meets Environmental Justice Economic Overburdened Community Criteria.

Project Affordability Score = MHI – UE – PT

- Medium Household Income Factor (MHI) = 100 X (Municipality MHI/State MHI) (Rounded down to the nearest integer)
- Unemployment (UE) Factor = 1 if Project County Unemployment Rate > State UE Rate
- Population Trend (PT) Factor = 1 if Project PT < State PT</p>

An **Environmental Justice Economic Overburdened Community** is determined when at least 35% of households qualify as low-income households (at or below twice the poverty threshold in accordance with the most recent United States Census as determined by the United States Census Bureau).





SFY24 DWSRF Funding Packages & Principal Forgiveness

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	-	-	-	25%	75%
Affordability Projects	-	-	-	75%	25%
High Rank Affordability Projects **	100%	\$2M	\$7M	75% Max	25% Min
Nano (serving 10,000 customers or less)	50%	\$500,000	\$4M	75%	25%
Very Small Water Systems (serving 1,000 or less)	100%	\$1M	\$5M	100%	-
Lead Service Line Replacement **	50%	\$5M	\$25M	75%	25%
General Supplemental PF (Lead Line Replacement)	50%	\$5M	\$10M	75%	25%
Emerging Contaminants (including PFAS) **	100%	\$2M	\$13M	100%	-
Climate Change/ Resilience or Projects to comply with Multiple MCLs (ARPA)	80%	\$20M	\$20M	90%	10%



*Any principal forgiveness available under the BIL funds carried over from FY23 will be used in the same categories for FY24 and added to the totals noted in the chart.

**Loans DEP/ I Bank loan shares may change according to the total project cost or for projects that qualify under affordability criteria. Details are found in the DWIUP.





Water Infrastructure Investment Plan

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Before Applying

WISE Act Calculator

https://wise.h2loans.com/

This tool is offered to assist in calculating estimated savings through the New Jersey Environmental Infrastructure Financing Program (NJEIFP)

Rating Agency	NJEIFP Credit Rating	Provided by na
Fitch	AAA	AA+
Moody's	Aaa	Aa1
S&P	AAA	AA+
Cost of Financing	NJEIFP	Independent Financing
Short Term Financing / BAN	1 Years	1 Years
Long Term Financing	30 Years	30 Years
Project Cost	\$1,200,000	\$1,200,000
Additional Costs (AIS, Engineering) ^{1a}	\$68,400	\$0
Total Requested Amount	\$1,268,400	\$1,200,000
Total Payments		
5% Upfront Cash Funding (LFB Requirement) 3d	\$0	\$63,420
Interest Paid on Short-Term Loan	\$0	\$6,145
Bond Par Amount (Includes Underwriter Fees for NJEIT Admin Fee, DEP Fee financed for the Program, and any capitalized short-term loan interest)	\$335,000	\$1,220,000
Bond Loan Interest	\$180,545	\$672,156
Fund Loan	\$951,300	\$0
DEP Fee (Non-financed portion)	\$12,684	\$0

Assumptions		
Total DEP Fee ^{2a}	\$25,368	\$0
Annual NJEIT Admin Fee ^{2b}	\$1,005	\$0
Underwriters' Discount ^{3a}	\$1,675	\$12,200
Cost of Issuance ^{3b}	\$335	\$0
Effective Interest Rate (Estimated)	0.926%	3.194%

TOTAL ESTIMATED SAVINGS THROUGH NJEIFP FINANCING:

\$429,156

\$0

\$1,961,721

na Credit Rating

(35.76% of Requested Amount)

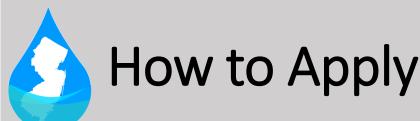
\$29.648

\$1,509,177



Total NJEIT Admin Fee (Annual Fee = \$1,005)

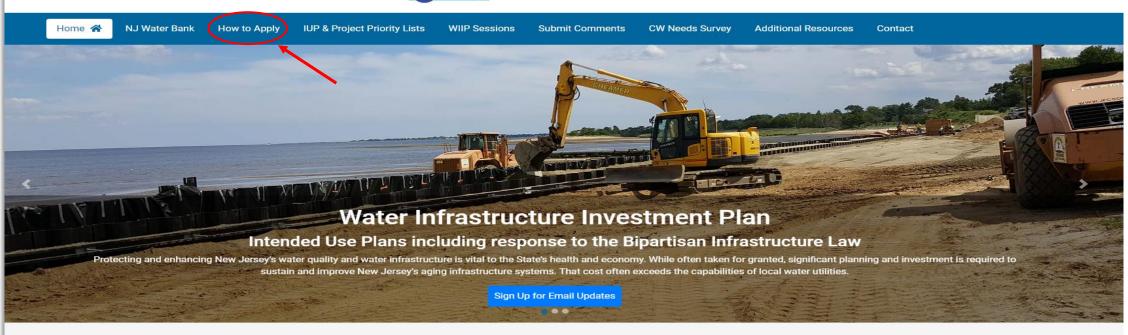
Total Cost of Financing



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

Department of Environmental Protection

Water Infrastructure Investment Plan



Water Infrastructure Investment Plan Overview

Investing in Safe Drinking Water Infrastructure

Investing in Flood Reduction, Stormwater & Wastewater



How to Apply – Getting Started

• GETTING STARTED - Assemble a Project Team

• Example: Engineer, Authorized Rep, Designated lead for Environmental and Cultural decision making

• STEP 1 - Set Up an H₂LOans Account

- Obtain PIN for authorized representative
- In order to begin an application, an H₂LOans account must be set up at <u>https://www.h2loans.com/</u>.

• **STEP 2** - Submit project information for ranking/PPL placement

- Request a Pre-Planning Meeting via H₂LOans or contact us at 609-633-1170.
- During the pre-planning meeting facilities will learn more about the application process and should discuss issues unique to their project.

• STEP 3 - Submit Letter of Intent

• Include Project Planning Report

• STEP 4 – Submit loan application

• Submit design documents & permitting information

*NOTE: Loan application documents can be submitted at any time throughout the calendar year.

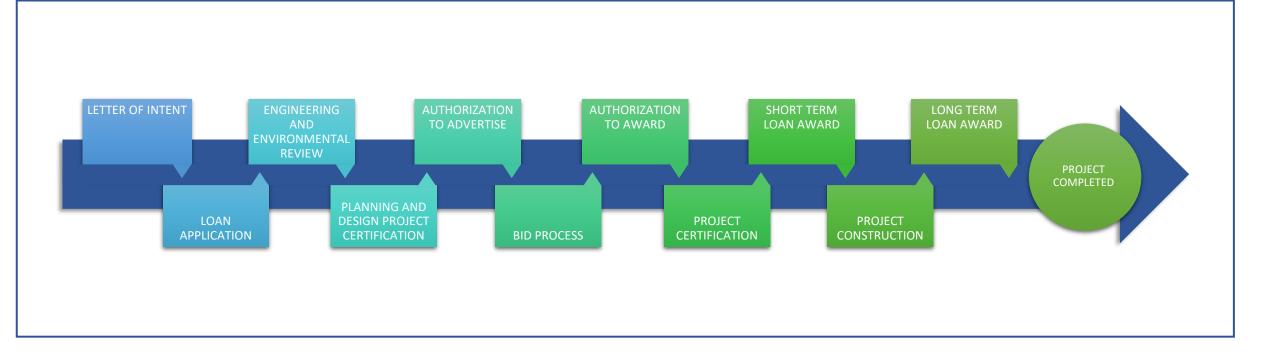






Water Bank Loan Process

LOAN PROCESS







Water Infrastructure Investment Plan

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Technical Assistance Program *No Cost Assistance!*



New Jersey's Technical Assistance Program helping communities improve water infrastructure

What is NJ-TAP?

States have flexibility to utilize specific funds set-aside from the BIL for program implementation

NJDEP will be using these funds towards our Technical Assistance Program

- Contracts with third party technical assistance providers to provide direct assistance to facilities.
- Goal is to bring more projects and new project sponsors into the SRF program.

Who should apply?

Focus to assist facilities that:

Serve Disadvantaged Communities

 May have Lead, PFAS, and SDWA compliance issues, CSOs, sewer infrastructure rehab, upgrades, and more.

May lack sufficient resources

• Unable to perform full assessment of needs (e.g., LSLIs, AMPs, CIPs)

May lack financial, managerial or community support

 Lack support with infrastructure projects and require assistance with stakeholder outreach & engagement.

May be unfamiliar with funding opportunities or programs

 Not comfortable with navigating Water Bank program application processes.

May need eventual engineering services

• Lack services to assist with planning and design.







Program Navigation

Providing technical assistance with navigating through the Water Bank process from application to project completion.



Financial and Needs Assessments

Providing technical assistance with understanding system and fiscal needs and how to pay for them.



Community Engagement

Providing assistance with solicitation and outreach to stakeholders to generate interest in the SRF program



Engineering Services (Drinking Water Only)

Providing technical assistance from project conception to planning and design and through the Water Bank program.



Types of Assistance – Water Bank Assistance

Program Navigation

Goal: Provide technical assistance with navigating through the Water Bank process from application to project completion.

- Identify and contact disadvantaged community projects on priority list
 - Hold pre-application meetings with those ready to proceed and identify those that need assistance (Refer for Preliminary TA).
- Assign projects in disadvantaged communities to experienced staff who will be able to more effectively shepherd the project through the approval process.
- Hold regularly scheduled (e.g., monthly) meetings with project applicants, DEP managers, I-bank staff and project team.







Types of Assistance - Water Bank Assistance

Financial and Needs Assessments

Goal: Identify project(s) that is eligible for SRF funding.

- System Assessment
 - Conducting and reviewing preliminary system assessment and investigation data including processes and assets.

• Fiscal Assessment

- Providing comprehensive assessments of a system's fiscal condition, including rate structure, design and components. Gain an understanding of the fiscal capabilities to prioritize projects.
- Evaluate Financing Options
 - Financing acquisition and evaluating other alternatives.
- Public Outreach
 - Participating in public meetings to help interpret information about site conditions, proposed remedies, and remedy implementation.







Types of Assistance – Clean Water & Drinking Water

Community Engagement and Outreach

Goal: Provide outreach and engagement assistance to communities to generate awareness and increase participation in SRF Program

- Assist with development of educational materials
- Coordinate with NJDEP on distribution, solicitation, and outreach to generate interest in SRF program
- Identify a representative to engage the community and represent the system
- Assist communities with public participation and outreach efforts
- Organize community outreach to solicit community feedback and comments through public meetings/on-line seminar sessions.
- Facilitate coordination between communities, DEP, the I-Bank, and all relevant stakeholders.







Types of Assistance - Drinking Water Only

Engineering Assistance -Lead Service Line Replacement

Goal: Facilitate the identification and replacement of all lead service lines by 2031.

- Provide technical support services to assist water systems in developing:
 - Lead Service Line Inventories
 - Lead Service Line Replacement Plans
- Identify Lead Service Line Replacement projects eligible for DWSRF funding.
- Assist systems in filing DWSRF applications.







Types of Assistance - Drinking Water Only

Engineering Assistance for Small Systems

Goal: Provide technical assistance from project conception to planning and design.

- Renewal of existing contract with the New Jersey Water Association to provide direct assistance to water systems
- Provide asset management evaluations to identify the best options for addressing existing compliance challenges and violations
- Cover planning and design costs in advance of a DWSRF loan







Types of Assistance - Drinking Water Only

Engineering Assistance for Medium/Large Systems

Goal: Help water systems evaluate TMF capacity and prioritize infrastructure improvement needs.

- Provide technical support services to assist water systems in developing:
 - Technical, Managerial, and Financial Capacity Evaluations
 - Asset Management Plans
 - Capital Improvement Plans
- Assist systems in identifying DWSRF eligible projects and filing DWSRF applications.
- Cover planning and design costs in the future in advance of a DWSRF loan







Technical Assistance Programs – How to Apply





 Interested parties can fill out the Technical Assistance Request form on our website to apply directly for no-cost TA. <u>https://www.nj.gov/dep/wiip/request.html</u>



- For more information, visit the Water Infrastructure Investment Plan Website: <u>https://www.nj.gov/dep/wiip</u>
- Contact us: WaterBankInfo@dep.nj.gov



Technical Assistance – Request Form

https://www.nj.gov/dep/wiip/request.html

Apply for No Cost Technical Assistance!

First*	Last*
Email*	
"Il never share your email with anyone else.	
Title/Position*	
Phone*	
noose Type of System*	
Drinking Water	
Clean Water (wastewater/stormwater)	
PWSID (Drinking Water Only)	
Name of System*	
ype of Assistance Requested*	
Asset Management Plan Development	
Technical, Managerial, and Financial Capacity Evaluation	
Capital Improvement Plan Development	
Lead Service Line Inventory Development	
Lead Service Line Replacement Law Compliance Assistance	
Lead Service Line Replacement Program Creation and Implementation	
Drinking Water Infrastructure Project Development	
Clean Water Infrastructure Project Development	
State Revolving Fund Loan Application Submittal Assistance	
Preliminary Technical Assistance (needs and fiscal assessments and public out	reach)
 Other (Please indicate in comment box below) 	
Has your system submitted a project through the SRF Program before?*	







WATER RESOURCE MANAGEMENT

THANK YOU!



NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION



New Jersey's Technical Assistance Program helping communities improve water infrastructure





Water Infrastructure Investment Plan Website

Applying for technical assistance

New Jersey I-Bank

waterbankinfo@dep.nj.gov

